

TENTH CONFERENCE OF THE PACIFIC COMMUNITY
(27 July 2017, Noumea, New Caledonia)

AGENDA ITEM No. 3: DIRECTOR-GENERAL'S OVERVIEW REPORT TO CONFERENCE

(Paper presented by the Secretariat)

Summary

1. In 2017, the Pacific Community celebrates 70 years of operation. This anniversary is an occasion to acknowledge our members, our development partners, and all those who have served the organisation and the region over the years for the outstanding contribution they have made to SPC's long history of achievement.
2. Our 70th anniversary is equally a time for the Pacific Community to look to the future and renew our efforts to meet the challenges faced by the Pacific region. The need for science and technology to understand and address these challenges has never been more important, but we have to find the best way to deliver SPC's services with official development assistance decreasing and stakeholders' already high expectations continuing to rise.
3. The past two years have been a critical period for SPC. At successive CRGA meetings, I expressed my ongoing concerns about SPC's financial vulnerability and its impact on our ability to meet the expectations of members and development partners. The situation became acute in 2016, with SPC at a crossroads due to a combination of factors, including continued heavy reliance on project funding, past budgetary practices, difficulty in attracting new donors, increasing 'competition' for development resources in the region, and the failure of some Pacific Community members to meet their financial obligations in terms of payment of assessed contributions and host country grants.
4. This paper summarises the decisive action we have taken to address this situation and the progress made in implementing the Pacific Community Strategic Plan 2016–2020 (SP 2016–2020), which was endorsed by the Ninth Conference of the Pacific Community in 2015.
5. In preparing for the future, we have continued our path towards transformation of SPC to ensure that we fully implement the objectives of SP 2016–2020. The guidance of the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan, which was established with the approval of the Ninth Conference, is important to achieving our goal of an effective and efficient organisation providing relevant, high-quality scientific and technical support to our members. Most of the key organisational changes will be completed within two to three years, but we expect that SPC will continue to refine its priorities and business processes as part of its ongoing practices.
6. We are striving to create an organisation that is fit for purpose, clear in its mission and priorities, and sustainably funded. Ultimately, we want to be a strong, strategic and smart organisation working for the benefit of Pacific people. To this end, we have invested in a process of prioritisation with our teams to better define the services that we should continue to provide and areas that we could de-

prioritise over time. (This prioritisation is discussed in detail in Annex A to CRGA Paper 5.) Setting priorities is a complex process, even more so in the Pacific region where SPC is often the default provider of services for small island states (SIS) where there are significant capacity and capability constraints.

7. In addition to redefining our priorities, we have continued to strengthen SPC's financial position through a range of measures, including the development of a resource mobilisation strategy, recruitment of a Resource Mobilisation Officer, implementation of full cost recovery and improvements to our business systems. All divisions have made significant savings as part of the overall effort to manage our immediate budgetary needs and address systemic weaknesses in the way we use our resources. Our overall aim is to secure a sustainable financing regime for SPC to minimise the risks associated with external shocks, currency volatility and a constantly changing financial situation.
8. Over the last two budget cycles, we have had to operate in a severely constrained financial environment. During that period, we have managed to cover initial budget deficits amounting to approximately EUR 6.5 million with modest negative impact on staff, and to maintain service delivery to members.
9. We have not requested increases in members' assessed contributions during this difficult period – a remarkable achievement given the financial challenges and cost of sustaining high-quality services. We are currently projecting another deficit in 2018 (CRGA Paper 7.4) and, while this is less than our earlier forecast, much work remains to be done to achieve a balanced 2018 budget. Clearly, we will not be able to maintain service levels if resources continue to fall.
10. We are grateful for the efforts of members who pay their assessed contributions promptly. However, several members have not paid their assessed contributions and host country grants on time despite our best efforts to encourage them to honour their obligations. SPC was owed EUR 3.8 million as at 21 June 2017. This is a significant amount at a time of severe financial constraint for the organisation. We encourage all members with arrears to settle them as a matter of urgency or make alternative arrangements with SPC. CRGA has been asked to provide policy guidelines on dealing with members who are in arrears.
11. As part of the transformation of the organisation, we are carrying out internal reviews of programmes and rationalising the way divisions and teams are organised to better support integrated programming. A key development is the planned merger of the Geoscience and Economic Development Divisions into one team, which will offer significant synergies, savings and benefits. In the Land Resources Division (LRD), the new director is working with the team to focus its work on climate-smart agriculture in response to the challenges of climate change and other considerations. An independent review of the Statistics for Development Division (SDD) was recently completed and the team is now implementing recommendations for changes in its direction and priorities.
12. An independent review of our Division of Fisheries, Aquaculture and Marine Ecosystems (FAME) is currently being completed. Through the strategic partnership with New Zealand, FAME has received confirmation of five new projects worth approximately NZD 21 million over five years. In addition, the Pacific European Union Marine Partnership (PEUMP) covering fisheries science and management (coastal and oceanic) and conservation will provide a significant injection of funds for the work of the division over the next 5 years. PEUMP is a EUR 45 million project (EUR 35 million from the EU and EUR 10 million from Sweden).
13. Pacific Ministers of Transport and Energy met in Tonga in April 2017 and endorsed the way forward for energy security and marine transport in the region. The Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) was established in Tonga at the same meeting as part of a global network

of centres supporting energy security for all. PCREEE is funded by the United Nations Industrial Development Organization (UNIDO), the Governments of Austria and Tonga and SPC.

14. The International Maritime Organization (IMO) also established the Maritime Technology Cooperation Centre in the Pacific (MTCC-Pacific) based in Suva. The MTCC-Pacific is part of a network of five centres of excellence in the world under the Global MTCC Network (GMN), which is funded by the EU and implemented by IMO to build the capacity of developing countries for climate mitigation in the maritime industry.
15. These are very important developments in the Pacific region's energy and transport sectors, and new funders and partners are urgently needed if we are to be able to deliver on ministers' decisions.
16. The high-level UN Conference to Support the Implementation of Sustainable Development Goal 14 (SDG 14 – Conserve and sustainably use the oceans, seas and marine resources for sustainable development) was held from 5 to 9 June 2017 at UN Headquarters in New York, co-hosted by the Governments of Fiji and Sweden. Pacific leaders were an impressive presence at the conference, pledging strong support for protecting the ocean environment. Key issues included IUU (illegal, unreported and unregulated) fishing, marine protected areas, plastics and pollution and climate change. A total of 1328 voluntary commitments were made, one third of which came from the Pacific.
17. A number of SPC divisions have implemented the relevant key result areas identified in the SIS Regional Strategy 2016–2020, including support for members in addressing climate change, implementation of the NCD (non-communicable diseases) Roadmap and ongoing provision of the Secretariat for the Central Pacific Shipping Commission. The regional EU-funded Deep Sea Minerals (DSM) project has enabled several members to develop their national capacity in DSM management, and Cook Islands, Nauru and Tuvalu have enacted legislation in support of their DSM work. All seven Pacific SIS have participated in maritime boundaries training workshops and related activities with the Pacific Islands Regional Maritime Boundaries Project (PIRMBP) since early 2000. With the exception of Palau, most SIS maritime zones have been negotiated and agreements signed with neighbouring countries.
18. Negotiations with the EU on the Regional Indicative Programme (RIP) for the Pacific are continuing. The total RIP has now been reduced from the original EUR 166 million and some reallocations have been made within the agreed envelope. At present, several projects in which SPC is either a main implementation partner or key partner are in the finalisation stages of negotiation. These include PEUMP and the programme, 'Tackling the root causes of gender inequality and violence against women and girls in the Pacific'. Good progress is also being made in the negotiations with overseas countries and territories (OCTs), led by New Caledonia as regional authorising officer in liaison with territorial authorising officers, SPC, the Secretariat of the Pacific Regional Environment Programme (SPREP) and other partners. SPC is in the closing stages of the process for the EU seven-pillar assessment and final approval. The outcome of this assessment of SPC's financial procedures and internal controls is significant, given the importance of the relationship between SPC and the EU. In addition, we note that several members have requested SPC to assist in the design and implementation of programmes funded from bilateral sources.
19. Heads of CROP (Council of Regional Organisations in the Pacific) met regularly throughout the year to discuss issues for the region and their organisations. The key item for CROP Heads is implementation of the Framework for Pacific Regionalism (FPR). SPC's relationships with CROP agencies continue to evolve and improve, with all agencies understanding the importance of working to provide coherent policy advice to our members and avoiding duplication. A review of the CROP Charter was completed in the past year and all agencies are implementing the agreed changes. The development and endorsement of the Framework for Resilient Development in the Pacific – a world-leading policy in many respects – is a significant milestone for the region. The review of governance and financing

arrangements in the region was also completed with findings to be presented to CRGA 47 and Pacific Islands Forum (PIF) Leaders. All CROP agencies contributed to the UN Conference to Support the Implementation of Sustainable Development Goal 14 as mentioned above. CROP support for the COP23 process is continuing, especially technical support for Fiji as Chair of COP23, and for all SPC members. Members must continue to push for continuing support for full implementation of the Paris Agreement.

20. The process of organisational change and transformation has caused some instability for SPC staff. From January to June 2016, there were 25 resignations compared with 34 in the same period this year. Despite our best efforts, we have not been able to recruit a permanent Director for Human Resources (HR). Notwithstanding this, the HR team continues to provide excellent service to the organisation, including supporting SPC through a significant period of change to better align work and resources with strategic priorities. The team is also undertaking a review of SPC's performance development system, including consulting with staff on a redesigned system, and implementing a new medical benefit plan affecting over 2000 people (staff and dependants) across the region. The new plan has increased the focus on staff well-being by enhancing the staff workplace preventative medicine programme (CRGA Paper 2 gives more details of staffing issues).
21. We were fortunate to receive support from the Singapore Civil Service College and Ministry of Foreign Affairs and Technical Cooperation for provision of professional development training in leadership and management for senior SPC managers. This training was a response to the identified need to improve the leadership and management skills of technical staff and was well received by all participants. During the year, we were also able to convene the second cohort of the SPC Emerging Leadership Development Programme for selected middle management staff. This investment in the leadership and management capabilities of SPC staff is consistent with our overall plans for enhancing the impact of our work.
22. SP 2016–2020 identifies the need for a stronger country presence and improved engagement with members and partners, as one of the five strategic organisational objectives. SPC aims to further strengthen its relationships with members to ensure that our contributions closely align with and support national development priorities. This approach enables SPC to take a more responsive and dynamic approach, focusing on fewer national priorities. We have agreed interim 'country programmes' with Papua New Guinea and Tonga, as well as broad agreements with Solomon Islands and Vanuatu on their priority areas, and a joint agreement with the Melanesian Spearhead Group (MSG) to progress priorities in the Melanesian subregion. Discussions are underway for country programmes in Samoa, French Polynesia and New Caledonia.
23. SPC is strengthening its relationship with the MSG so as to better respond to the needs of the largest population groups in the region. The position of Manager of the Solomon Islands Country Office was relocated to Port Vila in 2016 to become the Director, Melanesia Regional Office. The MSG Secretariat generously provides space for our Melanesia Regional Office.
24. The Micronesia Regional Office (formerly the North Pacific Regional Office), based in Pohnpei, continues to be an important hub for SPC in the region, given the distances between members and the costs of travel. The office is headed by our Director, Micronesia Regional Office. Both the Melanesia and Micronesia Regional Offices are expected to contribute to SPC's resource mobilisation efforts.
25. In 2016, several SPC members suffered the effects of devastating natural disasters. Tropical Cyclone (TC) Winston hit Fiji in March 2016, followed by further damage from flooding associated with TC Zena in April. Along with other agencies and relief organisations, SPC provided comprehensive support to the Fiji government and communities in a number of areas, including supplying seedlings for farmers through the EU-funded Improving Key Services to Agriculture (IKSA) and Re-forest Fiji projects. SPC was a major contributor to the Fiji government in a number of technical areas,

including the post-disaster needs assessment process. We estimate that SPC provided approximately FJD 750,000 worth of support to Fiji in March 2016. Concurrently, SPC also provided technical support to the Republic of the Marshall Islands (RMI) at the request of the government for assistance with water and sanitation services due to the prolonged drought.

26. In March 2016, a KfW-funded project was launched to respond to the devastation caused by TC Pam in 2015, in Kiribati, Solomon Islands, Tuvalu and Vanuatu (Recovery Activities in Response to Cyclone Pam). The Pacific Community is grateful to the Government of Germany for this contribution to the rebuilding of small islands, in addition to funding provided for activities in several sectors. A comprehensive range of activities was agreed with all of the affected countries. Most of the resources were allocated to rebuilding work in Vanuatu, where the impact of TC Pam was greatest. This commitment represented a significant contribution to rebuilding and rehabilitation efforts in the affected islands.
27. Our involvement in various disaster responses (not only those noted above) has required reallocating resources from programmed activities because SPC is not funded for this work. The increased frequency and intensity of disasters, the expectations of assistance from members, and the limited resources available for this work mean that SPC's role in disaster responses needs thoughtful and pragmatic assessment in line with consideration of humanitarian concerns. Our efforts must be based on our specific capabilities and resources, and must be well-coordinated with national requirements and the work of other responders.
28. Over the past three years, we have progressively improved the way we report on SPC's achievements, results and impact. The details of this work have been the focus of discussion by the CRGA Subcommittee. Our aim is to continue to improve our reporting of the outcomes and impact of our work. Our results and achievements also need to be shared more widely with all stakeholders.
29. I have previously signalled my wish to lift the visibility and awareness of the work undertaken by SPC staff in a range of areas. Our communication with members and other stakeholders has improved but much more needs to be done. The SPC website has been refreshed and several staff and programmes engage in social media to promote our work. During the year, we sent out seven issues of the Members Bulletin to provide updates on highlights and key events. Our inaugural SPC-wide newsletter is being launched at CRGA 47 and the 10th Conference. In May 2016, the SPC website had 138,741 page views, compared with 153,159 in May 2017; page views further increased in June 2017. Since CRGA 46, SPC followers on social media have increased from 5384 to 7408. Between June 2016 and June 2017, there was a 5% increase in the number of stories reported in English media and an 8.5% increase for French media.
30. Progress on implementing the decisions of CRGA 46 (2016) is reported in Annex A to CRGA Paper 2. The majority of the decisions have been implemented.

Recommendations

31. CRGA recommends that Conference:

- i. recognise the Pacific Community's achievements over the past 18 months, current and future challenges and priorities for action;
- ii. agree that the Secretariat should continue with its increased engagement at the national level through country-led strategies;
- iii. acknowledge the Secretariat's commitment to implementing a range of measures designed to address the immediate and ongoing effects of its financial challenges and its progress towards achieving sustainable financing of the organisation;
- iv. reaffirm the importance of prioritisation of SPC services to focus on high impact areas consistent with its mandate and capabilities;
- v. acknowledge the efforts of members who pay their assessed contributions promptly, and encourage members with arrears to settle them as soon as possible;
- vi. recognise SPC's efforts to support members in the aftermath of natural disasters and urge continuation of these efforts consistent with national requirements, humanitarian concerns, and SPC's specific capabilities and resources;
- vii. thank SPC's development partners for their continued support and encourage them to align this support with the goals of the Pacific Community Strategic Plan 2016–2020;
- viii. acknowledge that the staff of the Pacific Community have been directly impacted by the process of prioritisation and measures taken to implement a sustainable financing plan, and recognise their contribution to addressing the organisation's financial situation.