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ANNUAL REPORT 2013

UNDP PACIFIC CENTRE

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FEDERATED STATES OF MICRONESIA



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NIUE



PALAU



PAPUA NEW GUINEA



SAMOA



SOLOMON IS.



TOKELAU



TONGA



TUVALU



VANUATU



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ABBREVIATIONS

ADB	Asian Development Bank
AusAID	(Formerly) Australian Agency for International Development
BCPR	Bureau for Conflict Prevention and Recovery
BDP	Bureau for Development Policy
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CO	Country Office
CPR	Crisis Prevention and Recovery
CROP	Council of Regional Organizations in the Pacific
CSO	Civil Society Organization
DFAT	Australian Department of Foreign Affairs and Trade
DRM	Disaster Risk Management
FRSC	Forum Regional Security Committee
FSM	Federated States of Micronesia
HIES	Household Income and Expenditure Survey
LDCs	Least Developed Countries
LGTB	Lesbian Gay Trans-sexual Bisexual
MCO	Multi-Country Office
MDG	Millennium Development Goal
MOU	Memorandum of Understanding
OHCHR	Office of the High Commissioner for Human Rights
PACER	Pacific Agreement on Closer Economic Relations
PASAI	Pacific Association of Supreme Audit Institutions
PFIP	Pacific Financial Inclusion Programme
PICs	Pacific Island countries
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Islands Private Sector Organization
PNG	Papua New Guinea
PRNGOs	Pacific Regional Non-government Organizations
RMI	Republic of the Marshall Islands
RCSP	Regional Centre Support Programme
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
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 eighth official annual report, and the first under my leadership as manager of the Centre. My predecessor, Garry Wiseman, who had led the Centre since its establishment in 2006, retired in July 2013. Garry leaves behind an impressive legacy and it is only fitting to acknowledge the outstanding and visionary leadership role that he played over the last nearly eight years at the Centre. His farewell message is also included in this report.

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 organizations. The Centre's work is also guided by the Pacific Plan, which was produced in 2005 as a regional strategic framework, and which provides a useful platform for our engagement on sensitive or newly emerging issues and in areas where regional cooperation has been endorsed by Pacific leaders.

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

During 2013 the Centre's work focused on four key thematic issues, which are highly relevant to the region's development needs and priorities: crisis prevention and recovery, democratic governance, MDGs achievement and poverty reduction, including work on HIV/AIDS, environment, energy and climate change; and financial inclusion.

Highlights of our work during 2013 included:

- > The Pacific Risk Resilience Programme (PRRP) which is a four year regional programme in partnership with Australia and the international NGO Live and Learn Environmental Education, went through its inception phase in 2013. The programme is being initially implemented in four countries – Fiji, Solomon Islands, Tonga and Vanuatu – and is focused on strengthening governance mechanisms for disaster risk management and climate change adaptation.
- > A new project on 'Strengthening Citizen engagement in Fiji' (funded by the European Union) was launched by the Centre's Strengthening Capacities for Peace and Development (CPAD) programme. The project is designed to provide communities and local governments with the information, skills, tools and platforms to advance human rights, foster equitable service delivery, strengthen decision-making, enable voice, promote non-discrimination and enhance transformative leadership to support Fiji's democratic transition.
- > The Centre organized a Pacific Symposium on Managing Extractive Industries in Pacific Island States in Fiji in March 2013 in collaboration with other partners. As a result of the symposium the Government of Papua New Guinea (PNG) offered to host a follow up meeting in 2014. The Centre is also providing support to the PNG Country Office for a National Human Development Report on the theme of Extractive Industries which will be published in 2014. In Fiji, UNDP was asked to provide technical assistance to the Government for reviewing its draft Mining Act and supporting a national consultation process.
- > The Centre's Regional Parliamentary Project initiated a new project with the Fiji Parliament in 2013 with financial support from the European Union. The project will focus on institutional and human resource capacity building. The regional project has continued to provide technical support to ongoing parliamentary projects, and specific capacity building activities with MPs, in Tonga, Samoa, Kiribati, RMI and Palau. In partnership with UN Women and the PIFS, the Centre has also focused on increasing the participation of women in politics, to address the very low numbers of women MPs in the Pacific.
- > The Centre's regional Anti-Corruption project (in a partnership with UNODC) made a significant contribution to the ratification and implementation of the United Nations Convention against Corruption

(UNCAC) in the Pacific during 2013. By November 2013, 10 Pacific countries had ratified/acceded to the Convention, up from only three in 2009.

- > As part of its ongoing work to promote gender equality, the Centre provided technical support for domestic violence bills in Tonga and Solomon Islands, a national action plan on gender-based violence in Kiribati, and costings for the implementation of laws that address domestic violence in Cook Islands, RMI and Palau.
- > During 2013, the Centre provided technical support for the formulation of the first ever integrated regional strategy for Disaster and Climate Resilient Development (SRDP) in the Pacific.
- > The Centre provided technical support to PIFS for the 2013 Pacific Regional MDGs Tracking Report, and to Tonga, Tuvalu and Vanuatu on their MDG Acceleration Frameworks.
- > The Centre continued its work on youth economic empowerment with a focus on entrepreneurship and enterprise development. More than 45 youth from 10 countries in the Pacific were trained in sustainable organic farming, in partnership with SPC, the Pacific Organic Ethical Trade Community (POETComm), farmers associations and national youth councils. The Centre also continued its partnership with the Pacific Islands Private Sector Organization (PIPSO) and supported preparations for Trade Pasifika 2014, building on the success of the inaugural event in 2012.
- > The first phase of the joint UNDP-UNCDF Pacific Financial Inclusion Programme (PFIP) came to an end in 2013. As a result of strong partnerships across the region by central banks, governments, donors and the private sector (e.g. banks, mobile phone companies) the programme was able to reach its goal of increasing the number of unbanked Pacific Islanders who have on-going access to quality and affordable financial services by 500,000 (including 40 percent women) by the end of 2013.

The last year has been a time of significant change for the Centre, both internally and externally. The previous manager retired in July 2013 and a number of colleagues moved on to new assignments. We also welcomed a number of new staff and three new UNDP Resident Representatives/UN Resident Coordinators in Fiji, Samoa and Papua New Guinea, who are members of the Centre's Management Board.

2013 was the last year of the current UNDP Strategic Plan (2008-2013) and regional programme cycle (2008-2013). In September 2013, UNDP's Executive Board approved a new Strategic Plan for the period 2014-2017 and a new regional programme for the same period was approved by the Executive Board in January 2014. Both of these frameworks will help guide the work programme of the Centre in the coming years.

During 2013, the UNDP Regional Programme for Asia Pacific 2008-2013 was evaluated by UNDP's evaluation office. The evaluation can be found at <http://web.undp.org/evaluation/rcf-gcf/rbap/rpe-rbap-2013.html>

The evaluation concluded that UNDP's regional programme was highly relevant and addressed critical development challenges in the region. It also highlighted the fact that the Pacific Centre's strong engagement with regional institutions had created lasting relationships through which UNDP could address regional agendas and effectively channel its support through regional mechanisms.

The Pacific Plan was reviewed in 2013, and Pacific leaders will meet in 2014 to discuss the recommendations of the review, which will shape the future of Pacific regionalism, and as a consequence, the future work of the Centre.

In 2014, Samoa will host the 3rd International Conference on Small Island Developing States (SIDS). This conference will be especially significant for Samoa, one of the Centre's programme countries and for the region. It will allow Pacific countries, most of whom are small island developing states, to highlight many of the development challenges they face, especially those related to climate change and achieving sustainable development. It will also provide an opportunity for Pacific countries to articulate a 'Pacific perspective' into the post-2015 global development agenda, and the design of sustainable development goals. The Centre was involved in the Pacific SIDS regional preparatory meeting that was held in Fiji in July 2013, and will be actively engaged in supporting the SIDS conference and its outcomes.

Despite these changes to our internal and external operating environment, the Centre has continued to provide high quality support to UNDP's programme activities in the Pacific. We have strengthened our collaboration with the UNDP Fiji Multi-Country Office through a number of joint programmes, a Joint Operations Centre and an Integrated Communications and Knowledge Management Team. The Pacific Solution Exchange and Development Community, which has reached a milestone of more than 1300 members from across the Pacific and globally, hosted 16 online discussions during 2013.

The Centre's ability to provide high quality technical assistance has depended on a range of partners, both inside and outside the region. Their support and willingness to jointly design and implement many of our activities has contributed significantly to their relevance, impact and sustainability. We have also benefitted from very generous financial support from our funding partners, particularly Australia, the European Union, Japan, and New Zealand.

Finally I would like to pay special tribute to the staff of the Centre who welcomed me so warmly to the Pacific and to the Centre, and who have worked with much dedication, professionalism and enthusiasm throughout 2013. It has been a great pleasure to work with you all.

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 implement our work programme during 2013.

PETER BATCHELOR

UNDP Pacific Centre Manager



MESSAGE FROM GARRY WISEMAN,
Outgoing Manager of the UNDP Pacific Centre



31 July 2013 was officially my last day as the Manager of the Pacific Centre, a role I had played since the Centre was established in 2006. Over those seven and a half years I had the privilege to work with a large number of people, many of whom were great colleagues and with whom I remain friends. The Centre has established a strong reputation in the Pacific with a "can do" approach to the development demands of the region. It was established with the twofold objectives of: supporting the country-level work that was led by the three UNDP country offices in the Pacific; while also delivering creative initiatives to support implementation of the 2005 Pacific Plan that was created to promote regional cooperation and integration. I am proud to say that through a number of independent reviews and evaluations it was highlighted that the Centre's work was systematically endorsed as being of a high quality and making a significant contribution to addressing the development challenges of the region.

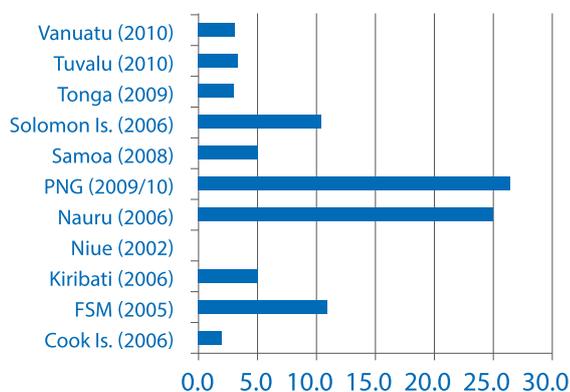
The success of the Centre was entirely dependent on its partnerships with Government agencies, regional organizations, non-government organizations and the private sector; its strong relations with Pacific UNDP and UN colleagues and with colleagues in the Bangkok Centre and our Headquarters in New York; and through the respect the Centre earned and support given by a number of development partners — but most notably the Australian and New Zealand aid programmes and the EU.

2013 was the final year of the 2008-2013 regional programme that was designed by UNDP with Governments and other partners in 2007. A new programme will be launched in 2014 and this will provide UNDP and its partners with an opportunity to maintain the thrust of a number of initiatives already underway, while developing a number of new ideas. In doing so I am confident that UNDP, through the Centre, will remain responsive to the development needs of the Pacific and continue to work alongside Governments and their wide range of partners in a cooperative and consultative manner.

Human Development Trends and MDGs Achievement

In Pacific Island countries (PICs), where poverty is characterized by a lack of access to basic services and adequate resources, the provision of essential services such as energy, safe drinking water, sanitation, health and primary education matters significantly. Poverty trends across the region are divergent, with no consistency between patterns of rural or urban poverty. At the sub-national level there appears to be strong, but divergent, geographic characteristics to the incidence of poverty, such as in Fiji, PNG, Vanuatu. There are a number of social and economic determinants for such a situation including inequality, isolation, non-inclusive economic growth and a lack of access to essential services, particularly energy. Multidimensional human poverty is, therefore, significantly high, particularly in rural areas, mainly due to weak local governance and the lack of capacity to deliver basic services.

FIGURE 1: Incidence of Food Poverty (% of Population)



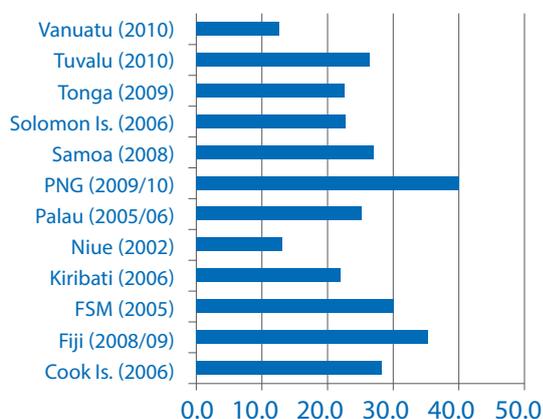
Extreme poverty and hunger remain rather low, with the exception of PNG and Nauru, but is an issue of concern. As the prevalence of imported food grows, inequality increases and with significant domestic migration towards urban areas, it becomes more difficult for Pacific Islanders to supplement their diets with subsistence agriculture. The recent global food and fuel crisis raised prices even further, with food costing between 33 and 50 percent more in 2010 than in 2007 (PIFS, 2010:14). The food poverty line in Nauru (25 percent) and PNG (26.5 percent) illustrate very significant deprivation. Despite improvements in the prevalence of underweight children in the region; PNG, FSM, Kiribati, RMI and Vanuatu still report a high incidence of underweight children and ensuring that all children

under the age of five receive enough nutrients remains a problem. Thus, most PICs are on track to achieve target 1C (Indicator 1.8) by 2015, with the exception of PNG, FSM, Kiribati, RMI and Vanuatu (SPC 2013: 10).

Progress towards the achievement of poverty reduction targets in MDG 1 are mixed in the Pacific. Poverty, in terms of the proportion of the population below the basic needs poverty line, has risen or remained the same in recent years, mainly due to the economic crisis. Only Fiji and Vanuatu experienced a decline in the incidence of basic needs poverty. In FSM, the proportion of the population living below the national basic needs poverty line increased during the period from 1998 to 2005 (FSM HIES 2005) and in Samoa, the proportion increased from 22.9 percent in 2002 to 26.9 percent in 2008 (Samoa HIES 2008). In PNG, the incidence of Basic Needs Poverty was estimated at 30 percent in 1996 and 39.9 percent in 2009-2011; as the two estimates cannot be compared for methodological reasons, no statement can be made on whether basic needs poverty has increased in PNG or not (HIES 2009-2011, WB analysis: 7). In Tuvalu there has been an increase in the incidence of basic needs poverty from 21.2 percent of the population in 2004-2005 to 26.3 percent of the population in 2010. However, Tuvalu has managed to reduce the number of people suffering from extreme or food poverty by 1.5 percent during the period 2004-2005 to 2010 (Tuvalu HIES 2010).

The incidence of basic needs poverty has declined in Fiji, from 35 percent in 2002-2003 to 31 percent in 2008-2009, a decline of 10 percent between the two HIES. In Vanuatu, there has been a very slight decrease in basic needs poverty, with a decline from 13 percent in 2006 to 12.7 percent in 2010. Currently, the population below the Basic Needs Poverty Line is 21.8 percent in Kiribati (2006-2007), 22.7 percent in the Solomon Islands (2005-2006) and 22.5 percent in Tonga (2009 preliminary results) and 26.3 percent (2010) in Tuvalu. In light of such erratic performance and lack of adequate progress, over the last 10 years, poverty in the Pacific continues to defy efforts of PICs to achieve the poverty targets of MDG 1. Women and girls are particularly vulnerable and normally over

**FIGURE 2: Incidence of Basic Needs Poverty
(% of Population)**



represented among the poor. Inequality is rising in the Pacific and reaching alarming levels in some countries. Human poverty is significantly higher than income poverty, particularly in rural areas. Economic and poverty reduction policies have focused on market liberalization and job creation, with less attention paid to protecting the vulnerable or reducing inequalities.

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, RMI, PNG, Tuvalu,

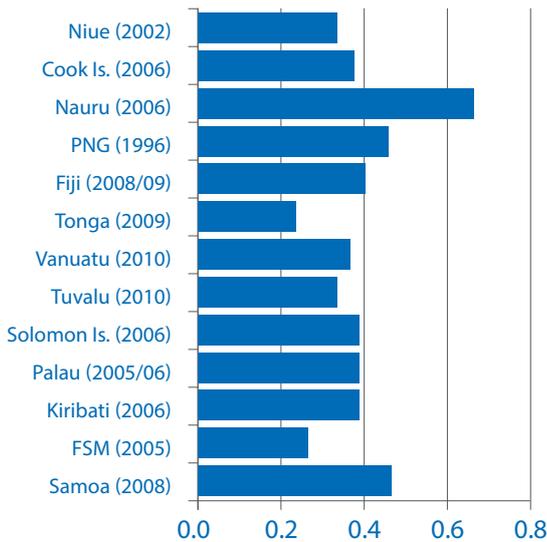
FSM and Solomon Islands) are identified as having a high burden of TB. However, Kiribati, Tuvalu and Solomon Islands are on track to reverse the incidence of TB. Drug-resistant TB in the Marshall Islands and FSM is making it more difficult for these countries to combat TB. For PNG, as with malaria, TB remains a major public health problem, especially given the HIV/AIDS epidemic the country is facing. The maternal mortality ratio is low in PNG and Solomon Islands.

Pacific Islands are facing a non-communicable diseases (NCDs) crisis of considerable magnitude with over 40 percent of the population being diagnosed with NCDs and the region holding the 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 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 (in most PICs above 90 percent). Most PICs are on track to achieve MDG 2 targets, with the exception of PNG and Nauru. The quality of education, however, is a major concern. Enrolment ratios are off-track in several Pacific countries such as PNG, Solomon Islands, RMI and Tonga. 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 most PICs.

While gender parity in terms of education is impressive, women's economic and political empowerment remains a major challenge. Violence against women is also a major issue in the Pacific. Non-agriculture employment participation rate ranges 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, RMI, 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 4.7 percent. Nauru, Solomon Islands, Tonga, Tuvalu and FSM have no women in Parliament. Violence against women is a major concern. Cook Islands is currently in the process of drafting a new Family Law Bill that will help ensure national commitment to gender equality and the full implementation of CEDAW.

FIGURE 3: Gini Coefficient of Inequality



There is evidence from some recent poverty studies that there is rising income inequality in some PICs even where there has been a relatively significant reduction in basic needs poverty over the last 10 years (e.g. Fiji). Understanding the main causes of the current income inequality trends across countries will require further in-depth analysis, 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, the natural resources boom and internal migration are highly correlated with changes in income inequality.

The recent global financial crisis has placed significant pressure on the ability of Pacific Islanders to meet their basic needs. The crisis has had a multiplier effect including increasing inflation, increasing food and transport costs, and placing additional pressure on employment. Correspondingly, the likelihood of

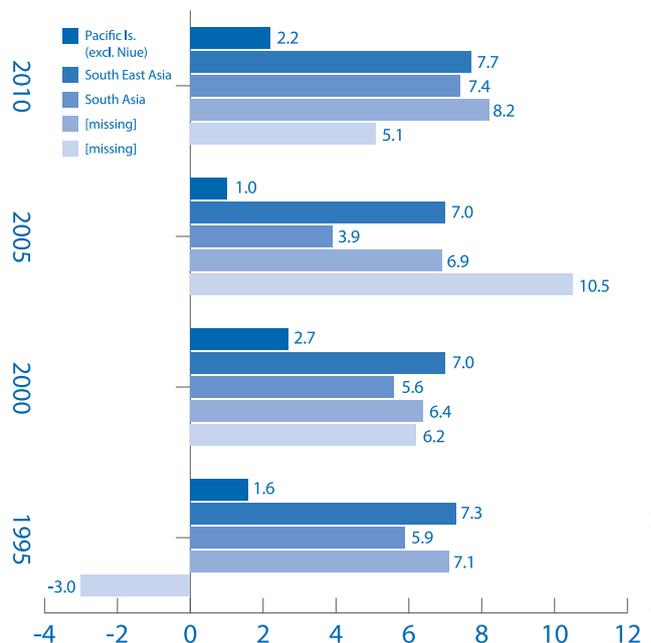
achieving the full employment target in the region by 2015 is low, with particularly low full employment outcomes in PNG and FSM. Although Labour Market Information and Analysis (LMIA) systems are often underdeveloped or non-existent, information that is available highlights employment creation for youth in the Pacific is a critical development issue.

Growth is a necessary, yet not a sufficient condition for development, in general, and poverty alleviation, in particular. It is not uncommon for natural-resource induced growth to fail to trickle down to the poorer segments of society, as is evident in PNG and Solomon Islands. These trends, including monetization and commercialization of economic activities, non-inclusive economic growth and rapid urbanization have widened the existing, as well as created new, income gaps. PICs' capacities to attract foreign investment also varies 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.

Economic Trends in the Pacific

The Pacific region has experienced low, and volatile, economic growth in the last few decades. The size, remoteness and geographic isolation of the majority of PICs has also made it difficult to develop economically. Other key constraints, such as vulnerability to natural disasters, susceptibility to adverse global economic conditions, a narrow production base, and limited export options exacerbate the economic 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 challenges facing PICs are influenced 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).

FIGURE 4: Average Regional Real GDP Growth %

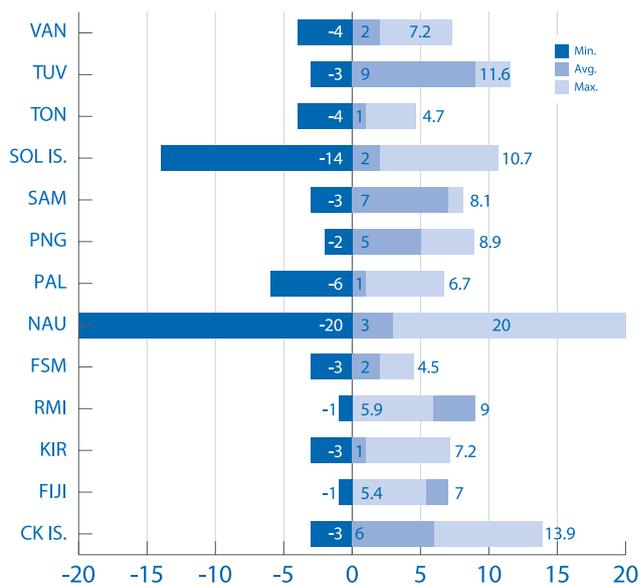


Source: ADB, 2013

High variability in the aforementioned major income sources (export revenues, remittances and tourism receipts), underdeveloped financial markets, and unreliable and high transportation costs have all contributed to lower than potential economic growth and considerable fluctuations in economic output from year to year (See Figures 4 and 5 on PICs Regional Growth Rates and National Variance in Growth Rates).

Economic growth rates have been generally low both in middle-income countries and the four Least Developed Countries (LDCs) in the Pacific, and do not appear to have resulted in significant reductions in poverty, inequality, and vulnerability. Across the Pacific region, average annual growth in real gross domestic product (GDP) has increased in the period from 2004 to 2007, driven mainly by GDP growth in PNG, and Vanuatu. However, the growth rate of real GDP was negative in more than half of the Pacific countries in 2009 and in 2010 moved to positive territory in all the countries except Tonga. In 2011, GDP growth rates increased modestly. While a slow economic recovery occurred in a few Pacific Island countries (Fiji, RMI, Nauru) growth is slowing down in PNG, Vanuatu and Tonga. The economic boom in PNG is slowing after a number of years of high levels of growth. Foreign investment declined during 2009 and 2010 for the first time in 15 years but picked up 2011 and 2012.

FIGURE 5: Variance in Real GDP Growth % 2000 - 2011



Source: ADB, 2013

TABLE 1: Real growth rate of GDP (percent per year)

	2006	2007	2008	2009	2010	2011	2012	2013e	2014e
The Pacific	1.5	5	6.5	3.2	6.8	6.8	5.6	5.4	6.0
Cook Islands	5.0	-0.2	-3.5	1.0	-2.9	1.0	4.6	3.2	3.5
Fiji	1.9	-0.9	1.1	-1.3	0.1	1.9	2.2	2.8	2.4
Kiribati	-4.5	7.5	2.8	-0.7	-0.5	3.3	2.5	2.0	2.3
PNG	2.3	7.2	6.6	6.0	7.4	11.1	9.8	5.5	6.0
Marshall Is	1.9	3.2	-1.9	-1.5	5.6	0.8	1.9	2.3	1.5
FSM	-0.2	-2.0	-2.5	0.9	2.5	2.1	1.4	1.0	1.5
Nauru	-20.3	-10.8	-	-18.6	-11.3	3.8	4.9	4.5	6.0
Palau	-1.5	0.7	-6.1	-4.6	-0.4	6.9	6.3	3.0	3.0
Samoa	0.5	5.8	4.3	-5.1	0.1	2.3	1.2	0.9	2.0
Solomon Islands	6.1	10.7	7.2	-1.0	6.9	10.6	4.8	2.5	4.0
Tonga	-1.1	-4.5	1.9	3.2	3.3	2.9	0.8	0.5	0.3
Tuvalu	1.9	6.4	11.6	-2.3	-1.4	-0.6	1.2	1.3	1.5
Vanuatu	8.5	5.2	6.5	3.3	1.6	1.4	2.0	3.2	3.4

Source: Asian Development Bank Development Outlook 2013

While growth trends in the Pacific have shown some signs of recovery in 2011 and 2012, most Pacific countries are still struggling with the impacts of the weak global economy. While tourism has revived and extractive industries continue to grow in countries such as PNG, agriculture and manufacturing have been declining steadily over the last five years in most Pacific countries. Agricultural and forestry exports have declined significantly in 2010 and 2011.

After sharp hikes in 2007, 2008 and 2009 as a result of the global food and energy crises, inflation has stabilized in most Pacific countries, converging back to its pre-crisis levels. Weak domestic demand contributed to lowering inflationary pressures in 2011 and 2012 as well as projected inflation rates for 2013. While the current growth trends coupled with generally strict and over-cautious monetary policy should maintain inflation rates around its long-term trend, 2012 increases in international food and energy prices may generate inflationary pressures.

One feature of the Pacific region is that while most countries have relatively small open economies, the majority have high debt to GDP ratios (see Table 2). Of the two types of debt, external debt dominates total public debt. Given the heavy reliance of PICs on the external sector (for example, tourism, trade and remittances) external debt sustainability is highly vulnerable to external shocks.

TABLE 2: Debt Levels of selected PICs

Country	Total Public Debt (% GDP)	Year
FSM	28.1*	2011
Fiji	54.2	2011
Kiribati	30	2009
Palau	35*	2006
PNG	25	2011
RMI	67.4*	2011
Samoa	49.3	2011
Solomon Is.	22	2011
Tonga	42.5	2012
Tuvalu	14.5	2011
Vanuatu	20	2011

*External Debt

Source: IMF Article IV Country Reports, IMF Debt Sustainability Analysis Reports, 2013.

Financial Inclusion in the Pacific

Financial inclusion efforts in the Pacific have continued to gain traction during 2013, garnering greater attention from both the public and private sector.

Central banks in the region continued to demonstrate commitment to financial inclusion in 2013. At the fifth Alliance for Financial Inclusion (AFI) Global Policy Forum held in September, the Reserve Bank of Fiji was awarded the Maya Declaration Award in recognition of its efforts to provide access to Financial Services for 150,000 previously unbanked people in Fiji by 2014. The Bank of Papua New Guinea and Central Bank of Samoa signed on to the Maya Declaration, bringing the number of country signatories in the region to five¹. In addition, at the 28th South Pacific Central Bank Governors Meeting in 2013, nearly a full day of the agenda was dedicated to discussing financial inclusion and financial literacy efforts in the region. PNG and Solomon Islands joined Fiji and Samoa in having National Financial Competency strategies for increasing financial literacy levels in their respective countries. Vanuatu launched its National Financial Inclusion Task Force in September 2013.

The three biggest regional banks (ANZ, BSP and Westpac) have each launched or piloted mobile phone-based banking services, with Pacific-wide roll outs planned for 2014. BSP continued to show impressive growth in expanding its number of account users in PNG, growing from 550,000 accounts in 2011 to approximately 1.2 million in 2013. Further, with support from the Pacific Financial Inclusion Programme (PFIP) and IFC, BSP “lifted and shifted” its rural outreach operations to Solomon Islands this year. Westpac continued to expand its “in-store” agent banking model throughout the Pacific, more than doubling its number of access points from 2012 and adding over 100,000 newly banked clients in the region. ANZ has responded by launching an agent-bank network in PNG with plans to roll it out across all of its Pacific markets as well. Smaller banks (National Bank of Vanuatu and Nationwide Microbank of PNG) and mobile network operators continued their efforts to increase the uptake and usage of their mobile wallets and mobile phone linked bank accounts as well.

Despite these developments, Pacific Island countries continue to experience significant barriers that restrict the number of low-income (both rural and urban) households that are actively participating in the formal financial sector. The high costs of serving low-income customers relative to the revenues generated by small transactions and balances, the high costs of building a distribution system to acquire and serve customers living in small and remote villages, and a lack of products and services tailored to the needs of low-income customers deprive individuals, families and communities of the socio-economic benefits associated with financial inclusion.

¹ Fiji, Solomon Islands, Papua New Guinea, Vanuatu, Samoa

Data on financial inclusion compiled by the central banks of Fiji, PNG, Samoa, Solomon Islands and Vanuatu, working on the Alliance for Financial Inclusion Pacific Islands Working Group Data Project (AFI PIWG), shows that Fiji has the largest number of formal savings accounts (per 10,000 adults), followed by Solomon Islands, Vanuatu and PNG (there was no data for Samoa). Challenging geography and dispersal of population in small rural villages resulted in much lower numbers of financial access points recorded in PNG and Solomon Islands. However, due to advancement in telecommunications in the region, mobile and electronic financial services are now present in Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu. Electronic Funds Transfer Point of Sale (EFTPOS) devices are now more prevalent than any other forms of access points in all five countries in the AFI PIWG project. Overall access to formal financial services is still low. Bank of PNG, in its 2014-2015 National Financial Inclusion and Financial Literacy Strategy, estimates that nationally 85.6 percent of adults are unbanked with up to 92 percent without formal access in the most populated Highlands region.

Measurement of adult financial competencies conducted by PFIP in Fiji, Samoa, Solomon Islands and PNG showed low to low-moderate levels of financial competencies. Competencies which were particularly weak were in planning of future expenditures, long term financial planning, budgeting and understanding the cost of money. Women, although they contribute to household income, were generally less financially competent and had a less significant role in managing household finances. Women's financial inclusion and empowerment will have a significant impact on household well-being. The low understanding of the 'cost' of money coupled with a weak regulatory framework on consumer protection needs to be addressed urgently to prevent predatory lending and over indebtedness. Inadequacy of savings for old age has significant implications on poverty incidence with aging.

A strong policy commitment at regional and country levels to creating more inclusive financial sectors, coupled with advancement in digital financial services, payments systems modernization and investments in financial education by governments and the private sector will provide a strong foundation for targeted interventions to deepen financial access and empowerment for the estimated six million people in the Pacific who still remain underserved in terms of access to financial services.

PIWG Financial Inclusion Indicators, 2013

INDICATOR	SAMOA	FIJI	PNG	VANUATU	SOL IS.
DEMOGRAPHICS					
Adult population	115,900	608,887	4,588,774	143,050	306,586
Land area in square kilometres	2,830	18,270	462,840	12,281	27,539
ACCESS					
1.1 Number of cash-in and cash-out access points per 10,000 adults at the national level.	9.92	9.90	1.30	7.48	0.78
1.2 Number of branches per 10,000 adults nationally	1.98	0.99	0.55	1.89	0.39
1.3 Number of ATMs per 10,000 adults nationally	2.50	3.73	0.84	3.70	1.24
1.4 Number of EFTPOS per 10,000 adults nationally	31.58	62.43	22.91	43.27	8.51
1.5 Number of Agents per 10,000 adults nationally	5.09	8.92	0.76	1.89	0.23
2.1 Coverage of cash in and cash out access points per 1,000 km ²	40.64	33.00	1.29	8.71	0.87
2.2 Number of Branches per 1,000 km ²	8.13	3.28	0.54	2.20	0.44
2.3 Number of ATMs per 1,000 km ²	10.25	12.42	0.83	4.32	1.38
2.4 Number of EFTPOS per 1,000 km ²	129.33	208.05	22.72	50.40	9.48
2.5 Number of Agents per 1,000 km ²	20.85	29.72	0.75	2.20	0.25

INDICATOR (Cont)	SAMOA	FIJI	PNG	VANUATU	SOL IS.
ACCESS - MOBILE FINANCIAL SERVICES					
3.1 Number of mobile financial services access points per 10,000 adults	3.54	7.70	N/A	0.00	0.00
3.2 Number of mobile financial services accounts/mobile wallet accounts per 10,000 adults	3141.67	447.55	944.02	0.00	0.00
3.3 Ratio of mobile cellular subscriptions to adult population	1.44	1.19	0.52	0.96	0.90
3.4 Percentage of banks offering mobile banking, such as checking one's balance from a mobile phone	75%	40%	3%	0%	33%
3.5 Percentage of banks offering mobile financial services, including transfer of e-money	50%	40%	3%	0%	0%
USAGE					
4.1. Number of regulated deposit accounts per 10,000 adults*	N/A	10,801	1,344	3,104	3,463
4.2. Number of regulated credit accounts per 10,000 adults*	N/A	1,442	368	391	367
BARRIERS TO ACCOUNT OPENING					
5.1. Average minimum balance for clients to open a basic deposit account at banks in the country, converted to USD	\$18.00	\$5.42	\$2.26	\$15.80	N/A
5.2. Average number of identification documents required to open a basic bank account	1.75	3.6	N/A	2.00	N/A
CLIENT PROTECTION					
8.1. Existence of a credit bureau	No	Yes	Yes	No	No
8.2. If yes to 8.1, percentage of banks in the country reporting to the credit bureau	N/A	100%	100%	N/A	N/A
8.3. If yes to 8.1, percentage of adults with a record at the credit bureau	N/A	55%	3%	N/A	N/A
8.4 Existence of Central Bank regulatory framework (policy or guideline) on consumer protection	No	Yes	No	No	No
FINANCIAL EDUCATION					
9.1. Financial education is integrated into the national school curriculum	Yes	Yes	No	In progress	In progress
9.2. Existence of a national financial inclusion strategy and/or financial inclusion taskforce	No	Yes	In progress	Yes	Yes

Source: AFI, PIWG, 2013

Political Development in the Pacific

The Pacific governance and security environment is complex and diverse. Multiple governance 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, participatory decision making is limited, with women under-represented in formal political structures across the region. There is some evidence of increasing transnational organized criminal activity, ranging from narcotics and human trafficking to money laundering with only limited capacity among Pacific Island countries to deal with the broad array of human security issues.

At the regional level, the Pacific Islands Forum commissioned a major review of the Pacific Plan – the Forum’s master strategy for guiding regional integration and coordination. The results of the review were released in early 2014, and Forum Leaders were considering the recommendations at the time of printing. The Pacific Islands Development Forum (PIDF) also held its inaugural meeting in 2013 and is emerging as another regional player. Sub-regional groupings continue to evolve, with the Melanesian Spearhead Group and Polynesian Leaders Group expanding their agendas.

In Solomon Islands, the next phase of the Regional Assistance Mission to Solomon Islands (RAMSI) has commenced with its focus now on strengthening the Royal Solomon Islands Police Force, while development assistance will move from RAMSI to bilateral and other programmes. To map the way forward for peace consolidation, the Solomon Islands is developing a comprehensive National Peacebuilding Policy that will be sent to Cabinet in 2014.

In Fiji, the military Government announced that elections will be held by September 2014, and a new constitution is in place. The electoral roll is being updated and the process of party registration is also in place. Efforts have commenced to put in place the institutions and architecture necessary for a return to democratic government. Fiji ranked 107th in the 2013 Press Freedom Index (by Reporters Without Borders) as compared to other Pacific Islands countries within the index – PNG (41st), Samoa (48th) and Tonga (66th).

In PNG, the political arena has been more stable after the constitutional crisis of 2011-12. The O’Neill Government has a focus on anti-corruption, strengthening service delivery and improving economic development.

In terms of women’s political participation, the Pacific remains the lowest region by percentage of women in Parliament (4.7%). Thanks to renewed calls from Forum Leaders on promoting gender equality in Pacific legislatures, an increasing number of women candidates are now contesting national and local-level elections. Vanuatu and FSM currently have no female MPs, while Nauru, Solomon Islands, RMI, Tonga, and Tuvalu have one female MP. Samoa has two female MPs. Cook Islands, Palau, PNG and Niue each have three female MPs, whilst Kiribati has the highest number of female MPs - four out of a total of 44 elected officials. Samoa was the first country in the Pacific to introduce temporary special measures, via successful Constitutional amendment, to dedicate 10 percent of parliamentary seats for women.

Tonga, Tuvalu and Vanuatu underwent the second cycle of the Universal Period Review. All three countries made commitments to strengthen the national human rights architecture, renew efforts in implementing the core treaties, as well as consider ratification of remaining core treaties to which they are not yet State Parties. Samoa launched its national human rights institution mandated to promote and protect human rights in 2013. Fiji’s new Constitution establishes a national human rights and anti-discrimination commission. In addition, several Pacific Island countries have committed to establish a national human rights institution. Nauru became a State Party to the Optional Protocol to the International Convention against Torture in 2013; Kiribati, PNG and Palau all became State Parties to the International Convention on the Rights of Persons with Disabilities.

Research on gender-based violence in Pacific Island countries shows high prevalence rates across the region and several Pacific Island countries have recently adopted specific legislation to address such forms of violence. Reports of sorcery-related attacks in PNG, some of which led to fatalities, increased significantly, with the majority of the victims being women.

Responding to these acts as well as other crimes in PNG, the Government enacted new death penalty laws that apply to sorcery-related murder, rape and robbery, which drew widespread international criticism. The PNG Government repealed the controversial 1971 Sorcery Act which provided a defence for violent crime if the accused was acting to stop 'witchcraft'.

Pacific Island Forum Leaders via the 44th Forum Communique, committed to "increasing efforts to address corruption, including through ratification and implementation of the United Nations Convention against Corruption (UNCAC)". Kiribati ratified UNCAC in 2013, bringing to 10 the total number of Pacific Island countries having ratified UNCAC. A number of Pacific Island countries are implementing various anti-corruption related reforms. PNG is working to establish an Independent Commission against Corruption, having passed constitutional amendments to provide for its establishment. Solomon Islands is also actively considering options for an anti-corruption body. Both PNG and Solomon Islands are implementing the Extractive Industries Transparency Initiative. Fiji has allowed within its new Constitution for the creation of an Accountability and Transparency Commission and the establishment of a Code of Conduct for political leaders and senior officials. Kiribati, Fiji and PNG are working towards implementing freedom of information regimes, with Vanuatu joining Tonga in having released a Freedom of Information Policy. Due to a lack of data, only one Pacific Island country was included in Transparency International's 2013 Corruption Perception Index, with PNG ranking 144th out of 177, improving six places from 2012.

Disaster, Energy, Environment and Climate Change in the Pacific

The Pacific is one of the most disaster-prone regions in the world. Extreme weather events in the region since 1950 have affected approximately 9.2 million people and caused 9,811 reported fatalities and US\$3.2 billion in damage and there is growing evidence that women are disproportionately more heavily affected. The capacity to recover from disasters is relatively weak and inconsistent.

Climate change models predict that temperature rise will affect ecosystems, undermine traditional sources of livelihood and may also threaten the very existence of some PICs through sea level rise. The Intergovernmental Panel on Climate Change Fifth Assessment Report states that global mean sea level could rise up to approximately 1m by 2100 if emissions are unchecked. The region also has the highest petroleum fuel dependency of any region or sub-region in the world. Thus sustainable energy (including renewable, energy efficiency and energy access) remain critical. The conventional paths to prosperity remain energy and resource intensive.

In response to these and other challenges, there has been a substantive increase in aid flows to the region, mainly through climate change adaptation (CCA) programming, and an increasing recognition that CCA and disaster risk management (DRM) need to be aligned along with climate change mitigation (CCM). In July 2013, the first Joint meeting of the Pacific Platform for Disaster Risk Management and the Pacific Climate Change Roundtable occurred. As part of this, a process toward a Strategy for Disaster and Climate Resilient Development in the Pacific (SRDP) led by PICs and guided by the principles of inclusion, leadership, and ownership, was established. The SRDP will allow the Pacific to combine and harness the expertise of specialists working both in the DRM and climate change fields. This initiative follows the leadership of many PICs, who have already developed Joint National Action Plans and other mechanisms for embedding disaster and climate resilience into their national development processes.

The 44th Pacific Island Forum Leaders meeting held in Majuro, RMI in August 2013 highlighted numerous issues related to disaster risk management, energy, environment and climate change in the Pacific. One outcome of the meeting was the Majuro Declaration for Climate Leadership. The commitment to be climate leaders includes demonstrating climate leadership through action that contributes to the urgent reduction and phase down of greenhouse gas pollution and accelerate and also helps intensify efforts to prepare for and adapt to the impacts of climate change.

Regional Programme

Until the end of 2013, all UNDP activities were implemented within the framework of the UNDP Strategic Plan 2008-2013. This plan was approved in 2007 by the UNDP Executive Board, a steering and oversight body consisting of 36 UN member countries who serve on a rotating basis. Initially covering the period 2008 to 2011, the Plan was subsequently extended until 2013. The Asia-Pacific Regional Programme 2008-2011 was derived from the UNDP Strategic Plan and was also extended until 2013 to maintain this alignment. The Regional Programme guides the work of the Pacific Centre and the Asia Pacific Regional Centre in Bangkok. For the Pacific, the programme has also been guided by the initial priorities of the Pacific Plan and subsequent decisions of Pacific Island Leaders as well as the lessons learned from previous UNDP regional programmes.

In support of the Regional Programme, the Centre implemented four major Pacific regional projects – governance in the Pacific, crisis prevention and recovery, MDGs achievement and poverty reduction and financial inclusion. The projects which ran from 2008-13, all went through a consultative process with a number of stakeholders within the Pacific region – governments, NGOs, donors and other UN agencies – before being approved by governments in the region and the UNDP Directorate for the Asia Pacific region in December 2007.

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 is based at the Regional Bureau in New York. The Centre's work is reviewed annually by a Management Committee that is chaired by the Deputy Regional Director and includes the three Pacific UNDP Resident Representatives and a senior representative from the Bureau for Development Policy. Guidance on the 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). The 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 2013, 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, Secretariat of the Pacific Community (SPC) and the University of the South Pacific (USP). The Centre also partners with Pacific parliaments, national Reserve/Central Banks, private sector organizations, NGOs, UN agencies and other development partners.

Our Country Office Services

The Pacific Centre provides on request policy advisory services; 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 organisations, intergovernmental agencies and civil society organizations.

During 2013, 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 and PNG. Notably, the iComms team strengthened online communications from the Pacific by moving the Centre and the Fiji Multi-Country Office websites onto the global platform, in line with corporate requirements. 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 16 discussions in 2013. With more than 1300 members from across the Pacific and globally, the community discussed a broad range of issues including solutions for overly abundant seaweed, communicating climate change, climate and disaster risk education as well as protecting coastlines.

Resource Mobilization

The Pacific Centre was allocated a total of US\$1.3 million for the year 2013 from UNDP’s core resources. These resources, together with the funding received for specific projects provided a solid platform for the Centre’s resource mobilization efforts for 2013.

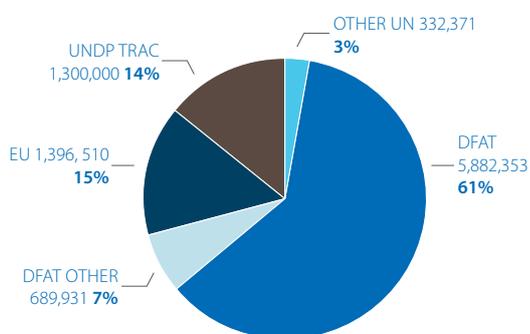
The Centre continued to enjoy the support of Australia under long-term cost sharing agreements that were signed at the beginning of the current programme cycle and which came to an end in 2013. In 2013, the Australian Government provided US\$5.88 million of “core” resources and a further US\$78,431 as a contribution to the Pacific Solution Exchange platform.

In addition to the “core” support, further mobilization efforts resulted in Australian funding of specific projects including the Anti-Corruption project (total of US\$2.45 million for 2012-2015). The Crisis Prevention and Recovery unit (CPR) under the Disaster Risk Management portfolio also signed a cost sharing agreement with the Australian Government (total of US\$15.68 million for 2012-2017) to fund the Pacific Risk Resilience Programme.

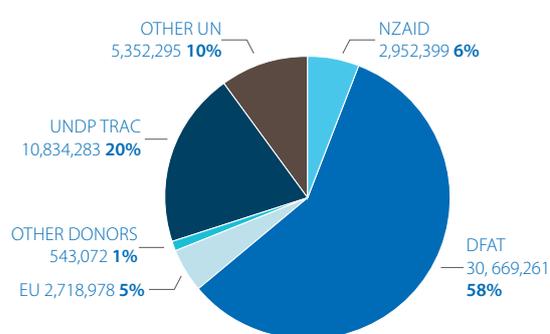
The European Union provided funding of US\$2.7 million during 2013 to fund a project on ‘Strengthening Peace and Dialogue Support’ with a focus on Fiji.

Since 2008, the Pacific Centre’s resource mobilization strategy has yielded more than US\$53 million. This compares with a UNDP core allocation of US\$10.8 million for the period 2008-2013 which means a resource mobilization ratio of close to 1:5 for the Centre. A breakdown of the US\$53 million by development partners is shown below, with the Australian Government contributing a total of 58 percent; UNDP and UN funding at 30 percent; European Union at five percent; New Zealand at six percent and other donors making up the balance of one percent.

Pacific Centre Funding Partners for 2013 (USD)



Resource Mobilization 2008 - 2013 (USD/%)



KEY ACHIEVEMENTS OF PACIFIC CENTRE PRACTICE AREAS

Overall Pacific Centre Programme Delivery

The Centre's total budget in 2013 was US\$9.6 million made up of UNDP core funding as well as third party cost sharing from the Australian Government and the European Union. Total expenditure as at 31 December 2013 stood at US\$7.8 million. While the delivery rate against budget for each of the Centre's projects was different, at the year end the overall delivery rate for the Centre was 81 percent of the total budget. A more detailed breakdown of budget versus expenditure is shown in Annex 2.



Women market vendors in Rakiraki with the Business Record Book to help track their income, expenses and savings.

Managing Extractive Industries in Pacific Islands

The Pacific Centre convened a Regional Symposium on Managing Extractive Industries in Pacific Island States to Improve Human Development in collaboration with the UNDP Fiji Multi-Country Office, the Asia Pacific Regional Centre and the UNDP Regional Bureau for Asia and the Pacific. The symposium, held in March 2013 in Nadi, Fiji, was the first of its kind in the Pacific, and provided the governments of the region with an opportunity to make informed policy choices that foster human development and collectively examine some key questions such as: when and how to allow extraction of non-renewable resources; how to manage the income flow; how to minimize conflict and negotiate effective agreements; and how to regulate the industry within the context of the challenges that face Pacific small islands states.

As a result of the Symposium the Government of Papua New Guinea offered to host a follow-up regional meeting on this topic. The Government of Fiji held a national intra-governmental meeting in April 2013 to discuss key outcomes from the Symposium as part of a process of determining future directions as well as possible areas where external support might be required. As a result of that meeting, UNDP was asked to provide technical assistance for the review of the draft Mining Act and support a national consultation process. UNDP's Fiji Multi-Country Office utilized a Corporate Memorandum of Understanding with the American Bar Association's International Legal Resource Centre, to provide a referral to a team of International lawyers to review the draft Mining Act.

Security Sector Governance

The Pacific Centre provided technical assistance to the Government of PNG for the development of its first National Security Policy during 2013. The new policy was endorsed by the PNG cabinet in late 2013.

In May 2013, the Regional Security Sector Governance (SSG) joint initiative of PIFS and UNDP convened a group of senior officials responsible for national law enforcement and security policy development in the Pacific as well as representatives from civil society organizations for a three-day meeting in Suva, Fiji that provided an opportunity to discuss security sector governance issues and explored ways to advance the development of National Security Policies across the Pacific region. PNG officials briefed on the process of developing their National Security Policy and were able to share their experience with colleagues from the region at this meeting.

Strengthening Citizens Engagement in Fiji Initiative

The success of the Supporting Community Dialogue around the Constitutional Development Process project helped mobilize funds from the European Union for a new three year project known as the Strengthening Citizen Engagement in Fiji Initiative. This initiative is designed to provide communities and local governments the information, skills, tools and platforms to advance human rights, foster equitable service delivery, strengthen decision-making, enable voice, promote non-discrimination, and enhance transformative leadership as it relates to a future democratic Fiji. It aims to advance democratic development in Fiji by enabling the citizens of the country to engage in nation-building through community-based activities that help build a better future.



Sharing Knowledge on Dialogue in the Pacific

A compendium of 13 case studies on Pacific Approaches to Dialogue, including an analysis of the role of women in peacebuilding in the Pacific, was presented in June 2013 at the Regional Consultation on Women's Empowerment for a Culture of Peace and Non-Violence in the Pacific held in Nadi, Fiji. The analysis shows that women's empowerment in the Pacific is more likely to have lasting impacts and avoid backlash, if efforts are conducted with a peacebuilding/conflict sensitive manner. The compendium will be published in 2014.

Strengthening Risk Resilience

The Pacific Risk Resilience Programme (PRRP), a four year programme, is being implemented by the Pacific Centre in partnership with the international NGO Live and Learn Environmental Education, with support from Australia. It focuses on strengthening governance mechanisms for climate change and disaster risk management (CCDRM) in Fiji, Solomon Islands, Tonga and Vanuatu. PRRP supports mainstreaming of CCDRM in development planning and budgeting at all levels of government while providing support for strengthening community resilience through targeted and inclusive community based CCDRM initiatives, and integration of risk management into local level governance mechanisms.

Gender Mainstreaming in Disaster Risk Management

The Pacific Centre continued to provide technical assistance on gender mainstreaming, analysis and M&E for UNDP disaster risk management, environment and climate change projects. The Centre provided inputs into a Gender and Climate Change toolkit which was launched at the Ministers of Women's Triennial meeting held in the Cook Islands in October 2013. The Centre also provided technical support to the Post-Disaster Needs Assessment in Fiji after Cyclone Evan.



SUCCESS STORY: Strengthening Capacities for Peace and Development



The Strengthening Capacities for Peace and Development (CPAD) project is the Pacific Centre's flagship peacebuilding programme, designed to build a community of peace practitioners in the Pacific region and strengthen both regional and national peacebuilding interventions. One of the key aims of the CPAD project is to ensure that government and civil society are given the opportunity to engage constructively on peace and development issues. CPAD supports government peacebuilding efforts upon request and awards small grants to civil society organizations to implement innovative peacebuilding initiatives. The small grant mechanism enables CPAD to multiply the impacts of its work on the ground and achieve what the UN could not achieve by direct implementation. CPAD recognizes the capacities and resilience of local partners and enables people to build their own peace in a cost effective and sustainable manner. Finally, the programme codifies Pacific peacebuilding experiences and lessons learnt to strengthen peacebuilding interventions regionally and globally.

Since its launch in 2009, the CPAD project has become recognized as:

- *A supporter of catalytic peace processes*
- *An effective model of capacity development*
- *A key provider of tailored and contextualized training*
- *A reliable partner.*

In 2013, a number of activities were supported by CPAD that helped forge stronger partnership agreements between government and peacebuilding stakeholders in civil society in Fiji, Bougainville, Tonga and the Solomon Islands to work together in a collaborative and coordinated manner to advance peace consolidation.

In Tonga, with financial support from CPAD, the Tonga National Peace and Unity Committees decided to mark International Peace Day 2013 in an unprecedented manner. To advance this aim, the Committee organized a week of activities aimed at bringing national attention to the issues of violence in Tongan society.

In the Solomon Islands, efforts have produced a draft National Peacebuilding Policy that will be presented to the cabinet in 2014. The policy is unique in that it fosters a collaborative approach to peacebuilding.

In Bougainville, the Northern Bougainville Women's Federation and the Hako Women's Collective, and its Hako Youth in the Media Unit, held a joint Evaluation Workshop to assess the impact of the 2012 CPAD small grant. The CPAD small grant enabled Bougainville youth and women in six districts (Atolls, Buka, Kunua, Nissan, Selau and Tinputz) to develop and deliver awareness building messages on health, women's participation in decision-making and peace-related issues for communities. The evaluation exercise revealed that the 'Bougainville Blitz' methodology was an effective approach for building government-civil society collaboration on community awareness raising. The approach helped the Government implement planned awareness programmes and helped establish a network of youth advocates equipped with the tools needed to conduct effect community and peer education activities.

Recognizing the need for partnership, networking and sharing of information, resources and activities between the Autonomous Bougainville Government, the local level Council of Elders Governments, district offices, CSOs (women and youth) and faith-based organizations was a clear recommendation emerging from the evaluation exercise. The recommendation called for the establishment of an Information Centre in each District Office with facilities to share between the Government, CSOs, faith-based organizations, Bougainville Women's Federation and youth. As a result of the evaluation, the Division of Law and Justice has approved funding for the construction of Sub Region Information Kiosks to be built over the next three years. ▶



Participants attending a conflict and peacebuilding training in the Solomon Islands.

In Fiji, the CPAD project transferred its conflict resolution skills training methodologies to two key providers of conflict resolution training in the Pacific: the Pacific Centre for Peacebuilding and the Pacific Theological College (PTC). This will allow greater dissemination and appropriate contextualization of mediation, negotiation and dialogue skills throughout the region in a more sustainable manner. In 2013, CPAD also helped create a training of trainers programme that ran concurrently with PTC's three-week Pacific Peacebuilding Training Intensive. The Training-of-Trainers effort has enabled a select group of peacebuilders to design highly contextualized and culturally appropriate training modules in conflict analysis and conflict resolution for communities in the Solomon Islands, PNG and Fiji, fostering further dissemination of critical skills for the peaceful resolution of conflict.

The CPAD project continued to provide technical support for the 'Strengthening the Participation of Youth in the Transition to Democracy' project in Fiji. The assistance in 2013 focused primarily on providing guidance for a small grants initiative that enabled 23 youth groups throughout Fiji to initiate youth lead change and livelihood projects. CPAD also led the development of the induction workshop for the initiative, which focused on peacebuilding and collaborative problem-solving skills. Technical assistance was provided to the Provincial Youth Forum for its first ever strategic plan that will strengthen youth voices in decision-making and promote youth engagement with Government at all levels. ■

Strengthening Civil Society's Role in Enhancing Accountability

The Centre continued its support for social accountability initiatives during 2013. Through the provision of technical and financial support the Samoa Umbrella for NGOs (SUNGO) has been able to carry out a nation-wide social accountability initiative. SUNGO uses the Citizen Report Card and Community Score Card methodologies to gather user feedback on public service delivery in the country, with a focus on health and education services. The initiative is expected to be completed by 2014 and will include a report card on the delivery of health and education services based on feedback received from the target communities. In addition to its work in Samoa, the Centre supported the UNDP Solomon Islands Sub-Office in designing a social accountability component for phase two of the Provincial Governance Strengthening Programme (PGSP).

The Centre also continued its technical assistance to civil society organizations engaged in documenting human rights issues and advocating for change vis-à-vis governments and other stakeholders. Transparency Vanuatu published a report in 2013 detailing its research findings on how school fee grants for primary education in the country are administered and to what extent they achieve their stated objective of abolishing primary education fees. They used the report to implement a targeted and evidence-based advocacy strategy at national and international levels, and have used the findings to inform the review of Vanuatu's human rights record under the Universal Periodic Review in 2013.

The Centre provided technical and financial assistance to ILukim Sustainability Solomon Islands during 2013. This support was used to undertake research on labour rights in Honiara's small and medium enterprises and assess to what extent current practices in the formal sector complied with the national labour law and international standards. The findings of the research are expected to be made public in 2014.

Understanding the Linkages between Human Rights and Trade in the Pacific

The Centre continued its work on enhancing understanding among policy-makers, civil society, and the wider public on the inter-linkages between trade and human rights in the Pacific. This work has been undertaken in partnership with the Office of the High Commissioner for Human Rights (OHCHR), the World Health Organization (WHO) as well as other partners. A regional workshop on trade and non-communicable diseases in early 2013 highlighted the important linkages between trade, intellectual property rights and the right to health.

The Centre is currently developing a regional knowledge product, using illustrative case studies, to highlight the key inter-linkages between human rights and trade in the Pacific, with the aim of raising awareness among policy-makers and the wider public on possible impacts of trade and to help inform policy decisions that ensure respect for human rights when negotiating and/or implementing trade agreements or policies. This knowledge product will be released in 2014.

Promoting Media Freedom

In recognition of the vital role of media in democratic societies, the Centre stepped up its efforts in strengthening media freedom in the Pacific in 2013. In partnership with OHCHR, USP, UN-Habitat and with the support of the Pacific Media Assistance Scheme, the Centre has supported a sub-regional initiative to promote the right to adequate housing in Melanesia through human rights-based journalism, by strengthening the media as a conduit for increased coverage of informal settlements. Informal settlements are a growing development challenge across the Pacific, in particular in Melanesia, and are a result of unprecedented levels of urbanization and internal migration. The initiative included a capacity-building component as well as an advocacy event in Fiji



that allowed for the participation of people in informal settlements by giving them a voice in the public sphere. The initiative has led to increased media coverage on informal settlements throughout the region; while reducing negative stereotyping and promoting principles of participation and non-discrimination.

In partnership with UNESCO and the Pacific Freedom Forum, the Centre contributed to the strengthening of media freedom in the region through the development of a feasibility study for a regional media self-regulation mechanism. The feasibility study, to be launched in 2014, aims to inform the discussion on appropriate models for media self-regulation in the Pacific and includes a representative survey on media self-regulation from media stakeholders across the region.

Advancing Gender Equality in the Pacific

Discrimination against women remains a major challenge in the Pacific region. Recognizing that effectively addressing gender-based discrimination requires legislative reform and implementation, the Centre provided expertise to undertake a technical review of draft domestic violence bills for Tonga and the Solomon Islands. As part of a joint UN programme in Kiribati, aimed at supporting implementation of the national action plan on ending sexual and gender-based violence, the Centre developed a programmatic component on access to justice for victims of gender-based violence.

In addition, the Centre continued its innovative work on legislative implementation. Following the provision of implementation roadmaps and costing for laws that address domestic violence in the Cook Islands in 2011 and the Marshall Islands in 2012, the Centre costed the implementation of the Family Protection Act in Palau in 2013. The costing exercise included an overview of projected costs across relevant Ministries over a three-year period. The Centre, in cooperation with other development partners, showcased its work on legislative costing at a side-event organized during the 12th Triennial Conference of Pacific Women in the Cook Islands in October 2013. The side-event allowed countries from across the region to learn about the benefits of costing domestic violence laws and provided a platform for women to share their experiences. Both the Marshall Islands and the Palau Governments have used the costing exercises to successfully secure funding for the implementation of their laws from within national budgets. Palau has also developed a Memoranda of Understanding for Government stakeholders to implement the Family Protection Act, following the implementation of the roadmap put forth by the costing.

Strengthening Pacific Parliaments

In Fiji, the UNDP Regional Parliamentary Support Project mobilized funding for the next three years to re-engage with the Fiji National Parliament secretariat as it prepares for the national elections scheduled for September 2014. Noting the fact that there currently exists no Parliament secretariat and that the elections could return a number of new MPs with little experience of parliamentary practice, the Fiji Parliament Project will focus on a number of areas including providing technical assistance to provide for an effective legal framework for the new Parliament, staff capacity development, limited infrastructure development and induction sessions for newly elected. The Project, with funding secured from the European Union, will begin in the first quarter of 2014.

In response to requests from national Parliaments in the region, workshops were conducted for MPs on financial oversight and the role of the Public Accounts Committee (PAC) in Kiribati and Samoa. In the Pacific context, PACs are amongst the most important Parliamentary Committee, but often face capacity challenges. The workshops addressed the oversight/accountability role of Parliament, including lessons from other Parliaments; the relationship between the PAC and Auditor-General; as well as the role and powers of the PAC.

In Kiribati, the workshop also focused on the current legislative framework for the PAC, including, at the request of the Speaker, the conducting of consultations in order to develop a new draft Committees Bill. Subsequently, the Committees Bill has now been developed and is with Parliament for consideration in 2014. In Samoa, MPs were also provided with an overview of UNCAC as it relates to the working of PACs in general, substantive chapters of UNCAC, the review mechanism, and the various UNCAC processes.

The Pacific Centre supported MPs in Kiribati, RMI and Tonga to gain a better understanding of and engage on issues of climate change as they relate to their constituencies. This was achieved through the set up and strengthening of Parliamentary committees, provision of staffing support to these committees, an increased focus on outreach and consultations as well as increased research capacity on climate change.

The second Palau Mock Congress for women was also facilitated in September in partnership with the Palau Ministry of Community and Cultural Affairs, the Olbiil Era Kelulau (National Parliament, OEK), together with UNDP, PIFS, and UN Women. It was organized as part of national efforts to raise awareness on the issue of women's participation in political life and to build the capacity and confidence of potential women candidates ahead of the State elections, and national elections in 2016. Eleven Palau women representing at least 10 of the 16 States of Palau had the opportunity to experience first-hand what it feels like to be a Member of the Olbiil Era Kelulau. The women underwent training on both substantive legislative issues relevant to Palau and on the procedures underpinning the work of the National Congress. The participants had an opportunity to review five draft Bills currently before Congress from a gender perspective and made concrete alternative suggestions on how the Bills could be strengthened.

Formal partnerships were forged between UNDP and the Inter-Parliamentary Union (IPU) during 2013. UNDP and IPU teamed up with the Pacific Parliamentary Partnerships programme of the Australian Parliament, to host the Pacific Parliamentary conference in Tonga in October. The conference focused on the professional development needs of MPs, the role of Parliaments when engaging with regional issues, as well as on the issue of gender sensitive parliaments and encouraging women's political participation. Through the formal partnership between IPU and the Pacific Centre, IPU is undertaking formal evaluations of UNDP parliamentary projects in Samoa and Palau with a view to providing UNDP with recommendations on further engagement with the two national Parliaments.



SUCCESS STORY:

Implementing the United Nations Convention against Corruption



In 2009, only three Pacific Island countries had ratified/acceded to the United Nations Convention against Corruption (UNCAC), making the Pacific region the least ratified region in the world by country percentage. Since 2010, the Pacific Centre in partnership with the United Nations Office on Drugs and Crime (UNODC), has led efforts in the Pacific to advance UNCAC ratification/accession and implementation. As of November 2013, a total of 10 Pacific Island countries have ratified/acceded to the Convention (Papua New Guinea 2007, Fiji 2008, Palau 2009, Cook Islands 2011, Marshall Islands 2011, Vanuatu 2011, Federated States of Micronesia 2012, Nauru 2012, Solomon Islands 2012 and Kiribati 2013).

2013 has been a significant year for advancing UNCAC in the Pacific. Kiribati acceded to the Convention in September. Papua New Guinea and Vanuatu completed their UNCAC implementation reviews, with a further seven countries (Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau and Solomon Islands), now undergoing review. Six of the seven countries under review have been trained on the UNCAC review process. UNDP/UNODC have also supported awareness raising efforts in Tonga and Samoa to promote UNCAC accession.

Training was conducted for parliamentarians and senior Government officials in Kiribati on UNCAC. Awareness raising on UNCAC was also conducted with the Samoan Parliament as well as the Pacific Association of Supreme Audit Institutions (PASAI). More broadly, UNDP/UNODC provided training to the Parliaments of Kiribati and Samoa on public financial oversight as well as supported training for prosecutors in Solomon Islands on corruption prosecution.

The joint UNDP/UNODC project is providing a range of support to Pacific Island countries on implementing UNCAC. This includes: support to Papua New Guinea on developing legislation to establish the proposed Independent Commission against Corruption; support to Kiribati, Solomon Islands, Tonga and Vanuatu to develop/implement Freedom of Information regimes; and awareness raising in Kiribati and Vanuatu on options for developing anti-corruption policies.

The Centre and UNODC have also championed South-South cooperation and experience sharing among Pacific Island countries on UNCAC. This includes: facilitating a study tour for the Government of Kiribati to learn from Tonga's experience on establishing a Freedom of Information regime; enabling representatives from the Governments of Nauru and Kiribati to undertake a placement with the Fiji Financial Intelligence Unit to learn from Fiji's experience on anti-money laundering; and developing in partnership with PASAI, a pilot staff exchange programme for the Kiribati and Fiji Supreme Audit Institutions. In addition, the Pacific Centre and UNODC have convened meetings between Pacific officials on the margins of international meetings to share experiences and lessons learned on UNCAC implementation and issues arising from the UNCAC review process.

With UNDP and UNODC support, a record number of Pacific delegations attended the fifth Conference of States Parties of UNCAC in November 2013 in Panama, as well as the UNCAC Implementation Review Group meeting in May 2013, strengthening Pacific engagement in the international campaign against corruption.



KEY HIGHLIGHTS: Poverty Alleviation and the Achievement of the MDGs



Youth Empowerment

The Centre continued its work on youth economic empowerment during 2013, with a focus on entrepreneurship and enterprise development. In Palau, Youth Enterprise Solutions assisted 43 school leavers who are first time entrepreneurs. More than 50 percent are in different stages of business start-up and six have already started businesses ranging from eco-tourism, courier services, elderly care to niche cosmetic beauty products among others. Forty-five youth from 10 countries in Melanesia and Polynesia were trained in organic farming. This training was a joint effort with SPC, Pacific Organic Ethical Trade Community and farmers associations, and national youth councils.

Private Sector Development

The Centre's engagement with the private sector included working with the Pacific Islands Private Sector Organization (PIPSO) to lay the foundation for Trade Pasifika 2014, building on the success of the inaugural event in 2012. More than 50 Pacific businesses participated in the Trade Pasifika 2012, while in Trade Pasifika 2014 nearly 100 businesses are expected to showcase their products and services. In 2013, the Centre supported the development of a private sector development strategy for national chambers of commerce in RMI and Palau and helped strengthen the institutional capacity of FSM's Chamber of Commerce. This initiative in the Northern Pacific will support hundreds of small and medium enterprises (SMEs) as well as create an environment of public private partnership dialogue. Additionally, in collaboration with PIPSO and the Pacific Cooperation Foundation New Zealand, the Pacific Centre identified and audited 45 SMEs in the Pacific for export readiness and developing SME competitiveness. Twelve businesses are currently being assisted in developing standards, certifications, hazard analysis critical control point (HACCP) certification as well as packaging and labelling.

Women's Economic Empowerment

Through the Women's Economic Security and Rights Initiative women market vendors were provided with financial literacy training, access to financial/banking services, business record keeping and market learning services. With the support of the Government of Fiji's Ministry of Local Government, Rakiraki Town Council and UN Women, this initiative helped in an improved working environment and market infrastructure. This pilot project was implemented in Fiji (Rakiraki) and Vanuatu while a joint scoping was done with UN Women for Solomon Islands. Additionally, local governments and municipal markets were supported to improve service delivery at the marketplace which is an important income earner for vendors (especially women market vendors who make up the majority) and a significant revenue earner for the city/town councils. In Rakiraki alone, more than 100 female-headed households were primary beneficiaries while in Vanuatu around 50 women market vendors were trained.

MDGs Advocacy

The Pacific Centre made significant technical contributions to the 2013 Pacific Regional MDGs Tracking Report (published by the Pacific Islands Forum Secretariat), as it had done for the previous years' reports. In collaboration with the UNDP Fiji Multi-Country Office, the Centre also helped develop the RMI National Development Strategy which incorporated the MDGs Acceleration Framework. The MDGs acceleration framework was also expanded to Fiji, Kiribati, RMI, FSM, Palau, and Nauru in addition to Vanuatu, Tuvalu and Tonga.



HIV, Health and Development

In 2013, the Centre partnered with WHO, SPC and the Pacific Research Centre for the Prevention of Obesity and Non-communicable Diseases (C-POND) to promote greater policy coherence between health and trade issues in PICs. It also facilitated knowledge and experience sharing on trade and trade agreements as critical structural determinants of the non-communicable diseases (NCDs) crisis in the region and helped greater inter-sectoral collaboration between the health, trade and planning sectors. This work has led to significant country and regional level actions. For example, Tonga has revised its excise regulations on unhealthy commodities. At the regional level there have been a number of high level policy commitments by Pacific Island Forum leaders including for example, the recognition of the need for coherence between trade and health policies and major interventions outside the health sector to address the determinants of NCD epidemics at the highest level. There has been greater consideration for using trade measures to improve the food environment in PICs, and a review of trade rules and trade agreements to safeguard policy space to address health issues. It has also been agreed that NCDs and their human and economic costs will become a standing agenda item in future Economic Ministers Meetings.

During 2013 the Centre continued to support regional and country level efforts to respond to the issue of HIV/AIDS and sexually transmitted infections (STIs). The Centre supported CSOs in Vanuatu to use mobile technology to address HIV and STIs; it provided policy advice to SPC's regional 'Sexual Health and Wellbeing Shared Agenda' and the Global Fund's New Funding Model Interim grant for the Pacific as well as several other initiatives led by UNDP country offices such as for example the MDGs Acceleration Framework in Tonga (with a focus on NCDs) and the national consultation on Trade Related Aspects of Intellectual Property Rights and access to medicines in PNG to ensure the country is able to safeguard its access to affordable medicines.

Climate Change, Energy and Environment

In 2013, the Pacific Centre provided strategic guidance for the formulation of the globally first ever integrated regional Strategy for Disaster and Climate Resilient Development in the Pacific (SRDP). This strategy, led by PICs, and guided by the principles of 'inclusion', 'leadership', and 'ownership', was established to allow the Pacific to combine and harness the expertise of specialists working in both the disaster risk management and climate change fields. This initiative follows the leadership of PICs, who have already developed Joint National Action Plans and other mechanisms for embedding disaster and climate resilience into national development processes.

The Pacific Centre supported the review of Fiji's 2006 national energy policy and plan during 2013. From this, a new policy and plan was prepared and a Fiji Sustainable Energy for All rapid assessment was undertaken and a gap analysis report prepared. The Centre also provided technical support to Tokelau's sustainable energy programme, household energy surveys in Tuvalu and Nauru and a climate change capacity development project in Solomon Islands.

Climate finance technical assistance was provided in Fiji, Vanuatu, Nauru, Palau, Kiribati and Pacific regional climate finance meetings. This included support for Climate Public Expenditure and Institutional Reviews in various countries like Fiji and the Direct Access Support Programme.

SUCCESS STORY: Building an Inclusive Green Economy: Engaging Pacific Islands Youth in Organic Farming

Unemployment and underemployment, urban drift and associated social issues and lack of livelihood opportunities are key issues for Pacific youth. Despite its potential, agriculture is not being seen as a viable career option by Pacific youth. In developed countries, the aging farmer demographic is changing with the entry of younger farmers pursuing organic farming. This trend, perhaps encouraged by the potential for organic agriculture is being seen as a viable career option for young people as well as a solution to many current environmental and economic issues.



Seeing a potential entry point to address multifaceted issues such as youth unemployment, migration, food security, environmental protection, health and non-communicable diseases by importing sub-standard foods, the UNDP Pacific Centre in collaboration with the regional Secretariat of the Pacific Community and the Pacific Organic and Ethical Trade Community designed a programme to attract young adults in the organic agriculture sector which has both monetary benefits as well as socio-economic implications.

On a regional level, UNDP with SPC organized two sub-regional workshops training youth in organic farming which covered 10 Pacific countries. The overall objective of these workshops and practical field trainings was to enhance livelihood opportunities for youth in organic agriculture through training-of-trainers and extension providers from organic associations in sustainable organic production methods. These agricultural extension providers provide ongoing mentoring and support to young farmers and link youth agricultural enterprises to existing organic certification and market chains.

Andrew, a farmer from Navuso village in Fiji attended one of the workshops.

"I am not an organic farmer but the knowledge I gained at the workshop will immensely help me to move into organic farming in phases. What I liked most about this workshop was that only 30 percent was theory and 70 percent was practical hands-on experience in farms which are our open field labs," he said. Andrew is a member of Agronet Fiji, a loosely formed small scale farmers association of more than 100 members, and he has confirmed that he will engage in helping young farmers to adopt organic practices particularly in compost making and to grow organic vegetables and fruits.

Samoa will be hosting the Small Islands Developing States (SIDS) Conference in September 2014. UNDP Pacific Centre and the UNDP Samoa Multi-Country Office have expanded the youth employment project to include a component on organic farming - a farm to table value chain approach. This initiative introduces young people in Samoa not only to organic farming but offers them an opportunity to earn an income through training and ongoing extension services but also to be trained as chefs. Based on chef/author Robert Oliver's book on Samoan cuisine, the project is currently training young chefs by Mr Oliver himself in order to make these menus so that they can be served in the food court during the SIDS Conference in Samoa. This initiative is in collaboration with Samoa's Women in Business Development Inc (WIBDI).

KEY HIGHLIGHTS: Pacific Financial Inclusion Programme

In 2013, the Pacific Financial Inclusion Programme (PFIP), a joint UNCDF and UNDP initiative, has continued to work towards achieving greater financial inclusion across the Pacific. Considerable progress has been made across all areas of the programme's work with a strong focus on technical support and collaborative partnerships with central banks, governments, development partners and the private sector.

Policy, Advocacy and Coordination

Through the partnership with the Alliance for Financial Inclusion (AFI) Pacific Island Working Group (PIWG), PFIP has continued to work closely with Pacific Central Bank Governors. In 2013, the activity of PIWG covered the areas of (i) financial inclusion data, (ii) e-money trust arrangements, (iii) implementation of national microinsurance action plans, (iv) supervision of Other Deposit Taking Institutions and (v) consumer protection and market conduct. The strength of the working group and its members has played an integral role in shaping the financial inclusion landscape in the Pacific. At the fifth AFI Global Policy Forum held in September, the Reserve Bank of Fiji (RBF) was awarded the Maya Declaration Award in recognition of its efforts to provide access to financial services for 150,000 unbanked people in Fiji by 2014. At the same Forum, the Bank of Papua New Guinea (BPNG) and Central Bank of Samoa (CBS) became the fourth and fifth PIC to sign up to the Maya Declaration Commitments.

A significant area of activity in 2013 stemmed from the PIWG endorsed action plans focusing on Microinsurance and what is increasingly becoming termed inclusive insurance, recognizing the need for a range of insurance provisions and products. A second workshop was held for PICs in August 2013 in Nadi, Fiji and was supported by AFI, Asian Development Bank and PFIP. It brought together insurance supervisors from five PICs and Timor-Leste to draft action plans for their respective jurisdiction and identify the key challenges, gaps, and technical assistance requirements across a wide range of topics including inclusive insurance, microinsurance, risk management and on-site supervision.

PICs have made significant progress towards the achievement of the money Pacific goals. Fiji has met 85 percent of the target of 150,000 people to have access to formal financial services by 2015 and anticipates that it will reach its goal by the end of 2013. Samoa reported that 45,000 people have access to both formal and informal financial services, accounting for 64 percent of the 70,000 to be reached by the end of 2014. Vanuatu in its 2012-2015 National Financial Inclusion Strategy has set a target of 76,000 (50 percent of which will be women) previously un-banked and underserved people. In Papua New Guinea, Bank of PNG with technical assistance from PFIP and the Centre for Excellence in Financial Inclusion convened stakeholders to build on the priorities for financial inclusion in the Informal Economic Policy 2011, and establish targets for 2014 and 2015 in the country's first ever national strategy on financial inclusion and financial literacy. PNG's goal is to reach one million unbanked people by 2015 with 50 percent to be women.

In total, five PICs now have National Financial Inclusion and/or Financial Literacy Strategies with active coordinating bodies (Fiji, Samoa, Solomon Islands, PNG and Vanuatu).

PFIP hosted the Pacific Donors Access to Finance (A2F) working group meeting in Nadi in October 2013, a regional forum where all donors engaged in A2F share their activities, achievements and plans for financial inclusion to enable both learning and coordination of activities and resources.

Scalable and Replicable Projects

The support for pilots and the development of new products and distribution channels continued in 2013, improving access to financial services in the region. In the first quarter of the year, PFIP reached its programme goal to increase the number of Pacific Islanders who have on-going access to quality and affordable financial services by 500,000 by the end 2013. As of 30 September 2013, PFIP partners reportedly have opened 229,667 mobile money accounts and 372,848 new bank accounts for previously unbanked Pacific Islanders.

PFIP has provided performance-based grants and technical assistance in the areas of product design and partnership formation which has added two microinsurance pilots in the region. In Fiji, this support resulted in the piloting of term life products being offered in a partnership between Life Insurance Corporation of India and TISI Sangam (a faith-based organization). In PNG, a low-cost term life product is being coupled with mobile phone accessed bank accounts in a partnership between Nationwide Microbank and Pacific MMI Insurance.

In Solomon Islands, PFIP entered into an agreement with Bank of South Pacific (BSP) to implement its rural banking operations. BSP has demonstrated impressive growth in expanding the number of account holders in PNG, growing from 550,000 accounts in 2011 to approximately 1.2 million in 2013. In addition to allowing greater access and usage of services through mobile agents equipped with tablet computers and portable EFTPOS machines, the project provides a 'no-maintenance fee' savings account and mobile phone linked services. PFIP worked closely with IFC, who supported and invested in BSP Rural in PNG, in developing the support. IFC is a co-investor and advisor in the Solomon Islands project.

Partner Westpac Bank demonstrated dramatic growth with its popular 'in-store' agent banking model throughout the Pacific, more than doubling its number of access points from 2012 and adding over 100,000 newly banked clients in the region. Westpac also piloted its mobile phone-based banking services in Solomon Islands, with Pacific-wide rollouts planned for 2014.

Financial Competency

Solomon Islands and PNG prepared their national financial literacy strategies based on the findings of their respective financial competency surveys. The Fiji financial literacy strategy was also approved by Cabinet. The national strategies will provide strengthened coordination of national and donor efforts as well as setting time-bound targets. This brings to four countries in the region which have now prepared national financial literacy strategies.

The phased rollout of the Fiji financial education (FinEd) curriculum across all schools in Fiji started in April. A monitoring exercise of 204 schools in November has identified well-informed actions to further strengthen the breadth and quality of implementation, which will benefit up to 200,000 students annually. It continues to be a global best practice, which has attracted much international attention. Senior education and central bank officials from Vanuatu made an in-depth study visit to Fiji during the year and have begun to review their national curriculum with the aim of introducing financial education in schools. Multi-stakeholder Financial Literacy Working Groups were formed in Solomon Islands and Vanuatu and are overseeing the implementation of the financial literacy action plans. The importance of financial literacy in achieving greater financial inclusion was given prominence at the annual South Pacific Central Bank Governors Meeting this year. The four main regional commercial banks operating in the Pacific have developed their own financial literacy training programmes. One bank, in partnership with PFIP, has made financial literacy an integral part of its sustainability strategy.

Knowledge Gathering and Knowledge Sharing

Generating and providing opportunities for learning and sharing knowledge has been central to the growing momentum achieved in the area of financial inclusion in the Pacific. PFIP was the lead sponsor of the 2013 Pacific Microfinance Week (PMW) held in Nadi, Fiji in October 2013. The event, a bi-annual gathering, brought together more than 160 financial sector stakeholders from the Pacific and further afield to share knowledge, examples of best practice and provided an opportunity to build and strengthen relationships. PFIP was involved in presenting and hosting panel sessions and also held workshops on the implementation of the financial education curriculum in Fiji. PFIP also provided learning opportunities for members of microfinance organizations and those working in the area of financial inclusion during 2013. Members from microfinance organizations were supported to attend PMW and seven representatives from Pacific countries attended training at the Boulder Institute for Microfinance in Turin, Italy. A number of publications and learning products were produced including: Building Supervisory Capacity to create inclusive insurance Markets, the Financial Competency Research Study Reports were shared with stakeholders across the Pacific, mobile money applications in disaster relief and recovery and the trust law protections for e-money products was launched at the PMW. Additionally, the Financial Diaries Project in PNG, the first of its kind in the Pacific, completed its data collection and analysis with the initial results being shared with stakeholders from Government, private sector and NGO's at a workshop in November 2013. These insights will be published in a series of knowledge products in 2014.



SUCCESS STORY:

Sabeto Central School - A Financial Education Leader



The successful implementation of the Fiji Financial Education (FinEd) Project relies heavily on the teachers who teach these critical life lessons. To witness the passion that drives some of the advocates who are taking on such an initiative is impressive. It is even more inspirational to learn about how this passion translates into learning around personal money management and investment in the classroom.

Sabeto Central School can be found after a 10 minute drive down Sabeto Road, between Nadi and Lautoka in Fiji's Western Division. Established in 1918, the school was recently renamed, Sabeto Central School and has one stream of classes from Kindergarten to Class 8, with a roll of 240 students. Led by Head Teacher Abhinash Raj, the teaching body of the school has taken a proactive approach to introducing FinEd in the classroom across a number of class levels after attending the Ministry of Education-led training on FinEd for schools across the country. Sabeto Central School developed a plan to introduce financial education in its classrooms in 2013.

Mr Raj explained the school's approach to financial education, "Financial education is transforming the lives of students and their families. The Sabeto Central School family has learnt a lot through FinEd this year. Education around managing the money in one's pocket presents a valuable opportunity for learning for our students and a means of equipping them to interact positively with the world around them in an everyday context."

Sanjana Ram is a Class 8 Teacher of the school and school-appointed FinEd Coordinator for the school. She is also a proud parent with twins in Class 4 and a son in Class 1. Mrs Ram was the school's representative to the FinEd teacher training held by the Ministry's Curriculum Advisory Services in late 2012. After attending the Ministry-led FinEd training, Mrs Ram returned to Sabeto Central excited about FinEd and its potential in the classroom. With guidance from Class 1 teacher Paulini Tudreu, formerly of Nadi Airport School, a FinEd Champion School, Mrs Ram held teacher training for her colleagues within the school. This year, in recognizing that financial education is not a separate subject, Sabeto Central School introduced FinEd in the classroom in English, Mathematics and Social Studies/Science.

Mrs Ram is excited about FinEd especially after observing her students' and her own children's enthusiasm for the learning around personal money management and investment.

While acknowledging that there is room for improvement in implementation, she noted however, that "As teachers we need to start somewhere. This programme is important to our students. Everyday our students and our own children handle money and make money decisions. We must teach them how to manage their money on a daily basis and for the future, how to save, how to spend wisely and how to share - the three 'S' of financial education. There is a lot more that we can do to cover the learning outcomes, but we must start somewhere."

This year, Mrs Ram introduced learning around personal money management in English and Social Science. She indicated that when teaching financial education she observed her children learning best with the hands-on activities that were provided. They especially enjoyed 'Aja's Letter' a lesson structured around budgeting, cash-flow, saving and financial goals, spending wisely, foreign exchange rates and how to use these for a young boy who is planning to visit his cousin and grandmother who reside overseas. The lesson was delivered as part of Mrs Ram's Social Science class, where she also took the opportunity to teach her students about the world around us and a neighbouring country.

She shared the practical experiences by her students and her observations of their use and management of money after learning. After learning about money and its management, students were noted to be more cautious with how they used their money and where they kept it. This cautiousness has been particularly observed at the school canteen. In addition, children are now noted to be keeping aside money for savings ▶



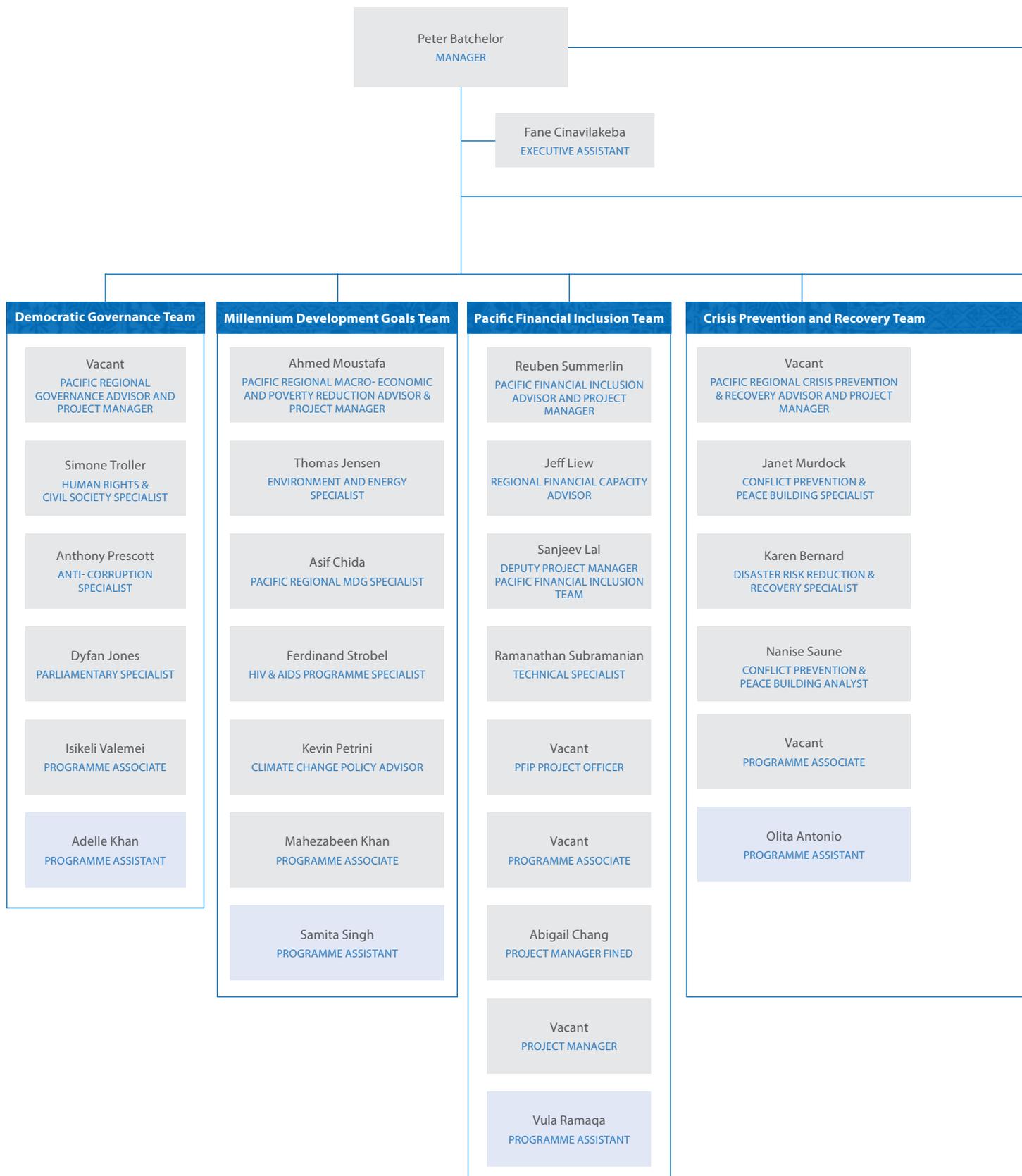
A Nadi Airport School student shows what she's learnt during her financial education classes to UNDP's Deputy Assistant Administrator Nicholas Rosellini. Nadi Airport School is one of the FinEd Champion Schools.

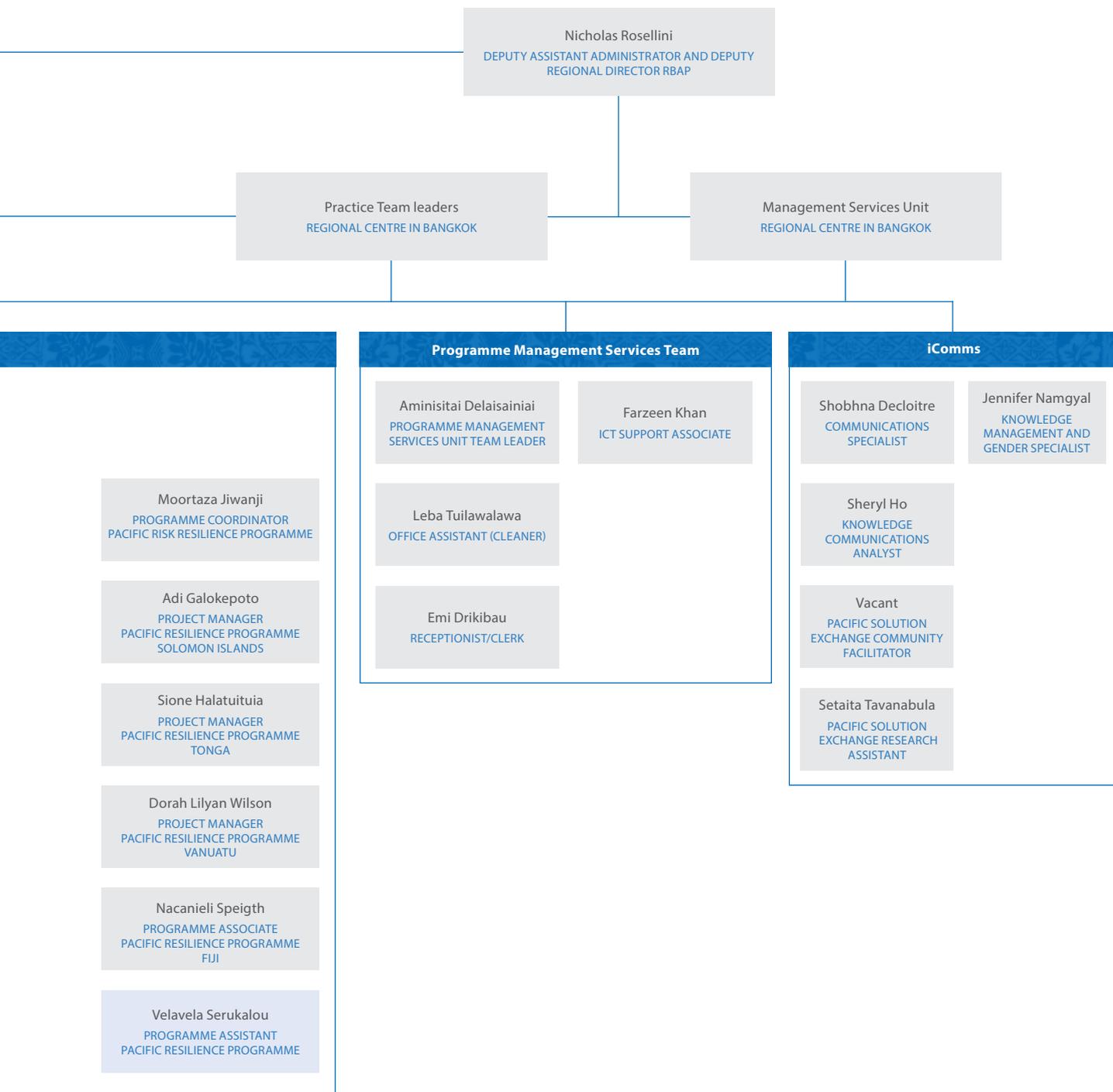
goals. Mrs. Ram noted that in addition several of her students diligently saved small amounts regularly over Term 3, to assist their families with the cost of the class end-of-year excursion to Sigatoka. She added that these students and their experiences with small amounts of money were an inspiration to the teachers.

Mrs. Rama credits the dedication of the Head Teacher and the teaching body for their FinEd achievements this year.

FinEd Fiji was rolled out nationally in April 2013 after national teacher training held by the Ministry of Education over the period 2012 to 2013. The nationwide implementation means that 197,000 students around the country are now learning about personal money management and investment from Class 1 to Form 6. FinED Fiji has generated strong interest from the Pacific and worldwide. This ground-breaking initiative is funded by the Australian Government and is jointly managed by the Ministry of Education and PFIP. ■

ANNEX 1 UNDP Pacific Centre Organizational Chart (As at 31 December, 2013)





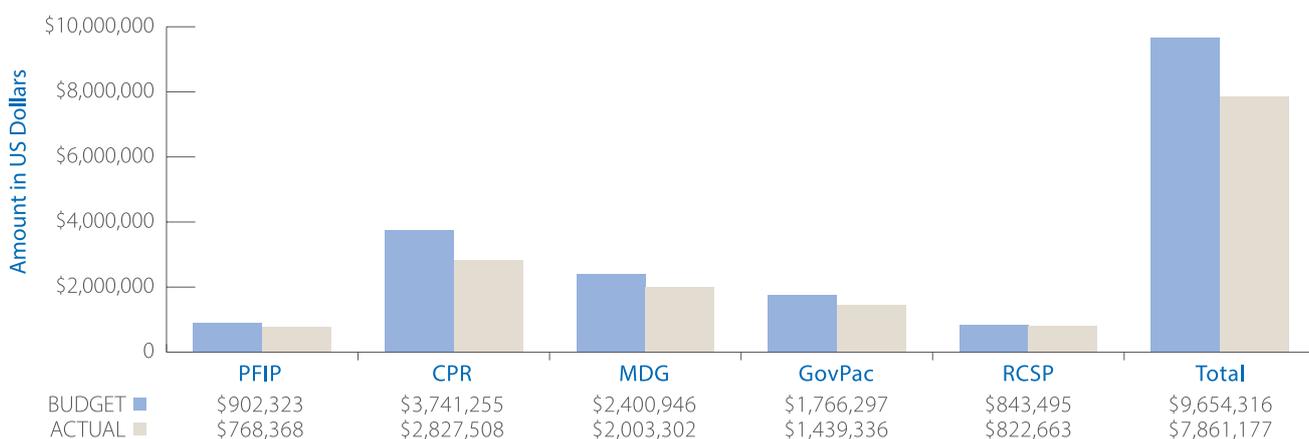
ANNEX 2: FINANCIAL REPORT FOR 2013

Financial Report as at December 31st 2013

PACIFIC CENTRE FINANCIAL DELIVERY REPORT FOR 2013					
Award Number	Project Name	Source of Funds (US\$)	Total Budget	Total Expenditure	Delivery rate %
00036482 / 00065099	Regional Centre Support	Core (TRAC)	389,500	389,167	100%
		DFAT	122,874	113,172	92%
		NZAID	6,359	6,359	100%
		XB funds	324,762	313,965	97%
	Sub-total		843,495	822,663	98%
00048491	Governance in the Pacific	Core (TRAC)	150,000	149,909	100%
		DFAT	1,595,195	1,284,988	81%
		NZAID	14,683	289	2%
		UNDP	6,419	4,150	65%
	Sub-total		1,766,297	1,439,336	81%
00048498	MDG's in the Pacific	Core (TRAC)	390,000	390,568	100%
		DFAT	1,960,468	1,592,331	81%
		NZAID	50,424	20,355	40%
		UNDP	54	48	89%
	Sub-total		2,400,946	2,003,302	83%
00048493	Crisis Prevention & Recovery	Core (TRAC)	308,000	307,902	100%
		DFAT	3,052,534	2,320,256	76%
		EC	374,504	195,548	52%
		NZAID	5,081	3,799	75%
		UNDP	295	-	0%
		Japan	841	3	0%
	Sub-total		3,741,255	2,827,508	76%
00048515	Pacific Financial Inclusion Programme (UNDP)	Core (TRAC)	62,500	62,447	100%
		DFAT	833,247	699,543	84%
		NZAID	6,576	6,378	97%
	Sub-total		902,323	768,368	85%
GRAND TOTAL FOR UNDP PROGRAMMES			9,654,316	7,861,177	81%

ANNEX 3

Delivery by Practice Areas for 2013





UN
DP

*Empowered lives.
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