



*The Melanesian Spearhead Group*

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*Le Groupe de Fer de Lance  
Mélanésien*

*Secrétariat*

*Rapport Annuel*

*~ 2009 ~*

*Annual Report*



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## ACRONYMS

- *ANU: Australia National University*
- *B&P: Barrett and Partners*
- *COFAM: Comité Organisateur du Festival des Arts Mélanésiens*
- *CSD: Corporate Services Division*
- *DFL: Distance & Flexible Learning*
- *EPA: Economic Partnership Agreement*
- *ESD: Economic and Social Development Division*
- *FICs: Forum Island Countries*
- *FLNKS: Front de Libération Nationale Kanak et Socialiste*
- *FMM: Foreign Ministers Meeting*
- *FTAC: Fisheries Technical & Advisory Committee*
- *IP: Interview Panel*
- *LTI: Legal Training Institute*
- *MBA: Master in Business Administration*
- *MSG: Melanesian Spearhead Group*
- *MSGTA: Melanesian Spearhead Group Trade Agreement*
- *NC: New Caledonia*
- *NPSO: National Planning & Statistics Office*
- *OCTA: Office of the Chief Trade Advisor*
- *PACER: Pacific Agreement on Closer Economic Relations*
- *PAD: Political Affairs Division*
- *PANZ: Pacific Australia New Zealand*
- *PIFS: Pacific Islands Forum Secretariat*
- *PICTA: Pacific Island Countries Trade Agreement*
- *PNG: Papua New-Guinea*
- *PRC: Peoples' Republic of China*
- *SCBA: Sub-Committee on Budget and Administration*
- *SPC: Secretariat of the Pacific Community*
- *SOM: Senior Officials Meeting*
- *TEOM: Trade and Economic Officials Meeting*
- *TID: Trade and Investment Division*
- *UN: United Nations*
- *UNTS: United Nations Treaty Series*
- *UPNG: University of Papua New Guinea*
- *USP: University of the South Pacific*
- *UK: United Kingdom*
- *WTO: World Trade Organisation*

## FOREWORD

The Melanesian Spearhead Group of countries, namely Papua New Guinea, Fiji, Vanuatu, Solomon Islands, and the Kanaks of New Caledonia have over the years since the 1980s discussed a range of issues covering political, economic and social development affecting their grouping. Realizing the political developments in New Caledonia for the Kanak people and also for preserving its Melanesian traditions and culture the members consolidated their aspirations to find ways forward through the establishment of the MSG. The MSG Secretariat came into being in May 2008 with the primary roles to manage and implement decisions of MSG Leaders and provide policy advice on political, economic and social challenges facing the group.

The Secretariat comes into existence during quite an interesting period of time. The MSG sub-region is going through a time where some members are experiencing increased economic growth and development and others are facing different levels of political challenges. It is also a time where international discussion and debate on climate change and environment have gradually heightened. These new elements have, in many ways, exacerbated the development challenges faced by the members thus our development needs are more evident. Also international negotiations on assistance arrangements are progressing in a fashion that could offer opportunities for such arrangements to be reviewed and thereby allow countries with development potential to be given greater latitude to pursue their goals with minimum of delays.

Interestingly the membership of the MSG comprises the larger and more resourceful members of the Pacific Islands under the Forum banner. It is also the first time that such an economic grouping has emerged in the region with a full fledged Secretariat to look after its interests. The MSG Secretariat looks to a cordial and complementary working relationship with other technical and policy bodies in the region and we believe this kind of relationship can only bring about mutual advantages and benefits for all.

This is the MSG Secretariat first Annual Report and as can be appreciated, we have had to deal with the whole range of establishment issues. In terms of policy substance there is minimal reporting and we can only assure our readers that future editions will contain more reading on the policy front.



# INTRODUCTION



*Mr. Rima Ravusiro hails from Papua New Guinea and has two undergraduate degrees and a Masters from the University of PNG and University of Queensland.*

*Most of his working life has been with the Government of PNG serving in various capacities over the years and his areas of service has primarily been in policy development and implementation on international trade, investment promotion, and industry development. In early 1990 Mr. Ravusiro joined the Forum Secretariat and was engaged in similar areas of work responsibilities as in the PNG government. In 2000 he was attached to the Government of the Seychelles through a Commonwealth Secretariat Technical Assistance facility. In 2008 Mr. Ravusiro took up the post of Director General of the Melanesian Spearhead Group (MSG) Secretariat.*

It is my pleasure to present the 2009 Annual Report of the MSG Secretariat and despite the embryonic nature of the organization I trust you will find it interesting and informative.

I took up the post of Director General to the MSG Secretariat in July 2008 and this will be my first Annual Report as well as the first ever Annual Report produced by the MSG Secretariat.

First, I want to acknowledge the confidence shown in me by the MSG Leaders to manage the affairs of the group and for the members for their assistance and cooperation to date. Second my sincere appreciation to the current staff of the Secretariat for their enthusiasm and tremendous efforts in getting the Secretariat off the ground. It is early days yet but I want to encourage all stakeholders to remain committed to the objectives and share in a new journey.

As many of you may know the MSG Secretariat opened its doors in May 2008 for business after years of operating on an ad-hoc basis. The opening signaled an exciting phase for the MSG group as it ventured into organizing and managing its affairs in a more structured manner. The political will and leadership in arriving at this landmark event has been stable and leaders have shown great courage to venture out. This new dimension on engagement with Pacific region and beyond will subsequently seek increased collaboration and consultations among MSG members.

Given the infancy of the organization our initial efforts have been largely devoted to developing the required administrative framework and necessary legal parameters to sustain and facilitate all operations. Most of the crucial administrative processes and procedures are either complete or are nearing completion and we anticipate a full operational Secretariat around 2011. The **MSG Secretariat** comprises of the Office of the Director General and four Divisions each headed by a Director in charge of: Trade and Investment, Political and Legal Affairs, Economic and Social Development and the Corporate Services (see diagram in *Appendix I*)

Staff recruitment has been gradual and we anticipate the staff strength to increase to around twenty by the 2010/2011. All the four Directors were recruited in 2009 and prior to that a handful of support staff had already been recruited to fill essential administrative roles. By the end of 2009 a total of ten (10) staff were employed by the Secretariat.

2009 was also a year where political events took interesting turns in the region. Fiji, as a result of the military coup, was suspended from the Forum and measures adopted by the Forum disadvantaged Fiji from most of Forum Secretariat activities. MSG Leaders in 2009 met on several occasions to consider pertinent and important issues concerning Fiji and have continued to encourage Fiji to return to democratic processes as soon as possible. The extent of members' concerns for Fiji is evidenced by their offers to assist wherever possible to achieve this objective.

2009 has also been a memorable year for the Secretariat for the reason that the first Secretariat's Work Programme and Budget were developed for 2010. The entire 2010 Work Programme is structured around past decisions by leaders and an assessment of implementation gaps.

As we enter 2010 I am reminded of our calendar of events and can already see the opportunities before the Secretariat. We will be facing new challenges in managing the Leaders Summit, the Melanesian Festival of Arts in New Caledonia and the MSG Mission to New Caledonia. Moreover the global challenges unfolding on economic and social issues are real and cannot be ignored and these need to be factored into our policy discussions and work activities in the near future.

# *THE MELANESIA SPEARHEAD GROUP*

## *Its Origins*

The MSG originated from a vision backed by strong political desire to strive for the entire decolonization and freedom of the Melanesian countries and territories still under the colonial rule in the South Pacific, thereby developing a stronger cultural, political, social and economic (trade) identity and link between the people and communities of Melanesia.

*"...Vanuatu will not be free until the whole of Melanesia is free..."*

One of the strong pioneers of the MSG inception was Vanuatu's founding Prime Minister, (late) Father Walter Hadye Lini whose 'Vanua'aku Pati' had just led Vanuatu to political independence from a joint Franco-British colonial administration of the New Hebrides on 30<sup>th</sup> July 1980.



*The MSG Founding Leaders (l to r): Hon Paias Wingti PNG Prime Minister, Hon Dr Walter Hadye Lini, Vanuatu Prime Minister and Hon Ezekiel Alebua - Solomon Islands Prime Minister at the historic signing on 14 March 1988 (Port-Vila)*

The concepts of **Melanesian Socialism** and **Melanesian Solidarity** were often used by late Prime Minister Walter Hadye Lini as a campaign to rally collective support from his Melanesian counterparts to the cause of the Kanaks of New Caledonia, the peoples of both East Timor and West-Papua in their continuous struggle for self-determination and independence.

*“Vanuatu will not be free until the whole of Melanesia is free”* was one of late Walter Lini’s popular declarations in his campaigns to build the Melanesian solidarity.

## *Historical Background*

Initially, the Melanesian Spearhead Group (MSG) came into being as a result of an informal meeting of Heads of Government of Papua New Guinea, Solomon Islands, Vanuatu and a Representative of the Kanak Socialist National Liberation Front (FLNKS) held in Goroka, Papua New Guinea (PNG) on 17 July 1986. The leaders agreed at their inaugural meeting that it was important to have common positions and solidarity in spearheading regional issues that are of common interest, including the FLNKS cause for political independence in New Caledonia.

From humble beginnings with the signing of a six (6) point "Agreed Principles of Cooperation Among the Independent States in Melanesian" on 14 March 1988 which was signed in Port Vila, Vanuatu by the former Prime Ministers; namely Paias Wingti - PNG, Ezekiel Alebua - Solomon Islands, and Walter Lini – Vanuatu, the MSG has developed into a regional block with its own Trade Agreement (Revised in 2005), Agreement Establishing the MSG (signed on 23 March 2007) and its own headquarter building opened at the 17<sup>th</sup> Leaders Summit on 30 May, 2008.



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Under the Agreed Principles of Co-operation, MSG countries commit themselves to the principles of respect of each other's sovereignty and to cooperate in promoting the following common interests:

- (a) Melanesian Heritage with its Unique Cultures, Traditions, Customs and Values;
- (b) Friendly relations with each other and other international organizations like the South Pacific Forum (now the Pacific Islands Forum) and the United Nations;
- (c) Need for "networking" and Free Interaction amongst Melanesian States;
- (d) Respect for each other's Sovereignty;
- (e) Promotion of Economic and Technical Cooperation; and
- (f) Maintain Peace and Harmony in the Region



*(Left to Right: MSG Leaders Victor Tutugoro (FLNKS Spokesperson), PM Manasseh Sogavare (Solomon Islands), PM Grand Chief Sir Michael Somare (PNG), PM Ham Lini Vanuaroroa (Vanuatu) and Acting Foreign Minister Ratu Epeli Nailatikau (Fiji) signing the MSG Constitution in Port-Vila*



*PNG Prime Minister (left) and Vanuatu Prime Minister (right) signing the historic MSG Constitution closely assisted by respective Foreign Affairs Officials*

Since the inaugural meeting of July 1986, seventeen (17) MSG Summits have been held with the last one being held in Port Vila, Vanuatu from 27-30 May 2009. Papua New Guinea, Solomon Islands, Vanuatu and the FLNKS of New Caledonia have been attending the Summits as full members. Fiji however attended as an observer until its admission as a member in 1996.

Prior to the formal establishment of the MSG Secretariat in June 2008 (and thereafter), the functions of the organization were funded through annual contributions from members. The organization is guided by the Agreement Establishing the MSG which is now ratified by all members and conducts its business as directed by the Leaders, Foreign Ministers and Senior Officials.

Before the appointment of the Director-General, an Interim Management of the Secretariat Affairs was in place under the directorship of Mr. Johnny Koanapo, from the Vanuatu Ministry of foreign Affairs and supported by Ms Barbara Age from PNG Foreign Affairs.





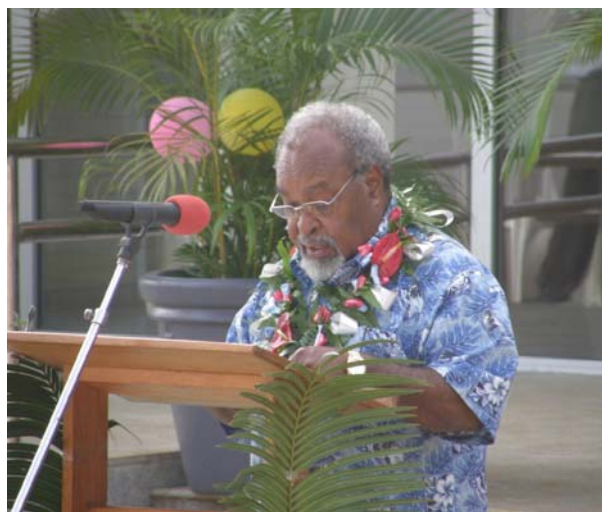
## *Feature*

### **OPENING OF THE MSG SECRETARIAT BUILDING**

The 17<sup>th</sup> Leaders Summit in Port Vila, Vanuatu culminated in the opening of the MSG Secretariat building which was built with the kind generosity of the Government of the People's Republic of China. This would not have been possible without the assistance of the Government of Vanuatu who had previously taken on the major responsibility of running the organization on an interim basis, since the inception of the organization more than 20 years ago. The Government of Vanuatu is also recognized for providing the land on which the Secretariat building stands today.



*Hon. Ham Lini Vanuaroroa  
Prime Minister of Vanuatu and Chairman, MSG  
Leaders Summit, 2008*



*Hon. Grand Chief Sir Michael Somare  
Prime Minister of Papua New Guinea*

The official opening of the Port Vila-based MSG Secretariat Building took place on 30<sup>th</sup> May 2008 amidst both traditional ceremonies and powerful speeches by MSG Leaders to mark this historical milestone. Present at the Opening ceremony of the MSG Secretariat Building were:

- His Excellency Kalkot Mataskelekele, President of the Republic of Vanuatu,
- Hon Ham Lini, Prime Minister of the Republic of Vanuatu (Host)
- Hon Grand Chief, Sir Michael Somare, Prime Minister of Papua New Guinea
- Hon Dr Derek Sikua, Prime Minister of Solomon Islands
- Hon Ratu Epeli Nailatikau, Foreign Minister of the Republic of Fiji
- M. Victor Tutogoro, FLNKS Spokesperson
- Ministers of Government, Republic of Vanuatu
- Foreign Ministers and Senior Officials of the MSG
- H.E. Chinese Ambassador to the Republic of Vanuatu
- Members of Diplomatic Corps
- Lord Mayor of Port-Vila

- President of Malvatumauri Council of Chiefs
- Representatives of Vanuatu Christian Council
- School Children of Vanuatu
- General Public



*Ratu Epeli Nailatikau (Fiji), Dr Derek Sikua (PM, Solomon Islands), Victor Tutugoro (FLNKS) and Grand Chief Sir Michael Somare (PNG PM)*

During the ceremony marking the opening of the Secretariat building, speeches were pronounced by H.E. Kalkot Mataskelekele, President of the Republic of Vanuatu, Vanuatu Prime Minister Ham Lini Vanuaroroa, PNG Prime Minister Grand Chief, Sir Michael Somare, Solomon Islands Prime Minister, Dr Derek Sikua, Fiji's Foreign Minister Ratu Epeli Nailatikau, and FLNKS Spokesperson, Mr Victor Tutugoro.





Sir Michael in his address left this message...

***“Colleague Leaders, you will recall the many cynical comments used as jokes by some political observers that we are too fragmented, parochial in our interests and too poor to make the organization work.”many even continue – often chiding the MSG countries as representing the arch of instability...  
“MSG will now grow stronger and better coordinated with a fully - fledged secretariat, manned by our own professionals”***

*[Grand Chief, Sir Michael Somare – 30<sup>th</sup> May 2008]*

In thanking the Government of the People’s Republic of China for their generous funding of the Secretariat Building, they all renewed stronger and firmer commitments for their governments to work together for a brighter future for their peoples and more collective support to the cause of the Kanaks of New Caledonia and those still under the rule of oppression.

A traditional ceremony was performed by Hon Ham Lini, Vanuatu Prime Minister and the President of Malvatumauri National Council of Chiefs to hand over the Secretariat Building to the MSG Leaders with traditional gifts of red mats and pigs.

As local tradition so required, a Foundation Rock was laid to seal the MSG Leaders agreement to henceforth have their Headquarters located in the very premises where the Building is located at Port-Vila’s Independence Gardens. The memorial plaques on the Stone were proudly unveiled by the four MSG Leaders therefore taking historic possession of the Building facilities, in the presence of H.E the President of the Republic of Vanuatu and the President of Malvatumauri Council of Chiefs.

**(photo of President Mataskelekele)**

***“The procession of their Excellencies MSG Leaders around the rock and me, and my presentation to them of the mats, symbolizes their taking of possession and ownership of the rock, the nasara land on which the rock is planted, and the new building on the nasara, in the name of the Melanesian Spearhead Group (MSG).***

***I now invite Your Excellencies, the MSG Leaders, to come and receive this rock, and thereby everything that is in the nasara land on which the rock stands, on behalf of the Melanesian Spearhead Group”***

*[H.E Kalkot Mataskelekele, President of the Republic of Vanuatu – 30<sup>th</sup> May 2008]*



*The MSG Countries Landmark: the Foundation Rock symbolizing the establishment of the MSG Secretariat*



*Visiting MSG Leaders performing the ceremony to accept Vanuatu Prime Minister's traditional gifts, and take possession of the MSG Secretariat Building.*



*Hon Ham Lini Vanuaroroa, Prime Minister of Vanuatu performing a traditional ceremony before handing over the MSG Secretariat Building to MSG Leaders*



*The four visiting MSG Leaders being officially welcomed in what will now be 'their nasara or nakamal' in Vanuatu.*



*Host Prime Minister Ham Lini Vanuaroroa (in traditional attire) performing the traditional ceremony before the official unveiling of the plaques to the MSG Secretariat 'Foundation Rock'.*



*President of Malvatumauri Council of Chiefs, Mr Sébastien Alguet (back) traditionally greeting MSG Leaders*



*PNG and Vanuatu Prime Ministers proudly standing together to witness this great moment, one year after signing the MSG Constitution side by side.*





*MSG Senior Ministers and Members of the Diplomatic Corps pay deep attention to MSG Leaders' speeches.*



*Senior MSG Government Officials and Diplomats, all very attentive to MSG the Leaders' speeches and statements. [Insert: MSG Secretariat Founding Director-General, Mr Rima Ravusiro]*

Even the Children, '*current witnesses, future custodians of the MSG Legacy and Leaders of Tomorrow*', were present to display their traditional attire with much pride.



*"The opening of the MSG Secretariat building symbolizes a new birth, and marks the beginning of a new life. For our elders, this day marks another milestone in the evolution of the Melanesian identity. For us, Children of Melanesia, this day marks the formal and physical establishment of our identity. We thank you, our visionary Leaders for continuing to nurture, promote and safeguard the principles of our cultural identity; the very basis of political and socio-economic advancements in our beautiful countries"*

*[Ms Angelique Nirua (15) on behalf of the Children of Melanesia – 30<sup>th</sup> May, 2008]*



# TRADE AND INVESTMENT



*Mrs Mere Falemaka hails from Fiji. She was a former Trade Policy Consultant at the Pacific Islands Forum Secretariat (PIFS) from July 2008 to June 2009, a Commonwealth Secretariat Trade Consultant on EPA negotiations based at PIFS from January 2006 to June 2008, a Trade Policy Adviser on WTO and Regional Trade Issues at PIFS from January 2000 to January 2006. Prior to this, Mrs Falemaka was Chief Economist in the Ministry of Trade and Commerce in the Fiji Government where she served in various positions starting as a temporary relieving clerk in 1983. Mrs Falemaka has a degree in Economics and Geography from the University of the South Pacific and a Masters in Economic Studies from the University of Queensland. She joined MSG Secretariat in July 2009 as Director Trade and Investment.*

## *Role of the Division*

The role of the Trade and Investment Division (TID) is to provide:

- policy advice to the MSG members on trade,
- investment and private sector development,
- issues and assist with the implementation of strategies in these areas.

This role aims to support the MSG governments' efforts to improving their trade, investment and private sector performance, and thereby to contribute positively to their economic performance. The Division has the overall responsibility for the development, implementation and management of the Secretariat's Trade and Investment Work Programme.



*MSG Prime Ministers Hon. Laisenia Qarase (Fiji), Grand Chief Sir Michael Somare (PNG), Sir Allan Kamakesa (Solomon Islands) and Hon. Ham Lini Vanuatu (Vanuatu). Signing the MSG Trade Agreement in 2005*

## *2009 Activities*

The main activities undertaken in 2009 include the convening of the Trade and Economic Officials Meeting (TEOM) and the special Foreign Ministers Meeting; the commissioning of the study on the MSG Negotiating Options for the PACER Plus, the preparation of the 2010 Trade and Investment Division Work Programme and Budget; as well as development of donor proposals for Trade and Investment work programme activities in 2010.

### *The Trade and Economic Officials Meeting (TEOM)*

Two meetings of the TEOM were held in 2009. The first TEOM was successfully held in Nadi, Fiji from 22-24 July 2009 with two main objectives:

- i) to consider an update on MSG Trade Agreement as well as regional trade and economic issues affecting MSG members and provide a brief to MSG Leaders in preparation for the Pacific Islands Forum Meeting that was held in Cairns in August 2009; and
- ii) to consider priorities to guide the Trade and Investment Division's work programme.

The Outcomes of the meeting were an Outcomes document reflecting the TEOM's recommendations on regional trade and economic issues; and a brief for the MSG Leaders which was submitted through the Chairs of SOM and Foreign Ministers to the Chair of the MSG Leaders' Summit. The Trade and Investment Division has since been focusing on the implementation of these Outcomes and where required incorporating them into the future work programme of the Division.

A special TEOM was held on 16 October 2009 in Honiara to consider the study on the MSG negotiating options for PACER Plus negotiations with Australia and New Zealand. The Outcome of the meeting was a brief to the MSG Trade Ministers.

### *The MSG and related Trade Agreements*

The MSG countries are signatories to and/or are negotiating a number of regional and multilateral trade arrangements (MSG Trade Agreement, PICTA, EPA, PACER Plus, WTO). The July 2009 TEOM noted the importance of advancing the MSGTA to improve intra-MSG trade as well as managing their trade relations with other partners, within the wider Pacific region and outside the region, in a way that is beneficial to the MSG members. Coherence between the MSGTA and other regional agreements MSG members are engaged in is acknowledged to be critical in the effective implementation of the MSGTA. The need for the MSG to determine a clear direction for future development of the MSGTA was also being considered.

### *The MSG Foreign and Trade Ministers' Meeting*

The Special MSG Foreign Ministers meeting held in Suva on 24 August 2009, discussed the potential implications of the PACER Plus negotiations that was launched by the Forum Leaders in early August 2009 as well the issue of the agreed mechanism to engage Fiji in that negotiation. The MSG Secretariat was then asked to undertake an assessment of the MSG's negotiating options for PACER Plus. This study was commissioned and the report was presented to the Special MSG Trade Officials Meeting in October 2009 and then to the MSG Foreign and Trade Ministers' Meeting on 2 November 2009.

It was noted that despite Fiji's current exclusion from PACER Plus negotiations, the MSG played an important role in the negotiation process in that, the Solomon Is was the lead spokesperson for the Forum Island Countries (FICs) on PACER Plus issues and Vanuatu would host the Office of Chief Trade Adviser (OCTA) which would provide technical support to the FICs for the negotiation.

### *The TID 2010 Work Programme & Budget Development*

The other main area of work in 2009 was the development of the 2010 Work Programme for the Trade & Investment Division which was the first work programme for the Division. This was developed based on previous MSG trade mandates as well as the decisions of the July 2009 TEOM. The main focus of the Trade and Investment Division fell broadly into three areas:

- a) Servicing of Trade Meetings – Trade Ministers, TEOM and two Subcommittees
- b) Trade Issues – sub-regional, regional and multilateral
- c) Investment and Private Sector Development.

The TID Work Programme is built around seven priorities, namely:

- 1. Support to Trade Ministers' Meetings
- 2. TEOM and related subcommittee meetings
- 3. MSG Trade Integration
- 4. Regional and Multilateral Trade Issues
- 5. Trade Reforms, Facilitation and Promotion
- 6. Private Sector Development Strategy
- 7. Investment Policy Support, Facilitation and Promotion

Following the endorsement of the 2010 Work Programme by the SOM in October and Foreign Ministers in November 2009, the Division initiated project proposals for donor funding to support the 2010 Work Programme activities.

### *Trade and Investment Division Staff Recruitment*

The only staff recruited in the Division of Trade and Investment Division in 2009 was the Director, Ms Mere Falemaka. Other recruitments were delayed to 2010.

## *POLITICAL AFFAIRS*



*Ms Age is 40years old and comes from Papua New Guinea.*

*Ms Age joined the MSG Secretariat as the Director of the Political Affairs Division in July 2009. Prior to that, she was the Director of the Pacific, Australia and New Zealand (PANZ) Branch and briefly for 6months, Acting Director General of the International Relations Division of the Department of Foreign Affairs and Trade of PNG.*

*Ms Age graduated with a Masters in Advance Studies specializing in Strategic Affairs, International Law and European Union: Regional Integration in Comparative Perspective from the Australian National University (ANU) in Canberra, Australia in 2009. Ms Age's background is in law, having obtained her degree from the University of Papua New Guinea (UPNG) in 1992. In 2003, she attended the PNG Legal Training Institute (LTI) and was admitted as a lawyer to the National Court in PNG.*

### *Role of the Division*

The role of the Political Affairs Division is to develop policies and provide advice on political, security and international relation issues affecting the MSG members. The Division has a general responsibility for developing, implementing and managing the Political Affairs Work Programme of the Secretariat as well as providing in-house legal advice for the Secretariat and other divisions as and when required.

### *2009 Activities*

The following MSG Meetings and activities were coordinated and covered by the Division of Political and Legal Affairs.

#### *Senior Officials Meeting (SOM)*

In 2009, SOM held its meeting on 14-15 October in Honiara in Honiara, Solomon Islands to approve the MSG Secretariat's inaugural Programme & Budget since its establishment known as the **'2010 Annual Programme and Budget'**.

It was a challenging, but most enjoyable experience with rewarding achievement for all; especially the Director General, Directors and support staff present.

#### *Foreign Ministers' Meeting (FMM)*



Two Meetings of the MSG Foreign Ministers (FMM) were held in 2009.

- 1- The special FMM Meeting was held on 24<sup>th</sup> August in Suva, Fiji to discuss trade and political issues within the MSG;



- 2- The second meeting of FMM was held in Port-Vila on 2<sup>nd</sup> November to consider and approve the Secretariat's '**2010 Annual Programme and Budget**'.

Similarly to SOM, this was a memorable achievement for the infant Secretariat well cherished by all. Congratulatory remarks expressed by the MSG Foreign Ministers and Senior Officials are duly acknowledged with deep appreciation by Secretariat Staff.



*MSG Foreign Ministers and Secretary after the Special FMM meeting in Fiji (August 2009)*

### *The Special Leaders' Retreat*

Mindful of the welfare of the member countries and their peoples, and noting mounting pressures applied on Fiji, the Leaders held a Special Retreat on 10<sup>th</sup> July in Port-Vila at the invitation of Vanuatu Prime Minister and MSG Chair, Hon Edward Nipake Natapei to discuss a consensus-based strategy to assist Fiji in its own developments.

At the outcome of the Retreat a Communiqué was issued.

### *Policy Matters*

- (i) *Deposition of Agreement Establishing the MSG at the United Nations (UN)*

As required under Article 102 of the UN Charter, the Secretariat has lately submitted the Agreement Establishing the MSG for registration and publication at the UN Treaty Office at the UN headquarters in New York. The late submission to the UN was related to delayed deposit by members of formal instruments of ratification at the MSG Secretariat, as required under the Agreement.

The Agreement would now be publicized in the UN Treaty series (UNTS).

(ii) *Observership Arrangements*

With the growing importance to effectively engage more with regional and international organizations, the MSG (through SOM and Leaders) recognizes the necessity to explore Observer status arrangements with regional institutions and other agencies. By contrast, the Secretariat is also tasked to facilitate the process of granting Observer Status to MSG by states, territories, regional and international organizations and development partners; acknowledging that the responsibility is vested on the Leaders to make a decision whether or not to admit an entity based on prescribed recommendations.

This development is pursued in acknowledgement of several expressions of interest received by either the Secretariat or members, and on the understanding of reciprocity.

*Political Developments*

Mindful of the general welfare of the peoples of the Melanesia and of the political developments within its immediate and surrounding region, the MSG has a keen interest to effectively participate, contribute and act as mediator in the pursuit of peace and conflict resolution as provided for in its Constitution.

**Fiji**

The following developments are highlighted as steps taken to restore normalcy have been noted by the MSG since the Special Leaders Retreat of 10 July 2009:

- (a) *Commonwealth suspension of Fiji on 01<sup>st</sup> September 2009*
- (b) *Vanuatu's proposal of August 2009 on Reconciliation process for Fiji*
- (c) *Fiji's proposal of 14 November 2009 for a National Dialogue Forum*

**New Caledonia**

- (a) *MSG Mission to New Caledonia: agreed on 2 November by MSG Foreign Ministers to take place in March 2010.*
- (b) *New Caledonia's interest in joining the MSG as full member after 2014: a development noted by MSG Senior Officials and Foreign Ministers.*

**Papua, Indonesia**

Mindful of the sensitivities surrounding the West Papua issue in 2009, MSG Leaders made media statements expressing deep concerns over reported brutalities to the Melanesian peoples of West Papua, and advanced a proposal to visit Indonesia.

#### *Programme and Development Issues*

Like the other Divisions, the PAD successfully developed its Programme with Budget that was presented, and approved at the 2009 SOM and FMM meetings.

Additionally, some concurrent proposals were on developmental stage for external funding.

#### *Consultancy Proposals*

Three 3 consultancy proposals were developed for external funding, and these include:

- (a) *Melanesian Forms of Reconciliation*
- (b) *Framework Arrangements for sharing of information;*
- (c) *Surveillance and Monitoring Systems*

#### *Political Affairs Division Staff Recruitment*

The only staff recruited in Political Affairs Division in 2009 was the Director, Ms Barbara Age. Other recruitments were delayed to 2010.

## *ECONOMIC AND SOCIAL DEVELOPMENT*



*Mr Sikivou hails from Fiji. He joined the MSG Secretariat on 6<sup>th</sup> July 2009. Prior to that, he was the former Deputy Secretary of Finance (Budget Management), Ministry of Finance in Fiji. He has also served in the Forum Secretariat and various positions in the Ministry of National Planning and Ministry of Commerce, Business Development and Investment. He has a Bachelor of Arts Degree in Economics and Business Management from the University of the South Pacific, and a Masters of Science Degree in Macro-economic Policy and Planning from the University of Bradford in the UK.*

### *Role of the Division*

The Economic and Social Development Division is responsible for formulating and offering economic and social policy advice to members in an effort to improve their socio-economic welfare and livelihoods. The main areas of work involves the provision of policy advice on development planning, macro-economic management, economic and structural reforms, economic infrastructure development, sustainable development, social development (health, education, social protection, culture and sports). To effectively undertake this role, the Division will closely network with other regional organizations and development partners.

### *2009 Activities*

The activities conducted by ESD are highlighted below.

#### *The 2010 Melanesian Festival of Arts*

The Division in conjunction with the Organizing Committee (COFAM) in New Caledonia assisted members in their preparation for the Melanesian Arts Festival. The Festival will be held from 12th to 24th September, 2010. The nurturing, preservation and promotion of culture and tradition is one of the key principles under which the MSG was established and a cornerstone of MSG's identity. The four (4) yearly event will enable members to showcase their culture, arts, customs and traditions. The Secretariat undertook a technical visit to Noumea, New Caledonia from 2nd to 5th October 2009 to gauge the level of preparation. The Melanesian Arts Festival Organizing Committee has chosen a fitting quote by the famous Kanak political leader Jean-Marie Tjibaou, "Our



*Identify Lies Ahead of Us”* as the Festival Theme. The Festival will be hosted in different Venues in New Caledonia and will attract about 80 participants per country.

### *Reviving the Melanesian Football (Soccer) Tournament*

In line with MSG Leaders decision to revive the Melanesian Soccer Tournament, the Division sought the assistance of the Vanuatu Football Federation to have the tournament re-launched in 2010. Leaders have reaffirmed the role of sports in uniting the people of different ethnic groups and communities within Melanesia. The Melanesian Soccer tournament is expected to be held in 2010, and other sporting events to be organized in subsequent years.

### *Fisheries Technical Advisory Committee*

In addition, the Division facilitated the establishment of the Fisheries Technical Advisory Committee. The Senior Officials Meeting (SOM) in May 2008 noted presentations by Vanuatu and PNG on the issue of Fisheries Management and Development and endorsed the concept for more meaningful and effective collaboration in fisheries development, fisheries trade, fisheries management and cooperation among members including the establishment of a MSG Fisheries Technical Advisory Committee (FTAC). The Secretariat drafted a Terms of Reference for the Fisheries Technical Advisory Committee (FTAC) and a meeting agenda, which was distributed to members for consideration. The FTAC meeting will be held in April 2010.

### *Economic and Social Committee*

The Secretariat was also directed by Trade and Economic Officials (TEOM) at their meeting in Nadi Fiji on 22-24 July 2009, to establish an Economic and Social Sub-committee. The main justification for the setting up the Sub-Committee is to assist TEOM and members in ensuring that trade agreements contribute positively to member's economic and social development, its impact on communities are mitigated and to provide a forum to discuss economic and social policy issues and reforms facing members. Enhancing trade contribution needs a supportive economic environment which may require economic reforms. The impacts of Trade Agreements can be addressed if trade and economic and social policies are carefully planned and sequenced in a way that maximizes their synergy. The Division drafted a meeting Agenda, a Terms of Reference and meeting papers which were submitted to members. The meeting will be held in February 2010. In addition, one of the key outcomes of TEOM in July 2009 was the need to undertake a study to assess the impact of PACER Plus on the fiscal positions of members. A Draft Project Proposal on this study was submitted for possible donor funding.

### *The 2010 work Program & Budget*

The Division contributed towards the preparation and formulation of the Secretariat's 2010 Work Programme and Budget. This involved formulating the Division's 2010 Budget based on mandates of previous TEOM, SOM, Foreign Ministers and Leaders meeting. The Economic and Social Development Division 2010 Work Programme and Budget is based on three focal areas – economic development; social development and sustainable development.

### *Economic & Social Development Division Staff Recruitment*

The only staff recruited in Economic & Social Development Division in 2009 was the Director, M. Peni Sikivou who took up his new Office on 6<sup>th</sup> July 2009. Other recruitments were delayed to 2010.

# CORPORATE SERVICES DIVISION



*Mr. Jean-Pierre Nirua hails from Vanuatu and holds a Bachelor of Arts Degree in Public Administration and Sociology and a Master in Business Administration (MBA) from the University of the South Pacific.*

*He started his career as an Aid Administration & Coordination Officer in National Planning & Statistics Office (NPSO), Government of Vanuatu in 1985 and rose to the position of Principal Aid Administration Officer in 1988, prior to being appointed Director of National Planning and Statistics Office, Government of Vanuatu in 1990. July 1994, he was appointed Director of USP Extension/DFL Centre at the Port-Vila Emalus Campus, a position he occupied for 14 solid years before taking up the position of USP Emalus Campus Director. He left the University in November 2009 and joined the MSG Secretariat where he took up his new Corporate Services Director position on 30<sup>th</sup> November 2009.*

## Role of the Division

The Corporate Services Division of the MSG Secretariat is the administrative and management arm of the organization, responsible for:

- Budget and Management of Finances
- Human Resources Management
- Administrative processes and procedures
- Management of Secretariat Property and Assets

## 2009 Activities

The main activities of the Corporate Services are highlighted below.

### *Work Programme and Budget*

For the first time since its establishment in June 2008, the MSG Secretariat developed its Annual Work Program and Budget for 2010. The Work Program and Budget was developed with significant inputs from Secretariat Divisions. The consolidated document was presented to, and approved by Senior Officials Meeting (SOM) in its 14-15<sup>th</sup> October 2009 meeting in Honiara, and later endorsed by Foreign Ministers in their FMM held at the MSG Secretariat on 2<sup>nd</sup> November 2009.

This inaugural Work Program & Budget marked the new beginning in the embryonic development of the Secretariat, and would form the very basis for (i) 2010 activities, (ii) development project formulation and (iii) reporting. The implementation of the Programme will form the basis for 2010 activities reporting.

### *MSG Secretariat Logo*

The issue of a MSG Logo was considered by SCBA and SOM at length with little progress, until the Secretariat placed advertisements in the local media of the member countries. Entries were sought especially for simple abstract designs that captured the essence of themes as per the MSG Constitution and these are:

- a) preservation of Melanesia culture, traditions and values;
- b) drive for economic growth and prosperity; and
- c) a new identity – a Melanesian identity of peace and harmonious existence.

A total of 16 entries were received from all member countries and after much consideration the Secretariat recommended two designs for SOM views.

In their November 2, 2009 Meeting, the MSG Foreign Ministers considered and endorsed the following design which has been adopted formally.



Simple in its presentation, the Logo represents *“the richness of our agriculture and marine resources through the choice of colors and the sail depicts a ‘moving forward’ direction of the group. The barbed spear acting as the hull of the canoe symbolizes the strength of our Melanesian cultures and traditions”*.

Congratulations to **Ms Florence Toka** of Vanuatu for the design of the successful Logo!





*Ms Toka was personally congratulated by the Director-General who presented her with the winning cash prize in November 2009.*

Of the Logo, the following letterhead was issued and officially endorsed by Foreign Ministers in November 2009.



The letterhead is in English and French to reflect the bilingual language policy of the MSG and its Secretariat as instituted by the Leaders.

Launched on 2<sup>nd</sup> November 2009 by the MSG Foreign Ministers, the new Logo is officially used as of 1<sup>st</sup> January 2010.

### *Website*

A Website for the Secretariat was developed by *BluePlanet* of Vanuatu and can be viewed at [www.msgsec.org](http://www.msgsec.org). Like most organizational websites the site is designed to offer as much information as possible on the MSG Secretariat, its programmes and activities, key information on its members together with linkages to relevant useful information. It is a promotional tool and hence there is information on the site which facilitates this role. It is a living document and information will be subject to amendments and updates.

Work related to the development of the new MSG Secretariat website was started in 2009, and launched in November following approval of the new Secretariat Logo.

Still under construction, the site is now taking shape thanks to contributions and inputs from Secretariat Divisions.

### *Strategic and Corporate Plan*

Members of the Interview Panel attended a Corporate Plan workshop in Suva after interviews for Director Positions were completed. This approach was adopted to take advantage of the presence of the member officials to deliberate and develop a MSG Corporate Plan.

A Strategic Plan and the 2010 Annual Corporate Plan for the MSG Secretariat are available separately.

'Maxumise', a Fiji-based company was contracted in April 2009 to assist the MSG with the development and formulation of the MSG Secretariat Strategic and Corporate Plans. In so doing, a three (3) days Strategic Planning workshop was convened from on 29<sup>th</sup> April to 1<sup>st</sup> May 2009 in Fiji to help prepare a Draft MSG Strategic Plan to be circulated for comment and feedback prior to presentation to Leaders Meeting.

Owing to technical problems, the Consultant was not able to present the Draft Plans in the Honiara SOM Meeting in October 2009. The Draft Plans were then made available to the Secretariat, whose staff guided by Max Underhill of *Maxumise* co were able to advance the completion of both Plans for submission to the Leaders.



*Mere Falemaka and Barbara Age in deep concentration during the Strategic/Corporate Planning Workshop at the Secretariat*

### *The Financial Regulations*

The 2008 Draft Financial Regulations of the MSG Secretariat were revised and further updated to reflect the requirements of regional organizations. The final version was made ready for 2010 Leaders Summit.

### *The Members' Contribution Formulae*

Following a tender process, Vanuatu-based '**Barrett & Patners**' Chartered Accountants firm was awarded the contract to assist the MSG Secretariat in the formulation of a MSG Members' Finance and Contribution Formula. The report was finalized for presentation in 2010 Leaders' Summit.

### *The Remuneration Policy*

Also resulting from a tender process, Vanuatu's '*Barrett & Patners*' firm was successfully awarded the contract to assist in the formulation of the MSG Secretariat Remuneration Policy. The document was internally cleared, ready to be presented to the Leaders in 2010.

### *The Staff Regulations*

A Staff Regulations Guideline was produced and approved in 2006, and was applicable in 2009. In light of the development of a new MSG Secretariat Remuneration Policy, the Staff Regulations were also subject to review and update for SOM and FMM endorsement in 2010.

### *Corporate Services Staff Recruitment*

The Director of Corporate Services Division was recruited late in 2009 and took up office in the Secretariat on 30<sup>th</sup> November 2009.

The process to recruit the Finance Manager was initiated in 2009, and the appointment of the new Finance Manager would only be made beginning of 2010.

### *MSG Secretariat Staff Recruitment*

Recruitment of staff to the Secretariat closely followed the recommendations of SOM and in accordance with the approved staff structure as per the November 2008 SOM Budget Meeting in Port-Vila.

The nomination and official announcement of appointment of Mr Rima Ravusiro as *Founding* Director-General coincided with the official opening of the MSG Secretariat Building on 30<sup>th</sup> May 2008 in Port-Vila.

Since taking up office in July 2008, he then facilitated the recruitment of Divisional Directors and the Financial Manager.

The SOM in November 2008 endorsed for an Interview Panel (IP) to be established to assist the Director General conduct the interviews for the Director level positions. Except for FLNKS all members were represented at the SCBA (Sub-Committee on Budget and Administration) level to the IP. The IP did a tremendous job in short-listing the applications, finalizing questionnaires, and conducting the interviews under the Chairmanship of Vanuatu. Interviews were conducted at each capitol (except for Nouméa as no applications were received from FLNKS).

From the advertisements a total of 98 applications were received by the Secretariat:

- Director (Trade and Investment) 17 applications (2 females and 25 males);
- Director (Economic and Social Dev) 23 applications (2 females and 21 males);
- Director (Corporate Services) 44 applications (4 females and 40 male), and
- Director (Political Affairs) 14 applications (3 females and 14 males).

Of the four (4) Director positions, three were successfully filled in July; namely Trade & Investment, Economic & Social Development, and Political Affairs; and the fourth (Corporate Services) in November 2009 by successful candidates.

Advertisements for a Financial Manager/Controller were placed on regional media and interviews and recruitment anticipated for early 2010.

At the time of finalizing this report, confirmed staff appointments to the Secretariat with details are portrayed in the following summary table.

### **MSG Secretariat Staff Details**

<i>Staff Name</i>	<i>Position &amp; Division</i>	<i>Start Date</i>	<i>Country of Citizenship</i>
<b>Professional:</b>			
Mr Rima Ravusiro	Director-General	1 <sup>st</sup> July 2008	PNG
Ms Mere Falemaka	Director, Trade and Investment Division	6 <sup>th</sup> July 2009	Fiji
Ms Barbara Age	Director, Political and Legal Affairs Division	27 <sup>th</sup> July 2009	PNG
Mr Peni Sikivou	Director, Economic & Social Development Division	6 <sup>th</sup> July 2009	Fiji
Mr Jean-Pierre Nirua	Director, Corporate Services Division	30 <sup>th</sup> Nov 2009	Vanuatu
Ms Vulori Baleisolomone	Manager Finance Corp. Services Div.	1 <sup>st</sup> Feb 2010	Fiji
<b>Local Support</b>			
Mothy Sisi	Personal Assistant Office of the DG	27 <sup>th</sup> Oct 2008	Vanuatu
Roy N. Mael	Driver	11 <sup>th</sup> Feb 2009	Vanuatu
Sabrina Manu	Office Cleaner	2 <sup>nd</sup> June 2009	Vanuatu
George Ali	Groundsman	3 <sup>rd</sup> June 2009	Vanuatu
Caroline Masauvakalo	Haus Meri/Cleaner DG's Residence	10 <sup>th</sup> June 2009	Vanuatu



# *2009 Audited Accounts*

## **MELANESIAN SPEARHEAD GROUP SECRETARIAT**

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### **STATEMENT BY THE DIRECTOR GENERAL FOR THE YEAR ENDED 31 DECEMBER 2009**

The Director General of the Melanesian Spearhead Group Secretariat has determined that the Melanesian Spearhead Group Secretariat is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Director General the financial report as set out on pages 3 to 9:

1. Presents fairly the financial position as at 31 December 2009 and its performance for the year ended on that date.
2. As at the date of this statement, there are reasonable grounds to believe that it will be able to pay its debts as and when they fall due.



**Director General**  
**Melanesian Spearhead Group Secretariat**



**Barrett & Partners**  
Chartered Accountants & Business Advisers

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1st Floor, B&P House  
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Web: www.bap.com.vu

**Melanesian Spearhead Group Secretariat**  
**INDEPENDENT AUDITORS' REPORT**  
**To the Member States of the Melanesian Spearhead Group**

**Scope**

We have audited the financial statements of the Melanesian Spearhead Group Secretariat for the year ended 31<sup>st</sup> December 2009 as set out on pages 3 to 9 comprising the Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Cashflow Statement and notes to the Financial Statements. The Melanesian Spearhead Group Secretariat is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Member States.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with applicable accounting concepts and standards and statutory requirements so as to present a view which is consistent with our understanding of the secretariat's financial position and results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion,

- (a) the financial statements of the Melanesian Spearhead Group Secretariat have been properly drawn up:
  - (i) so as to present fairly the Melanesian Spearhead Group Secretariat state of affairs as at 31<sup>st</sup> December 2009 and of its result for the year ended on that date

PORT VILA, 31 March 2010

Barrett and Partners  
Chartered Accountants

Qualified auditors under  
Section 166(1) of the  
Companies Act [CAP. 191]

## MELANESIAN SPEARHEAD GROUP SECRETARIAT

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### CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>2009 budget</i>	<i>2009 actual</i>	<i>2008 actual</i>
	<i>VT</i>	<i>VT</i>	<i>VT</i>
<b>INCOME</b>			
Contributions	90,000,000	90,000,000	10,800,000
Pledges	-	-	41,286,609
	90,000,000	90,000,000	52,086,609
<b>EXPENSES</b>			
Trade and Investment	30,299,520	4,737,999	-
Economic and Social Welfare	27,129,216	4,493,256	-
Political Affairs	20,728,064	4,081,518	-
Corporate Services	168,696,245	69,786,058	-
Management of the Secretariat	18,472,305	18,215,250	13,468,672
<b>TOTAL EXPENSES</b>	265,325,350	101,314,081	13,468,672
<b>NET (DEFICIT) / SURPLUS</b>	(175,325,330)	(11,314,081)	13,468,672

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*\* further details on the statement are available on request*

## MELANESIAN SPEARHEAD GROUP SECRETARIAT

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### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		<b>VT</b>	<b>VT</b>
<b>EQUITY</b>			
Retained Earnings		116,066,303	127,380,384
<b>CURRENT LIABILITIES</b>			
Accounts Payable		2,576,613	1,266,257
Provisions	<b>2</b>	3,163,854	-
Loans Secured (Current Portion)	<b>3</b>	<u>4,125,255</u>	<u>-</u>
		9,865,722	1,266,257
<b>NON CURRENT LIABILITIES</b>			
Secured Loans	<b>3</b>	<u>34,270,627</u>	<u>-</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>160,202,652</u>	<u>128,646,641</u>
<b>CURRENT ASSETS</b>			
Cash on Hand		7,347	6,790
Cash at Bank		44,796,417	90,678,902
Prepayments		2,476,684	1,208,629
Deposits		-	5,500,000
Accounts Receivable	<b>4</b>	53,908,286	24,617,116
VAT Refund Due		<u>2,241,633</u>	<u>255,883</u>
		103,430,367	122,267,320
<b>NON CURRENT ASSETS</b>			
<b>Property, Plant and Equipment</b>			
As per Schedule (at Book Value)	<b>5</b>	56,772,285	6,379,321
<b>TOTAL ASSETS</b>		<u>160,202,652</u>	<u>128,646,641</u>

*For the notes, please refer to a copy of the 2009 Audited Account, which are available on request from the Secretariat.*



# OUTLOOK

## *Economic and Social challenges*

Since the 1990s the international trade scenario has experienced a re-arrangement of rules and regulations governing international trade and investment. Preferential trade, enjoyed by less developed countries, also began losing its flavor as a development instrument and development policy increased focus on competition and other trade enhancing methods. This paradigm shift in development policy approach added a new dimension to MSG thinking resulting in the induction of the MSG Free Trade Agreement in 1995. Leaders have also considered a Customs Union for the MSG countries and assessment on this will undertaken in 2010.

Of more recent times the resultant reforms in international trade and investment has brought about challenges in economic and social issues, not to mention the challenges emanating from changes in weather patterns around the globe. In a nutshell the MSG members, while making headway into trade reforms, have had to bring into discussions issues of economic and social reforms. Certainly the challenges have multiplied in the recent past thus compounding the efforts to find immediate and lasting solutions for economic development.

National, regional and international efforts are continuing and at the MSG level, there is need to be engaged meaningfully to develop resilience measures and approaches to this array of development challenges. The Secretariat sees a useful role in engaging into discussions with members on such matters of great importance as the consequences can be wide-ranging. Our vulnerabilities are well documented and current knowledge on the effects of climate change can have on communities can only worsened our situations. Our existing development potential may diminish should climate change continue in its current trend. Hence it is prudent to engage on these wider social and economic challenges at the Secretariat level.

## *Private Sector Development*

The development potential for the Melanesia group is recognized and commercial opportunities will become evident in the near future. It is also recognized that larger commercial undertakings will be governed under international contractual agreements albeit there will be employment opportunities for a limited few. It is thus equally important to recognize that national efforts to develop vibrant private sectors are very necessary to provide employment as well as providing a platform from which exports can be produced. One of the major end result of all the trade and economic negotiations i.e. EPA/WTO/MSGTA is for our exports to withstand international competition. Hence it is crucial for us to put in place the necessary reforms and investment in productive areas to allow for competitiveness to take root in our private sectors. Areas such as human resource development, reducing business costs, accessibility to land and other factors of

production, and improving the general investment and commercial environment at the national level.

Developing the private sector is strategic and almost a ‘must’ for MSG countries. Moreover it will provide the reason for diversifying our export markets in the future.

### *Effective Coordination*

Sharing common concerns and preoccupation on global and regional issues affecting the Melanesian region with many other institutions, organizations and development partners, it is essential that proper coordination mechanisms are in place to favor collection participation.

For this reason, the MSG Secretariat will seek to enter into cooperation arrangements with all other institutions having a policy and operation activity within the MSG region as our principle is based on dialogue and complementarities, and not competition.

## *Conclusion*

2009 has been the Establishment year, and the first in a 3 years' consolidation phase of the MSG Secretariat. Against all odds, and in the face of global economic uncertainties filled with much skepticism from neighboring states and powers on the viability of a Melanesian grouping, the birth of the MSG Secretariat became a reality on 30<sup>th</sup> May 2008 thanks to the unfailing support and backing in the last two decades of visionary and highly committed Melanesian Leaders.

Strategically positioned, the MSG group enjoys a competitive place in regional and international negotiations. Its principles of *solidarity* and *dialogue* are rooted in the Melanesian cultures and call for wisdom, tolerance and mutual respect when dealing with sensitive issues confronting the members...

During the period of consolidation, efforts will be made to effectively staff and properly equip the Secretariat so as to enhance its ability to excel in service delivery towards its members and communities.

In its first year of operation, the MSG Secretariat has already demonstrated its ability to grow as a responsible organization. This is shown in the development of the inaugural annual Work Programme with Budget and the ability to effectively deliver services with minimal work force of 6 professional staff as highlighted in this report.

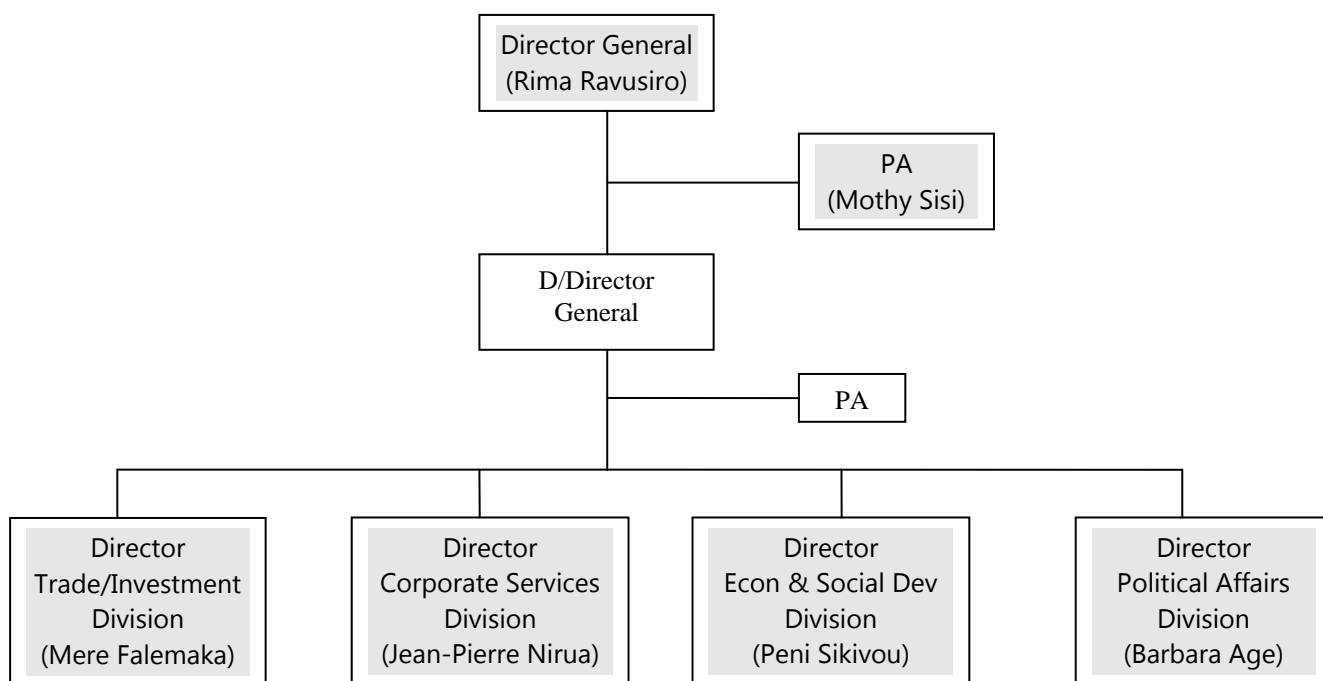
The MSG Secretariat has quietly, but surely nurtured from a humble beginning thanks to the vision and strong will of the Leaders whose efforts are highly acknowledged and must be applauded.

We look forward to 2010 and beyond with much excitement.

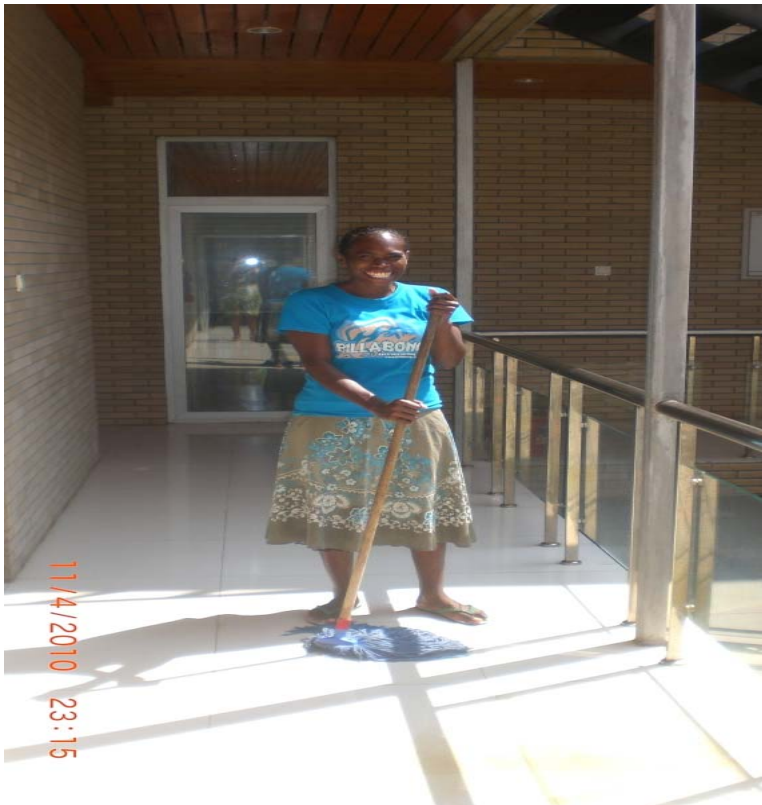
# Appendices

## **Appendix 1: MSG Secretariat Structure**

### **APPROVED MSG STAFF STRUCTURE**



- |  |   |  |  |
|--|---|--|--|
| <ul style="list-style-type: none"><li>• Trade/Inv Policy Analysis</li><li>• Trade Agreement/negotiations</li><li>• Trade Facilitation</li><li>• Trade/Inv Promotion</li><li>• Private Sector Dev</li></ul> | <ul style="list-style-type: none"><li>• Budget/work programs</li><li>• HRD</li><li>• Investment</li><li>• Administration</li><li>• Security</li></ul> | <ul style="list-style-type: none"><li>• Economic analysis</li><li>• Health coordination</li><li>• Education coordination</li><li>• Sustainable development</li><li>• Culture and sports coordination</li></ul> | <ul style="list-style-type: none"><li>• Political issues</li><li>• Legal issues</li><li>• International relations</li><li>• Regional security issues</li></ul> |
|--|---|--|--|



*Ms Sabrina Manu, the lone office cleaner of the MSG Secretariat*



*Port Vila market serviced daily with fresh organic produce, operates 24 hours x 6 days a week*





*Roy Nevol – MSG Secretariat driver/messenger*



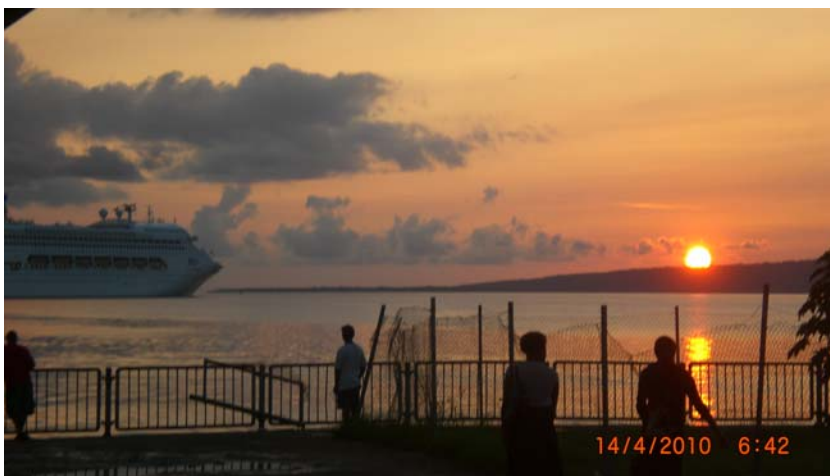
*Mothy Sisi – DG's Personal Assistant*



*Delphine Ladiesse – the French teacher*



*DG and Directors at a presentation*



*Cruise ship leaving Port Vila harbour at sunset – a breath-taking sight*



*Vanuatu's coconut crab sold daily at Port-Vila's market house*



*The extended MSG family - Staff children*



*George Ali the groundsman*



*Opening of 2010 Special SOM (l-r: DG Ravusiro, Acting FM Moses Kahu, DG J Sese (SOM Chair))*





*Director CS and DG in deep concentration during in-house Strategic planning workshop*

