

**SECRETARIAT OF THE PACIFIC COMMUNITY****FORTY-FOURTH MEETING OF THE  
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**  
(Noumea, New Caledonia, 4–7 November 2014)

---

**AGENDA ITEM 2: DIRECTOR-GENERAL'S REPORT**

(Paper presented by the Secretariat)

**Summary**

1. This is my first report as Director-General. It provides an overview of current and future challenges for SPC, including the change agenda designed to re-position SPC as the principal scientific and technical agency supporting development in the Pacific region. We are entering a challenging phase as the region goes through a period of adjustment in the political environment and development landscape. As a result, several interrelated activities are being planned or implemented as part of our overall change agenda and strategy to enhance the development effectiveness of our work in and with Pacific Island countries and territories (PICTs).
2. The 2012 Independent External Review (IER) found that SPC is fundamentally sound and generally well-regarded by its members and development partners. Nevertheless, past success does not guarantee future success due to the changing development landscape, limited resources and rising expectations. It is essential for SPC to continue to evolve and respond to external challenges, and to demonstrate to all stakeholders the effectiveness of the work we do and the value this adds for the money received.
3. Most of the IER recommendations have been implemented. The new SPC Senior Leadership Team (SLT) continues to build on the resulting reforms with a particular focus on improving development effectiveness and seeking to achieve 'more for less'. While SPC's change agenda is ambitious, it is being implemented in an evolutionary and orderly manner. No major structural changes are planned, although the area of Climate Change and Disaster Risk Management (CCDRM) needs to be strengthened. These changes are outlined below and explained further in the relevant CRGA papers.
4. The most important challenges for SPC are to anticipate the future needs of the region and to secure the long-term partnerships (including a sustainable financing regime) required to enable us to respond effectively and consistently to the needs of our island members. A long-term partnership has been secured with the Government of Australia, which includes a multi-year funding agreement. Similar agreements are being discussed with the Governments of New Caledonia and New Zealand. In addition, we are seeking new partnerships beyond our traditional funders, such as with the United Arab Emirates.
5. A Memorandum of Agreement is being finalised with the European Union, which sets out the terms of a strategic partnership between the two organisations. The EU is currently the largest funder of SPC activities.
6. In this first year of my tenure, I have concentrated on getting the change agenda started and on building a strong and cohesive SLT. In addition, I have embarked on reaching out to our metropolitan partners, subregional, regional and international stakeholders, and some island members. These visits are important in securing continuing support for SPC. My visits also build a platform for our resource mobilisation strategy and, as well, a number of agreements are being secured with a range of organisations.

7. While the proposed budget for 2015 is balanced with one-off savings and internal cost efficiency measures, we are projecting a serious budget shortfall from 2016 onwards unless income streams improve. We are seeking guidance from CRGA on outstanding arrears in assessed contributions and encourage relevant members to meet their obligations on host country grants. We are hopeful that members will consider other ways of assisting SPC to meet this challenge. We are aware of the financial pressures on all members but encourage timely payments so SPC can continue to provide much needed services to the region.

8. We will also review the way we work with our members and ensure that the Joint Country Strategy (JCS) mechanism, or its replacement, is effective in truly reflecting the intentions of SPC and each member country. In view of increasing demands and a limited resource base, we need to agree with members on priorities for the organisation over the next 5-10 years. This process will be conducted as part of the governance review implementation and incorporated in the new SPC Corporate Strategic Plan for 2016–2020.

9. In addition to the implementation of the integrated programming approach, SPC will continue to provide essential scientific and technical services in relevant sectors. Over time, our services will consist of a mix of sectoral technical outputs and integrated multi-sectoral outputs that assist members to achieve their development goals. Initially, SPC is implementing the integrated programming approach with *Climate Change and Disaster Risk Management* and *Non-communicable Diseases (NCDs)/Food Security* as the first two priorities and intends to adopt this same approach in regard to the 11th European Development Fund (EDF 11).

10. In addition to improving the way we work, SPC has adopted a ‘results reporting’ framework, which will increasingly focus on reporting the impact of our work, including work undertaken with partners, rather than reporting on activities themselves. The first of these reports is being presented to CRGA 44. We have also invested in capability to better communicate our purpose and achievements through the recruitment of a senior strategic communications staff member, who will be responsible for our communications strategy and the development of programme communication staff in SPC.

11. There is little doubt of the value of SPC to the region but our organisation must continue to evolve to ensure that it remains relevant and effective. We have commenced an ambitious change agenda to ensure that SPC is well placed with the right skills and resources to continue to be the principal development agency in the region and it is essential that we maintain continuous improvement to ensure that we achieve excellence in all that we do. While our focus is on the needs of the Pacific region, we must also assist PICTs to better communicate their needs at the global level and seek to reflect global trends in our activities. In short, SPC must strive to remain at the forefront of sustainable development in the region.

## **Recommendations**

12. CRGA is invited to:

- i. acknowledge the major challenges facing SPC in the medium term;
  - ii. note the priorities for the technical divisions in the medium term;
  - iii. note the likely impact of the implementation of the programming approach;
  - iv. recognise the outlook for SPC’s financial situation from 2016 onwards;
  - v. endorse the agenda for change designed to position SPC for the future, enhance the effectiveness of our work with and for our members, and secure sustainable financing for the organisation;
  - vi. secure payment of host country grants and outstanding arrears as a matter of urgency.
-

## DIRECTOR-GENERAL'S REPORT

### Purpose

13. This paper is my first report to CRGA as Director-General. It provides an overview of the main strategic challenges for SPC over the medium and longer term and the change agenda designed to address these challenges. Further details are available in the relevant CRGA papers on specific issues.

### Background

14. SPC has consistently provided high-quality scientific and technical assistance to our members for 67 years to assist them to achieve their development goals. As the largest implementing agency in the Pacific region, SPC is generally well-regarded by all stakeholders and we have well-developed and effective working relationships with members and development partners. But despite an excellent track record of service delivery over several decades, SPC must continue to evolve and change to be able to anticipate and respond to the region's development challenges. The development space in the Pacific is crowded and resources in some areas are increasingly difficult to secure. Furthermore, development partners, the general public and the media are demanding greater accountability from all development agencies and expectations that recipients of public funds demonstrate 'value for money' for their investment.

15. Building on past achievements, we are responding to the new development landscape by embarking on a programme of change across a number of areas in order to position SPC strategically for the future, improve the way we work internally and with external partners, and communicate our organisation's achievements more effectively. These changes are outlined further below and in the relevant CRGA papers.

### Current issues

#### *SPC agenda for change*

16. SPC has completed the implementation of the Independent External Review (IER) recommendations and we are now seeking to consolidate the organisation's position as the principal development agency in the region. The agenda for change, which also builds on the implementation of the decisions of the 8th Conference and CRGA 43 (Annex A: Implementation matrix), is the roadmap for what SPC intends to achieve in the medium term to improve the development effectiveness of our work with members. This agenda will be further expanded in developing the new SPC Corporate Strategic Plan (2016–2020) to be completed in 2015.

17. The objectives of the change agenda are to:

- re-position SPC strategically for the future
- enhance the development effectiveness of our work
- introduce the programming approach
- improve the efficiency of the way we work with our members
- secure sustainable financing
- increase investment in staff recruitment, retention and development
- introduce results reporting
- raise SPC's visibility and better communicate achievements

#### *SPC's strategic position, role and purpose*

18. Recognising that a track record of achievement is no guarantee of future success, we have introduced a programme of change to position the organisation appropriately for the future. The 'Future SPC Working Group' has been established to coordinate, communicate and champion the necessary changes across the whole organisation. A number of interrelated activities are being progressed through issue-specific Working Groups (outlined in Paper 6.1). The critical success factor is our ability to move from a predominantly sector-based approach to an integrated 'programming' approach, with relevant areas working together in an

SPC-wide multi-sectoral response to the big development issues. Climate Change/Disaster Risk Reduction and NCDs/Food Security have been identified as the first two priorities for the programming approach. They not only constitute the most pressing issues for the region, but the responses needed are truly multi-sectoral in nature. SPC will also adopt this integrated approach to address the development challenges identified under the future EDF 11.

19. SPC will continue to provide essential sector-based activities consistent with our mandate, e.g. fisheries stock assessment, communicable disease surveillance and response, statistical services, and other priority areas. We anticipate that in 2–3 years, SPC will have a portfolio of sector-based activities within a broader programmes approach. This approach will enable SPC to adopt a more strategic approach to development challenges based on longer-term partnerships with partners and supported by a more predictable financing regime. The new approach will be closely aligned to SPC's enhanced Monitoring, Evaluation and Learning (MEL) strategy to ensure oversight of progress and results. This evolutionary process will change the way SPC goes about its work over the next 2-3 years.

20. In adopting this approach, we are seeking to consolidate SPC's position as an effective, responsive development agency with a regional focus and a global outlook. We will strive for excellence across all our areas of work and seek to work with our members to communicate regional needs (e.g. climate change, NCDs, empowerment of women and support for young people) more effectively at the global level. SPC has a wealth of development experience that could be shared with an international audience. Equally, development challenges in the region often have their genesis at the global level, e.g. climate change. As part of this global outlook, we are awaiting the outcome of SPC's application to become a Permanent Observer to the United Nations. We thank the Government of Fiji for facilitating this process and all SPC members who supported the application.

21. We are not looking to expand SPC's already large portfolio of activities but to consolidate and enhance the development effectiveness of our work and secure better value for money. In the medium term, we may well be obliged to reduce the scope of this work depending on availability of resources and the priorities expressed by our members. The introduction of the Pacific Framework for Regional Integration will also affect the scope of our work. The new framework provides an opportunity to revisit the way SPC works with CROP agencies and to seek better coordination of policy development and service provision across the region. The current regional architecture could be significantly improved to reduce duplication and enhance development effectiveness.

### ***Governance and membership***

22. The Governance Working Group is reporting to CRGA 44 on options for the future. Improving the effectiveness of SPC's governance is a priority as we seek improved working relationships with members and greater transparency and accountability.

23. Similarly, a separate paper is presented for CRGA's consideration on SPC membership and opportunities for enhancing SPC's engagement with partners. We look forward to welcoming Timor-Leste as a full member of the SPC family and strengthening the relationship with the European Union through a Memorandum of Agreement. We are also exploring relationships with other potential partners such as the Abu Dhabi Fund for Development and the Government of Korea.

24. As mentioned above, we anticipate serious resource constraints in the 2016 and 2017 financial years unless income streams improve.<sup>1</sup> Therefore, we request CRGA's guidance and assistance on ways to secure greater ownership of SPC's financial situation by its members, including policy guidance on the question of provision of SPC services in situations where there are significant arrears.

---

<sup>1</sup> See Paper 7.3 for details.

### ***Building leadership within SPC***

25. Organisations with strong and ethical leadership generally perform well and, conversely, organisations with weak leadership do not. Furthermore, effective leadership is not a natural phenomenon. Good ethical leaders need training, coaching and ongoing support. In view of the predominance of new staff members in our Senior Leadership Team (SLT), we have embarked on a programme of leadership development for SLT with assistance from external facilitators, funded by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit). This work is ongoing and consistent with our staff development plans and the change agenda planned for SPC. We also intend to offer leadership development training for emerging leaders in SPC.

### ***Partnerships for enhancing development effectiveness***

26. SPC currently operates in approximately 26 ‘areas of work’ or sectors with over 200 projects. Through the integrated programming approach, we plan to consolidate our work into fewer, mutually supportive projects/programmes rather than multiple small unconnected projects. This will reduce transaction costs on SPC and partners and improve reporting to our stakeholders. In the programming approach, we will focus more on reporting the results and impact of our work rather than on detailed reports of activities undertaken by SPC and partners. Our renewed focus on results has led to a change in the way we report to CRGA 44 (Paper 5.1), which we hope members will find more informative.

27. As part of our overall efforts to improve the efficiency, impact and effectiveness of our work and secure longer-term strategic working relationships with our development partners, we have embarked on a process to secure mutually reinforcing partnerships. To this end, SPC has secured a 10-year partnership arrangement with the Government of Australia supported by a 3-year funding cycle. This agreement has enabled SPC to plan with some certainty, recruit and retain staff with confidence and communicate more clearly with our members about what can be expected. We anticipate a similar agreement with the Government of New Zealand and good progress is being made with the Government of New Caledonia.

28. Long-term partnership agreements with our development partners:

- enable SPC to focus on gaining better impact for the funds invested and to reduce the focus on transactions and activities;
- provide greater flexibility in adjusting work priorities as circumstances change in member states;
- provide for greater engagement with suitable institutions and individuals in the donor nation, rather than a relationship based purely on financing arrangements; and
- assist in securing a more predictable financing regime for SPC’s work and reducing reliance on short-term project funding.

### ***Third International Conference on Small Island Developing States, Apia, Samoa (1-4 Sept. 2014)***

29. In implementing the decisions of the 8th Conference, SPC provided technical advisory support to members in the negotiation of the SIDS Conference outcome document – the SAMOA Pathway (Small Island Developing States Accelerated Modalities of Action). Recognising that the natural response to the conference theme was the formation of partnerships, SPC also featured in a number of events relating to specific partnerships and multi-stakeholder partnership dialogues on the conference’s six focus areas – sustainable economic development; climate change and disaster risk management; social development (including health and NCDs, gender and youth); sustainable energy; oceans and biodiversity; and water and sanitation, food security and waste management.

30. SPC was recognised as a key implementing partner in some 52 partnerships across the six areas by several Pacific Leaders, including the Chair and host of the SIDS Conference, the President of Palau, and the Prime Ministers of Tuvalu and Vanuatu.

31. SPC will continue to maintain momentum in promoting the issues that concern our members as the post-2015 development agenda and Sustainable Development Goals are discussed at the international level, and will support members in seeking to influence this agenda.

### ***Sustainable financing and budgeting***

32. Core funding – consisting of members’ assessed contributions, host country grants and (voluntary) programme grants – makes up approximately 30% of SPC’s total annual budget. It is the only ‘predictable’ component of the SPC budget and much of it is committed to ‘core’ SPC activities with little room for re-allocation to new priorities. Most of SPC’s income is made up of ‘project’ funds, which are time-limited and usually allocated to specific priorities determined by the funder. In general, these funds are not available for re-allocation to other priorities.

33. Furthermore, SPC has not historically budgeted for capital items as a separate activity. These items are funded from the total pool and new capital requirements are funded as resources permit. The net effect of this approach is that there is no general allocation for maintenance, nor is there a planned approach to asset management or replacement. For example, staff housing at Receiving in Noumea has not had any major maintenance for several years. Similarly, essential IT hardware is not being replaced or upgraded by the recommended replacement period, putting SPC at risk of major system failures (recent system ‘crashes’ show the reality of this risk). It is now urgent that certain IT components are replaced as a matter of priority.

34. The total SPC general reserve currently stands at 4.1 million CFP units. This is insufficient to meet the generally accepted level of resources to maintain services for at least three months. Despite the CRGA 43 recommendation to increase allocations to reserves, this has not been possible due to the budget shortfall experienced in this financial year. Nevertheless, it is our intention to rebuild SPC’s reserves as resources become available. A realistic outlook suggests that this is likely to take several years to achieve given SPC’s current financial situation.

35. In the first half of 2014, SPC experienced a major shortfall in the budget largely as a result of the decline in the Australian dollar, despite a ‘balanced’ budget approved by CRGA 43. A series of short-term measures were put in place (such as delaying appointments) to improve our financial situation, but this also meant deferring action on some important CRGA decisions, e.g. the Joint Country Strategy Review.

36. In the past, SPC has used a series of short-term measures to balance previous budgets but this approach is no longer sensible or sustainable. Unless our income stream improves, and our efficiency drive provides savings, a reduction in service outputs is inevitable. A Budget Committee has been established as a standing committee of the SLT to plan and manage our overall finance and budget situation. We will shortly embark on a process for determining priorities for SPC in the event that income streams do not improve. Meanwhile, a new internal budgeting process is being managed by the Budget Committee and will be used to build the 2016 SPC budget. This should provide clarity in terms of aligning resource allocation to organisational priorities and enable us to present members with a budget that is clearly outcomes focused. Furthermore, in view of the likely financial challenges ahead, we are undertaking a number of measures to secure more stable and predictable financing for SPC, such as agreeing on long-term partnerships, including multi-year funding, and full cost recovery.

### ***Budget for 2016/2017***

37. Financial projections suggest that SPC will face a serious budget shortfall in 2016, 2017, and beyond if the projected income levels are not realised.<sup>2</sup> The shortfall will result, in particular, from a reduction in project management fees as a result of some project cycles ending. It is also likely to be compounded if host country grants, assessed contributions, and arrears in contributions are not paid on time. This situation is potentially serious and may result in a reduction in SPC services. We are seeking CRGA support to encourage members to honour their financial commitments as a matter of urgency and good governance.

---

<sup>2</sup> The projected shortfall is 1.126 million CFP units in 2016, and 2.681 million CFP units in 2017.

### ***Staff recruitment, retention and development***

38. The success of SPC's work is directly attributable to the skills and experience of our staff. Despite this reality, SPC is currently less competitive relative to CROP and other agencies due in large measure to the slippage in our employment terms and conditions. SPC currently applies the CROP '6-year rule' which results in more than half of internationally recruited staff leaving before their contract ends.

39. Furthermore, SPC does not have a planned programme for professional development, which weakens the engagement of staff. A staff engagement survey based on an international instrument (Gallup Q12), which was completed recently, showed a mean engagement score of 3.81. This score shows low engagement across the organisation and ranks in the bottom third of the Gallup global database. This means that overall, staff engagement with SPC is not as good as it should be and we need to do more to recruit, retain and develop the best talent that we can get for the work in the region. The highest scoring individual survey question related to mission and purpose. This item received a score of mean (M) 4.16, which is in the top percentile of the Gallup database, indicating that staff are committed to SPC and feel that their work is an important contributor to our mission and purpose. The lowest scoring questions overall related to progression and opportunities to learn and grow. Importantly, the Gallup survey results will be used by divisions and teams to guide their development and the surveys will be repeated at regular intervals to measure progress.

40. A number of long-standing staffing issues have been, or are being addressed by SLT, e.g. equalisation of medical insurance terms between Noumea and Suva staff, and parity between terms and conditions for SPC staff and other workers in New Caledonia. A Working Group consisting of members of SLT and the Staff Representative Committee has been established to assist with issues relating to staff recruitment, retention and development. CRGA paper 7.4 presents more details on these HR matters including the shortcomings of the current '6-year rule' and broader issues for staff recruitment, retention and development. Improving our systems for recruiting, retaining and developing staff is critical to the continuing success of our work.

### ***Facilities at headquarters***

41. A number of discussions were held with the previous Government of New Caledonia on the re-development of the facilities at SPC's headquarters in Noumea. The aim is to expand the office space at HQ and to refurbish a number of buildings that have had little maintenance over the years (including staff housing at Receiving). Discussions were suspended pending the results of the local elections. The new President of the Government of New Caledonia, Mme Cynthia Ligeard, recently visited SPC and agreed to progress these discussions with a view to reaching agreement soon. The total ongoing cost of operating in Noumea versus other sites is a critical factor in the discussions.

42. The current Chair of the SPC Conference and Minister of Foreign Affairs of Fiji, Ratu Inoke Kubuabola, has provided new impetus to the building of the Pacific Village, which has been planned for over two decades. The Pacific Village is designed to bring together all SPC staff from seven existing locations around Suva into one purpose-built facility. Consolidation at one site will improve the efficiency of our Suva operations, assist with team building and save the Fijian Government money on current spending on office rental as part of the host country agreement. Building of the new facility is expected to begin in early 2015.

43. It is important to note that the planned re-development of facilities for SPC in Noumea and Suva are parallel developments and one could proceed without the other.

### ***Future direction***

44. The future direction of SPC is laid out in several papers presented to CRGA 44 as part of the change agenda. It will be further expanded on as part of the planned SPC Corporate Strategic Plan to be developed in 2015. The strategic direction is essentially about maintaining SPC's position as a leading resource for effective development in the region, refining our mission and purpose and securing sustainable financing in order to continue providing high-quality technical assistance to our members. Our aim is for excellence in all that we do and to move SPC from a good organisation to a great one.

## **Priorities for action**

### ***i. Building a culture of excellence***

45. SPC has a world-class reputation in some of its technical areas of work, e.g. fisheries science, the Centre for Pacific Crops and Trees (CePACT) and the Pacific Public Health Surveillance Network (PPHSN). A number of other programmes are also widely regarded as being innovative and highly effective. Over the next few years, SPC will establish centres/programmes of excellence in order to contribute more effectively to the global knowledge bank in selected areas of development, especially in Small Island Developing States (SIDS).

46. Some of the challenges that Pacific Islands face have their origins (and potential solutions) at the global level, e.g. climate change and NCDs, and it is important for SPC to assist members to communicate regional needs and perspectives clearly at the global level. Our application for UN Permanent Observer status, and measures to better support Pacific Ambassadors in New York and Brussels, support this strategy.

### ***ii. Enhancing development effectiveness in PICTs***

47. Increased competition for development resources, and the rising expectations of development partners and country leaders for greater impact from the resources provided, requires SPC to be creative and innovative in using the funding we receive. We must also change the way we work with members and development partners to ensure that the focus is on deepening the impact of our work and making a real difference in the lives of Pacific people.

### ***iii. Implementing the programming approach***

48. Building on the achievements of SPC divisions within sectors, the implementation of our new programming approach SPC will strengthen our ability to take a multi-sectoral approach to key development challenges, such as Climate Change/Disaster Risk Reduction and NCDs/Food Security. The programming approach will strengthen our work on cross-cutting issues such as gender, youth and culture. It will also standardise the way SPC designs and implements all programmes across divisions and improve the way these programmes are monitored and evaluated. The programming approach will assist SPC to set and maintain high standards across the work of all our teams and will also be adopted in developing SPC's proposals under the future EDF 11.

### ***iv. Secure sustainable financing***

49. A key priority for SPC in the medium term is to secure a sustainable and predictable financing regime and reduce reliance on project funding. There is an immediate need to address our short-term budget issues with a shortfall likely from 2016 onwards. A number of strategies are currently being explored to secure sustainable financing for SPC's work, including provision for planned replacement of key assets, programmed maintenance of property, and building the reserves. This issue goes beyond internal management measures and requires a stocktake by members of the organisation's finances and their own commitments to SPC, particularly in regard to honouring payment of assessed contributions and arrears.

### ***v. Talent management***

50. Relative to other CROP agencies and international organisations, SPC is falling behind in the battle to attract talent. Our employment conditions and staff support measures are no longer as competitive and more than half of SPC's professional level staff leave the organisation before their contracts come to an end. The recent staff engagement survey (Gallup Q12) suggests that ... 'While some long-standing staffing issues have been resolved, it is now urgent that SPC addresses recruitment, retention and development with a view to attracting and keeping the best scientific and technical skills available internationally. If SPC cannot simply increase salary levels to match those of comparable organisations, greater flexibility around recruitment and contract renewal, providing greater security of tenure with the organisation, is a measure that can be taken to allow SPC to increase its chances of recruiting and retaining quality staff.' Other measures include



supporting a positive working environment, e.g. SLT members support the activities promoted by the SPC Social Club.

**vi. Results reporting**

51. SPC is changing the way we report on the achievements resulting from our work with and for members and development partners. The first Programme Results Report (2013-2014) is being presented to CRGA 44 and as the title suggests, it focuses on results and impact rather than activities. The report is supplemented by country reports, which provide much greater detail about activities undertaken in each PICT. We expect that the results reporting approach will improve over time based on feedback from members.

**vii. Communicating SPC achievements**

52. SPC has been providing high-quality scientific and technical advice and support for island members for close on 70 years. While regular reports have been provided to development partners, funders and members, there is no planned and strategic approach to communicating SPC's achievements, with the result that the organisation has remained somewhat invisible in the region. It is important that SPC becomes more visible and that we communicate the achievements of our work more effectively to all stakeholders. Better visibility will also support resource mobilisation and brand management. As a matter of priority, a Director of Strategic Communications has recently been recruited to lead SPC's corporate-wide strategic communication capability.

**viii. Priorities for our technical divisions**

**Applied Geoscience and Technology Division (AGTD)**

53. The Geosciences Division continues to address the challenges associated with the merger with SPC and good progress is being made. Addressing these concerns while delivering on key priorities will be the focus of the division in the short term. New activities will be developed in emerging areas such as harnessing geothermal power and ocean thermal energy; raising atoll islands and other measures to prepare for sea-level rise; linking and redeveloping capacity in government geological and natural resource departments to allow countries to attract investment and generate wealth for sustainable development; and developing bespoke hazard maps and models for specific countries and all hazards in the region.

**Economic Development Division (EDD)**

54. In April 2014, at the Pacific Regional Energy and Transport Ministers' Meeting, ministers agreed on the following priorities for energy and transport over the next three years.

*Energy:*

- Further consolidate the Pacific Regional Data Repository;
- Enhance private sector participation in energy;
- Strengthen efforts to maximise energy efficiency and conservation; and
- Expand renewable energy investment.

*Transport:*

- Seafarer training, certification and watchkeeping;
- Implement safety management systems and review and update maritime legislation to improve Pacific Islands domestic ship safety;
- Develop hydrographic services for members;
- Enhance private sector participation in transport; and
- Investigate alternative sources of energy to support the shipping industry.

### **Fisheries, Aquaculture and Marine Ecosystems Division (FAME)**

55. A number of PICTs are well placed to increase their economic benefits from oceanic fisheries through direct participation in the catching sector by locally owned and operated fishing vessels, the development of onshore processing facilities for value adding, and the provision of services to fishing fleets (crewing, stevedore services, bunkering, repair and maintenance). There is considerable scope for increased employment in the tuna fisheries sector with the development of additional onshore processing facilities. It is essential to maintain healthy fish stocks as the demand for seafood will increase with projected population growth of 50% in PICTs by 2030, mostly in Melanesia. The FAME Division will facilitate the review of the Pacific Coastal Fisheries Guidelines and strengthen work to support PICTs in implementing coastal fisheries management plans.

### **Land Resources Division (LRD)**

56. LRD is supporting agricultural livelihoods in the Pacific with research and technical, scientific and policy advice. More specifically, to support food and nutritional security in Pacific communities and their resilience to climate change and disaster threats, the genetic resources team develops planting material for crop varieties resistant to various diseases and climatic conditions. And the EU-funded 'Increasing Agricultural Commodity Trade' project is working to increase Pacific trade for economic growth. LRD aims to develop a wider regional plant, forest and animal genetic resources centre. A draft proposal for this work is being developed and will be circulated to donors. The division is also developing a multi-year plan and key result areas with the aim of securing long-term funding through 2017.

### **Public Health Division (PHD)**

57. PHD is rebuilding its internal capacity and capability and seeking additional resources to strengthen its regional surveillance and outbreak response through the Pacific Public Health Surveillance Network (PPHSN) and training in data management and epidemiology in response to Pacific Health Ministers' Honiara Declaration. The division is supporting the implementation of ministerial strategies for the prevention and control of NCDs, and is also leading work on the development of regional strategies for improving coordination between multiple actors working in health, including the Regional Framework for Health Development, the NCD Roadmap and Pacific NCD Partnership, and the MANA (Monitoring Alliance on NCD Action) plan.

### **Statistics for Development Division (SDD)**

58. Two key strategic priorities that SDD plans to pursue in Phase 2 (2015–2017) of the Ten Year Pacific Statistics Strategy 2011–2020 are to:

- intensify efforts to get better traction for Pacific Islands development data and information at national and international level; and
- substantially expand SDD coverage of trade statistics.

59. Given the expense and effort required to collect and produce statistics, it is imperative that they be used regularly as a matter of good governance and business practice to support policy development and planning, monitoring of development progress, and measurement of development results. With the growing demand for trade statistics across the region, SDD will make a substantial contribution by increasing its current efforts in this field. The division will redesign and significantly expand its trade database and boost its statistical, database management and analytical capacity.

### **Education, Training and Human Development Division (ETHD)**

60. The Education, Training and Human Development Division (ETHD) will make further adjustments in the short term to complete the amalgamation of the Secretariat of the Pacific Board for Educational Assessment (SPBEA) with SPC and respond to the report of the SPBEA Working Group. Details can be found in Paper 6.2.

61. ETHD will also focus on the following priorities:

- Regional consultations for judges, magistrates and lawyers, and subregional training for lay magistrates;
- Support in drafting legislation that addresses violence against women;
- Training for human rights officers under the Pacific Islands Forum Secretariat (PFS) EU-funded project to increase ratification and reporting on human rights conventions;
- Development of a statistical indicators guide for human rights reporting.
- National assessments of literacy and numeracy;
- Development of a regional curriculum framework;
- Improved reporting of student achievement in national assessments, and improved assessment methods at national/school level by introducing an outcomes-based reporting approach;
- Technical and advisory support and training for strengthening gender mainstreaming at the national level;
- Coordination, monitoring, and technical and advisory support for the implementation of regional gender equality commitments;
- Technical and advisory support and training for preparations for the 12th Festival of Pacific Arts to be held in Guam in 2016;
- Technical and advisory support and capacity building for cultural industries through the new EU-funded ACP culture initiative: Enhancing the Pacific cultural industries ; and
- Building the capacity and widening the network of national youth councils in the region.

#### **Northern Pacific Regional Office (NPRO)**

62. The Northern Pacific Regional Office plays a pivotal role for SPC in supporting members in the Northern Pacific subregion. This was confirmed by the Independent External Review in 2012 and by feedback during a joint visit with the former Director-General, Deputy Director-General OMD and myself early in 2014. The office is involved in a number of projects across several sectors and some are receiving excellent external feedback, e.g. the North Pacific ACP Renewable Energy and Energy Efficiency project (North-REP). However, the challenge of securing sufficient resources to locate staff with appropriate skills in the NPRO is proving difficult. Discussions are continuing with staff of the Department of Interior about sourcing Compact Funds for implementing work in priority areas requested by members in statistics and fisheries.

#### **Solomon Islands Country Office**

63. The Solomon Islands Country Office provides an important link between SPC and the Solomon Islands Government (SIG), given the size and needs of the local population. During a visit to Honiara, I agreed with the Honourable Prime Minister to strengthen the relationship between SPC and SIG to reflect current and future priorities and this is now being re-developed. SPC staff are also involved in a number of innovative projects in Honiara, including the first clinic for victims of domestic violence along with broader preventive programmes. Youth at Work (Y@W) is an innovative low-cost initiative run by young people to assist them to find and create work. Y@W has been recognised by a local business excellence award and the concept is being considered by other SPC members. Office staff have also been central in the re-development of the Memorandum of Agreement with the Secretariat of the Melanesian Spearhead Group (MSG).

#### **Cross-cutting issue – Environmental sustainability and climate change**

64. SPC is the region's largest provider of climate change/disaster risk support services, with a programme of some USD 120 million. Increasing the resilience of PICTs to climate variability and weather-related disasters is an essential element of the organisation's broader efforts to promote economic growth and strengthen livelihoods.

65. Regional multi-country approaches, such as those SPC delivers, offer a cost-effective and technically sustainable approach to managing and supporting key development activities that complement bilaterally financed and delivered technical cooperation. Examples of regional support include:

- Maintaining the climate-resilient crop collection at CePaCT, which assists countries to build the resilience of farmer cropping systems and minimise crop losses due to climate variability.
- Monitoring tuna fisheries stocks and managing coastal fisheries stocks, providing important technical capacity that many countries lack.
- Providing technical support to countries to manage, monitor and respond to vector-borne diseases (such as malaria, dengue and others) that are driven by climate-related variability.

66. Looking ahead, there is demand to strengthen or expand SPC's climate change-related services in several areas, including building the capacity of countries to manage the impacts of vector-borne and water-borne diseases associated with floods and other climate extremes; expanding the reach and ability of CePaCT to distribute improved crop varieties to farmers across the region; and expanding the coastal fisheries climate impact monitoring programme. However, very limited funds are available to enable SPC to coordinate and manage its delivery of climate change/disaster risk services to members and discussions have started with the Governments of France and Germany on possible options.

## **Conclusion**

67. At SPC we are continuing the reforms based on the IER recommendations from 2012 and seeking to better position the organisation for the future. The agenda for change, which sets out the strategic direction for SPC, involves a number of interrelated activities. The critical issue for SPC is to secure a sustainable and predictable funding regime to enable us to maintain or expand services in priority areas requested by members. However, while the 2015 budget is balanced with one-off savings, we anticipate a serious shortfall in 2016, 2017, and beyond unless income levels improve. SPC's long-term financial outlook is fragile and CRGA is asked to assist the secretariat to address delays in the payment of host country grants, assessed contributions and long-standing arrears, and to explore the possibility of voluntary contributions. We are also seeking to mobilise resources from non-traditional sources and to achieve further efficiencies within the organisation.

68. While no radical policy or structural changes are anticipated at this stage, it is essential that CRGA members appreciate the fragile financial situation of SPC and the continuing heavy reliance on project funding. Unless income streams improve during 2015, SPC may be required to reduce services from 2016 onwards. Naturally, we will continue to work with members and development partners ahead of time to address this risk.

## **Recommendations**

69. CRGA is invited to:

- i. acknowledge the major challenges facing SPC in the medium term;
  - ii. note the priorities for the technical divisions in the medium term;
  - iii. note the likely impact of the implementation of the programming approach;
  - iv. recognise the outlook for SPC's financial situation from 2016 onwards;
  - v. endorse the agenda for change designed to position SPC for the future, enhance the effectiveness of the work it does with and for members, and secure sustainable financing for the organisation;
  - vi. secure payment of host country grants and outstanding arrears as a matter of urgency.
-