AGENDA ITEM 1: OPENING

1. The 47th meeting of the Committee of Representatives of Governments and Administrations (CRGA 47) opened on 25 July 2017, at the headquarters of the Pacific Community (SPC) in Noumea, New Caledonia. The meeting was chaired by New Zealand, with Niue as Vice-Chair, and was attended by representatives of the following SPC members – American Samoa, Australia, Commonwealth of the Northern Mariana Islands (CNMI), Cook Islands, Federated States of Micronesia (FSM), Fiji, France, French Polynesia, Guam, Kiribati, Republic of the Marshall Islands (RMI), Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea (PNG), Pitcairn, Samoa, Solomon Islands, Tonga, Tuvalu, United States of America, Vanuatu and Wallis and Futuna – and by observers and partners including the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the European Union (EU), Korea Institute of Ocean Science and Technology (KIOST), Melanesian Spearhead Group (MSG), Pacific Islands Forum Secretariat (PIFS), Pacific Island Development Forum (PIDF) Secretariat, Secretariat of the Pacific Regional Environment Programme (SPREP), Singapore Ministry of Foreign Affairs, South Pacific Tourism Office (SPTO), United Nations Development Programme (UNDP), UNICEF Pacific and the University of the South Pacific (USP).

2. The Chair discussed the range of matters before CRGA 47, including SPC governance, which would contribute to the jointly shared objectives of participants to the meeting, and a report on the implementation of the Pacific Community Strategic Plan. She noted the report from the Director-General, and foreshadowed discussion on the implementation of the high-level Pacific Youth Development Framework dialogue outcomes. The agenda also addressed Pacific regionalism and CROP cohesion, and operations and management issues. The Chair mentioned that CROP issues would be brought to the meeting.

3. The Director-General acknowledged members, partners and other stakeholders, and noted that the meeting represented a celebration for SPC, taking place in the organisation’s 70th anniversary year, at the same time as being a forum for discussing issues of importance to members and other stakeholders, and Pacific people.
Adoption of the Agenda

4. The Director-General led the meeting through the agenda, followed by the Chair’s request for a motion for its adoption. Niue and Fiji moved that the agenda be adopted, and the Chair declared the agenda adopted.

Election of the Drafting Committee

5. The Secretariat noted the drafting committee nominees: Australia, Cook Islands, Fiji, Kiribati, New Caledonia, New Zealand, Niue, Papua New Guinea, United States of America and Vanuatu. Niue was nominated as chair of the drafting committee.

AGENDA ITEM 2: DIRECTOR-GENERAL’S REPORT

6. The Director-General presented an overview of key activities undertaken in 2016, to continue the Secretariat’s efforts to create an organisation that is effective and efficient, fit for purpose, clear in its mission and priorities, providing relevant, high-quality scientific and technical support to members, and that is sustainably funded. The organisation’s 70th anniversary in 2017 provides an opportunity to acknowledge members, development partners, and all those who have served the organisation and the region over the years – including, importantly, SPC’s staff and leadership – for the outstanding contribution they have made to SPC’s long history of achievement. The challenges of the next 70 years will not be the same as those of the last 70 years, and the Secretariat has been readjusting the organisation’s financial structure and its priorities to continue to respond appropriately to meeting the challenges faced by the Pacific region. The need for science and technology to understand and address these challenges has never been more important.

7. SPC operates in an environment of declining resources available for development, and a crowded development space. This corresponds with rising expectations of members and other stakeholders for efficient and appropriate service delivery by SPC, which requires the organisation to find the best way to deliver these services. The Secretariat has continued its path to ensuring the full implementation of the objectives of the Pacific Community Strategic Plan 2016–2020 (SP 2016–2020), and has invested in a process of prioritisation with teams to better define the services the organisation should continue to provide and areas that could be de-prioritised over time. The Secretariat has continued to strengthen SPC’s financial position, aiming to secure a sustainable financing regime for SPC to minimise the risks associated with external shocks, currency volatility and a constantly changing financial situation. This has involved the development of a resource mobilisation strategy, recruitment of a Resource Mobilisation Officer, implementation of full cost recovery (FCR) and improvements to 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 use of resources. Internal reviews and strategic divisional reorganisations have been undertaken and this process is ongoing.

8. Strategic partnerships with donors and other stakeholders remain critical to maintaining SPC’s effectiveness and sustainability, and the Secretariat acknowledges the ongoing support of its major partners. The Secretariat appreciates that many members pay their membership assessed contributions and host country grants on time, however there are some members that are in significant arrears, and this presents a significant problem, given the financial constraints faced by the organisation. The Director-General indicated that the arrears
discussion would therefore be an important one, and sought clear guidance around how to deal with this issue. SPC’s relationships with CROP agencies are working well, and 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.

9. The Secretariat is progressively improving reporting on SPC’s achievements, results and impact of its work, and the Pacific Community Results Report 2016 was well received by the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan. The Director-General discussed achievements, highlights and results across the organisation’s divisions and programmes. The Pacific Community Results Report 2016 indicated that the Secretariat is endeavouring to report across divisions, and to show impacts of SPC’s work across sectors. The Director-General thanked delegates for their positive comments and indicated that it was a pleasure to work for SPC.

10. CRGA:

i. recognised the Pacific Community’s achievements for 2016, current and future challenges and priorities for action;

ii. provided guidance on the prioritisation process;

iii. acknowledged the efforts of members who pay their assessed contributions promptly, and encouraged members with arrears to settle them as soon as possible.

AGENDA ITEM 3: THE PACIFIC COMMUNITY GOVERNANCE ARRANGEMENT

11. The Pacific Community Governance Review in 2015 considered that CRGA could benefit from new or improved terms of reference to clarify its mandate and authority. The Secretariat has identified that SPC’s governance arrangements are extraordinarily complex, with legal provisions, non-legal arrangements and general practice frequently conflicting with one another. The legal situation was set out in full in the Secretariat’s paper to the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan at its meeting on 30 November and 1 December 2016. The Secretariat proposed that the most pragmatic approach would be to bring all governance provisions together in a single document, ‘The Pacific Community Governance Arrangement’, which would be adopted by a Resolution of the 10th Conference of the Pacific Community in Noumea in July 2017. This Resolution would replace the Tahiti Nui Declaration and all other existing non-legal governance arrangements. As well as consolidating SPC’s governance provisions in a single modern document, this new resolution would clearly indicate that its provisions are an internal administrative arrangement as agreed between members of the Pacific Community until such time as the Canberra Agreement is formally amended to align accepted administrative practice with treaty provisions.

12. The Secretariat extended its thanks to members who sent written comments or confirmation of their agreement with the draft Governance Arrangement that was circulated for comment to all members in February 2017. At its meeting on 20 and 21 June 2017, the Subcommittee endorsed the draft ‘Pacific Community Governance Arrangement’, and recommended its approval by CRGA 47 for adoption by the 10th Conference of the Pacific Community. The
Secretariat and the Chair affirmed that this document should be seen as a living document, that guides and strengthens the governance of SPC, and was amenable to being updated on a regular basis as required.

13. CRGA:

i. approved the Pacific Community Governance Arrangement and recommended its adoption by the 10th Conference of the Pacific Community;

ii. approved the draft Standards of Conduct for the Director-General of the Pacific Community and recommended their adoption by the 10th Conference of the Pacific Community.

AGENDA ITEM 4: PROGRESS IN IMPLEMENTING THE PACIFIC YOUTH DEVELOPMENT FRAMEWORK

14. The Secretariat presented an update on the Pacific Youth Development Framework (PYDF) 2014–2023, noting that it is a standing agenda item on the CRGA agenda, as agreed by members during the High-Level Dialogue on Youth at the Ninth Conference of the Pacific Community in 2015. CRGA 46 affirmed its support for progressing the PYDF in the context of regional prioritisation, and recommended a focus on integration to enhance results in various sectors – particularly climate change, non-communicable diseases (NCDs) and food security – by ensuring that programme outcomes have both economic and social outcomes that benefit young people and communities. CRGA 46 suggested that SPC coordinate with other regional agencies and development partners, and explore existing mechanisms and capacity, including at the national level. SPC’s role in this area has been engagement in regional monitoring of youth, and its contribution to implementing the PYDF is relevant to two of the three goals articulated in the Pacific Community Strategic Plan. Progress has been made against all PYDF indicators, with significant advances made in relation to statistics for development, youth entrepreneurship and climate change. Under SPC Goal 1, a conceptual indicator framework has been drafted for relevant data collection and analysis on youth to better understand the status of youth. Under SPC Goal 2, mapping has been used to identify gaps at regional and national level where these resources may be best focused. Youth networks have been strengthened, and youth-led action and participatory decision-making has been supported for youth entrepreneurship and employment. Funding and capacity resources have been leveraged through strategic partnerships and through efforts to mobilise further resources.

15. CRGA:

i. noted progress made in strengthening partnerships and sharing resources for implementing the Pacific Youth Development Framework (PYDF) 2014–2023;

ii. endorsed the secretariat’s proposal to mainstream youth issues through its development programmes;

iii. considered the need for additional, dedicated and focused resources and capacity to support the implementation of the PYDF.
AGENDA ITEM 5: REPORT FROM THE CRGA SUBCOMMITTEE ON THE IMPLEMENTATION OF THE PACIFIC COMMUNITY STRATEGIC PLAN: STRATEGIC PLAN MONITORING AND RESULTS REPORTING

16. The Secretariat indicated that the two principal tasks of the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan (Subcommittee) are to assess SPC’s performance in relation to the Pacific Community Strategic Plan 2016–2020, and as a reference point for SPC’s prioritisation. The Subcommittee met on 20 and 21 June 2017, and considered and reviewed the following matters, and made recommendations or expressed its views to CRGA 47 and the Secretariat on each of these matters: the Pacific Community Results Report 2016; SPC Prioritisation 2017–2018; the draft Pacific Community Governance Arrangement; the role of the Subcommittee in relation to the budget process; and advice on members’ arrears (assessed contributions and host country grants). The Subcommittee reviewed the Pacific Community Results Report 2016, and recognised that the Pacific Community Results Report 2016 is an excellent product, and represents a great improvement on previous years’ reports, having also taken into account the advice of the November/December Subcommittee meeting. In relation to the information provided in the Pacific Community Results Report 2016 on SPC’s performance, including achievements and challenges, the Subcommittee recommended that CRGA acknowledge the Secretariat’s performance in implementing the Strategic Plan 2016–2020, and consider the Subcommittee’s recommendations in respect of the preparation and content of future results reports.

17. The Subcommittee clarified that the main intended audience of the Results Report is CRGA, and that the information provided in the report is compiled with principal consideration for the needs of this audience. The Subcommittee reviewed the Secretariat’s proposed prioritisation process for the period 2017–2018 and agreed to recommend that CRGA support the ongoing prioritisation process led by the Secretariat. The Subcommittee endorsed the draft Pacific Community Governance Arrangement, and recommended its approval by CRGA 47 for adoption by the 10th Conference of the Pacific Community, and endorsed the draft Standards of Conduct for the Director-General of the Pacific Community, and recommended their approval by CRGA 47 for adoption by the 10th Conference of the Pacific Community. The Subcommittee endorsed the same process for adopting the 2018 budget as that approved by CRGA 46 for the 2017 budget. The Subcommittee received and considered the Secretariat’s update on members’ arrears, and referred this issue to CRGA, noting that the Secretariat will prepare a paper seeking CRGA’s endorsement of recommendations for handling the issue of arrears.

18. The Secretariat presented a four-page ‘Executive Digest’ summary of the Results Report, and acknowledged members’ positive feedback for that document as a useful snapshot and guide for policymakers. The Secretariat explained that the purpose of prioritisation is to address the differential between the organisation’s resources and demand for its services. Expected results as a direct consequence of the prioritisation process would be an alignment of resource allocation and resource mobilisation with identified priorities, which should also allow SPC, in the future, to reallocate resources to new or innovative initiatives which emerge as priorities. This will enable members to determine whether the organisation’s funds have been used efficiently.

19. CRGA:

i. noted the outcomes of the meeting of the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan (Subcommittee), as contained in the Report from the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan;
AGENDA ITEM 6.1A: IMPLEMENTATION OF REGIONAL PRIORITIES UNDER THE FRAMEWORK FOR PACIFIC REGIONALISM

20. The Secretary-General of the Pacific Islands Forum Secretariat (PIFS) provided an overview of the implementation of regional priorities under the Framework for Pacific Regionalism (FPR). These priorities were endorsed by Forum Leaders in 2016, and the required response by CROP agencies in support of this work has been agreed to by the Heads of CROP Agencies, as outlined in the 2017 CROP Action Plan. As a CROP agency, SPC has been an active implementing partner of a number of priorities that were outlined. Members were appreciative of the update provided by the Pacific Islands Forum Secretariat, and expressed their appreciation for the attendance of the Secretary-General.

21. The Director-General of the Pacific Community indicated that the priorities that have come through the FPR process relate to increased economic returns for fisheries and policy responses to cervical cancer in the Pacific. At the 2015 Pacific Islands Forum Leaders Forum the sustainable roadmap for Pacific fisheries was approved. This process is working well, and continues with regular reports to the Leaders. On coastal fisheries management, Leaders recognised that management of coastal fisheries resources has had a lower profile than oceanic fisheries, and required more attention.

22. CRGA:

i. supported the Secretariat to deliver on the priorities for regional action where it plays a key role, particularly for:
   a. economic returns on fisheries;
   b. coastal fisheries management;
   c. cervical cancer;

ii. encouraged the Secretariat to support regional priority setting through the Framework for Pacific Regionalism in its particular areas of technical expertise;

iii. encouraged the Council of Regional Organisations in the Pacific (CROP) to continue to ensure a coordinated and collaborative approach towards the implementation of priorities for regional action, as identified through the Framework for Pacific Regionalism and endorsed by Pacific Islands Forum Leaders.
23. The Framework for Resilient Development in the Pacific: An Integrated Approach to Address Climate Change and Disaster Risk Management (FRDP) was endorsed by Pacific Islands Forum Leaders in September 2016. The basis of regional governance to facilitate the implementation of the FRDP will be the Pacific Resilience Partnership (PRP). The PRP Working Group has developed a proposal for the governance of the PRP and terms of reference, which will be provided to the Forum Officials Committee (FOC) for its endorsement in August and to Pacific Islands Forum Leaders for their approval in September 2017. The FRDP and PRP represent a paradigm shift in how climate change, disaster resilience, and governance are approached in the Pacific. These issues will be progressed in consultation with stakeholders in the next few months. Some concerns were raised about the PRP Taskforce membership, and whether the proposed composition enabled an equitable share of time for member states to be part of the Taskforce process.

24. CRGA:

i. acknowledged the endorsement of the Framework for Resilient Development in the Pacific (FRDP) by Pacific Islands Forum Leaders in September 2016;

ii. supported the proposed governance arrangements for the Pacific Resilience Partnership, which will assist effective FRDP implementation, and noted that these arrangements will be recommended to Pacific Islands Forum Leaders for their endorsement in September 2017;

iii. committed to supporting the successful implementation of the FRDP, given SPC’s regional role in leadership of disaster risk management and technical capacity in building resilience.

25. The Director-General of the Pacific Community provided a status report on progress in the implementation of the Smaller Island States (SIS) Regional Strategy 2016-2020 endorsed by SIS Leaders in Koror, Palau, on 24 June 2016, and later endorsed by Forum Leaders in Pohnpei, Federated States of Micronesia on 9 September 2016. The Smaller Island States of the Pacific Islands Forum represent the most vulnerable of Forum Island countries. Their ‘unique and particular’ vulnerabilities linked to their small size, lack of natural resources and remoteness may limit their prospects to achieving the Sustainable Development Goals (SDGs). The SIS Regional Strategy aims to deepen the focus and benefits of regionalism by articulating a specific set of priorities and resources that service collectively the shared interests of, and subsequent benefits to the SIS. Pacific Island Forum Leaders have reaffirmed that, given the smallness in terms of land area and population, as well as a degree of economic, social and environmental vulnerability of the smaller island states, it is important to give specific
attention and assistance to the SIS, to ensure that they derive the fullest possible benefit from regionalism. The Pacific Community has embedded the SIS Regional Strategy into its respective Work Plans.

26. The Secretary-General of the Pacific Islands Forum Secretariat commended SPC for its support of and contribution to the work that is currently underway in progressing the SIS Implementation Plan. The Secretary-General suggested that the SIS strategy was one of the best strategies coming out of the regional work of CROP agencies. A particular lack in the strategic work of CROP agencies for SIS countries was aviation and air transportation services, and it was important that this area find a suitable home and that effective policy responses were progressed. Members agreed that aviation issues are an important enabler of economic development in the Pacific Islands region, and for SIS countries in particular, and agreed that further discussions were needed to ensure that Pacific regional organisations are able to properly address those issues.

27. The Chair indicated that the discussion lent focus to aviation and air transportation services issues in the region, and where its coordination should sit, and that discussions would continue in relevant forums outside of CRGA.

28. CRGA:

i. confirmed the Secretariat’s role in delivering against Forum Leaders’ priorities, as outlined in the Smaller Island States (SIS) Regional Strategy 2016–2020;

ii. acknowledged the SIS Regional Strategy and Implementation Plan as the basis to articulate its support to the SIS regional priorities and aspirations within the Framework for Pacific Regionalism;

iii. commented on activities within the SIS Implementation Plan where SPC and PIFS can build stronger partnerships, in order to access the requisite technical and financial assistance.

**AGENDA ITEM 6.3: CROP COHESION AND COORDINATION**

29. The Secretary-General of the Pacific Islands Forum Secretariat provided a status report on developments facilitated by the Council of Regional Organisations in the Pacific since CRGA 46, to deepen CROP agency cohesion in relation to the Framework for Pacific Regionalism. The Secretary-General summarised the key areas for CROP coordination and collaboration in 2017, as outlined by the 2017 CROP Action Plan, and the important role to be played by the Pacific Community. Key issues included the continued involvement of SPC in CROP, a standing annual dialogue, and whole-of-CROP coherence. The Secretary-General acknowledged that SPC has been a valued partner in the PIFS-led analysis of regional governance and financing arrangements.

30. CRGA:

i. confirmed the Pacific Community’s role in delivering against Forum Leaders’ priorities, as outlined in the 2017 CROP Action Plan;
ii. supported emerging key messages of the Pacific Islands Forum Secretariat (PIFS)-led analysis of regional governance and financing arrangements and its implications for CROP agencies;

iii. commented on the working recommendations of the draft report of the Review of the CROP Charter, and agreed in principle to future endorsement of the CROP Charter, subject to endorsement by Pacific Islands Forum Leaders.

**AGENDA ITEM 7.1: SALARY SCALE AND PROPOSALS FOR FISCAL YEAR 2018**

31. The Secretariat presented the 2018 SPC salary scales for positions advertised internationally and for those advertised locally in each of SPC’s five host countries. The scales proposed were in accordance with the recommendations of the 2015 CROP Strategic Triennial Remuneration Review (2015 Triennial Review). The proposed scales addressed the weakening position of the Secretariat’s salary scales compared with those of other CROP agencies, and the need to find solutions, while balancing operational budgets, to ensure SPC remained a competitive employer. In addition, SPC salaries in local markets have depreciated as a result of inflation in SPC’s main host countries. While a review of the SPC salary and benefits system was in progress, the Secretariat proposed interim adjustments to the SPC salary scales, taking the movement of other CROP agencies into account. To ensure that SPC is able to remain attractive in the employment market, the secretariat proposed – using the same mechanism as in 2015 and 2016 – a 2% increase in the mid-point of the salary scales for positions advertised internationally. This was a cost-neutral adjustment in terms of budgetary impact. The Secretariat also proposed a general salary increase of 2% across all position types and locations to account for inflation across all SPC host countries. That cost was provisioned for in the 2018 budget. A review of SPC’s remuneration systems was work approved by CRGA 46, and is currently underway, including the SPC reference currency for the salaries of positions advertised internationally, and the performance development system. This work will continue throughout 2017, with a view to presenting recommendations to CRGA 48 in 2018 on an appropriate reference currency for SPC salaries for positions advertised internationally.

32. In response to member concerns about the impact on the budget of the recommendations proposed, the Secretariat indicated that the efforts made by the organisation to address past budget deficits have had a significant impact on staff, and requested that members bore this in mind in considering the recommendations. The results that have been reported, and that members have commended, have been achieved by the organisation’s people. The financial impact of recommendation 2 is approximately EUR 300,000 (later refined as EUR 230,000, as recorded below), which should be seen against the substantial savings made by the organisation over the past two budget cycles of approximately EUR 8 million, and in preparing the 2018 budget, and in that sense should be seen as fiscally responsible. Staff of the Pacific Community received a 0% increase in 2016, a 1.5% increase in 2015, and 2% increase in 2014. In 2015 senior staff of the organisation elected not to receive the salary increase, and in 2016 senior staff elected not to receive any performance-based salary increment. In respect of bilingualism, the Director-General expressed that, as a technical and scientific organisation, SPC needed to be realistic about how this was applied in recruitment while understanding and recognising the importance of the organisation’s bilingual nature. The first criterion in recruitment needed to be technical competence, while bilingualism was an important subsidiary criterion.
33. **CRGA:**

   i. approved a cost-neutral increase of 2% at the mid-point for all SPC salary scales (international and local), in all locations (Federated States of Micronesia, Fiji, New Caledonia, Solomon Islands and Vanuatu), with effect from 1 January 2018;

   ii. approved a 2% general salary increase for all SPC employees in all locations, with effect from 1 January 2018;

   iii. noted the importance of CROP agencies continuing to work together on harmonising, to the extent possible, salaries and conditions of service, as well as the need to contain costs and enhance productivity;

   iv. noted the update on the review of (a) the SPC reference currency for the salaries of positions advertised internationally, and (b) the performance development system.

**AGENDA ITEM 7.2: AUDIT AND RISK COMMITTEE REPORT**

34. The Secretariat presented the report prepared by the SPC Audit and Risk Committee (ARC) to update CRGA 47 on ARC’s work over the past 12 months.

35. **CRGA:**

   i. noted the report from the Audit and Risk Committee (ARC);

   ii. endorsed the Audit and Risk Committee’s recommendation that KPMG be appointed as External Auditors for SPC for the period 2017–2020;

   iii. noted that the External Auditors have provided an unqualified audit opinion for SPC’s 2016 Financial Statements and that the ARC recommended CRGA’s acceptance of these Statements.

**AGENDA ITEM 7.3: 2016 AUDITED FINANCIAL STATEMENTS**

36. In accordance with the Pacific Community’s financial regulations, the audited 2016 Pacific Community financial statements and audit reports were presented for the consideration of CRGA. For the 21st consecutive year the records for both SPC’s overall finances and the Staff Provident Fund received unqualified audit opinions for the financial year 2016. The auditor expressed the opinion that the Pacific Community’s financial statements present fairly, in all material respects, the financial position of the Secretariat as at December 31, 2016, in accordance with International Public Sector Accounting Standards (IPSAS). The presentation of the financial statements continues to evolve, in accordance with IPSAS. The structure of staff costs was outlined by the Secretariat – which involve direct salary in addition to the costs associated with maintaining staff in the various SPC locations at which they work and live. Members indicated their desire to be regularly updated on outstanding liabilities for the
organisation, including those linked to EU project audits.

37. CRGA:

i. adopted the 2016 audited financial statements for the Pacific Community and the Pacific Community Provident Fund, noting that they were unqualified and presented a true and fair view of the financial position and performance of these entities.

AGENDA ITEM 7.4: 2017 REVISED BUDGET AND 2018 DRAFT BUDGET

38. SPC’s revised budget for 2017 and proposed budget for financial year 2018 were presented to CRGA, in accordance with SPC’s Financial Regulations, which require the Director-General to inform CRGA of budget revisions. Following the CRGA decision to adopt the euro as SPC’s functional currency as from January 1 2017, both the 2017 revised budget and the 2018 draft budget are stated in euros. The revised 2017 budget was adopted out of session by CRGA in December 2016, following a review by the Audit and Risk Committee and the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan at its meeting on 30 November 2016. The Subcommittee ‘endorsed the revised 2017 budget and recommended its submission to all CRGA members for comment and out of session adoption’. The revised 2017 budget, as approved, is a balanced budget totalling EUR 84.5 million (100.9 million CFP units), comprising a core budget of EUR 17.3 million (20.7 million CFP units) and restricted programme and project funding of EUR 67.2 million (80.2 million CFP units). The Secretariat is currently projecting a 2018 budget with a deficit amounting to EUR 0.87 million, derived from income of EUR 72.7 million less expenditure of EUR 73.5 million. Total income comprises projected core income of EUR 16.2 million and restricted programme and project funding of EUR 56.5 million. This is a decrease of EUR 11.9 million (13.7%) compared to the 2017 revised budget, primarily as a result of: a decline of EUR 10.7 million in restricted programme and project funding due to the continuing cycle of existing projects ending before funding agreements for new projects are finalised; and a reduction of EUR 1.17 million in unrestricted core funding. The Secretariat reported that the impact on SPC’s 2018 core budget of the proposed 2% general salary increase for all SPC employees in all locations, referred to in Agenda Item 7.1, would be EUR 230,000.

39. The Secretariat highlighted the projected project management fee item of EUR 2.9 million, representing a 0.18 million increase over the 2017 budget, despite reduced project income, which reflects improved recovery through effective project negotiation and documentation, which will continue to be a critical component of the organisation’s full cost recovery financial model. The principal purpose of SPC’s prioritisation process is to ensure that the projects that SPC takes on are directly aligned with the priorities of the organisation. The Secretariat is committed to addressing the projected budget deficits for 2018 and future years and to raising the resources necessary to fund initiatives under the Pacific Community Strategic Plan 2016–2020, together with any new or emerging priorities.

40. The Secretariat underscored the importance of alignment between new projects and the priorities of the organisation’s Strategic Plan and outcomes of the prioritisation process, together with the importance of increased flexibility in funding through programme funding modalities and implementation of full cost recovery.
CRGA:

i. endorsed the ‘out-of-session’ adoption of the revised 2017 budget;

ii. noted the draft budget for financial year 2018, subject to:

   a. the Secretariat presenting a revised 2018 budget that substantively addresses the current forecast deficit;
   b. review by the Audit and Risk Committee;
   c. review and endorsement by the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan by December 2017;
   d. out-of-session adoption by all members of CRGA before 31 December 2017;

iii. noted the ongoing budgetary challenges for 2019 and 2020 that arise from SPC’s high reliance on cyclical project financing and encourage all members and donors to consider adopting flexible or multi-year programme funding modalities;

iv. commended the Secretariat on its progress on establishing full cost recovery and urge all funders to support these important changes, including the 15% management fee;

v. recommend that the Secretariat ensure that all new projects are directly aligned to the priorities as outlined in the Pacific Community Strategic Plan 2016–2020 and as refined by the ongoing prioritisation process.

AGENDA ITEM 7.5: ASSESSED CONTRIBUTIONS AND HOST COUNTRY GRANTS

The Pacific Community Governance Arrangement indicates that SPC’s budget is derived primarily from assessed annual membership contributions and programme and project funding. From its inception, the Pacific Community’s governance documents state clearly that members are expected to pay an annual assessed contribution: the Pacific Community Policy on Membership and Observer Status (SPC Membership Policy) provides that ‘all members of the Pacific Community pay an annual assessed contribution to the organisation’. The policy also indicates that admission as a member is dependent on a country’s ‘willingness and ability to make the annual financial contribution’ to SPC. This recognises that membership allows members to benefit from, participate in, or support the work of SPC. The Secretariat presented the current situation for payment of assessed contributions and arrears, representing a total of EUR 1,189,755. The Secretariat also noted that several other members had not yet paid their 2017 assessed contributions, amounting to a cumulative total of EUR 2,042,918. The Secretariat encouraged those members to meet their arrears obligations so promptly.

The Secretariat outlined that the level of a host country grant is ostensibly determined by negotiation between the Secretariat and the host country, rather than through the application of a formula. However, the Secretariat explained that the 8th Conference of the Pacific Community approved linking the level of host country grant more closely with the economic benefit that countries derive from the presence of an SPC office. On that basis, and with the endorsement of the 8th Conference, the Secretariat undertook negotiations with SPC host countries for new levels of host country grant. The Secretariat outlined the current status of assessment and payment of host country grants, and reiterated the importance that all members recognise the significant economic benefit that host countries derive from the...
presence of an SPC office in-country, and that the host country grant is understood as a long-term commitment to SPC’s operations in the host country. The Secretariat indicated that failure to pay a host country grant, or the payment of a lower level, demonstrates a lack of genuine commitment to the organisation, and undermines SPC’s sustainable financing and its ability to maintain a decentralised office or regional antenna. The Secretariat sought CRGA’s guidance on measures that could be taken if a member falls into arrears in assessed contributions or host country grants, where applicable, for a period of more than one budget cycle, and made proposals that would provide the organisation with a series of measures designed to encourage countries in arrears to regularise their situation promptly. The Secretariat considered that these measures would create a greater degree of accountability toward the organisation, while allowing sufficient flexibility to take into account the seriousness of the arrears issue and a member’s willingness to address it through a repayment plan.

44. Members supported the principle of meeting assessed contributions and host country grant payments. Members acknowledged that there are situations that arise that affect members that are out of their control, including natural disasters, and expressed the view that any remedial measures adopted to address member arrears should take this into account, and in particular should not have the effect of penalising members for matters that arise that are beyond members’ control, nor should overly punitive measures be adopted. The Chair and the Secretariat clarified that the issue of dealing with arrears remains a matter of supporting member participation in the organisation and is not a membership qualification issue.

45. CRGA:

i. encouraged all members in arrears to pay the full amount outstanding to the Secretariat before December 2017;

ii. invited those members who are unable to repay their full arrears to immediately enter into a repayment plan with the Secretariat;

iii. encouraged those host countries that have not agreed to a new level of host country grant to constructively engage with the Secretariat to fix an adequate level of contribution, taking into account the economic benefit derived from SPC’s presence;

iv. called on host countries that have not paid the agreed level of host country grant to do so before December 2017;

v. agreed to the proposed set of measures that may be applied to members in arrears appearing in Annex A.

AGENDA ITEM 8: DIRECTOR-GENERAL’S PERFORMANCE ASSESSMENT (in camera)

46. This agenda item was discussed in camera. CRGA’s recommendation will be conveyed in a letter from the Chair of CRGA to the Chair of Conference.
AGENDA ITEM 9: CRGA 48 – VENUE, CHAIR AND VICE-CHAIR

47. The CRGA Rules of Procedure state that CRGA should meet once a year at SPC headquarters in Noumea, except in the years when the Conference is convened, when CRGA meets immediately before the Conference at a venue chosen by the members of the Pacific Community.

48. CRGA:

   i. noted that the venue for the meeting of CRGA 48 in 2018 will be Noumea, New Caledonia, and that members will be advised of the meeting dates in due course; and

   ii. agreed that the Chair for CRGA 48 will be provided by Niue and the Vice-Chair by Palau.

AGENDA ITEM 10: EVALUATION OF CRGA 47

49. CRGA responded to the Secretariat’s questions evaluating the conduct and content of the meeting.

AGENDA ITEM 11: OTHER BUSINESS

Update on the Pacific Week of Agriculture

50. Vanuatu provided an update on the date and venue of the inaugural Pacific Week of Agriculture, on the theme of Pacific Crops, Resilience, Opportunity, Products and Sustainability (CROPS), and extended a cordial invitation to delegates of Pacific Community member states and territories.

Programme presentations

51. Marshall Islands and Kiribati commended the programme presentations under Agenda Item 5 of CRGA 47, requested that these be undertaken in future CRGAs, and applauded the work of programmes.

Notes of appreciation

52. CNMI and Pitcairn made interventions in the nature of notes of appreciation, which will be recorded in the meeting record, along with those expressed by other members over the course of the meeting.
AGENDA ITEM 12: STATEMENTS FROM OBSERVERS

53. CRGA noted with interest and appreciation the statements made by Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), European Union (EU), Korea Institute of Ocean Science and Technology (KIOST), Melanesian Spearhead Group (MSG), Pacific Island Forum Secretariat (PIFS), Secretariat of the Pacific Regional Environment Programme (SPREP), Singapore Ministry of Foreign Affairs, South Pacific Tourism Office (SPTO), and United Nations Resident Coordinator, on behalf of all UN agencies in the Pacific, and the statement tabled by the University of the South Pacific.

AGENDA ITEM 13: ADOPTION OF CRGA DECISIONS

54. CRGA adopted its decisions.
CRGA 47 agreed that the following measures will apply to members in arrears to endeavour to regularise their situation promptly. These measures will not apply if a member in arrears enters into an agreed repayment plan with the Secretariat. However, should the member not follow through on its repayment commitments, it would again be subject to the following measures.

<table>
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<tr>
<th>Period of arrears</th>
<th>Measures to be taken</th>
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<tr>
<td>More than 1 year</td>
<td>- A member cannot chair any SPC meeting or working group.</td>
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<td>- A member is not eligible to receive financial support for its representatives to attend any SPC meeting, workshop or event.</td>
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<td>- The SPC Annual Report and financial statements will identify members with overdue obligations.</td>
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<td>- For a member that is a host country for SPC headquarters, regional antenna or country office, the Secretariat may consider downsizing its in-country presence or other cost-saving measures aligned with the overdue amount.</td>
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<td>2 years</td>
<td>- A fee for service may be imposed by the Director-General for all requests from the country for assistance (i.e. the country in arrears must pay for any SPC services it requests).</td>
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<td>- A member is not eligible to sit on any SPC working group or subcommittee.</td>
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<td>3 years or more</td>
<td>- A member is not eligible for development of a new SPC partnership or country programme.</td>
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<td>- A member may attend CRGA or the Conference of the Pacific Community but will not be able to join consensus or break consensus on any decision.</td>
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<td>- For a member that is a host country for SPC headquarters, regional antenna or country office, the Secretariat may consider relocating the office or any other more cost-effective measure.</td>
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