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Resilient nations.*

2014 ANNUAL REPORT

UNDP PACIFIC CENTRE

Partners in achieving prosperity and stability in the Pacific.



Cook Is.



Federated States
of Micronesia



Fiji



Kiribati



Marshall Is.



Nauru



Niue



Palau



Papua New Guinea



Samoa



Solomon Is.



Tokelau



Tonga



Tuvalu



Vanuatu

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ABBREVIATIONS

ADB	Asian Development Bank
AR5	Fifth Assessment Report
BCPR	Bureau for Conflict Prevention and Recovery
BDP	Bureau for Development Policy
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CPR	Conflict Prevention and Recovery
CROP	Council of Regional Organisations in the Pacific
CSO	Civil Society Organization
DFAT	Department of Foreign Affairs and Trade (Australia)
DRM	Disaster Risk Management
EFPOS	Electronic Funds Transfer at Point of Sale
FEMM	Forum Economic Ministers' Meeting
FRSC	Forum Regional Security Committee
FSM	Federated States of Micronesia
HIES	Household Income and Expenditure Survey
IPCC	Intergovernmental Panel on Climate Change
JOC	Joint Operations Centre
LDCs	Least Developed Countries
LGTB	Lesbian Gay Trans-sexual Bisexual
M4C	Markets for Change
MDGs	Millennium Development Goals
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
MMR-TB	Measles, Mumps and Rubella
NYCF	National Youth Council of Fiji
OHCHR	Office of the High Commissioner for Human Rights
PAC	Public Accounts Committee
PACER	Pacific Agreement on Closer Economic Relations
PFIP	Pacific Financial Inclusion Programme (UNDP and UNCDF)
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Islands Private Sector Organisation
PNG	Papua New Guinea
PRNGOs	Pacific Regional Non-government Organisations
RMI	Republic of the Marshall Islands
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
SRDP	Strategy for Disaster and Climate Resilient Development in the Pacific
UNAIDS	United Nations Joint Programme on HIV/AIDS
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNDAF	United Nations Development Assistance Framework
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
USP	University of the South Pacific
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

MESSAGE FROM THE MANAGER

I am pleased to introduce the UNDP Pacific Centre's ninth annual report, reflecting the work of the Centre during a particularly significant year for the Pacific region.

The Pacific Centre, based in Suva, Fiji, supports the work of the UNDP Country Offices in the Pacific through the provision of technical assistance for country-level projects and programmes. It also implements a range of regional and sub-regional initiatives in partnership with UNDP Country Offices and various regional organisations.

The Centre's work in the Pacific also benefits from a wide range of partnerships with international and regional multilateral organisations and other UN agencies, and by being able to access expert advice from UNDP's global networks, including UNDP's Asia-Pacific Regional Centre and Hub in Bangkok, and UNDP's policy units in Headquarters in New York.

2014 was the first year of the UNDP Strategic Plan (2014-2017) and the new regional programme for Asia-Pacific region (2014-2017) which was approved by UNDP's Executive Board in January 2014. The new regional programme is fully aligned with the UNDP Strategic Plan, and during 2014 the Centre finalised the details of the Pacific component of the regional programme.

The vision of the UNDP Strategic Plan is to help countries to 'achieve the simultaneous eradication of poverty and a significant reduction of inequalities and exclusion'. This vision is extremely relevant for the Pacific, as reflected in the key findings of a regional report, produced by UNDP and other UN agencies, and launched at the SIDS Conference in Apia, Samoa, in September 2014. The findings of this report, which are highlighted in more detail in other sections of this annual report, are also in line with the findings of other reports published by the World Bank, Asian Development Bank and UNESCAP during 2014.

The three main thematic areas of work of the new regional programme are: i) sustainable development and inclusive growth (including poverty reduction and MDGs); ii) democratic governance and peacebuilding; and iii) climate and disaster resilience. They build on the thematic work of the previous Strategic Plan (2008-2013). During 2014 the Centre made efforts to align its existing (and future) programming with the thematic priorities of the new regional programme.

Highlights of our work during 2014 included:

- The Centre's regional parliamentary project initiated a new project with the Fiji Parliament with financial support from Australia, the European Union, Japan and New Zealand. The project has provided much-needed technical assistance to the new Parliamentary Secretariat, and helped re-establish the legal framework, systems and infrastructure of the new Fiji Parliament. The regional parliamentary project, in partnership with the Pacific Islands Forum Secretariat, continued to support Mock/Practice Parliaments in various Pacific countries to encourage the political participation of women.
- The Centre's Regional Anti-Corruption project (a joint project between UNDP and UNODC with funding from Australia) continued to make a significant contribution to the implementation of the United Nations Convention against Corruption (UNCAC) in the Pacific during 2014. Ten Pacific countries have already ratified the convention, and Tuvalu is now actively considering accession to the convention.

The project also provided technical assistance for the development of new policies and laws on freedom of information (FOI) in Kiribati, Solomon Islands, Tonga and Vanuatu.

- A feasibility study on media self-regulation in the Pacific was launched in Samoa in December 2014 in partnership with UNESCO and the Pacific Freedom Forum (PFF). The study provides options for setting up a regional media self-regulatory mechanism.
- The Centre, in partnership with ESCAP, UNICEF, UNFPA and ILO, launched a new report on the *State of Human Development in the Pacific* at the SIDS Conference in Apia, Samoa.
- The Centre continued its work on Health and Development in the Pacific. It helped establish with WHO a new UN Inter-Agency Task Force on the prevention and control of NCDs in the Pacific, provided support to the MDG Acceleration Framework (MAF) project on NCDs in Tonga, and co-hosted a national dialogue on NCDs and the Law in Fiji.
- The Centre produced and launched a joint report (with WHO and OHCHR) on *Pacific Trade and Human Rights*. The report highlighted the challenges and opportunities posed by trade policy for human rights, including the right to health, in the Pacific.
- The Centre was a key partner with the Pacific Islands Private Sector Organisation (PIPSO) in the organisation of the 2nd Trade Pasifika regional trade exhibition, held in Suva, Fiji.
- The Centre designed and implemented a joint ILO/UNDP Youth Employment Project (YEP) for the SIDS Conference in Samoa, in which Samoan youth actively participated in the SIDS conference venue in arts and crafts and serving organic food in collaboration with Women in Business, and the Small Business Enterprise Centre.
- The Centre launched Phase 2 of the Pacific Financial Inclusion Programme (joint programme with UNCDF) at the SIDS Conference. The programme has gathered significant financial support from Australia, the European Union and New Zealand, and also established a new US\$5 million grant funding facility to encourage innovation on inclusive financial services amongst private sector partners.
- The Centre provided technical support to the mid-term review of the Implementation Plan for the Regional Framework for Action on Energy Security in the Pacific, and the formulation of the new Strategy for Climate and Disaster Resilient Development in the Pacific.
- The Centre provided technical assistance on climate finance issues to Fiji, RMI and Vanuatu, including support for Climate Public Expenditure and Institutional Reviews (CPEIRs), and the Green Climate Fund Readiness Programme.
- The Centre's Pacific Risk Resilience Programme (funded by Australia) supported the governments of Fiji, Solomon Islands, Tonga and Vanuatu to integrate climate change and disaster risk into national and sub-national and sectoral development planning processes.

2014 proved to be a very significant year for the Pacific. In July 2014, Pacific Island leaders endorsed the new Framework for Pacific Regionalism, which replaces the Pacific Plan for Strengthening Regional Cooperation and Integration (adopted in 2005). The framework is intended to support 'focused political conversations and settlements that address key strategic issues, including shared sovereignty, pooling resources and delegated decision making' (Forum Leaders Special Retreat, Cook Islands, May 2014). Rather than providing a list of regional priorities, it sets out a robust process and mechanism through which regional priorities will be identified and implemented. The election of Dame Meg Taylor as the new Secretary-General for the Pacific Islands Forum Secretariat at the Forum Leaders Meeting in Palau in July 2014 has given fresh impetus to the implementation of the new framework.

The Small Islands Developing States (SIDS) Conference was held in Apia, Samoa in September 2014, and was the largest inter-governmental conference ever held in the Pacific with more than 4000 delegates. The SAMOA Pathway outcome document which was adopted by the conference identifies many of the development priorities of Pacific countries (e.g. oceans, climate change, NCDs), and will be an important Pacific input into the post-2015 development agenda.

Both the framework for Pacific Regionalism, and the Samoa Pathway will be important in helping to guide the work of UNDP and the Pacific Centre in the Pacific region in the coming years.

The last year has been a time of significant uncertainty for the Centre, both internally and externally, due to severe cuts in core funding from UNDP during 2013, together with a global restructuring of UNDP.

Despite these challenges, the Centre has continued to provide high quality support to UNDP's programme activities in the Pacific. We have strengthened our collaboration with UNDP country offices (often through joint programmes), and with other partners, and continued to pursue new partnerships with UN agencies, regional organisations, development partners, NGOs and the private sector. The support of these partners has contributed to the relevance, impact and sustainability of our efforts. The Centre has also continued to benefit from the very generous support of our donor partners, particularly Australia, the European Union, New Zealand and Japan.

Looking forward, 2015 will be a very important year for the Pacific with the adoption of the post-2015 development agenda, and the new Sustainable Development Goals (SDGs), and the conclusion of the UNFCCC negotiations on climate change. UNDP and the Pacific Centre, will clearly continue to have a key role to play in helping to support Pacific countries to localise, contextualise and implement the new post-2015 development agenda.

Finally let me thank the senior management of UNDP's Regional Bureau for Asia-Pacific, the members of the Centre's Management Team (the three UNDP Resident Coordinators in Fiji, Papua New Guinea, and Samoa) and the staff of the Centre for their support during 2014. The dedication, professionalism and enthusiasm of the Centre's staff, despite very uncertain times, was quite outstanding, and it has been a pleasure to work with all colleagues during the last year.

I hope that you will find this report useful and informative, and thank you to all those individuals and partners who have worked with us to support the achievement of sustainable human development in the Pacific during 2014.

PETER BATCHELOR

UNDP Pacific Centre Manager

OVERVIEW OF ISSUES IN THE PACIFIC REGION

HUMAN DEVELOPMENT TRENDS AND MDGS ACHIEVEMENT



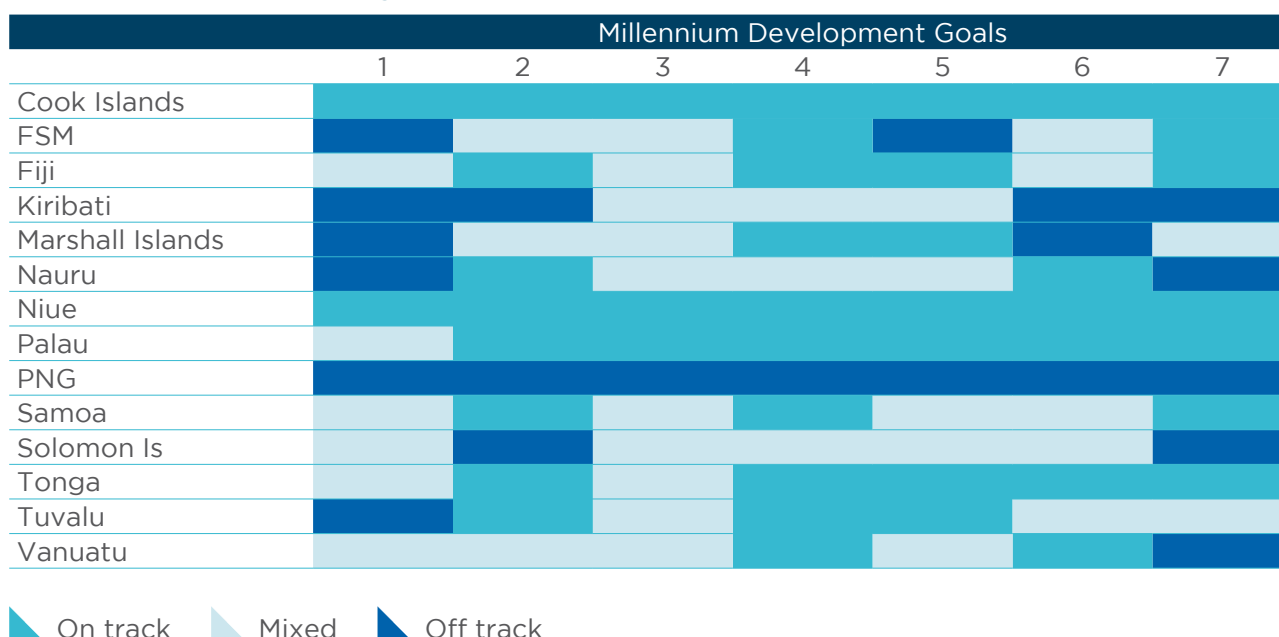
The 2014 UN report *State of Human Development in the Pacific* identifies poverty and exclusion as key development challenges in the Pacific. Indeed, the common symptoms and images of poverty seen in the poorest developing countries worldwide (such as starving children and landless peasants) do not immediately spring to mind in relation to most of the Pacific region. Typically subsistence production in PIC economies acts as a cushion against absolute poverty. The traditional socio-economic structure of Pacific economies and the communal/ customary land tenure systems are also factors that serve to reduce the likelihood of extreme poverty. Nevertheless the recent trends reveal a growing incidence of basic-needs poverty, inequality and vulnerability. The transition to market economy, typically associated with rapid monetization and urbanization, increases the demand for monetary income (to pay for goods and services offered only through markets such as electricity and mobile services) at much faster rate than the increase in the supply of monetary income through income generating opportunities (e.g. formal and informal

employment and self-employment). Consequently vulnerability and inequality are rapidly increasing throughout the region, while basic needs poverty is increasing in some PICs and declining in others.

While lower than most other developing regions, the incidence of food/extreme poverty in the populations of PICs is estimated to be very high in PNG (26 percent in 2010); Nauru (25 percent in 2006, and, to a lesser extent, FSM and Solomon Islands (around 11 percent in 2005 and 2006, respectively). The incidence of food poverty declined over the last decade in Vanuatu, Samoa and Tuvalu. This was achieved largely as a consequence of increases in subsistence production as a coping strategy in the face of the food and energy crisis. However these coping mechanisms appear to have failed in Tonga where an increase in food poverty was recorded from 1.7 percent (in 2001) to three percent of the population in 2009.

Progress towards the achievement of the MDGs in the region has been mixed (PIFS, 2014). Only two Pacific countries – Cook Islands and Niue, are on track to achieve all the MDGs while some Pacific countries, such as Papua New Guinea, are off track on all the MDGs. 2015 is the last year of the MDGs before the transition to the new post-2015 development framework, and the new Sustainable Development Goals.

Forum Island Countries Progress Towards the MDGs



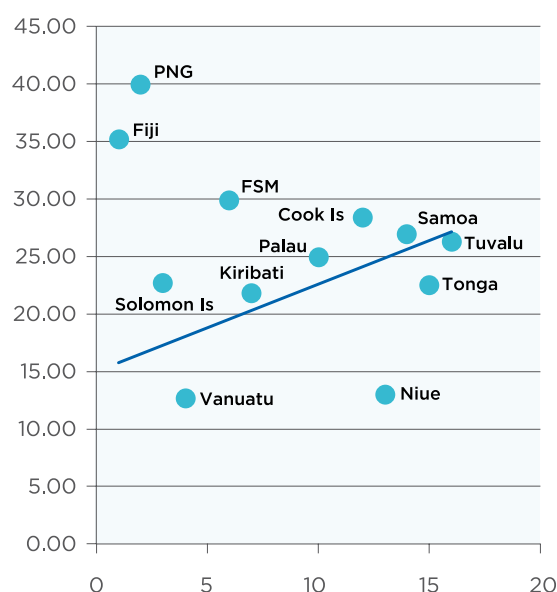
Source: Pacific Islands Forum Secretariat 2014

Progress towards the achievement of poverty reduction targets in MDG 1 are mixed in the Pacific. Very few PICs have experienced a decline in the incidence of basic-needs poverty in recent years. In Fiji, with its broader-based economy, the incidence of basic-needs poverty declined from 39 percent in 2002-2003 to an estimated 35 percent in 2008-2009. Vanuatu also achieved a slight decrease in basic-needs poverty, with a decline in incidence from 13 percent in 2006, to 12.7 percent in 2010. Meanwhile, the incidence of basic-needs poverty has increased in Samoa, Tonga, Tuvalu and PNG over the last 10 years. There is a significant concentration of vulnerable households marginally above the basic-needs poverty line (one percent to five percent above BNPL) that are susceptible to slip into poverty in the face of economic shocks and/or natural disasters, which are highly frequent in the Pacific.

There is no general trend that geographically associates poverty with rural or urban areas throughout the Pacific. While the incidence of basic needs poverty is significantly higher in urban (compared to rural) areas in Vanuatu, PNG, Solomon Islands, and, to a lesser extent, Tuvalu; it is higher in rural areas in Palau, Samoa and Tonga. There are also pockets of persistently high basic-needs poverty incidence, such as in Luganville in Vanuatu, Rural Momase and the Highlands in PNG and the northern urban and rural parts of Fiji. In line with the increase in basic-needs poverty, the depth and the severity of poverty have increased in Samoa and Tonga and declined in Fiji and Vanuatu.

Source: National Poverty Reports and Household and Income and Expenditure Surveys

Figure 2.1: Incidence of basic-needs poverty



Women and girls are particularly vulnerable and normally over represented among the poor in the Pacific. Inequality is rising in the Pacific and reaching alarming levels in some countries. Human (multi-dimensional) poverty is significantly higher than income poverty, particularly in rural areas and remote islands, due to weak local governance and, consequently, a lack of capacity to deliver basic services, such as water and sanitation. Economic and poverty reduction policies have focused on market liberalization and job creation, with less attention paid to protecting the vulnerable or reducing inequalities. Poverty reduction through pro-growth measures and job creation is necessary but not enough. Small population size and remoteness and natural disasters hinder the region's ability to generate and sustain economic growth in the long run.

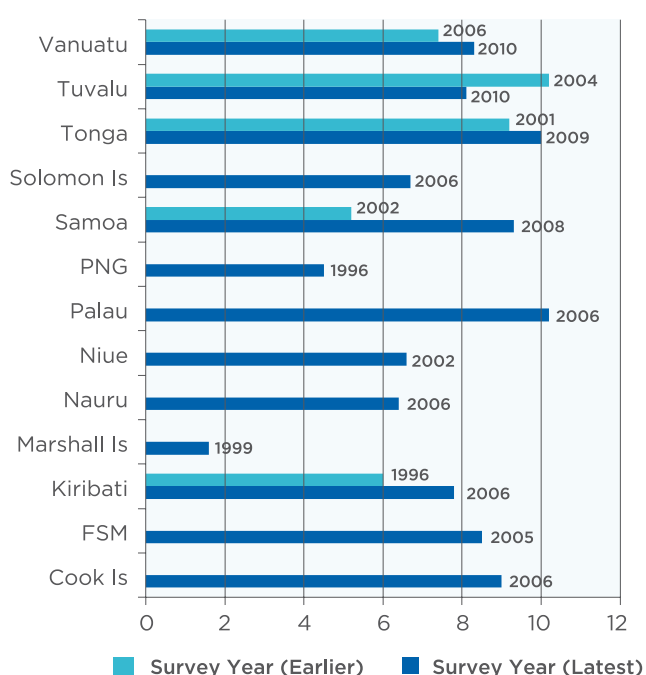
Moreover, basic-needs poverty rates are significantly higher in households with more children. As children constitute a high share of the population across the region (43 percent on average), and fertility rates remain relatively high in most PICs, large numbers of children will continue to grow up in poverty. Across a sample of four countries (Fiji, Kiribati, Vanuatu and Tuvalu), the poverty rate among households with three or more children was found to be 27 to 63 percent higher than the national average. At the household and community level, evidence from sentinel-site monitoring conducted by UNICEF and government partners shows a decline in food security at the household level. This despite the fact that in some PICs the proportion of own production in food consumption appears to have increased. This is a reflection of coping strategies by households in the face of declining real incomes. The research also suggests that many households have been decreasing their savings and others have experienced more difficulties in meeting daily expenditures, including education related expenses (even where school fees have been made free) and transport costs to attend health services. These were felt most sharply in urban squatter settlements.

The demand for cash incomes is increasing with the growing urbanisation and transition of Pacific economies to market-led cash-based systems. Yet, in recent years PICs have generally recorded low and volatile growth and have been unable to create adequate wage employment opportunities. For many people, especially those in rural areas, the opportunities to earn cash remain limited. Many PICs struggle to deliver basic services, particularly in rural and remote areas, including outer islands. A large proportion of Pacific Islanders lack access to safe drinking water, sanitation and reliable sources of energy. They lack adequate education, health and other opportunities. Thus, multi-dimensional human poverty (hardship) is significantly higher than income poverty throughout many PICs.

Most Pacific countries are on track to reduce child mortality. Malaria is endemic to only PNG, Solomon Islands and Vanuatu. While Solomon Islands and Vanuatu have made significant progress in reducing the burden of malaria, underpinned by widespread use of bed-nets and strong support by development partners, malaria in PNG remains a cause for concern. Six countries (Kiribati, Marshall Is, PNG, Tuvalu, FSM and Solomon Is) are identified as having a high burden of TB. However, Kiribati, Tuvalu and Solomon Is are on track to reverse the incidence of TB. Drug-resistant TB in the Marshall Is and FSM are making it more difficult for these countries to combat TB. For PNG, as with malaria, TB remains a major public health problem, especially given the HIV/AIDS epidemic the country is facing. Measles, Mumps and Rubella (MMR) is low in PNG and Solomon Islands. Pacific Islands are facing an NCD crisis of considerable magnitude with over 40 percent of the population being diagnosed with a NCD and a world record for diabetes and obesity prevalence. Pacific countries have low life expectancy with NCDs being the major cause of death. The evidence that tobacco, alcohol and ultra-processed foods and drinks are major drivers of epidemics of Non-communicable Diseases (NCDs) is well established. The rapid lifestyle (dietary) changes and consequently exploding rates of diabetes, cardiovascular diseases and cancers have enormous social and economic costs.

Literacy rates in the Pacific are among the highest in developing countries, above 90 percent. Most PICs are on track to achieve MDG 2 targets, with the exception of PNG and Nauru. Quality of education, however, is a major concern. Enrolment ratios are off-track in several Pacific countries including PNG, Solomon Islands, RMI and Tonga to a lesser extent. Net enrolment ratios drop significantly for secondary and higher education in nearly all PICs. In addition to capacity issues and geographical remoteness progress on MDGs 4, 5 and 6 are closely related to the multidimensional determinants of health such as poverty, food insecurity and the low status of women in some societies.

Figure 3: Share of Poorest Quintile in Total Households Consumption



The UN State of Human Development Report identifies a number of drivers of vulnerability and exclusion including low, unstable and non-inclusive economic growth, a heavier reliance on external aid, migration, external shocks and the profound economic and social transition underway across the region today, mainly linked to monetisation and commercialization of economic activities, rapid urbanization and the collapse of traditional social protection systems. Although small and geographically isolated, PICs have very open economies and are therefore well integrated into the global economy. External economic shocks are felt through volatility in remittances and tourism revenues, export revenues and resource rents and royalties, and consequently in reduced domestic demand and low economic growth rates. These factors have exacerbated the vulnerabilities of PICs and the recent global financial crises have taken their toll on many Pacific Island countries. PICs' capacities to

attract foreign investments also vary considerably within and across countries. This, in turn, influences the rate of, and the beneficiaries from, employment creation. Moreover, the bulk of foreign investment received by PICs is extractive in nature and has few linkages with the rest of the economy and stimulates minimal job creation. Thus with little development emphasis on livelihoods/informal economies, the increasing trend of rural to urban migration of young people further exacerbates the issue of youth unemployment and poverty in the Pacific.

There is evidence in the recent poverty studies in several PICs suggesting that there is rising income inequality even in countries where there has been a relatively significant reduction in basic needs poverty over the last 10 year (e.g. Fiji). Understanding the main causes of the current income inequality trends across countries will require further in-depth analytic studies, particularly to link trends to policies. Notwithstanding data limitations and the need for in-depth studies, it is, however, plausible to conclude that the pace of urbanization, monetization, resources boom and internal migrations are highly correlated with changes in income inequality.

While gender parity in terms of education is impressive, women's economic and political empowerment remains a major challenge. Non-agriculture employment participation rates range between 30 to 50 percent for all women throughout the Pacific region. Gender discrimination in terms of wage and work conditions is still prevalent. While Cook Islands, Marshall Islands, Niue, Tonga, Tuvalu and Vanuatu have shown progress in expanding female employment, in Fiji the rate has declined, partially due to the reduction in employment in the garment industry.

Unemployment among women is typically higher in rural and remote areas for nearly all Pacific countries. The average number of seats in Parliament held by women, based on latest reports for all PICs is merely 5.7 percent.¹ Tahiti, Vanuatu, Tonga and FSM have no women in Parliament. Violence against women is widespread across the Pacific and remains an issue of concern. Cook Islands is currently in the process of drafting a new Family Law Bill that will help ensure national commitments to gender equality and the full implementation of CEDAW are met.

ECONOMIC TRENDS IN THE PACIFIC

The Pacific region has experienced low and volatile economic growth over the last few years. Economic growth rates (excluding resource-rich PNG) have been generally low, averaging only 1.5 -2 percent per annum between 2007 and 2014, barely above the average population growth rate (see Table 1). Although high commodity prices and other external conditions have impacted negatively on the economies of the PICs (PNG being the main exception), economic growth has, in large part, also been constrained by domestic factors. These have included political instability, poor macroeconomic management, corruption, poor governance, and a lack of will to implement much needed public sector and public enterprise reforms.

The remoteness and geographic isolation of the majority of PICs has made it difficult to develop economically. Other key constraints, such as vulnerability to natural disasters, susceptibility to adverse global economic conditions, narrow production base, and limited export variety exacerbate the challenges PICs face. Pacific countries are heavily exposed to commodity price fluctuations and are, therefore, very vulnerable to food insecurity and the impacts of a volatile international food and energy market. Many of the economic challenges facing PICs are determined by the structure, rate, stability and sustainability of economic growth (e.g. high cost of doing business, low levels of productivity, reliance on foreign aid and remittances and narrow economic base).

Table 1: Real Growth Rate of GDP (% per year)

	2007	2008	2009	2010	2011	2012	2013	2014
Papua New Guinea (1998 constant)	7.2	6.6	6.0	7.4	11.1	9.8	5.5	6.0
Fiji (2005 constant)	-0.9	1.1	-1.3	0.1	1.9	2.2	2.8	2.4
Vanuatu (2006 constant)	5.2	6.5	3.3	1.6	1.4	2.0	3.2	3.4
Solomon Islands (1985 factor cost)	10.7	7.2	-1.0	6.9	10.6	4.8	2.5	4.0
Melanesian Regional Average	5.5	5.3	1.7	4.0	6.3	4.7	3.5	4.0
FSM (2004 constant)	-2.0	-2.5	0.9	2.5	2.1	1.4	1.0	1.5
Nauru (2007 constant)	-10.8	-	-18.6	-11.3	3.8	4.9	4.5	6.0
Kiribati (2006 constant)	7.5	2.8	-0.7	-0.5	3.3	2.5	2.0	2.3
Palau (2005 constant)	0.7	-6.1	-4.6	-0.4	6.9	6.3	3.0	3.0
Marshall Island (2004 constant)	3.2	-1.9	-1.5	5.6	0.8	1.9	2.3	1.5
Micronesian Regional Average	-0.3	-1.9	-4.9	-0.8	3.4	3.4	2.6	2.9
	2007	2008	2009	2010	2011	2012	2013	2014
Cook Islands (2006 constant)	-0.2	-3.5	1.0	-2.9	1.0	4.6	3.2	3.5
Samoa (2002 constant)	5.8	4.3	-5.1	0.1	2.3	1.2	0.9	2.0
Tonga (2010/2011 constant)	-4.5	1.9	3.2	3.3	2.9	0.8	0.5	0.3
Tuvalu (2005 constant)	6.4	11.6	-2.3	-1.4	-0.6	1.2	1.3	1.5
Polynesian Regional Average	1.9	3.6	-0.8	-0.2	1.4	2.0	1.5	1.8
Pacific Islands Regional Average	2.2	2.3	-1.6	0.8	3.7	3.4	2.5	2.9

Source: *The State of Human Development in the Pacific 2014*.

¹ This average uses the 2006 pre-coup figures for Fiji Islands.

It is clear that in the recent past economic policies and growth strategies in PICs have not yielded the desired levels of economic growth. Nor have they addressed issues of hardship, vulnerability or exclusion. Many countries are having difficulty in balancing competing national priorities with severe resource constraints. Countries are struggling to enhance the effectiveness of limited, and in some cases diminishing aid resources towards the achievement of better development outcomes. Therefore a much stronger pro-poor policy focus and commitment is required if progress is to be achieved towards reducing the level of hardship and the extent of vulnerability.

Weak fiscal situations and poorly defined budget priorities compound the problems. Budget allocations are not necessarily responsive to the needs of the poorest and most disadvantaged; they are not focused, for example, on the need to achieve the MDG targets at the aggregate level. Rarely are budgets directly linked even to existing national development strategies. Many of the needed economic reforms, particularly in making the investment and regulatory environment more transparent for private sector growth and investment and thus broadly pro-poor, would yield significant economic growth and poverty reducing gains at a minimum cost to the governments in terms of foregone revenues or up-front financial costs. Indeed governments would ultimately gain significantly from greater tax revenues from new investments and employment creation.

The precarious and volatile state of government finances is illustrated in Table 2. In 2012, 10 of the PICs had budget deficits and four of these were more than 2.5 percent of GDP. For many PICs some of their primary sources of revenue are beyond their immediate policy influence or control. Fish licence revenues and income from investments are both uncertain and volatile. Low rates of economic growth are often the result, in part, of declines in foreign exchange income from remittances and tourism. If domestic consumption expenditure is weak then revenues from consumption taxes will also be weak. If business profitability declines then corporate taxes will also fall, as well as employment, thus reducing income taxes.

It has been argued² that declining governance standards are also contributing to poor economic performance in the Pacific. Increasing health and education costs are also putting pressure on government budgets.

² For example in *Hardship and Poverty in the Pacific*, ADB, Nov 2004; & *Governance in the Pacific : Focus for Action 2005 - 09*, ADB 2005

Table 2: Fiscal Balance of PIC Governments (% of GDP)

Country	2008	2009	2010	2011	2012
Cook Islands	3.3	-2.2	0.2	0.7	-2.2
Fiji	0.5	-4.0	-2.1	-1.4	-1.6
Kiribati	-19.6	-12.8	-10.6	-14.2	-20.0
Marshall Islands	3.4	1.3	4.5	3.7	-1.1
Micronesia, Federated States of	-1.7	1.6	0.5	0.6	1.2
Nauru	-10.1	0.3	6.0	0.6	-1.2
Palau	-3.7	-6.1	-1.4	-3.5	-3.2
Papua New Guinea	-2.2	0.6	0.7	2.3	-1.2
Samoa	-1.5	-3.1	-6.6	-5.3	-4.5
Solomon Islands	-6.1	-16.1	1.4	5.1	-1.9
Tonga	3.0	-0.9	-5.3	-7.4	-2.9
Tuvalu	-0.7	-3.1	-30.0	-4.6	7.6
Vanuatu	2.1	1.0	-2.0	-2.3	...

Source: ADB Asian Development Outlook 2013 Update

Lack of domestic employment opportunities and increasing youth unemployment particularly in Melanesia and in some Micronesian countries, together with the growing numbers of people engaged in temporary labour mobility, both domestically and internationally are becoming critical human development policy issues for many PICs. The increasing proportion of youth in the populations of many countries is leading to weakening in the overall social environment. The agenda of decent work for all is therefore very relevant to PICs.

FINANCIAL INCLUSION IN THE PACIFIC

Inclusive economic growth remains elusive in the Pacific, as noted by the 2014 UN report on the *State of Human Development in the Pacific*. However, financial inclusion efforts in the Pacific region retained the support and commitment of donors and both public and private stakeholders during 2014. Stakeholders continued to invest in financial inclusion initiatives though increased scrutiny of the sustainability of expansion of the financial sector is expected.

Central banks in the region renewed their efforts to meet their financial inclusion goals and commitments, including the 2020 MoneyPACIFIC Goals³, their Maya Declaration⁴ commitments and National Financial Inclusion and Financial Literacy Strategies. Regional central banks reported again on their progress against the 2020 MoneyPACIFIC goals to the Forum Economic Ministers' Meeting (FEMM) in Honiara, Solomon Islands in July 2014; and the South Pacific Central Bank Governors Meeting again held sessions on Financial Inclusion at its December 2014 meeting in Suva, Fiji. The Alliance for Financial Inclusion's Pacific Island Working Group held two regional meetings during the year and converted to a more permanent Pacific Island Regional Initiative. In addition to the six previous members,⁵ the National Reserve Bank of Tonga joined the group in September, agreeing to attend the group regularly. Both Fiji and Solomon Islands achieved their National Financial Inclusion Strategy objectives in 2014, reaching 150,000 and 70,000 unbanked people ahead of schedule – effectively halving the number of people with no access to basic financial services. Papua New Guinea and Vanuatu continued to make advances towards achieving their financial inclusion goals.

³ The Pacific region's Central Banks and Finance Ministries adopted the MoneyPACIFIC goals, a set of four regional goals, to guide national level actions and to monitor progress. These 2020 MoneyPACIFIC Goals are supported and endorsed by the Forum Economic Ministers' Meeting (FEMM) and South Pacific Central Bank Governors.

⁴ The Maya Declaration is the first global and measurable set of commitments by developing and emerging country governments to unlock the economic and social potential of the 2.5 billion 'unbanked' people through greater financial inclusion. The Maya Declaration is an initiative of the Alliance for Financial Inclusion.

⁵ Fiji, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste and Vanuatu.

Donors also showed support for expanding financial inclusion in 2014 despite cuts in aid budgets in other areas, affirming the belief that the private sector can play a key role in developing and delivering inclusive and sustainable financial services, which in turn supports inclusive economic growth. Regional donors joined world leaders and development organizations (G-20, IMF, World Bank, UN, to name a few) in acknowledging that financial inclusion is an important ingredient for social and economic progress, particularly for developing countries. In particular, the Governments of Australia, New Zealand and the European Union provided vocal as well as financial support for financial inclusion in the region during the year. In addition, the Pacific Donors' Access to Finance Working Group met twice in 2014 in an effort to maintain and improve collaboration of efforts within the sector. In addition to Australia's DFAT, the ADB, EIB, IFC, New Zealand's MFAT and the United Nations, the IMF, through its Pacific Financial Technical Assistance Centre (PFTAC), became a regular attendee in 2014.

The region's private sector, led by commercial banks, continued to invest in expanding digital financial services in the Pacific in 2014. ANZ's mobile phone linked bank account product, goMoney™, was expanded in 2014 and now operates in PNG, Samoa, Solomon Islands and Vanuatu. Westpac increased in-store operations across the Pacific, and BSP expanded its merchant-banking network and merchant support throughout PNG, Fiji, and Solomon Islands, increasing the points of sale for financial services significantly. Insurance companies continued to explore the expansion of services in Fiji and PNG. In Fiji, led by the Reserve Bank of Fiji, the sector established an Inclusive Insurance working group to develop, introduce and scale up new products and delivery channels to reach the uninsured. In PNG Digicel and Capital Life teamed up with support from Bima to offer affordable life insurance which can be paid with phone credit. These introductions and expansions offer promise to extend much-needed services to Pacific Islanders, but it is likely that some of these newly-introduced products will not last and the industry may see consolidation, as both donors and the private sector consider the financial sustainability of further investments.

One concern for financial inclusion in the region concerns the increased focus on Anti-Money Laundering and Combatting the Financing of Terrorism (AML-CFT) regulations in Australia, the UK, and in the USA. These regulations can have severe consequences for banks, who would be held responsible for infractions made by their account holders, which are impacting banks and money transfer operators (MTOs.) Regional banks began rapidly closing MTO bank accounts, with two major banks, the Commonwealth Bank and the National Australia Bank, closing all their MTO accounts in Australia during 2014. Westpac announced that it would follow suit. It is feared that these developments will increase remittance prices, reduce competition and encourage the use of informal channels in the region. In October 2014, the World Bank reported that the cost of sending remittances from Australia to the Pacific Islands is increasing – this in a region where the cost of sending money is already high (above 10 percent), and several countries (e.g. Tonga) are heavily dependent on remittances. In addition to reducing the money that remittance receivers get, it is widely acknowledged that closing of these bank accounts will encourage the use of informal channels, which will reduce both financial inclusion and transparency in the region. PFTAC, PFIP, the Pacific Islands Forum Secretariat (PIFS) and the World Bank Group (WBG) jointly prepared and submitted a paper on the topic to the FEMM in 2014.

POLITICAL DEVELOPMENTS IN THE PACIFIC

The political environment in the Pacific is complex and fluid, with gradual progress being made towards more sustainable and strengthened democratic governance processes and institutions. Challenges persist ranging from political instability and corruption, financial and human capacity limitations in governance institutions, weak policy and regulatory frameworks, and limited access to services for remote communities. In addition, women's participation in politics (including presence in the executive and legislative branches of government) remains limited.

In terms of political developments, 2014 was a significant year for the Pacific with elections held in five Pacific Island countries. Vanuatu had its first municipal (local government) elections under the amended Municipalities Act which now provides for five reserved seats for women from the 17 seats on municipal councils for Port Vila. Tonga had their second ever democratic elections in November and a record number of Tongans registered and voted, with 105 candidates contesting the election including 16 women. Solomon Islands had their first elections since the withdrawal of the Regional Assistance Mission to Solomon Islands (RAMSI) and under their new Political Parties Integrity Act 2014. Fiji had their first democratic elections since the military takeover in December 2006, and the FijiFirst political party won the majority of the seats in the new 50-member parliament. Cook Islands also had elections in 2014, however an electoral petition was filed calling for a recount which resulted in the ruling party losing its one seat and a by-election has been ruled for next year in another electorate.

Regionally, the number of women in Parliament has increased from 4.7 percent to 5.7 percent but in some countries there were setbacks with no women being elected. The four countries currently with no women in parliament are FSM, Tokelau, Tonga and Vanuatu. Niue has the highest percentage of women in Parliament at 15 percent, followed by Fiji at 14 percent.

In July 2014, Pacific leaders, at their annual leaders meeting in Koror, Palau, endorsed the new Framework for Pacific Regionalism, which now replaces the Pacific Plan. The new guiding document for Pacific regionalism outlines key values and development objectives of sustainable development, economic growth, strengthened governance, and human security. The framework is intended to support 'focused political conversations and settlements that address key strategic issues, including shared sovereignty, pooling resources and delegated decision making' (Forum Leaders Special Retreat, Cook Islands, May 2014). Rather than providing a list of regional priorities, it sets out a robust process and mechanism through which regional priorities will be identified and implemented.

The largest international conference held in the Pacific, the UN Conference on Small Island Developing States (SIDS) was held in Apia, Samoa in September 2014. The conference outcome document, the Samoa Pathway, recognized the importance of engaging with parliaments and citizens in shaping policies for effective development and deepening engagement with civil society organizations. The outcome document also reaffirmed a commitment to ensure women's full, equal and effective participation in all fields and leadership at all levels of decision-making in the public and private sectors through such policies and actions as temporary special measures, and by setting and working to achieve concrete goals, targets and benchmarks.

DISASTER, ENERGY, ENVIRONMENT AND CLIMATE CHANGE IN THE PACIFIC

The Pacific region is one of the most disaster-prone in the world. Five of its countries are among the top 15 most 'at risk of disasters' globally, and eight out of 20 countries in the world with the highest average annual disaster losses by GDP are Pacific countries (World Bank, 2012). At the same time, the science of climate change has become clearer as indicated in the release of the 2013 Working Group I contribution to the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) on the Physical Science Basis. It notes that warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia.⁶

In the Pacific, 2014 was marked by numerous disasters including flash floods in Solomon Islands, Cyclone Ian in Tonga, Cyclone Lusi in Vanuatu and drought in Fiji. These recurring events have led to severe impacts on the livelihoods of communities affecting both economic assets (such as agriculture) as well as leading to social impacts mainly through the loss of housing and livelihoods. For instance, in the aftermath of the flash floods in Solomon Islands there were an estimated 12,000 internally displaced persons seeking refuge in 27 evacuation centres, mainly in Honiara. Overall more than 50,000 people, or a tenth of the total population, were affected by the disaster.

In 2014, several PICs approved new and/or updated disaster, energy, environment or climate change-related policy instruments. This includes the Papua New Guinea National Climate Compatible Development Management Policy, the Kiribati Joint Implementation Plan on Climate Change and Disaster Risk Management and the Republic of Nauru Framework for Climate Change Adaptation and Disaster Risk Reduction (RONAdapt) and the FSM Climate Change Act. To note, the FSM Climate Change Act creates legal obligations for departments and offices in the implementation of the Integrated Disaster Risk Management and Climate Change Policy promulgated in December 2009 and further strengthens the mainstreaming of activities and policies in implementing climate change and disaster management framework of actions. These instruments will help guide sustainable development in these countries in relation to climate, energy, environment and climate change.

At the regional level, the draft Strategy for Disaster and Climate Resilient Development in the Pacific (SRDP) was developed through an extensive consultation process led by Pacific Island countries and territories and guided by the principles of inclusion, leadership, and ownership. It is expected that the SRDP (which will be submitted for approval by Pacific leaders in 2015) will facilitate the Pacific to combine and harness the expertise of specialists in working both the disaster risk management (DRM) and climate change fields. This initiative follows the leadership of PICs, who have already developed Joint National Action Plans (JNAPs) and other mechanisms for embedding disaster and climate resilience into development processes.

2014 marked significant milestones for the climate change, disaster risk management and development communities both in the Pacific and globally. In June, the Pacific held the Pacific platform meeting which brought together members of disaster, climate change and finance communities. In September 2014, the Small Islands Developing States (SIDS) conference was held in Apia, Samoa where issues of climate change, disaster, energy and environment were top of the agenda. Later that month, the United Nations Secretary General held a Climate Change summit in New York which raised global ambitions for the United Nations Framework Convention on Climate Change (UNFCCC) process. Following this, in Lima, Peru, in December 2014 the COP20 of the UNFCCC met and produced a draft for the 2015 climate deal to be struck in Paris (COP21).

⁶ IPCC WGI AR5 SPM

Looking forward, 2015 will be a pivotal year for the Pacific in terms of climate change and other related issues. The Pacific and the world have been preparing for the Third World Conference on Disaster Risk Reduction to be held in Sendai, Japan in March 2015. Significant decisions within the international mechanisms governing climate change and disaster risk management will be set in 2015 along with the agreement on the Sustainable Development Goals (SDGs), which include various goals related to climate change, energy and environment, including a stand-alone goal on oceans (SDG 14).

REGIONAL PROGRAMME

All Pacific Centre activities are implemented within the framework of the UNDP Strategic Plan 2014-2017. The current UNDP Strategic Plan was approved in September 2013 by the UNDP Executive Board, a steering and oversight body consisting of 36 UN member countries elected on a rotating basis. In January 2014 the Executive Board approved the new UNDP Regional Programme for Asia-Pacific 2014-2017, to replace the previous regional programme which ran from 2008-2013. This new regional programme is fully aligned with the UNDP Strategic Plan, and will guide the work of the Pacific Centre, and the Asia-Pacific Regional Centre (APRC) in Bangkok.

During 2014 the Pacific Centre developed a new project document to provide details of how the new regional programme would be implemented in the Pacific region. This project document, which runs for the period 2014-2017, was developed through an extensive consultation process with key stakeholders – Pacific governments, donors, development partners, regional organizations, NGOs and other UN agencies, and was approved by the UNDP Directorate in December 2014. In support of the new regional programme the Centre is now implementing three major Pacific regional projects – Effective Governance, Inclusive Growth (including Sustainable and Resilient Development) and Financial Inclusion.

GOVERNANCE ARRANGEMENTS

The Pacific Centre is part of the regional architecture of UNDP's Regional Bureau for Asia and the Pacific, with the Manager of the Centre reporting directly to the Deputy Regional Director, who was based at the Regional Bureau in New York until September 2014. This position now sits in the Bangkok Regional Hub (BRH), which replaced the previous APRC as a result of the UNDP global restructuring process. The Centre's work is reviewed annually by a Management Committee that is chaired by the Deputy Regional Director and includes the three Pacific Resident Representatives. Guidance on the annual work plan for the Centre is also provided by a Projects Steering Committee that includes country and regional organization representatives.

The Pacific Centre also participates in the Board of the UNDP Joint Operations Centre (JOC) which was established in April 2011. JOC operates as a service centre hub, providing operational services to the UNDP Fiji Multi-Country Office, Pacific Centre, Solomon Islands Sub-Office and other UN agencies.

OUR PARTNERSHIPS

During 2014, the Pacific Centre maintained a focus on strengthening partnerships with regional and national stakeholders. In this context, the region's intergovernmental organizations are key Centre partners, including PIFS, SPC, the University of the South Pacific (USP) and the Pacific Islands Private Sector Organisation (PIPSO). The Centre also partners with Pacific parliaments, national Reserve/Central Banks, private sector organizations, NGOs, UN agencies and other donors/development partners.

OUR COUNTRY OFFICE SERVICES

The Pacific Centre provides on request policy advisory services to UNDP country offices; technical backstopping for programme design and implementation; and knowledge management support to UNDP Country Offices in the Pacific, namely the Samoa Multi-Country Office, Fiji Multi-Country Office and PNG Country Office, as well as to PIC governments, regional and intergovernmental agencies and civil society organizations.

In 2014, the Centre's support to UNDP (Multi) Country Offices for ongoing programmes and projects was complemented by technical support for the implementation of the Pacific UN Development Assistance Framework (UNDAF) 2013-2017 and the first ever sub-regional programme document covering UNDP assistance to the 14 countries from the Samoa and Fiji Multi-Country Offices for the same period (2013-2017).

During 2014, the Integrated Communications and Knowledge Management (iComms) team continued its efforts to capture stories and knowledge that showcase the role of UNDP throughout the Pacific. The outreach through traditional and social media continued to grow from strength to strength.

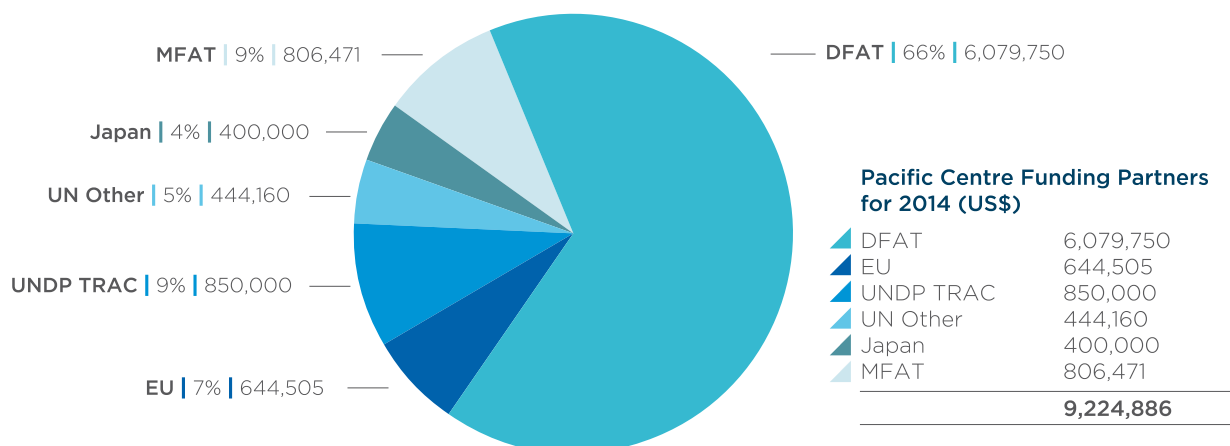
The Pacific Solution Exchange Climate Change and Development Community, which operates from within the iComms team, hosted nine discussions in 2014. With more than 1700 members from across the Pacific and globally, the community discussed a broad range of issues including ways to keep country delegates engaged in the UNFCCC Conference of Parties negotiations, vulnerabilities to opportunities in agriculture and fisheries, promoting economic migration as a climate change adaptation strategy and opportunities for backyard farming for urban women in low lying areas, to name a few.

RESOURCE MOBILIZATION

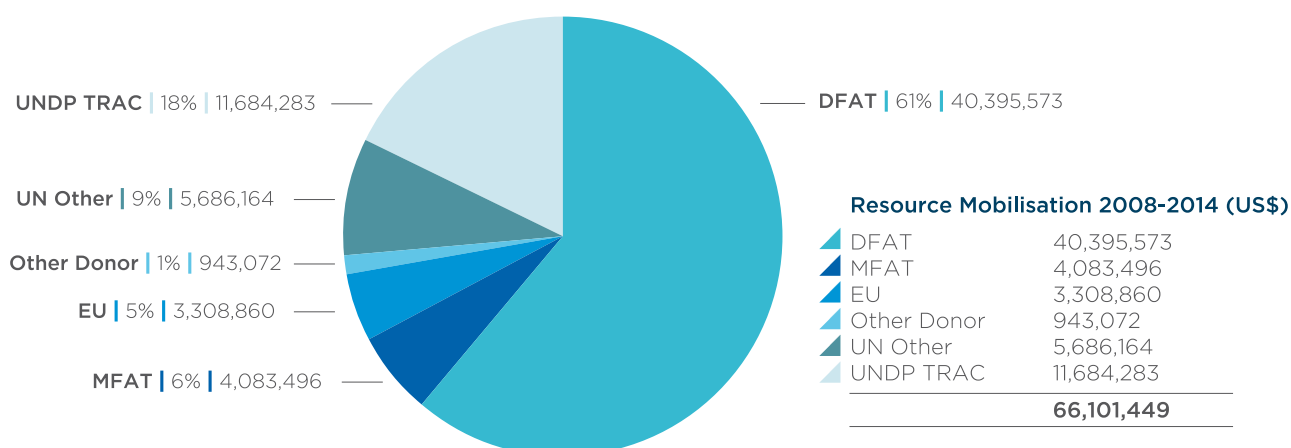
UNDP core resources of US\$850,000 were allocated to the Centre in 2014. In addition the Centre received US\$444,160 from UNDP's Bureau for Policy and Programme Support (BPPS) to cover the salaries of some regional advisors. This support from UNDP provided a solid foundation for the Centre's resource mobilization efforts during 2014.

During the year, specific project funding was received from DFAT for the following projects: Fiji Parliament Support Project (US\$343,785), Access to Information & Independent Media (US\$11,165 (2nd tranche)); Pacific Risk Resilience Programme (US\$3,221,415 (2nd and 3rd tranches)), UN Pacific Regional Anti-Corruption Project (US\$611,500 (3rd tranche)); and second phase funding for the Pacific Financial Inclusion Programme, through the Multi Partner Trust Fund of US\$1,891,885 (1st tranche – UNDP portion). The European Union continued its support for the Centre's governance portfolio through its contribution of US\$644,505 to the Fiji Parliament Support Project. New Zealand's MFAT contributed towards the second phase funding for the Pacific Financial Inclusion Programme, through the Multi Partner Trust Fund of US\$156,471 as well as to the Fiji Parliament Support Project of \$650,000. Japan also contributed a total of US\$400,000 towards the Fiji Parliament Support Project in 2014.

In summary during 2014, a total of US\$9.22 million was mobilized to support the work of the Centre.



Resource mobilization efforts for the Centre have yielded more than US\$66 million since 2008. UNDP core resources constitute 18 percent of the total resources mobilized by the Centre. The remaining 82 percent is contributed by development partners as shown in the chart below. In total, DFAT contributed 61 percent; UNDP and other UN contributed 27 percent; New Zealand's MFAT contributed six percent; European Union contributed five percent and other donors make up the balance of one percent.



OVERALL PACIFIC CENTRE PROGRAMME DELIVERY

The Centre's total budget in 2014 was US\$11,197,097 (US\$9.6 million in 2013) made up of UNDP core funding as well as third party cost sharing funding from Australia's DFAT, New Zealand's MFAT, Japan and the European Union. The total expenditure as at 31 December 2014 stood at US\$9,867,248. While the delivery rate against the budget for each project was different, at the year end the overall delivery rate for the Centre was 88 percent of the total budget (81 percent in 2013). A more detailed breakdown of budget versus expenditure is shown in Annex 2.

KEY ACHIEVEMENTS OF THE PACIFIC CENTRE PRACTICE AREAS

KEY HIGHLIGHTS: EFFECTIVE GOVERNANCE (including Conflict Prevention and Peacebuilding)

STRENGTHENING PACIFIC PARLIAMENTS

Kiribati, Tuvalu, RMI and Tonga were provided with ongoing technical assistance and support to scale up their parliamentary and governance strengthening activities/projects via UNDP's Fiji Multi-Country Office. In addition to this, technical assistance was given to develop work with the Nauru Parliament in partnership with the Victoria Parliament.

The Centre facilitated and funded the end of project evaluation of the Palau Support to Congress project, and the mid-term evaluation of the Samoa Parliamentary Strengthening project. The evaluations were carried out by the Inter-Parliamentary Union (IPU). Ongoing technical assistance to the Samoa Parliamentary Strengthening project was also provided during 2014.

The Centre provide technical support for the development of the PNG Parliament project with the PNG country office during 2014. The terms of reference for a review of constituency development funds was drafted and experts in this area identified, including a specific scoping report and implementation plan prepared for options for parliamentary support in Bougainville.

The implementation of the Fiji Parliamentary Strengthening project officially started in early 2014, with the mobilisation of approximately US\$3.6 million from the European Union, and the Governments of Australia, New Zealand, and Japan for a three-year project. In the lead up to the national elections, the project provided technical expertise to the Fijian Government to develop the enabling Parliamentary legal framework, as well as the provision of ICT equipment and installation support in readiness for the first session of Parliament on 6 October 2014. Immediately following the elections and swearing in of the new Members of Parliament (MPs), the project facilitated an intensive induction process for the new MPs as well as for the newly appointed Secretary General and Speaker. This included a study tour to New Zealand for select MPs including the Speaker and Secretary General as well as facilitating several mock sessions in the Chamber to familiarise the MPs and senior staff on their new roles. Due to the need for the public to also be made aware on the work of the Parliament, the project facilitated awareness raising workshops and sessions with interested civil society organizations on the newly re-established Parliament and its role as set out under Fiji's Constitution and Parliamentary Standing Orders.

The Pacific Centre team coordinated and convened the first regional Pacific Parliamentary Practitioners meeting in Sydney in March 2014 to discuss best practice in parliamentary development. Partners that attended included the Parliaments of Australia, New Zealand, the Centre for Democratic Institutions (CDI), as well as the UNDP Multi-Country Offices of Fiji and Samoa, and the PNG Country Office, altogether covering 15 Pacific Island countries.

ADVANCING GENDER EQUALITY IN THE PACIFIC

The Centre continued to advance the work of women in politics within the region. In February 2014, together with PIFS, Solomon Islands Parliament and the Solomon Islands women's national machinery, a practice parliament for women was convened where 40 potential women candidates underwent substantive briefings on key national development issues as well as Parliamentary processes in the area of law-making and oversight. The highlight of the Practice Parliament was during the mock Parliament session that was broadcast live and gave an opportunity for the general public to bear witness to women's leadership capacity in Solomon Islands. Sixteen women stood in the November general elections in Solomon Islands, with one of the women who had participated at the Practice Parliament, MP Freda Soria Comua, successfully winning her seat. The Centre also supported the Legislative Assembly of Tonga and the national women's machinery, through UNDP's Tonga Governance Strengthening Programme (TGSP) to facilitate the first Tonga Practice Parliament for 30 potential women leaders in April 2014 that proved quite successful. Out of the 16 women that stood in Tonga's general elections in November 2014, six of the women had participated in various candidates training run by UN Women and development partners, as well as at the Tonga Practice Parliament for Women. Unfortunately, none of the 16 women candidates won their seats.



Participants of the Practice Parliament for Women sitting in the Legislative Assembly in Tonga (Photo: TGSP team).

The Centre facilitated South-to-South sharing exchanges between the Tonga Parliament staff and TGSP staff, and the Solomon Islands Parliamentary Strengthening project to share learnings on Parliament outreach activities especially in increasing women's political participation and practice parliaments.

Earlier in 2014, a mission to Samoa Multi-Country Office was undertaken to evaluate and revise current projects, and as a result a new project document was developed on increasing political participation of women.

The Centre continued to provide technical assistance to the Reference Group on the Regional Action Plan for Women Peace and Security (RAP-WPS) during 2014.

ENHANCING HUMAN RIGHTS IN THE PACIFIC

In the area of human rights and support to treaty implementation, the Centre provided technical assistance for the review of the Solomon Islands Family Protection Bill, to ensure that the Bill complies with international legal standards and reflects best practice in addressing domestic and gender-based violence. Technical support was also provided to the Government of Cook Islands in the ongoing finalisation of the Family Law Bill. The Bill has now been submitted to Cabinet, and the Centre is working with the Crown Law office to finalise the Draft Rules and Regulations of the Bill. The Centre also contributed towards the joint UNDP/UNFPA/UN Women project to eliminate gender-based violence in Kiribati by developing UNDP's component on the access to justice programme to be taken forward by UNDP's Fiji Multi-Country Office.

The Centre continued its work with the Samoa Umbrella of NGOs (SUNGO) through ongoing technical and administrative support on their national social accountability research focusing on government service delivery in the health and education sectors. The Centre is now working with SUNGO on its data analysis and development of a simple scorecard outlining the various government services that were surveyed and the feedback on the quality of its delivery as experienced by the communities.

PROMOTING MEDIA FREEDOM AND INITIATIVES

In response to calls from regional and national media stakeholders in the Pacific towards the setting up of a regional media self-regulation mechanism in 2012, the Pacific Centre in partnership with UNESCO and the Pacific Freedom Forum (PFF) commissioned a feasibility study in 2013 to look at options for media self-regulation at the regional level and how it would work in line with national frameworks. The feasibility study gathered inputs from a significant number of media workers at all levels, to get their views on the issue of self-regulation and options for the region; and was launched at a media event in Apia, Samoa, on 8 December 2014. The report will hopefully contribute to more informed discussion and debates on options available for the Pacific, as well as key conditions necessary for a regional self-regulatory mechanism to operate sustainably.

The Centre continued its work on supporting the media initiative on rights-based advocacy around the right to adequate housing in Melanesia. Journalists from the four Melanesian countries (Fiji, PNG, Solomon Islands and Vanuatu) were invited to participate in a regional workshop. Following the sub-regional awareness raising workshop, the journalists were invited to submit proposals for small grants to develop a more in-depth feature story focusing on informal settlements in their communities with a view to highlighting the human rights elements. Through the small grants, the journalists were able to develop strong media products using print, web, radio, and video highlighting the entitlements of the informal settlement dwellers in their case study, and the obligations of their national government as the duty bearer in terms of their right to adequate housing.

SUPPORTING UNCAC RATIFICATION AND IMPLEMENTATION

In 2014, the Pacific Centre continued progressing its work on the UN Convention against Corruption (UNCAC) through the framework of the joint UNDP-UNODC Pacific Regional Anti-Corruption Project funded by Australia/DFAT. Building on its three years of support to Tuvalu on accession to UNCAC which included a series of workshops, the Centre is now working on revising a draft cabinet paper on Tuvalu's accession to UNCAC.

A workshop on financial oversight and the role of PAC was held for the members of the Marshall Islands Public Accounts Committee (PAC) as well as relevant stakeholders from the Executive branch. The Centre brought in two resource persons to share their own experiences and insights as former PAC members to promote South to South exchanges and peer to peer mentoring. Vanuatu's PAC was also provided with substantive technical support through the recruitment of a technical advisor who came on board in the last quarter of 2014 and continues to support the committee in its work.

The Centre continues to work in partnership with the PNG Country Office to explore options for the Office of the Prime Minister and the National Executive Council to establish a longer term anti-corruption programme in PNG, and also for the establishment of an anti-money laundering unit in the Central Bank. Youth-related integrity and anti-corruption activities are also being developed in cooperation with Transparency International in PNG. The Centre also provided support to review the draft Independent Commission against Corruption Bill to support the establishment of the PNG Independent Commission against Corruption.

Samoa is one of four Pacific Island countries that have yet to accede to the UN Convention against Corruption (UNCAC) and following a formal request from the Parliament of Samoa through the Samoa MCO, the Pacific Centre facilitated an awareness raising session with MPs on UNCAC. During the same mission, bilateral meetings were also held with relevant anti-corruption stakeholders, including with the Attorney General, and the Ombudsman's Office as well as with civil society representative to give an overview of UNCAC and offer technical support in progressing the Government's anti-corruption reforms and ongoing advocacy on the issue.

Work on freedom of information policies and laws remain an important aspect of the Pacific Centre's role, and technical support to the Governments of Tonga, Vanuatu, Kiribati, and Solomon Islands was provided in relation to this issue during 2014. A Freedom of Information expert has also been recruited to support this work in various countries. The Centre developed and submitted a draft Freedom of Information (FOI) Bill for Tonga based on their FOI policy which was launched in 2012. An FOI study tour was facilitated for Kiribati Government officials to learn from the experience of FOI reforms undertaken by the Government of Tonga. For Vanuatu, additional revisions were made to the draft Vanuatu Right to Information Bill. The draft Bill is now with the State Law office for finalization, and the FOI expert provides support as and when requested, including providing advice to the Prime Minister's office in terms of strengthening its national FOI unit.

The Centre facilitated south-south capacity building of Government officials from Kiribati, Solomon Islands, Nauru, and FSM through attachments to the Fiji Financial Intelligence Unit (FIU), to enhance their skills and working knowledge on financial data analysis, compliance, Anti-Money Laundering and Countering the Financing of Terrorism (AML-CFT).

HIV, HEALTH AND DEVELOPMENT: LINKING HUMAN RIGHTS AND HEALTH ISSUES

The Pacific Centre continued its work on linking human rights and health issues during 2014, within the framework of UNDP's global work on health and development and equitable service delivery. The Centre provided technical support and facilitated the Fiji National Consultation on NCDs and the Law in collaboration with WHO, Ministry of Health, Fiji Medical Association and Diabetes Fiji. A brochure explaining the key provisions of the Fiji HIV Decree in simple language was drafted for the Ministry of Health. Work is ongoing with WHO on developing resource material and a guidance note for parliamentarians on legal and regulatory frameworks for NCD prevention and control. The Centre also worked with partners to ensure that the social determinants and consequences of NCD epidemics in the region are at the centre of high level policy discussions in the region, including at the SIDS conference and at a number of leaders meetings (e.g FEMM, PIFS).

Working in close collaboration with WHO, the Centre helped establish a Pacific Interagency Task Force on NCDs during 2014. The Centre also provided technical assistance for the development of a joint UN concept note on NCDs, which highlights how different UN agencies can partner with donors, development partners, regional organisations and Pacific governments to address



the NCD crisis in the Pacific. This is in line with national and regional strategies, including the NCD roadmap and the regional Action Plan for the prevention and control of NCDs 2014-2020.

A new report entitled *Pacific Trade and Human Rights* was produced as a joint publication by UNDP-WHO-UNOHCHR and launched in Suva, Fiji on December 2014. This report highlighted the challenges and opportunities posed by trade policy for human rights, including the right to health, in the Pacific region.

Technical support was given to the Pacific Sexual Diversity Network in developing an Expression of Interest to the Global Fund to fight Aids, TB and Malaria (GFATM) and a research proposal to AMfar (partnership with the University of New South Wales). The Centre provided substantive technical contributions to developing and finalizing the Pacific Sexual Health Shared Agenda - Framework for Regional Approach to Sexual Health, which was endorsed by Pacific Directors of Health in May 2014.

The Centre also provided technical support to 11 Pacific Island countries and territories on preparation for the GFATM Concept Note for the New Funding Modality (with UNAIDS and SPC). The Pacific Centre was awarded the Principal Recipient (PR) role for the GFATM western-Pacific grant on Malaria, TB and HIV for 11 Pacific countries in December 2014. The Centre will take over the PR role from SPC in July 2015.

The Pacific Centre continued to make contributions to global knowledge sharing. A presentation on sorcery related killings, gender and HIV in Papua New Guinea was made to the global expert group meeting on Gaps, traps, and opportunities: exploring access to justice and human rights for women affected by HIV in the context of plural legal systems.

STORY: Integrating gender equality in the work of the Fiji Parliament

Following the September 2014 general elections in Fiji, a new Parliament with 50 elected Members serving one national constituency was established. Eight years had passed since the December 2006 military coup that had ousted the last functioning Parliament.

In the months leading up to the 2014 national elections and the re-establishment of the Fiji Parliament, the Pacific Centre had started working with the government to develop the necessary legal framework for Parliament. This included updating the Standing Orders of Parliament, which contains the rules and processes that guide the overall work of Parliament. A new provision now included in the Standing Orders is the responsibility of each Parliamentary Standing Committee to ensure that a full consideration of gender dimensions is considered during its work of reviewing draft legislation, exercising oversight of Government Ministries, or when undertaking enquiries on issues of national interest that have been referred to it through a motion or a petition. The wording of the particular provision is under ***Standing Orders 110 part 2:***

“Where a committee conducts an activity...the committee shall ensure that full consideration will be given to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally.”

In reviewing the Standing Orders of Parliament, every effort was made to consult with national stakeholders including former members and senior staff of the old Parliament in Fiji, political parties, civil society groups, as well as looking at current best practices from Westminster Parliaments around the world and contextualizing them to Fiji's new parliamentary system. The review and consultations outlined processes and practices from the old Standing Orders which would still remain relevant for the new Parliament, as well as provisions which would have to be revised and updated for a more consultative and inclusive process of law-making and oversight by Parliament.

With the new Standing Orders, developed with the technical assistance of the Pacific Centre, the Fiji Parliament is now a world leader for it is one of the few Parliaments globally that must actively ensure that the principle of gender equality is considered in all its committee work.

The first Committee established by the Parliament was the Public Accounts Committee (PAC) who were tasked with reviewing a backlog of Auditor General Reports. In response to a request from the Chair of the Fiji PAC, UNDP in partnership with UN Women was able to work with the Committee to undertake a gender analysis of the PAC reports to help strengthen the PAC's recommendations on the national audit reports. UNDP and UN Women are now working to develop a practical framework that the PAC can use in ensuring that the impacts of government expenditure on both genders are taken into account, and to ensure that future recommendations of the PAC reinforces the principles of gender equality.



The Fiji Parliament Committee on Justice, Law and Human Rights receiving submissions from the public (Photo: Fiji Parliament).

MANAGING EXTRACTIVE INDUSTRIES IN THE PACIFIC ISLANDS

As part of the Pacific Centre's follow up to the 2013 Regional Symposium on Managing Extractive Industries in Pacific Island States to Improve Human Development, the Centre supported the UNDP Fiji Multi-Country Office to undertake a legal assessment of Fiji's Draft National Mineral Bill. This was done by over 70 international lawyers affiliated with the International Legal Resource Centre (ILRC) and the American Bar Association. The Centre invited ILRC experts to present their key findings to government stakeholders at a three-day workshop in April 2014. The workshop also focused on building the capacities of the Fiji Ministry of Lands and Mineral Resources in conflict analysis and resolution using conflict scenarios developed by the ministry. It helped to build skills as well as awareness of the importance of effective internal dispute resolution structures to prevent the escalation of natural resource based conflicts.

In 2014, the Centre also provided technical support to the UNDP PNG Country Office for the finalization of the 2014 National Human Development Report on Extractive Industries and Human Development for Papua New Guinea.

SECURITY SECTOR GOVERNANCE, HUMAN SECURITY AND WOMEN, PEACE AND SECURITY

Following the endorsement by the Government of Papua New Guinea of the region's first National Security Policy in late 2013, the Pacific Centre continued to provide support to the UNDP PNG Country Office and Office of Security Coordination and Assessment (OSCA) around the implementation of the PNG National Security Policy and strategic action plan. This process focused on helping set a set of priority actions for implementation.

The Centre worked with PIFS on the planning for National Security Policy workshops in Palau and Vanuatu, at the request of these respective governments. The workshop in Palau took place in November 2014 and the one in Vanuatu is scheduled for early 2015. Solomon Islands has also issued a request for support, building on the PNG experience. These workshops will enable Papua New Guinea to share their experience in developing a National Security Policy.

In addition, the Centre also participated in a number of regional workshops on security sector issues, including one in Vanuatu in August 2014 organized by the Asia Pacific Centre for Strategic Studies on Regional Security Governance and Architecture in the Pacific Islands Region; and one organized by PIFS in November 2014 on Human Security and Gender Sensitive Policy: Promoting Sustainable Development.

At the same time, the Centre continued its on-going participation on the Reference Group on the implementation of the Regional Action Plan for Women Peace and Security. It provided technical inputs on the review of the implementation of the Regional Action Plan for Women, Peace and Security and the review of the Beijing +20: A review of the progress in implementing the Beijing Platform of Action in Pacific Island countries and territories.

In late 2014 the Pacific Centre completed a draft framework for a new regional Security Sector Governance Programme (2015-2017) in cooperation with PIFS, UN Women and other partners, based on the endorsement of *Guiding Principles to Enhance Security Sector Governance in the Pacific Islands Forum Countries* by Pacific Leaders in Palau in August 2014. The proposed programme would build on the Centre's previous work with PIFS on human security and security sector governance issues since 2008, and would include the provision of technical support for the development and implementation of National Security Policies that follow UN guidance and enable the development of security sectors that are subject to democratic civilian oversight.

CONFLICT PREVENTION AND PEACEBUILDING

The Centre continued its work on conflict prevention and peacebuilding during 2014, within the framework of the regional project – Strengthening Capacities for Peace and Development (CPAD).

Technical advice was provided to the UNDP PNG Country Office for the design of various projects under the Bougainville Peacebuilding Priority Plan supported by the UN Peace Building Fund. The initiatives focus on building community social cohesion, addressing conflict-related trauma and institutionalizing effective conflict resolution mechanisms.

In 2014, the Centre continued to provide technical support for the writing and consultation process for the development of Solomon Islands Peacebuilding Policy and Framework. The policy is designed to coordinate across Government and with civil society for the effective implementation of national peacebuilding priorities. In September, the final consultation with governmental stakeholders was held in Honiara. The consultation helped build understanding and support for the draft policy as well as mainstream key initiatives among relevant government ministries. The policy is expected to be approved by cabinet in early 2015.

Similarly, the Centre provided support to Tonga's Peace and Unity Committee for a national level consultation in September 2014 that brought together key stakeholders in Government and civil society to reflect on achievements towards peace consolidation in Tonga over the past three years and advance a forward looking national strategy (see Box).



The Tongan Peace and Unity Committee held consultations for a National Strategy for Peace, Unity and Development for the Kingdom of Tonga, which outlines a path to a more resilient, united, prosperous and peaceful Tonga.

National Strategy for Peace, Unity and Development for the Kingdom of Tonga

Tonga experienced violent riots on 16 November 2006 that fundamentally jolted our nation's image of itself as a peace-loving nation. "We didn't realize that we had it in ourselves to behave with such violence. We now understand the events of 16 November as an important "Call to Action" to address the root causes that led to the riot," said the former Speaker of Parliament and President of the Tongan Peace and Unity Committee, Lord Fakafanua, remembering the events of that time.

Since then the Kingdom of Tonga has sought peace and unity in a number of important ways. The Government has embraced peace and stability as the foundation for development. And, although many actions have been taken at many levels to address the causes of violence and instability, in the public's mind progress is not meeting expectations. Actions have not had the desired impact.

A National Strategy for Peace, Unity and Development for the Kingdom of Tonga seeks to address past coordination deficiencies and establish a common trajectory. Spearheaded by the Peace and Unity Committee of Tonga, this National Strategy recognizes that a more concerted effort is needed to ensure that peacebuilding efforts going forward have better impact so that the country can avoid the costly waste of scarce resources, time and effort.

The Strategy, developed through a National Consultation held in September 2014, lays out a very broad approach for advancing the overarching goal of peace, unity, and development in Tonga. It advocates for on-going dialogue on the challenges to peace and unity in Tonga and defines five priority areas and some practical actions that – if implemented – will help bolster peace in Tonga. It provides guidance for the development of collaborative action. It seeks to build some important platforms for coordination, collaboration and monitoring so that future initiatives undertaken on behalf of peace have the desired "add up" effect. Finally, it identifies some key capacity gaps that – if filled – could have sustainable impacts.

The Strategy is meant to be practical and cost effective; many of the actions can be undertaken if people would do what is in the scope of their current responsibilities. It also recognizes that the task of building peace is the prerogative of no one and the responsibility of all. It is meant to encourage the engagement of every Tongan, individually and collectively, as well as visitors to the islands, in the noble enterprise of building a violence-free, tolerant, united and happy nation.

Everyone can contribute to peace by looking introspectively at their own attitudes, behaviours, and beliefs and by seeking to live in ways that give expression to positive social values. Participating in skill building workshops, praying about peace, organizing friends and family to advocate on peace related issues or engaging in community activities that promotes peace and non-violence are all ways that individuals can make a difference. In this way, the Strategy outlines a path to a more resilient, united, prosperous and peaceful Tonga.

SUPPORTING FIJI'S DEMOCRATIC TRANSITION

Since 2013, the Centre's CPAD project has been implementing the Strengthening Citizen Engagement in Fiji Initiative (SCEFI) with financial support from the European Union. The initiative is designed to provide civil society organisations, communities and local government officials with information, skills, tools and platforms to advance human rights, foster equitable services delivery, strengthen decision-making, enable voice, promote non-discrimination and enhance transformative leadership as it relates to supporting Fiji's democratic transition.

During 2014 SCEFI had a number of significant achievements

- SCEFI has developed methodologies and provided capacity building especially among youth organizations in collaborative advocacy. The methodology has emphasized the use of art and theatre in the development of advocacy campaigns. As a result, numerous youth organizations, including provincial and National Youth Councils of Fiji have greater skills and confidence in designing and implementing youth empowerment advocacy campaigns at both the local and national level.
- The project has provided a unique catalyst for increasing engagement among CSOs working on similar issues to work together to address various issues at the national level, in particular issues around mental health and suicide prevention, access for people with disabilities, and youth and women's empowerment. These efforts are enabling increased participation of young people and women in decision-making, especially at the local level and helping reduce discriminatory attitudes and behaviours.
- The project provided 43 small grants for civil society initiatives to advance democracy from the bottom up. A total of US\$610,425.08 in grant funds was disbursed in three rounds to primarily small, informal, marginalized and/or vulnerable civil society organisations. Through these grants, these organizations gained skills in proposal writing; financial acquitting; project management and communication; problem solving; monitoring and evaluation; coalition building and advocacy skills as well as information on core democratic principles and values. Grantees were also given on-going support and mentoring for the implementation of their efforts. The projects are in one way or another emblematic experiences that afford many important lessons for the building of a culture of peace and democracy across Fiji.
- SCEFI's partnerships with the Fijian Government including the i-Taukei Affairs Board and its 14 Provincial Councils, the Ministry of Youth and Sports, Rural and Maritime Development are helping make governmental bodies more receptive and open to citizen engagement and action. SCEFI's support for the i-Taukei Affairs Board has helped strengthen local governance efforts significantly. SCEFI's training of provincial leaders in conflict analysis and resolution skills, democratic governance principals and monitoring and evaluation methodologies has helped them revamp their training and M&E programmes. The Ministry of i-Taukei Affairs has used the training to develop qualitative indicators with which to better assess the impact of their local governance strengthening efforts. It has also been able to refine assessment tools to include social cohesion and peacebuilding indicators and refine its Village Development Planning methodology. Furthermore, SCEFI engagement has helped build greater receptiveness and broader donor engagement in governance strengthening efforts. A multi-donor Governance Analysis mission took place in Fiji in November 2014. The Pacific Centre contributed significantly to this exercise both in providing insights on local level governance from SCEFI's experience as well as on the status of national security in Fiji as it relates to democratic governance of the security sector.

STORY: Youth Voices in Transition Forums in Fiji

In 2014, UNDP partnered with the National Youth Council of Fiji (NYCF) and the Ministry of Youth and Sports to host the Youth Voices for Transition Forums in six cities and towns across Fiji. At each of the six forums, approximately 50 youth representatives came together to discuss key challenges facing Fiji's young people and potential strategies to promote youth engagement during Fiji's transition to democracy.

Comprising 45 percent of the population, Fiji's young people claim a strong stake in Fiji's economic, social and political development. Today, many Fijians are shifting away from traditional lifestyles centred on small rural communities that once provided secure livelihoods and a strong sense of identity. As a consequence, the country is now facing new levels of inequality and increased urbanization, marked in particular by a migration to peri-urban, informal settlements. Worrying trends in public health, education, housing and employment are also having a visible impact on youth.

To confront these and other challenges, Fiji's youth leaders must be equipped with the kinds of skills that will enable them to effectively participate in decision-making processes at all levels and to do so using non-violent, problem-solving methods. The elections in September 2014 and the establishment of the new Fijian Parliament thereafter, provided a highly anticipated opportunity for youth engagement at the national level.

Capitalizing on the momentum that followed the elections, the Pacific Centre, through the European Union funded SCEFI project, co-developed the Youth Voices for Transition Forums with the NYCF to build relevant capacities among youth leaders and provide opportunities for dialogue on youth-focused, development priorities. Through panel presentations and small-groups discussions, youth leaders gained a better appreciation of the relationship between peace and democracy and the role of Fiji's governance institutions. At the end of the six-city/town tour, personal messages from nearly 300 young people were written on a peace scroll highlighting their concerns and their commitment to building a peaceful Fiji. In addition, Fiji youth leaders crafted a message that will be delivered to the Fiji Parliament during the 2015 session.

The six-city/town dialogue events also included the participation of the Prime Minister's Office, Fiji's Security Services, the i-Taukei Affairs Board as well as Fiji's main peacebuilding NGOs. The diversity of participants in this initiative indicated wide support of youth engagement and voice in building a more democratic Fiji.



KEY HIGHLIGHTS: INCLUSIVE GROWTH

ADVOCATING THE MDGS IN THE PACIFIC



The Pacific Centre, together with UNESCAP, UNICEF, UNFPA and ILO produced a new regional report – *The State of Human Development in the Pacific: A Report on Vulnerability and Exclusion in a time of rapid change*. The Report was launched by the UNDP Regional Director for Asia-Pacific at the SIDS Conference in Samoa in September 2014. The launch of the report at the conference helped to focus global attention on the multiple development challenges confronting PICs, while at the same time allowing Pacific countries to make inputs into the post-2015 global development agenda that reflect their specific concerns in terms of addressing issues of poverty, vulnerability, exclusion and sustainable development.

The findings presented in this regional report come at an appropriate time. As a result of the Pacific Plan review process, Pacific leaders have reaffirmed that the culture and values of the Pacific translate naturally into the idea of sustainable development. Pacific Islanders have a richer more multidimensional view of poverty and development

that goes beyond measuring income and reflects the value they place on protecting and promoting culture, family, social cohesion, and the environment, upon which all Islanders depend.

The Centre also continued to provide technical support to PIFS in producing the annual Pacific Regional MDG Tracking Report and updating of the MDGs statistical database (in collaboration with SPC and DFAT). The Centre co-hosted with UNESCAP, ADB and PIFS the final regional consultation on the MDGs in the Pacific in November 2014. The Centre also worked closely with UN and CROP agencies to make inputs into other national and regional reports on poverty and the MDGs, including the final Asia-Pacific MDG Report 2014/2015 produced within the framework of the UNDP, ESCAP and ADB partnership, which will be launched in early 2015.

POLICY ADVICE AND INSTITUTIONAL STRENGTHENING

The Pacific Centre provided policy advice and technical assistance in developing private sector development strategies through PIPSO to the Federated States of Micronesia, Palau and RMI during 2014. The Centre also provided technical support in the development and implementation of industrial policies in Vanuatu, and technical and financial support for the institutional strengthening of Samoa's Manufacturing and Export Association (SAME).

TRADE FACILITATION AND SME COMPETITIVENESS



As a founding member of Trade Pasifika, UNDP has been working closely with PIPSO and other key development partners and the private sector to make Trade Pasifika a premium regional trade show. Similar to the Trade Pasifika 2012 event, Trade Pasifika 2014 (which was held in Suva, Fiji) featured the best of Pacific markets; distinctively portraying each country's export potential, investment opportunities in agriculture and aquaculture and its key features as a tourism destination. The Trade Pasifika 2014 was coordinated and guided by a Steering

Committee and Secretariat, and boasted a total of 28 sponsors, suppliers and development partners as well as 96 exhibitors. The Pacific Centre was a key partner, and sponsor of Trade Pasifika 2014. An added feature of Trade Pasifika 2014 was that it distinctly featured Pacific women and youth entrepreneurs. The event also provided an opportunity for businesses to establish contact and develop business leads, collect market related information, and to meet and network with Pacific Island businesses, including business enablers (investors, government representatives, etc.). The tradeshow featured individual PICs showcasing the best of their markets distinctively portraying their country's export potential, investment opportunities and tourism opportunities. For buyers, it was an opportunity to meet suppliers and producers of highly valued Pacific products, destined for niche markets.

Fifteen small and micro enterprises (SME) businesses across the Pacific region are being supported with financial and technical assistance for labelling and packaging, quality assurance and standards including hazard analysis, critical control point (HACCP), and ISO certification. This is a joint initiative of PIPSO, Fair Trade NZ and Pacific Cooperation Foundation NZ, with support from the Pacific Centre.

The Pacific Centre has been actively engaged with the private sector in the Pacific to ensure their contribution to the Post-2015 Development Agenda and the proposed SDGs. In 2014, two regional consultations were held in Fiji and in Vanuatu. These consultations clearly demonstrated a critical role for the private sector in:

- Establishing a framework towards green economy and businesses through financial incentives and alignment with international standards and norms.
- Creating and strengthening green businesses and industries especially SMEs based on innovation, technology adaptation and transfer, regional knowledge networks and sustainability in operations.
- Fostering a continuous and effective public-private dialogue.

YOUTH ENTREPRENEURSHIP AND EMPLOYMENT

The Pacific Centre has continued to support youth entrepreneurship and youth employment initiatives in the Pacific. During 2014, the Centre in collaboration with the Pacific regional office of the International Labour Organization (ILO) and the Government of Samoa, designed and implemented a joint Youth Employment Project (YEP) for the SIDS conference that took place in Samoa in September 2014. During the conference Samoan youth participated in the SIDS village arts and crafts and in the SIDS food court serving organic food in collaboration with Women in Business and the Small Business Enterprise Centre.

Among the many achievements of Samoan youth at the SIDS conference, two of the most popular initiatives were the Floating Island put together by Leulumoega School of Fine Arts and the Youth Organic Food Court. The floating island provided an iconic reminder of the SIDS and their vulnerabilities to climate change and natural disasters. The Women in Business Development Inc. (WIBDI) coordinated the implementation of an organic food kiosk in the SIDS Food Court that served organic smoothies, fruits, coconut juice and pastries made from gluten free breadfruit and cassava flour, which is a UNDP Farm to Table programme initiative. Overall, the presence of organic fruit and pastries was highly noticeable by all SIDS conference participants. Organic farmers also benefitted with large orders received from restaurants at the SIDS Food Court, particularly for coconut juice and organic vegetables to create their signature dishes. Robert Oliver, a prominent Pacific chef also assisted in developing an organic menu of smoothies, salads and drinks. A three year joint programme is being developed by UNDP Pacific Centre and ILO as a Phase 2 of the YEP, which will be implemented in 2015.

The Pacific Centre also provided technical support to a number of other initiatives during 2014, including:

- Youth in Business Challenge organized by the Tonga Chamber of Commerce in September 2014 for vocational and secondary school students, which had over 100 students benefitting from the challenge. The objective was to provide Tongan youth with entrepreneurship skills as part of the school curriculum.
- Youth Enterprise Solutions for school leavers in Palau organized by the Small Business Development Centre. Of the 43 school leavers who participated, 10 have started their own businesses.
- Training-of-Trainers programme on Engaging Youth of Melanesian countries in Organic Farming, held in Vanuatu, in collaboration with SPC, Pacific Organic and Ethical Trade (POET) Community.

WOMEN'S ECONOMIC EMPOWERMENT

After a successful Millennium Market pilot initiative focusing on the economic empowerment of women market vendors in Fiji (supported by the Pacific Centre), the Centre also supported UN Women in the design and implementation plan of the follow-on Markets for Change project in Solomon Islands, Fiji and Vanuatu. The Centre provided technical assistance in financial and business skills, market governance, institutional strengthening of town councils and local governments and women market associations.

DISASTER, CLIMATE CHANGE, ENERGY AND ENVIRONMENT IN THE PACIFIC

The Pacific Centre has recognized the importance of aligning and bringing together the work associated with disaster risk management, energy, environment and climate change (DEEC) and has brought these areas under one thematic team. This arrangement has allowed the Centre to support the achievement of sustainable development pathways and resilience building across the Pacific.

The Centre, through its technical advisory services provided relevant and timely support to UNDP country offices, governments, civil society and private sector during 2014 on a range of issues. This included:

- Increased energy efficiency, renewable energy and universal modern energy access.
- Effective institutional, legislative and policy frameworks to enhance the implementation of disaster and climate risk management measures at national and sub-national levels.
- Preparedness systems in place to effectively address the consequences of and response to natural hazards (geo-physical and climate related) and man-made crisis at all levels of government and community.
- Countries gaining equitable access to and management of climate finance.

Key achievements in 2014 include:

- Undertook a Mid-Term Review of the Implementation Plan for the Regional Framework for Action on Energy Security in the Pacific together with GIZ and SPC.
- Provided various technical assistance including the training of 16 surveyors and two local supervisors, undertook initial survey supervision and quality checked and tabulated all data in context of a household level electrical appliances, lights and energy use survey in Funafuti, Tuvalu supported by SPC, Government of Australia and UNDP.
- Assisted UNDP Maldives with the joint UN Low Emission Climate Resilient Development (LECRd) Programme in Lamuu Atoll funded by the Government of Denmark, including led the preparation of the Inception Report.
- Provided climate finance technical assistance in Fiji, Republic of the Marshall Islands, Vanuatu and regional climate finance meetings. This included support for Climate Public Expenditure and Institutional Reviews (CPEIRs), the Direct Access Support Programme and Green Climate Fund Readiness Programme.
- Convened five Development Partners for Climate Change (DPCC) meetings in Suva which brings together development partners from 22 organizations to discuss climate change issues in the Pacific.
- Supported the establishment of a Risk Resilient Development working group within the Ministry of Development Planning and Aid Coordination in Solomon Islands to facilitate the integration of risk into ongoing development planning and budgeting.
- Provided technical assistance to Tonga's Ministry of Agriculture, Food, Fisheries and Forest to integrate risk into their Agriculture Sector Plan in partnership with the World Bank and the International Fund for Agriculture Development (IFAD).
- Integrated risk management approaches into the Asset Management Unit (Ministry of Education) in Fiji through the establishment of a Disaster Risk Management Officer.
- Provided strategic advice as a Technical Working Group member in the formulation of the Strategy for Climate and Disaster Resilient Development in the Pacific (SRDP).
- Supported the Government of Vanuatu in undertaking a Risk Governance Assessment of its governance structure at all levels to manage risks relating to climate change and disasters. This Assessment provided the baseline and strategic way forward to strengthen the functions of the National Advisory Board and development of their Climate Change and Disaster Risk Reduction Policy through engagement with key stakeholders.

A key regional programme in the Pacific Centre is the Pacific Risk Resilience Programme (PRRP) which is supported by funding from Australia/DFAT and focuses on strengthening governance mechanisms for DRM and climate change adaptation at the sub-national and local levels. During 2014, and following its one year inception phase, PRRP has supported the Governments of Fiji, Solomon Islands, Tonga and Vanuatu to integrate climate change and disaster risks into national development planning processes across development sectors (with a focus on agriculture and education), and sub-national level development planning in target provinces and communities. The aim is to integrate risks into needs assessments, policies, plans, budgets, and performance frameworks at all levels.

STORY: Flagship report highlights nine steps to cut poverty and inequality in the Pacific

While many good initiatives are already happening to reduce poverty and inequality in the Pacific, many major challenges persist. *The State of Human Development in the Pacific: A Report on Vulnerability and Exclusion* presents specific policy options on how to foster more inclusive and sustainable human development during a time of profound change in the Pacific region. It also offers concrete recommendations to reverse a rising trend of poverty, vulnerability and exclusion in Pacific Island countries.

In a time of rapid change, the Report examines the stark realities of a region in which one in four people are now living below their national basic-needs poverty line; and also have limited access to essential services such as education and health services. Obesity, diabetes and other non-communicable diseases are on the rise throughout the region.

The Report presents a picture of a changing social and economic landscape in the region, based on the latest available data and new analysis. Economies are shifting from traditional systems built on the exchange of products to market-led cash-based ones; young people are migrating from their villages to find jobs in cities and abroad, leaving women, the very old and the very young behind; traditional family and social protection systems are in decline; climate change is threatening agricultural production and traditional livelihoods and intensifying the impact of natural disasters.

“Youth and women deserve particular attention,” said Haoliang Xu, UN Assistant Secretary-General and UNDP Director, Regional Bureau for Asia and the Pacific. “Low and volatile growth has made job creation increasingly difficult. Women have lower access to employment and often work in the informal sector with no labour rights, social security or welfare. For youth, the unemployment rate is 23 percent, on average, or twice the global average.”

The Report provides a useful analysis of poverty and exclusion data and offers recommendations on how to strategically address exclusion, inequality and vulnerabilities in the Pacific.

KEY RECOMMENDATIONS IN THE REPORT:

Give priority to social protection – According to the report, universal cash grants to all children under five would cost 1.7 percent of GDP in Kiribati, Samoa and Solomon Islands and 0, 7 percent of GDP in Vanuatu. In turn, it would lead to a 10 percent reduction in the proportion of households living in poverty. The report cautions that such measures should be carefully targeted and monitored. Other examples include pension and care for the elderly, free medical care for pregnant women and support for people with disabilities. The report also mentions using new technology and mobile teams to bring health and other essential services to people living in rural areas and outer islands.

Develop a better understanding of vulnerability and exclusion – Improved surveys and data-collection systems can help to inform and target policies and programmes to those most in need.

Promote broader access to basic education for children and youth – A focus on primary education is essential with adequate national budgets for school literacy and numeracy. Making public secondary education free or less costly would greatly assist low-income families.

Expand employment opportunities for youth and women – This means creating more opportunities for technical, vocational and trade skills for youth and women and providing free or low-cost public secondary education to assist low-income families.

Provide adequate health services for prevention and care – Government and national health authorities can improve infant, child and maternal health by strengthening primary health care programmes, improving access to emergency obstetric care and expanding immunization programmes and prevention efforts against HIV and AIDS. Concerted campaigns to promote better nutrition and physical exercise and discourage smoking and excessive alcohol consumption can help address the early onset of non-communicable diseases.

Target poverty reduction programmes – If interventions to reduce poverty are to be effective and financially feasible, they must be based on approaches that allocate resources and assistance directly to poor households. Resources should be channelled to benefit those most in need. Better use of data from household income and expenditure surveys can help to inform and target poverty reduction initiatives.

Use innovative policies and technologies – Using new technology to improve access to health services, including low-cost diagnostics, and information about diseases, can help to reach rural areas and outer islands and reduce geographic inequalities.

Adopt a 'green-growth' approach to development – Green growth policies should aim to improve productivity and promote the sustainable use of land and marine resources by the rural poor. In a green-economy, land and natural resource management decisions should be based on both environmental and social costs. These should be carefully assessed and balanced between the economic benefits of exploiting a natural resource and providing employment for the poor.

The UN agencies involved in the report's production include UNDP, UNESCAP, ILO, UNICEF and UNFPA.

KEY HIGHLIGHTS: FINANCIAL INCLUSION

PFIP is a UNCDF and UNDP joint programme helping low-income households in the Pacific gain access to quality, affordable financial services and financial education. In 2014, PFIP continued to achieve excellent results across all four programming areas. Furthermore, PFIP secured funding for a second five-year phase of programming, with initial commitments of US\$27 million against a total budget of US\$33.7 million.

At the close of its first phase in June 2014, PFIP had achieved the following results

Total account holders	954,282 accounts
Mobile money subscribers	555,896 subscribers
Unbanked mobile money subscribers	229,866 subscribers
Total depositors	389,386 depositors
“Transformational clients” ¹	687,620 clients
Students receiving financial education	65,000 students
Knowledge products/research created	174 publications
Countries with National Financial Inclusion Strategy	4 countries

POLICY, ADVOCACY AND COORDINATION

During 2014, PFIP continued advancing financial inclusion at the regional policy level through its involvement in the Alliance for Financial Inclusion (AFI) and the Pacific Islands Regional Initiative (PIRI) (formerly called PIWG). PFIP served as a technical resource to the PIRI’s meeting in Nadi, Fiji, as well as at AFI’s Global Policy Forum held in Trinidad and Tobago in September 2014. PFIP also prepared reports on financial inclusion for the Forum Economic Minister’s Meeting (FEMM) held in Honiara, Solomon Islands in July 2014.

At a country level, PFIP continued its active involvement in national financial inclusion coordinating bodies in Fiji, PNG, Solomon Islands and Vanuatu. Highlights during 2014 included:

- Facilitating workshops to create the Fiji National Financial Inclusion and Financial Literacy Plan.
- Supporting the formation of six country-level working groups under the Centre for Excellence in Financial Inclusion (CEFI) in PNG.
- Assisting in the establishment of the Central Bank of Solomon Islands (CBSI)’s Financial Services Working Group and Financial Literacy Working group’s 2014 work plans.

Another significant area of innovative work in 2014 relates to inclusive insurance in Fiji. PFIP led all relevant stakeholders to develop an inclusive insurance regulatory framework and implementation strategy which yielded recommendations to the Reserve Bank of Fiji (RBF) and facilitated the creation of a national inclusive insurance working group. The Fiji work in this area will be the basis for developing a model regulatory framework for other PICs.

PFIP also organized or played a key role in several events and meetings in the region in 2014. In the Solomon Islands, PFIP assisted CBSI to organize the country's first mobile banking forum, bringing together three commercial banks and mobile network operators (MNOs) to take stock of the roll out of mobile banking in the country, discuss challenges and early lessons learnt on digital financial services. In addition, PFIP supported the first National Financial Inclusion Expo in the Solomon Islands and helped coordinate the Pacific Donors Private Sector Development meeting as well as the Access to Finance meetings in Sydney, Australia and Auckland, New Zealand. PFIP also played a key role in the SIDS Private Sector Partnership Forum in Apia, Samoa in September 2014, presenting on financial inclusion and launching a new grants facility to support product innovation development.

DEEPENING FINANCIAL SERVICES

After starting PFIP's second phase in July 2014, PFIP launched a call for Expressions of Interest (EOI) under the new PFIP Grants Facility at the SIDS Conference in Samoa in September 2014. This new round of funding makes available US\$5 million, which will continue supporting innovative products and channels to bring appropriate financial services to low-income clients through continuing with existing private sector partnerships and developing new ones. As of December 2014, 10 potential partners have submitted proposals, some of which will be funded in 2015.

In Solomon Islands, the PFIP partnership with Bank of the South Pacific (BSP) picked up in 2014, expanding branchless banking across the country. BSP trains local agents, equipping them with EFPOS machines, to host access points in community shops which offer basic cash-in, cash-out, and savings accounts – almost exclusively to clients who are new to banking. During 2014, the Agent network grew to 26 agents and monthly transactions grew significantly. Westpac Bank also successfully launched its mobile banking services, complementing their branchless banking work. PFIP also investigated new innovations in 2014 through conducting a feasibility study on informal savings groups in Solomon Islands and assisting the department of Community Development in looking at Government to person (G2P) transfers in New Ireland, PNG.

FINANCIAL COMPETENCY

PFIP's activities in Financial Competency also grew in 2014. Most notably in Fiji, the PFIP FinEd programme is capitalizing on years of curriculum development, teacher trainings, pilots, and phased roll outs to launch a full country-wide scale-up next year. The Ministry of Education fully integrated the PFIP-developed FinEd curriculum into all national primary education syllabi in 2014, to be rolled out in the 2015 school year. An additional 472 teachers in seven school centres were trained in the curriculum in 2014, with more planned for 2015.

With the Fiji FinEd programme now in a mature state, PFIP explored more avenues for adult-level financial literacy activities during 2014. PFIP collaborated with the Groupe Speciale Mobile Association (GSMA) and mWomen in conducting a Training-of-Trainers workshop for 27 representatives of key stakeholders in Fiji. A Mobile Skills Training manual, together with posters and pamphlets on how to use SMS, mobile banking and bill payment were produced and distributed to stakeholders. In partnership with GSMA and UN Women in PNG, PFIP contributed to the development of a Mobile Financial Literacy Training toolkit targeting women.

PFIP played an instrumental role in the Markets for Change (M4C) project in 2014, a project implemented by UN Women in partnership with the UNDP Fiji Multi-Country Office. PFIP facilitated technical support between UNDP and Westpac Bank to provide financial literacy training and financial services to female market vendors participating in M4C, with potential benefits for up to 3,000 women.

PFIP also brokered a relationship between the Prudential Corporation Asia and EMTV3 to bring Cha-Ching, and other innovative financial education television programmes for children to PNG audiences.

KNOWLEDGE AND MARKET INFORMATION

In 2014, PFIP was the subject of numerous high-profile press events. In May, the Secretary for the Department of Foreign Affairs and Trade (DFAT), Peter Varghese launched an AUD\$14.15 million three-year partnership with PFIP. In September, PFIP held a high-level press conference with the Ministers of Foreign Affairs of Australia and New Zealand, the EU Commissioner of Development, the Central Bank of Samoa Governor, and UNDP Administrator, Helen Clark to announce the launch of its private sector grant support facility. In PNG, Ms. Clark, attended a meeting of women financial literacy participants from Nationwide Microfinance Bank, a PFIP partner. Her public comments during the visit focused on financial literacy for women in rural areas as being critical to the creation of sustainable livelihoods.

PFIP was also a Bronze Sponsor of the Asia Microfinance Forum in Shanghai, participating in two panels and leading one workshop for participants across Asia. PFIP organized and moderated a panel session on “Measuring the Quality and Impact of Financial Literacy: Practitioners Share Recent Findings and Studies” at the AFI Global Policy Forum in Trinidad and Tobago. PFIP also attended the Responsible Finance Forum in Perth, Australia, and sponsored Bank of PNG to attend as well.

2014 also kicked off a large scale, multiyear demand-side survey project looking at financial service usage across Fiji, Samoa and PNG. PFIP provided technical assistance and funding for the Fiji work in 2014, in partnership with the Reserve Bank of Fiji and the Fiji Bureau of Statistics. The report will be launched in 2015 and will feed into the Bank’s policy work for the next planning phase. The Samoa and PNG work will be completed in 2015.

PFIP also redesigned and re-launched its website in 2014, www.pfip.org, and produced two new Focus Note publications on Solomon Islands, six At-A-Glance publications and Topical Briefs on PNG’s Financial Diaries project.

STORY: The journey of financial inclusion in the Solomon Islands

In 2010, an estimated 80 percent of the population of Solomon Islands lacked access to basic financial services. However, since the Pacific Financial Inclusion Programme (PFIP) began supporting the Central Bank of Solomon Islands (CBSI) efforts to build a more inclusive financial sector, large numbers of Solomon Islanders are gaining access to banking and payment services. New bank accounts have more than doubled from 2010 to 2014 and the latest quarterly financial inclusion data indicates that over 50 percent of the adult population is now 'banked'.

In 2010, PFIP assisted the CBSI to facilitate a national level workshop on financial inclusion that ultimately led to the formation of the National Financial Inclusion Task Force (NFIT). In February 2011, the Task Force had its first meeting, officially approving the National Action Agenda, and a terms of reference for its operations. The Task Force includes representatives from ministries, women's organisations, commercial banks, donors, credit unions, and the Chamber of Commerce. PFIP sits on the Task Force and has remained an active member. In 2012, the CBSI amended the Central Bank Act to include financial inclusion and financial literacy as a core mandate.



More Women in the Solomon Islands are now 'banked'.

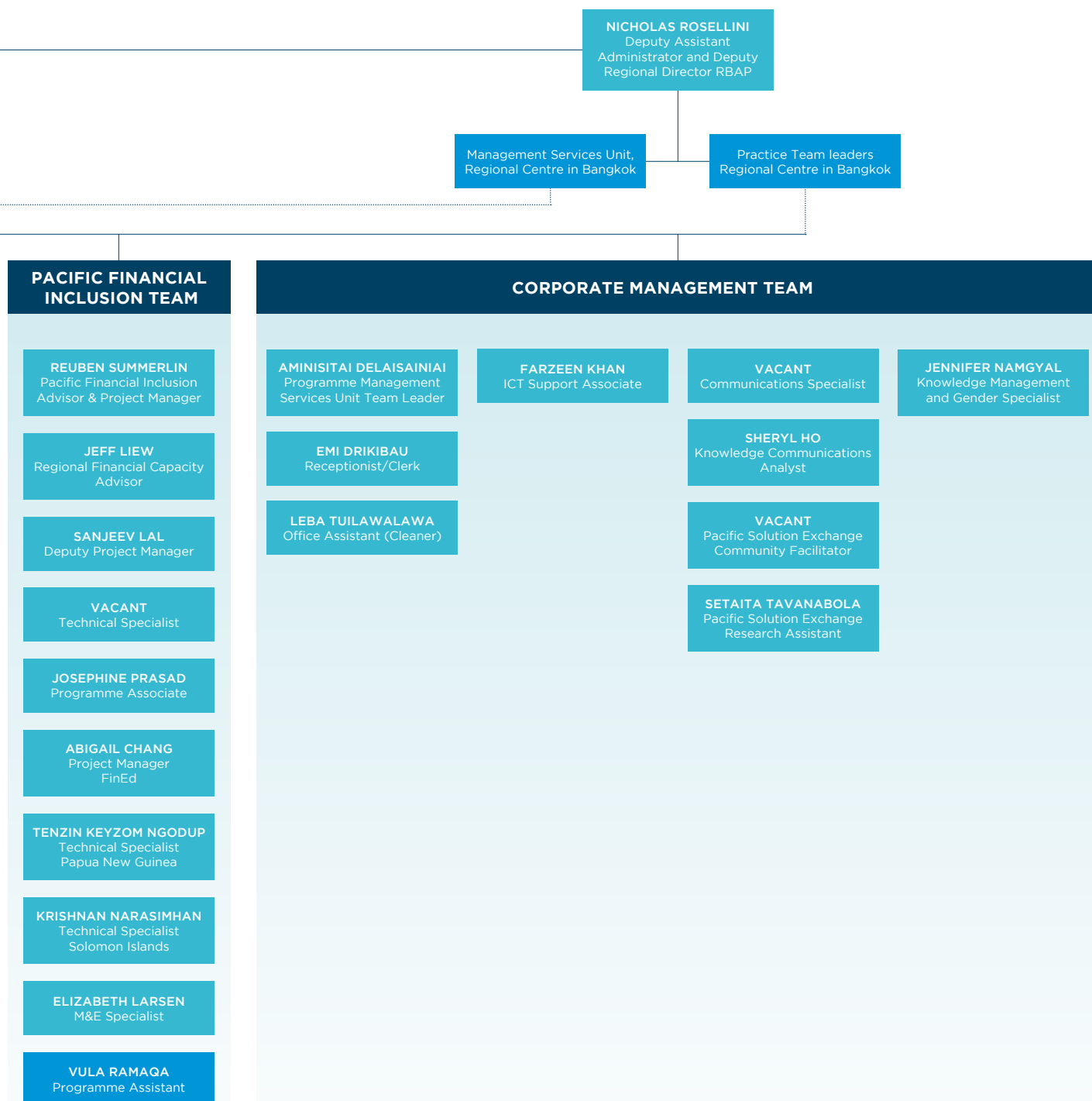


ANNEXES:

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ANNEX 1: UNDP PACIFIC CENTRE ORGANIZATION CHART (as at 31 December 2014)

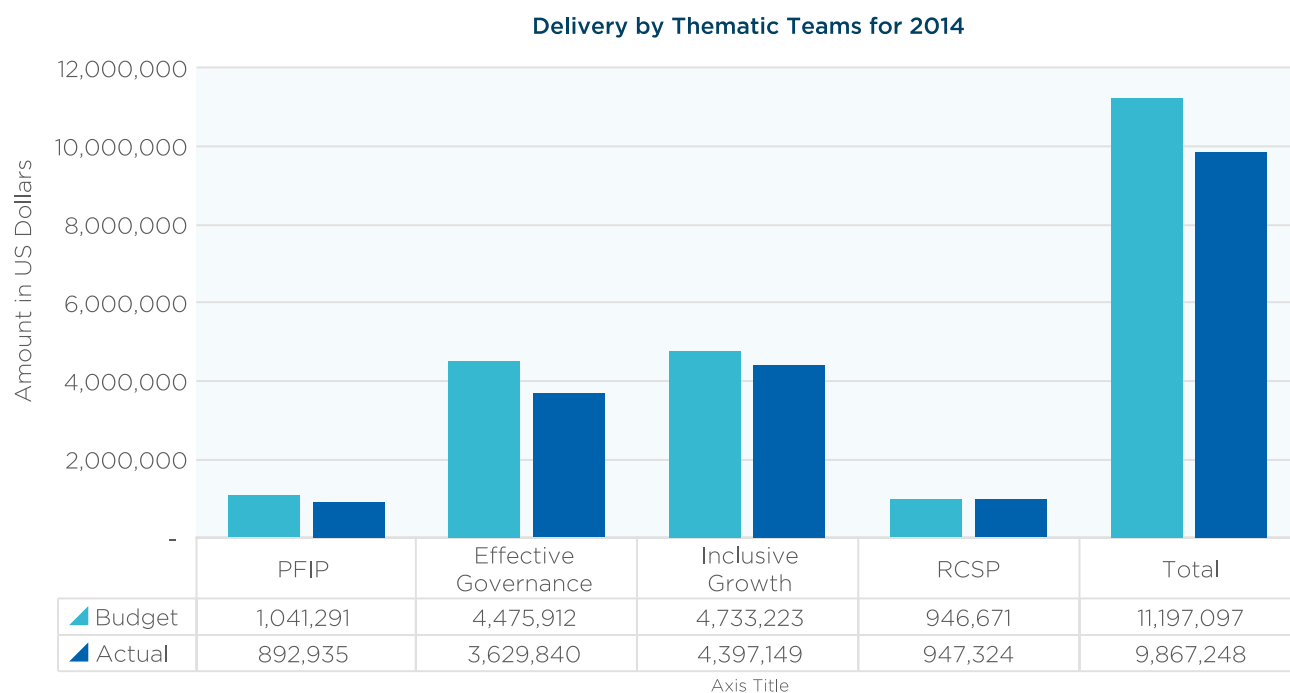




ANNEX 2: FINANCIAL REPORT 2014 (as at December 2014)

PACIFIC CENTRE FINANCIAL DELIVERY REPORT FOR 2014					
Award Number	Project Name	Source of Funds	Total budget	Total Expenditure	Delivery rate
00036482 / 00065099	Regional Centre Support	Core (TRAC)	390,000	390,000	100%
		DFAT	344,057	344,057	100%
		XB funds	212,614	213,267	100%
	Sub-total		946,671	947,324	100%
00048498	Inclusive Growth	Core (TRAC)	345,000	341,191	99%
		DFAT	4,364,499	4,032,235	92%
		MFAT	23,724	23,723	100%
	Sub-total		4,733,223	4,397,149	93%
00048493	Effective Governance	Core (TRAC)	50,000	49,989	100%
		Japan	100,000	91,832	92%
		MFAT	419,494	344,703	82%
		OHCHR	2,269	1,500	66%
		EU	1,790,845	1,425,039	80%
		DFAT	2,113,009	1,716,503	81%
		Foreign CW Office	295	274	93%
	Sub-total		4,475,912	3,629,840	81%
00048515	Pacific Financial Inclusion Programme	Core (TRAC)	65,000	65,000	100%
		DFAT	934,853	787,755	84%
		MFAT	41,438	40,180	97%
	Sub-total		1,041,291	892,935	86%
Grand Total for UNDP Programmes			11,197,097	9,867,248	88%

ANNEX 3: DELIVERY BY THEMATIC TEAMS FOR 2014



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Resilient nations.*

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