

**REPORT OF THE
SEVENTH CONFERENCE OF THE PACIFIC COMMUNITY**
(Noumea, New Caledonia, 7–8 November 2011)

and

**FORTY-FIRST MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS
(CRGA 41)**

(Noumea, New Caledonia, 1–4 November 2011)

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SEVENTH CONFERENCE OF THE PACIFIC COMMUNITY

Chairperson	Honourable John M. Silk Minister, Marshall Islands Ministry of Foreign Affairs
Vice-chairperson	M. Hadelin De la Tour-du-Pin Ambassador, France Secrétaire permanent pour le Pacifique Représentant permanent de la France auprès de la CPS

AGENDA

- 1. Opening of the session**
- 2. Director-General's Overview report to Conference**
- 3. Letter from Chair of CRGA to Chair of Conference on CRGA 41 Resolutions to Conference, and Decisions taken by CRGA 40 in 2010**
- 4. Thematic discussions**
 - Theme paper: Climate change and food security – managing risks for sustainable development
 - Chair's introductory remarks on the theme
 - Presentation of theme paper
 - Pacific Climate Change Science Program (PCCSP)
 - Panel discussion – invited speakers
 - Plenary discussion on climate change
 - Introduction of the SPC publication: 'Assessing the Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change'
 - Book launch: 'Assessing the Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change'
- 5. Tahiti Nui Declaration**
- 6. Financial year 2012 budget**
- 7. New Caledonia presentation – '1 tree, 1 day, a life' project**
- 8. Consideration of recommendation of CRGA 40 and CRGA 41 for appointment of Director-General (closed session)**
- 9. Rules of procedures for the appointment and assessment of the SPC Director-General**
- 10. Year 2013 Conference Venue and election of Chairperson and Vice-Chairperson**
- 11. Other business**
- 12. Adoption of the Communiqué of the 7th Conference of the Pacific Community**

REPORT OF PROCEEDINGS

AGENDA ITEM 1 – OPENING OF THE SESSION

1. The Chairperson, the representative of Marshall Islands, called the meeting to order and asked the representative of Samoa to say the opening prayer.
2. The Director-General acknowledged and welcomed distinguished delegates to the 7th Conference of the Pacific Community.
3. In his opening remarks, the Chairperson thanked the President of the Government of New Caledonia for the warm welcome extended to delegations. He acknowledged and welcomed the delegation from Timor-Leste and other observers. Noting that the Conference was originally scheduled to be held in Marshall Islands, he expressed deep gratitude to New Caledonia for its support of Marshall Islands as official host, particularly for providing every diplomatic courtesy to delegations.
4. The Chairperson acknowledged the excellent work of CRGA 41 in preparing the path for the Conference. He said the theme of the 7th Conference was *Climate change and food security – managing risks for sustainable development*. As a region it was necessary to find sustainable solutions and take responsibility at the national level, taking advantage of regional assistance to add value to national initiatives. The threats posed by climate change placed extreme pressures on Pacific states, especially on food and water security, and he called on the Conference to endorse SPC's internal climate change engagement strategy.
5. The President of the Government of New Caledonia, Mr Harold Martin, extended greetings to the leaders and representatives of all Pacific countries and territories attending the 7th Conference of the Pacific Community. The President said his message to the Pacific Community could be expressed in two words: pride and commitment. He said New Caledonia took great pride in hosting SPC's headquarters and he announced that New Caledonia will strengthen its commitment to the organisation by significantly increasing its voluntary contribution beginning in 2012 and also considering other mechanisms, such as support for building maintenance and extension of office space, in an effort to achieve a balance of staff and programmes between Noumea and the Suva regional office. The President confirmed that New Caledonia will formalise a full country partnership with SPC through the joint country strategy currently being developed, which will optimise the long-term relationship. He noted that in 2012, New Caledonia will host a number of meetings, allowing New Caledonia to enhance its strong commitment to the region and to becoming a member of the Pacific Islands Forum.
6. The Director-General thanked the President on behalf of the Conference. He noted that the 7th Conference reflected the highest level of political representation, which was important to SPC. He acknowledged the heads of state and government of American Samoa, New Caledonia and Cook Islands; deputy heads of state and government of Federated States of Micronesia and Tonga; ministers of Fiji, Republic of the Marshall Islands, Samoa, Solomon Islands and Vanuatu; ambassadors and high commissioners of France, New Zealand, Papua New Guinea, and the United States of America; and senior officials of Australia, French Polynesia, Kiribati, Nauru, Niue, Palau and Wallis and Futuna. He welcomed observers including the delegation from Timor-Leste, heads of Council of Regional Organisations in the Pacific (CROP), and representatives of the European Union (EU), the Pacific Islands Forum Secretariat (PIFS), the Secretariat of the Pacific Regional Environment Programme (SPREP), the University of the South Pacific (USP), the Western and Central Pacific Fisheries Commission (WCPFC) and other partners.

7. The Conference adopted the proposed agenda and hours of work and elected a drafting committee with the following members: Australia, France (Chair), Fiji, Nauru, New Caledonia, New Zealand, Tonga and USA.

AGENDA ITEM 2 – DIRECTOR-GENERAL’S OVERVIEW REPORT

8. The Director-General outlined progress towards implementing the decisions made by CRGA 40 (Paper 2, Annex 1). He said good progress had been made on the development and review of joint country strategies, budget reforms and the technical work programme. He was pleased to report that SPC’s financial accounts (2010) had received an unqualified audit opinion for the 15th consecutive year.

9. Implementation of the revised regional institutional framework (RIF) culminated in January 2011 with the final integration of SPBEA and SOPAC. The legal requirements for the final closure of SOPAC the Commission and SPBEA will be completed by February 2012, ending their legal status as separate organisations. The Director-General commended the CEOs of SOPAC and SPBEA for their commitment to the success of the integration process and support in now moving towards achieving benefits from RIF.

10. Reporting on the key policy issues considered by CRGA 41, the Director-General highlighted the proposed commissioning of an independent external review of SPC to consider SPC’s strategic direction and core business objectives and examine the effectiveness of its operating model including prioritisation of services and transparency of resourcing and budgetary arrangements. The review is planned to be completed by April 2012. Terms of reference for the review were finalised by CRGA 41. The review report, and SPC’s response, will be circulated to members. The results will guide the development of the new Corporate Plan 2013–2017, and assist in finalising the long-term sustainable financing strategy.

11. The Director-General noted the synergy between the Pacific Plan and the core business of SPC and said that each year a report (SPC and the Pacific Plan) is published showing how SPC’s work contributes to achieving the Plan. In future, the report will focus on results covering the July–June period, to allow a full annual report of SPC’s activities to CRGA each year. This document and key strategic documents, including the corporate plan, budget, M&E framework and joint country strategies will be aligned to SPC’s three key development outcomes: sustainable economic development, natural resources management and development and human and social development.

12. CRGA 41 reviewed the role of SPC as Principal Recipient (PR) of Global Fund grants. SPC did not wish to bid for further funding rounds because the stringent fiduciary requirements of the Global Fund Office of the Inspector General were placing an increased burden of liability on PRs, which was especially worrying in a multi-country grant environment. However, members had requested SPC to continue in the role for the present. The Director-General said the UNDP Pacific Centre had expressed interest in the role of PR for Global Fund grants in the future.

13. The Director-General said that the 2011 CROP remuneration review had recommended increases to internationally recruited staff salaries ranging from 7% to 15%, with each CROP governing council to decide on the recommendation. Noting that SPC could not at present afford the suggested increases, CRGA recommended not passing on the adjustment. On the issue of taxation for Fiji nationals working for SPC, he said negotiations were continuing with the Fiji government. SPC is seeking to defer implementation of the taxation by 12 months to allow the full financial implications to be addressed in the planning of the budget for 2013.

14. The Director-General reported on progress against the SPC Corporate Plan (Paper 2, Annex 4). Key achievements included the publication of a major study on the vulnerability of Pacific fisheries to climate change and the signing of 14 MOUs with regional agencies. He noted that some key services

have had to be reduced due to funding reductions and SPC continued to focus on streamlining services to achieve the best possible results for members. It had merged corporate and programme support services into an operations and management directorate to better support programme delivery and also commissioned a consultancy to review the provision of these services with a view to achieving further efficiencies.

15. The 2012 budget was presented in a revised format with tier one outlining bilateral/JCS programmes, and tier two, regional work that impacted on multiple countries. The Director-General said the issue of outstanding membership arrears continues to be an area of concern for auditors and also impacts on SPC's operating budget. CRGA 41 had acknowledged the difficulties faced by some members and recommended the development of suitable payment plans. CRGA had however recommended against any write-off of arrears.

16. The Director-General ended his report by thanking the staff of SPC for their dedication and service to the region.

17. The representative of Fiji acknowledged the progress that SPC had achieved in a challenging period of change. He gave assurances that the issue of deferring the payment of income tax by Fiji nationals until 2013 was being considered. He said the Fiji–SPC joint country strategy (JCS) has been approved by the cabinet, with the Ministry of Strategic Planning, National Development and Statistics acting as the focal point. Fiji recorded its appreciation of the efforts of the Strategic Engagement, Policy and Planning Facility (SEPPF) in 2011 and looked forward to ongoing monitoring of the strategy, urging SPC programmes to continue engaging with the focal point ministry. Regarding regional issues, Fiji encouraged continued emphasis on value for money, cost effectiveness and systematic monitoring in the development agenda. Fiji welcomed the planned completion of an independent review of SPC in time for consideration by CRGA 42.

18. The representative of Samoa commended the Director-General on his comprehensive report. He said Samoa supported the activities of SPC in key sectors that address the Pacific Plan development goals. A feature of SPC service to the region was capacity building at community and rural levels, and he asked that this focus be maintained while enhancing the delivery of services. He said SPC must ascertain and reflect on its areas of comparative advantage at national and regional level. He commended SPC on its achievements in a time of challenge and transformation, and acknowledged the Director-General for the quality of his leadership.

19. The representative of Federated States of Micronesia (FSM) acknowledged the Government of New Caledonia for the hospitality accorded to delegations. He commended the work of SPC on the RIF reform, and the streamlining that had been undertaken to date without affecting the level of service to members. He said a hallmark of SPC's regional services was the decentralisation policy, which had enabled improved on-the-ground support to members. FSM fully supported the role of decentralisation in maximising the cost effectiveness of service delivery at national level, and reaffirmed its commitment to the northern regional office. He noted SPC's strong financial standing and succession of clear audit reports, and commended the Director-General on his contribution to regional service, and SPC for its work in member countries. FSM called on the Conference to resolve the issue of outstanding arrears so SPC could operate from a position of strength.

20. The representative of Vanuatu expressed appreciation of SPC's support in key development sectors and programmes. He said Vanuatu was establishing priority programmes to meet the Millennium Development Goals (MDGs) and will inform SPC of the cost-benefit implications of these priorities. He thanked the Director-General for his effective leadership and engagement during a transitional period with financial constraints. He requested that SPC continue to act as PR for health sector grants, noting the RIF reform as evidence of SPC's strength in managing through challenges. He said members should adopt appropriate financial systems to ensure the best management of grant funding, taking the fiduciary burden off SPC as PR. He noted that Vanuatu is reviewing its current

priorities and action agenda and reaffirmed support of the Vanuatu country office. He thanked SPC for the quality of the Conference papers.

21. The representative of Solomon Islands acknowledged the traditional landowners of Noumea for the land on which SPC stands, and the government of New Caledonia for the warm welcome to delegations. He recorded thanks to New Caledonia for its commitment to increase its voluntary contribution to SPC headquarters. He said Solomon Islands endorsed the Director-General's report and called for Conference to support Solomon Islands request to expand the country office to a subregional office. He thanked the donor partners for funding SPC programmes, and acknowledged the RIF merger as a mechanism for effective collaboration in the region.

22. The representative of Cook Islands expressed gratitude to the government of New Caledonia for the hospitality provided to Conference delegations. He commended the Director-General for the quality of meeting papers, and for highlighting the future role and challenges of the organisation in a rapidly changing regional environment. He said Cook Islands values the work of SPC in achieving sustainable economic, human, social and natural resource development. While expressing appreciation for the resources provided by development partners, the Cook Islands called for New Zealand to reconsider the reduction in the level of its voluntary contribution, asking that programme funding be increased once its concerns are satisfied.

23. The Director-General responded by thanking Conference for the vote of confidence, especially in highlighting the benefits and processes that link SPC programmes with national development priorities. Responding to the comments from Fiji, he welcomed dialogue on the taxation issue to ensure the implementation can be planned properly and said SPC looked forward to finalising the host country agreement with Fiji. He noted the comment from Samoa regarding a future focus on the comparative advantages of SPC's programmes. He thanked the representative of FSM for the government's support of SPC's regional office in the north Pacific. Responding to the comment from Vanuatu he assured the Conference that the Pacific will be represented by an agency for future Global Fund grants and other health sector grants. He said SPC will partner with or support the PR agency and will continue to manage current grants. He thanked Cook Islands for its continued support.

24. The Director-General noted that SPC is involved in implementing the decisions of Forum Leaders in the areas that it leads, which impacts on the core business of the organisation. He stressed that the political leadership must make decisions but must also support their implementation by engaging in SPC's work. In this regard, SPC appreciated the high level of political representation in member delegations. He said SPC would continue to focus on an efficient and results-based programme of work, noting that decentralisation will be one of the issues examined by the independent review as the organisation looks to enhance the efficiency and impact of its services.

DECISION

25. Conference commended the Director-General's report.

AGENDA ITEM 3 – LETTER FROM THE CHAIR OF CRGA 41 TO THE CHAIR OF THE 7th CONFERENCE

26. The Chair of CRGA 41 presented a letter to the Chair of the 7th Conference outlining the discussions of CRGA and its recommendations to the Conference. She thanked the government of New Caledonia for its support of CRGA 41 and generous hospitality, and acknowledged the Republic of Marshall Islands as official hosts of the Conference.

27. The representative of American Samoa thanked the Chair and the Government of New Caledonia for accommodating delegations. American Samoa congratulated SPC for the excellent services it provides and also on its 15th consecutive clean audit. In light of recent international

accounting issues, he called for the Conference to consider a more rigorous and transparent procedure for selecting the independent auditor to eliminate any questions relating to the independence of the process.

28. The Director-General responded by reassuring Conference that the process for selecting the auditor required SPC to advertise internationally for tenders for the three-year appointment as auditor, rank bids technically and financially, and make a recommendation to CRGA. The process will be further improved when an internal audit committee of CRGA takes over the role of appointing the auditor.

DECISION

29. Conference acknowledged the letter from the chairperson of CRGA 41 to the chairperson of the 7th Conference of the Pacific Community, and accepted the recommendations made by CRGA.

AGENDA ITEM 4A – THEMATIC DISCUSSIONS

THEME PAPER: CLIMATE CHANGE AND FOOD SECURITY – MANAGING RISKS FOR SUSTAINABLE DEVELOPMENT

30. The Chairperson introduced the theme of the Conference: ‘Climate change and food security – managing risks for sustainable development’. He said projections show that climate change is likely to have a major impact on regional food security in both the short to medium term. Even without climate change, the region faces numerous challenges in maintaining food security. He said he hoped the discussions would clarify the basis of these projections and help decision-makers begin to assess the risks, the responses needed in the short and longer term, and the relative costs and benefits of various responses.

31. The Director-General said that Pacific Island countries and territories (PICTs) vary enormously in terms of land area and population, but in general their populations were increasing. In some areas it was expected that the usable land area would actually decrease and soil salinity increase due to climate change effects, making it more difficult to grow enough food to feed the population. He said that many of the risks were not directly related to climate change, but that in addition to responding effectively to climate change the present generation of decision-makers would be held accountable on the investments they made now to safeguard future populations. The Director-General said the Conference brought together regional policy makers and a panel of experts with relevant Pacific experience for the purpose of sharing scientific information and national viewpoints on climate change and advocating best practices.

Factors underlying climate change

32. SPC’s Senior Climate Change Adviser, Brian Dawson, explained some of the factors underlying climate change projections for the Pacific Islands region. The climate is always changing. An important driver of year-to-year change is the El Niño Southern Oscillation (ENSO), which is the single biggest influence on the region’s climate. Greenhouse gas concentrations are small but they have a big influence. Major sources of greenhouse warming are fossil fuels (74%); land use/deforestation; methane (of which 44% is produced by agriculture and most of the rest by energy and organic waste); nitrous oxide (of which 85% is produced by agriculture and most of the rest by energy/industry); and man-made gases (produced by industry, refrigerants). Natural carbon sinks – land and oceans – have absorbed around half of the CO₂ produced. Natural uptake could fall in the future (it is now at 20–25 gigatonnes/year). If we balance this natural absorption with our emissions output we have to stay below 20 Gt/year (about 2 tonnes per person on a global basis).

33. The world is already committed to average temperature increases of 1.5°C – 2°C, most of which is still to come and is unavoidable. Average warming to date is 0.75°C. The exact amount of

warming will vary depending on the location. In terms of planning, we have to expect a rise of 3°C later this century. In the Pacific, the rise is expected to be lower – perhaps 2°C, while it may be 4–6°C in some other regions.

34. Other impacts include ocean acidification, melting of ice sheets, and sea level rise, which will be greater in some areas, such as the western Pacific, than in others.

35. Many factors make Pacific food security vulnerable to the effects of climate change. The states in the region are very small and dependent on natural ecosystems, and their infrastructure is located on their coasts. In the Pacific, sea level rise has often dominated the dialogue, but other issues may be more serious in the short term. Ecosystems are very sensitive; 1°C of warming is expected to almost guarantee extinction of 10% of species on the global scale, and bleaching of 80% of coral. At a level of warming of 4°C, more than 50% species may eventually become extinct. Warming is already causing changes for agriculture production (flowering and fruiting times, agrobiodiversity, cash crops). Higher CO₂ levels lead to more photosynthesis. They also increase toxicity and can lower the nutritional value of plant foods. Higher temperatures lower animal productivity and pasture quality and reduce water availability. In coastal fisheries, negative effects on coastal systems such as reefs and mangroves are expected, with falls in productivity of up to 20% by 2050 and up to 50% by 2100. However, catches of tuna are likely to grow and also to shift toward the central and eastern Pacific. As a result, lower catches are expected in Melanesian countries and higher catches in Micronesian countries. More is known about the expected effects of climate change on fisheries than on agriculture.

36. In terms of water security, the intensity of rain events, droughts and floods is likely to increase. The southwest Pacific is expected to become drier, and the central equatorial Pacific is expected to become wetter.

37. In the area of health, there are likely to be increases in malnutrition, vector- and water-borne diseases, heat stress, and injury and loss of life from extreme weather events.

38. Economic impacts are likely as a result of weather events, reduced agricultural production, effects on fisheries and reductions in tourism income. To reduce the intensity of the effects of climate change the region must increase its use of sustainable practices; act to reduce stress on ecosystems; improve governance; reduce population pressure; reduce exposure to risks from natural disasters; and work to fill knowledge gaps.

Pacific Climate Change Science Program

39. Dr Gillian Cambers introduced the Pacific Climate Change Science Program (PCCSP), which is a collaboration between the Australian government, Australian science agencies (Australian Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation – CSIRO) and 14 Pacific Island countries and Timor-Leste. The program has studied how the atmosphere and oceans have changed in the past due to the El Niño Southern Oscillation (ENSO) and other large-scale climate features, and developed projections for three time periods later this century – around 2030, 2055 and 2090. It aims to help countries both use scientific information and contribute to science and will publish a technical peer-reviewed report with a regional overview and country reports in December 2012.

40. Dr Cambers stressed that it is important to distinguish climate change from climate variability. Climate change is a long-term phenomenon taking place over decades, while climate variability takes place in the medium term. Natural variation from year-to-year is often large due to changes in ENSO and other phenomena. Changes in temperature over the past 50 years have been in the range of 0.1° to 0.2°C per decade around the Pacific. The South Pacific and Intertropical Convergence Zones determine rainfall patterns. The South Pacific Convergence Zone has been moving, meaning that countries in the southwest Pacific (such as Vanuatu) have had less rain, and those in the northeast (such as Cook Islands) have had more. Changes in the ocean include rises in sea surface temperatures,

salinity, acidity and sea level. The rise in sea level over the last 17 years has varied around the Pacific, ranging from ~11 mm per year in FSM, to only 5 or 6 mm per year in Cook Islands and Niue. In summary, the ocean and atmosphere have been changing over the last 50 years, and there has been much variation between countries in the Pacific. However, the climate change signal due to increased greenhouse gas emissions is small compared to the natural variability signal; hence it is very important to have accurate data.

41. Climate projections are based on global climate models. The projections for 2055 indicate increases in air temperature and sea surface temperature; greater extremes in rainfall and temperatures; and changes in rainfall patterns, cyclones, wind speed and salinity. Regional warming is expected to be greatest near the equator, with a big increase in very hot days and warm nights, an increase in rainfall near the South Pacific and Intertropical Convergence Zones, and more heavy/extreme rain days.

42. Most models show a decrease in the number of cyclones, and an increase in their severity. In the north Pacific, the projections show a decrease in both. In relation to food security, there is a lack of knowledge about the impact of the projected changes on agriculture, particularly crops, and also livestock. Another knowledge gap concerns the effect of acidification on marine ecosystems. Both the PCCSP publication and SPC book provide good scientific information for planning, but science is continually evolving and improving so that better information will be available in the future.

Climate change and food security in Papua New Guinea

43. Dr Mike Bourke, Australian National University (ANU), spoke about climate change and food security in Papua New Guinea (PNG). He said that in PNG most people had good food security, with their food coming from gardens, local markets and imported grains. In general, people ate little fish and meat and sweet potato was by far the most important staple. Climate change is affecting PNG. Temperatures in the PNG highlands are going up; the sea level is rising; coastal erosion is increasing, forcing people to move; and rainfall patterns are changing, with some places becoming wetter and some drier. Data on the highest altitude at which crops bear fruit show that the level for coconut trees has gone from 1310 m to 1500 m above sea level. Climate change projections for 2030 indicate rises in temperature, rainfall, and sea level, but do not predict the scale of the changes. The impact on small atolls will be high. In PNG, the greatest impact of increased rainfall will be on sweet potato crops. The impact on cash crops is important because people who depend on them are poorer and therefore more vulnerable and the first to be affected by climate impacts. About 100,000 people live on small islands with high population density. Possible adaptations include developing and using climate-resistant sweet potatoes and other staple crops, and developing a more diversified and broad based economy. This information is presented in a book titled *Food and Agriculture in Papua New Guinea* that is being freely distributed. The book was edited by Dr Bourke and Tracy Harwood and is available online or in hard copy from ANU.

Role of regional agencies

44. SPREP Director, David Sheppard spoke of the role of SPREP and other CROP agencies in climate change response in the region. He said it is not possible to separate nature from culture, and environment from development in the Pacific. Climate change is the major challenge facing the Pacific and the region's countries are the most vulnerable on earth. Climate change is already affecting food security. Adaptation programmes must be practical and adapted to each country and must particularly help the agriculture and fisheries sectors. To be successful, activities must link bottom up grassroots efforts with top down work. Countries should also use environmentally friendly approaches, which are good for marketing and get premiums in addition to being good for the environment. Water is key for agriculture, and therefore must be the focus for future work on climate change and food security, especially on atolls. Projections of more variation in rainfall will threaten agriculture. SPREP is working to address these areas. The Director noted that it is important to strengthen institutions and cooperation, given that institutional capacity has been identified as a key limiting factor for activities. Climate change and food security must be mainstreamed in governments and joint national action plans must be developed linking climate change adaptation and disaster risk

reduction. He said that SPREP looked forward to continuing its collaboration with SPC and other CROP agencies in the area of climate change, as more research is needed to fill knowledge gaps and provide better information to countries, and ensure it reaches farmers and fishers. In this regard, he said the establishment of the CROP CEO task force was an important step towards good coordination among regional organisations to support members.

EU support for addressing climate change and food security risks

45. Malcolm Ponton, from the European Commission for the Pacific, described EU's support for work on climate change and food security in the Pacific. EU has two delegation offices – one in Suva covering 11 Pacific members of the African, Caribbean and Pacific Group of States (ACP) plus four Overseas Countries and Territories, and one in Port Moresby covering three Pacific ACP countries. The European Development Fund consists of national indicative programmes, a regional indicative programme, intra-ACP funds, and European Investment Bank funding. EU also provides budget line funding. EU annual grants to the Pacific total around EUR 100 million per year.

46. In the area of food security, EU provides funding on the global level totalling around EUR 800 million per year. In the Pacific EU funds several programmes addressing climate change totalling about EUR 30 million. EU has also funded several fishery development projects totalling EUR 35 million. The Global Climate Change Alliance (GCCA) is an EU programme to help small states. The programme aims to improve dialogue and provide support in areas such as mitigation measures. GCCA's priority areas are climate change adaptation, REDD (Reducing Emissions from Deforestation and Forest Degradation) and helping countries with regard to the Clean Development Mechanism (CDM). GCCA support to countries totals EUR 27.9 million, combining country-based and regional programme-based funds. Germany also finances two programmes in the region totalling about EUR 21 million through GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

47. In the area of disaster risk reduction, there are several regional initiatives totalling EUR 38.5 million, and in future, funding of EUR 20 million is expected for all 15 Pacific ACP countries. This programme will guarantee that 75% of funding goes to in-country actions. Other EU funds for the region total EUR 50.6 million. The 11th EDF is coming, and although details are not yet available, funded activities will support the priorities of the region. EU development policy shows that agriculture and food security are clear priorities of the European people; EU funds projects in sectors with opportunities in climate change prevention and those with multiplying effects for developing country economies.

Delegates' comments

48. The Prime Minister of Cook Islands, the Honourable Henry Puna, said that the region's vulnerability to climate change has increased but its capacity to cope has not followed. Climate change is a major risk to the Pacific and will affect every aspect of life, perhaps even the survival of some of the region's people. Cook Islands and other PICTs have worked on planning and preparing for the effects of climate change. However, it is difficult to define acceptable risk. The theme of the conference centres on managing risks because we cannot eliminate them. It was not SPC's responsibility to determine the level of acceptable risk. The organisation's responsibilities relate more to providing a platform for dialogue, including through the Conference. Cook Islands recognises that managing risk requires a response and the country's national plan addresses the effects of climate change on food security. People's livelihoods depend on a limited set of activities, which are sensitive to the effects of climate change. Agriculture in Cook Islands is particularly at risk. Traditional ways of knowing when to plant based on the seasons and phases of the moon no longer seem to function. With sea level rise, there is increased concern over salt water intrusion. In the past, events have wiped out taro plantations and it has taken years to be able to reintroduce taro. Crop pests have become more common. It is not possible to get insurance for climate-related loss, so risk management is very important. Cook Islands faces burdens and impacts resulting from climate change, and these are competing with other important priorities, so the country needs bigger and more predictable funding to face the problem, which is mostly caused by others. This will be a topic of discussion at the UN Convention on Climate Change in Durban next month, along with other issues relating to small island

states. The Cook Islands government is moving to a coordinated approach to climate change. In closing, the Prime Minister said that he looked forward to finding real solutions so that future meetings could focus on implementing them.

49. The Chairperson (Marshall Islands) made a statement presenting the perspective of a small island atoll country. He stressed that food security and climate change cannot be considered in isolation – in combination they are a risk to the very existence of people in the region. He said the issues must be addressed and the ‘pilot project, testing mentality’ had to end. International discussions suffer from political and legal issues, with the consensus system in place allowing a single state to essentially veto proposals. Therefore RMI supports the suggestion made by Mexico to implement a system that provides for voting as a last resort. RMI is committed to sharply reducing emissions and increasing renewable energy. It has adopted a goal of cutting its CO₂ emissions by 40%. In the area of food security, specific solutions are needed. He noted the success of the Micronesian Challenge in implementing ecosystem-based approaches, and the joint proposal between Palau, FSM and RMI to mainstream ecosystem knowledge. He acknowledged that RMI faces challenges in crafting and implementing specific projects.

50. The representative of Solomon Islands noted that there have been many meetings dealing with climate change. He thanked the panel for their presentations and said he was particularly interested in the PCCSP programme and hoped Australia would continue it. He said it was important to establish how PICTs can work together as a region to address challenges and opportunities in the area of climate change and food security, and members were anxious to know how SPC could help them. There were many questions to resolve, including what actions will be taken to limit greenhouse gas emissions to mitigate climate change, and how to develop carbon sinks. There were also many questions relating to food security.

51. The representative of France said that France has been concerned about climate change impacts in the Pacific for some time. The recent G7 and G20 meetings, under French presidency, emphasised the effects of climate change. This was also the case at the Forum in Auckland. Hence France supported the work discussed, and emphasised the importance of coordinating the response. He said SPREP and SPC’s Applied Geoscience and Technology (SOPAC) Division were working in the areas of water supply, health, livelihoods, and disaster risk reduction, and France intended to contribute to these areas with EU, noting that the EU representative had outlined EU projects in the region. In March 2012, France will host the 6th World Forum on Water in Marseille and all are invited. The forum is a French initiative that aims to establish a framework to implement the decisions of the Rio+20 conference and channel funding to organisations that can undertake the work required.

52. The representative of PNG echoed the comments of Solomon Islands. He said that there is enough evidence of what is happening. Now, pragmatic solutions are needed to inform countries about the technical resources and funding available and make it easier to access this funding. Regarding the presentation on food security in PNG, he asked which communities the researchers studied and where they found that sweet potato was the major food crop, as this was a surprising result. He also asked if the researchers collaborated with the Department of Agriculture and Livestock and the National Agriculture Research Institute (NARI) in looking at food security issues and collecting data. He said that the PNG government has had a food security policy for three years. He noted that it is important that benefits and gap analyses point toward assistance to be provided to national ministries.

53. The representative of Samoa said that like most island states, Samoa is vulnerable to natural disasters, and there is increasing evidence of climate change risks in general and for the agricultural sector in particular. Agriculture and fisheries continue to be negatively impacted, e.g. recently Samoa had an unusually long drought followed by a lot of rainfall. Samoa promotes the ‘one team, many partners’ approach, and is mainstreaming climate change in policy. The country has adopted an integrated approach in implementing projects, emphasising integrating climate change risks into the agricultural sector. Samoa’s long-term strategy is to integrate climate change into its agricultural

development plan. A climate 'early warning system' is being developed to improve services to the agricultural sector. The meteorology division makes use of traditional knowledge in its scientific work to enhance capabilities to monitor climate trends to provide information to agriculture planners to increase resilience of communities to climate change. He said coordination with SPREP and the regional climate change programme will provide a regional interface. SPC also has an important role to play in the region.

54. The representative of FSM thanked the presenters for their informative presentations, and noted that he had prepared a statement but would not need to read it because RMI and Cook Islands had made similar remarks on issues of importance to small island states. He said that FSM endorsed SPC's climate change strategy. He stressed that FSM, along with other countries, had to be outspoken in international discussions, e.g. FSM made a proposal on short-lived greenhouse gases at the recent UN meeting in Mexico and that proposal has been supported by many countries. He said the proposal will help 'buy time' in climate change response, and FSM requested the support of other members at the upcoming meeting in Durban.

55. The representative of Tonga thanked SPC and the presenters, saying that the meeting theme was very important to Tonga and other PICTs. He said traditional knowledge and practices were very important and should be considered and applied where possible, especially in small-scale integrated farming and coastal fisheries because most of these practices had 'built-in resilience' to climate change. He stressed that solutions require a multi-sectoral approach with roles clearly understood by the actors in each sector. The presentations were helpful in making delegates aware of the issues and how they might affect their countries. Tonga would like to see continuation of the good work that has been started, with the goal of seeing evidence of progress made in developing resilience when the next meeting is convened.

56. The representative of New Caledonia noted that before implementing adaptation and mitigation measures, it was necessary to have an understanding of the situation. He said that New Caledonia had undertaken five initiatives in the area of climate change over the last few years: (1) an energy and climate scheme to address the fact that New Caledonia produces a lot of greenhouse gases because of mining; (2) a programme on water resources to help face drought, which is funded under EDF 9 and undertaken in partnership with the SOPAC division; (3) an initiative in forestry in collaboration with New Zealand and with the financial support of France; (4) training on regional meteorology being conducted by New Caledonia with funding support from France; (5) a regional health initiative on dengue in collaboration with the French Research Institute for Development (IRD), the Pasteur Institute and the French meteorological department. He said that New Caledonia strongly supported mitigation and adaptation strategies and better planning of climate change initiatives in the Pacific.

57. The representative of Niue thanked the presenters for sharing information from their countries in the area of climate change, food security and sustainable development. He said climate change was probably the most important problem today, and Niue and other countries were seeing real impacts from it. It was heartening to hear what was happening in RMI and Cook Islands and about the research in PNG. It was also comforting to hear about the amount of funding for climate change programmes in the region. The challenge lay in the limited capacity to develop policies and projects and to ensure monitoring and evaluation. He said he agreed with the comments from Tonga that traditional practices were valuable in improving resilience. PICTs needed to educate their people before seeking outside help, and they needed to support regional organisations in addressing national priorities. This required funding, so it was important to make the process for accessing funding less cumbersome for PICTs.

58. The representative of Kiribati thanked the members of the panel for their presentations. He also thanked development partners, saying their support was valued and well utilised. He said that Kiribati will take onboard the outcomes of the last Conference by improving monitoring and evaluation and reporting mechanisms at the national level to maximise the impact of projects. Regarding climate change and food security, he said that Kiribati appreciated the focus on assessing activities at the

national level to ensure effectiveness, with assistance from regional organisations. He said the conference theme related to the very survival of Kiribati and food security was a high priority. It was included in the country's national programme of action, in a 2008 policy statement by the government, in a national regional summit in 2009, and in a national summit on climate change in 2010. It was one of the themes of development for 2012 to 2015 and was also included in Kiribati's fisheries plan. According to the national statistics office, people in Kiribati spend about 50% of their income on food, and rice and flour had replaced coconuts as the main source of energy in people's diets. Consumption of poultry has also increased, and 75% of meat consumed was imported. Studies in Kiribati showed that the effects of climate change, such as sea level rise, higher king tides, unpredictable droughts, and extreme weather, would affect soil fertility, while higher ocean temperatures and acidification will affect the ocean environment. The increasing population reinforces the high dependence on imported food. Kiribati invited SPC and other CROP agencies and development partners to engage collaboratively to address climate change and ensure a secure food supply at the national level and proper food supply networks at the regional level. The implementing committee for Kiribati's national plan of action, consisting of representatives from several ministries, had developed a concept paper on a climate change and food security pilot programme. Kiribati understood the importance of country driven approaches and was working with the Forum and others to improve its national internal machinery such as aid coordination mechanisms. Kiribati looked forward to working with SPC on reviewing its JCS in 2012 and developing a second JCS to integrate climate change and food security activities, especially the collection of national data in those areas.

59. The representative of USA commended the meeting for its guidance of SPC. She noted that the US Assistant Secretary of State for East Asia and the Pacific had said that USA recognises SPC as the premier technical organisation in the Pacific. She said she wished to associate herself with the remarks by Samoa, and said Samoa was a model for the region. She stressed there are actions that can be taken now even though climate change is a long-term issue, e.g. rainfall predictions are available looking 3, 6 or 12 months ahead. She said that SPC is well placed to deal with climate change issues, especially with the integration of SOPAC, and USA is glad to engage with SPC and glad to have a new USAID office in Port Moresby.

60. The Director-General noted that many speakers had applauded the presenters and shared country approaches and mechanisms rather than asking questions, which showed that PICTs are already moving ahead in this area. In response to the question from Solomon Islands on how the region can work together and how SPC can support Solomon Islands, he said that CROP agencies have established a CROP subcommittee on climate change that would meet shortly after the Conference. The purpose of the subcommittee was to harmonise the agencies' actions in the area of climate change. He noted that SPC respects SPREP's lead role and the role of the Forum and USP. SPC's strength was in the sectors in which it has programmes and that is where it can make the most difference in helping PICTs.

61. The SPREP Director said that to ensure agencies and countries work better together in the area of climate change it was important to strengthen what we have. The CROP CEO working group on climate change was looking at adaptation and food security. It was also important to ensure that the SPC programme and SPREP's Pacific Adaptation to Climate Change programmes (PACC and PACC Plus) respond to country priorities. For country-level planning processes, such as national action plans, he said it was helpful to look at successful examples such as that of Samoa. The major issue now was that there was too much talk and too little action on climate change, with funding being committed very slowly. The region had to work together and maintain a strong position in the United Nations Framework Convention on Climate Change (UNFCCC) and other international bodies. He strongly supported the comments of Tonga and Niue on the value of traditional knowledge in responding to climate change.

62. Responding to comments from PNG, Dr Bourke said that for historical reasons, PNG has excellent data, which helped the study. The team undertook six years of fieldwork in all districts of the country and collaborated closely with NARI and others.

63. Dr Cambers noted the support for a coordinated approach led by the CROP agencies, and said that she endorsed it, given that climate change covered every sector, and capacity in the region was limited. She hoped that some of the information from PCCSP would help countries and regional organisations establish priorities, which were apt to vary between PICTs, because even though climate change affected everything, it was impossible to address every issue at once. She congratulated Samoa on its climate early warning system, noting that PCCSP had worked with Samoa's meteorology department to adapt activities to Samoa's needs.

64. The Senior Climate Change Adviser said that Solomon Islands had posed some pertinent questions on what can be done now. He said that there are practical suggestions in the paper and elsewhere on climate change activities that can be implemented now. The new SPC publication had many practical recommendations for action in the fisheries sector. SPC's Centre for Pacific Crops and Trees (CePaCT) has developed climate ready crops that are now available. Under SPC's new programme, 'south-south' cooperation will be facilitated in various sectors, including Samoa's experience with taro blight. On the question of whether to concentrate on mitigation or adaptation, he said it was not a question of choosing one or the other as they actually overlapped.

65. Malcolm Ponton of the European Commission for the Pacific said he was aware that access to its funding was not always easy, and that the Forum Secretariat and SPREP were looking at ways to make it easier. He noted that EU was already providing money to Samoa and Solomon Islands using budget support, which is different from project support. Under this process, governments can use their own procedures to implement exactly the activities that they want. He said that EU wanted to use that type of funding with other countries and hoped that more countries would become eligible.

66. The Prime Minister of Cook Islands noted that given their first-hand experience of the effects of climate change, 'the delegates were all experts' on the matter. The problems of climate change were common throughout the Pacific region, particularly in small island states. Cook Islands had decided to keep complaining to the world but at the same time to take active steps, including addressing its water supply. He said it was important to have integrity when asking the rest of the world to take action to mitigate climate change. For example, he said, PICTs complained about greenhouse gases but often did little about it cutting back their own emissions. Cook Islands had decided to convert to renewable energy and development partners such as Japan and New Zealand had been generous in helping.

67. The Chairperson thanked all donor partners. He said that as part of its effort to reduce its dependence on fossil fuel, RMI is installing solar panels in the outer islands with help from EU. The project is halfway to the eventual goal of installing one on every house in RMI. Another EU-funded initiative involves providing water catchments for underprivileged households on the outer islands and in Majuro and Ebeye. He said RMI has made a pledge to the UN to reduce greenhouse gas emissions by 40% by 2020. He said he had taken part in a recent community college question-and-answer session where most of the questions related to climate change. One question was, 'What is the government's plan – what if we can't live on the islands one day?' Because of that question RMI organised a seminar with Columbia University, which addressed the question of migration for the first time. The questions included: 'How do we treat such 'migrants'?' 'What status do they have?' 'What about their marine resources?' 'Do they lose their seat at the UN?' He said RMI still did not have answers, but hoped to soon have a legally binding international agreement to help give concrete answers to these questions.

DECISIONS

68. Conference:

i. noted the range of projected impacts that climate change poses to food and water security in the Pacific region;

- ii. acknowledged the importance of adopting a well-informed, inclusive and integrated risk reduction and management approach to ensure the adverse impacts of climate change on food and water security are minimised now and in coming decades;
- iii. recognised the importance of a paradigm shift in thinking and in planning for climate change in that it is not necessarily a matter of doing different business but rather doing business differently to determine the level of acceptable risk at all points and prepare to respond effectively through appropriate mitigation and adaptation initiatives.

AGENDA ITEM 4B – LAUNCH OF SPC PUBLICATION, ‘ASSESSING THE VULNERABILITY OF TROPICAL PACIFIC FISHERIES AND AQUACULTURE TO CLIMATE CHANGE’

69. The Principal Fisheries Scientist (Climate Change), Dr Johann Bell, introduced the book entitled *Assessing the Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*. He said the assessment and analyses contained in the 900-page book had involved around 90 renowned scientists and fisheries experts from 36 institutions.

70. Dr Bell said it was already known that climate change has dramatic effects on fisheries. There is evidence of these effects in the skipjack catch, the epicentre of which shifts by 2,000 or 3,000 km depending on ENSO. This has economic consequences for licensing fees, etc. The theme of the Apia Conference was the future of Pacific fisheries. Following that, SPC worked with FFA to produce a study on the ‘Future of Pacific Island Fisheries’. The drivers for undertaking the detailed analysis to assess the vulnerability of fisheries and aquaculture in the region to climate change included the need to (1) optimise the contribution of tuna to Pacific economic development; (2) ensure that there will be enough fish to feed people given the important role fish plays in food security; and (3) maximise the number of sustainable livelihoods that can be based on fisheries and aquaculture activities. The analysis took the best projections for climate change and had teams of specialists look at the likely effects on the marine, coastal and freshwater ecosystems and their associated fisheries. They also looked at the potential effects on aquaculture production. The team then examined the implications for economic development, food security and livelihoods, and the adaptations and policies needed to reduce the threats and capitalise on the opportunities. Key considerations in the work included taking the time needed to make in-depth analyses to lay a firm foundation for adaptation, and keeping climate change in perspective given the many other factors affecting the sector, including population growth and urbanisation. An analysis of how much fish people eat and how much they should eat looking forward to 2030, which predicts a shortage of 100,000 tonnes per year in Melanesia, is a key part of this approach. The expert analysts looked at ‘win–win’ solutions, i.e. adaptations that will provide more fish now and be favoured by the changing environment. They also looked at ‘lose–win’ solutions, i.e. those that involve paying some costs in the shorter term to build the resilience to climate change in the long term. The book identifies win–win and lose–win adaptations in three categories: economic development, food security and sustainable livelihoods. It is available in hard copy, and online as an e-book and in PDF. A companion summary volume is also available. The format of the summary was developed with the heads of Pacific Island fisheries and provides each country and territory with the key messages for policy-makers and other stakeholders. Dr Bell thanked AusAID for the generous support that allowed SPC to undertake an in-depth analysis and the authors and reviewers who contributed their time and expertise to the project.

71. AusAID Deputy Director General, Asia Pacific and Program Enabling Group, James Batley, thanked the Conference for inviting him to launch the book *Assessing the Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*. He said that as stated by the Hon. Kevin Rudd in the book’s preface, Australia was proud to be part of this important study. Delegates were very aware of the importance of fisheries in the Pacific and the need for practical ideas, but until now there had not been enough information. The book made a wealth of information available in giving a clear

picture of the projected impact of climate change on fisheries and aquaculture across the region. A large majority of the expertise reflected in the book came from within the region, which was an important testament to the region's ability to confront challenges. Regarding the results, he said that the projected effects of climate change on fisheries and aquaculture are mixed – some negative impacts are expected and some possible new opportunities. Coral reefs are expected to be degraded severely by a rise in sea surface temperature, ocean acidification and the possible impacts of more severe cyclones. Consequently, coastal fisheries production is expected to fall 20–50% by the end of the century, which will have effects on households and communities. Changes to the tropical Pacific Ocean are also expected to affect the distribution of key tuna species. Traditional fishing grounds are expected to shift eastwards and to higher latitudes. The contribution of tuna to the economy is expected to increase in several countries, including Kiribati, Nauru and Tuvalu. He said the book provided many practical adaptation strategies, with one important example being the development of pond aquaculture for inland populations in PNG. Such production will be favoured by increases in rainfall and air temperatures, allowing fish to grow faster and ponds to be built in more locations. The next steps are vitally important and it is critical that the information in the book is widely circulated, discussed and understood. SPC's Fisheries, Aquaculture and Marine Ecosystems (FAME) Division will hold a joint workshop with the United Nations Food and Agriculture Organization (FAO) to identify priority adaptation activities in each country and territory, and then assist the heads of fisheries departments and national focal points for climate change to implement them. In closing, Mr Batley said that the book was a vital resource and he was honoured to officially launch it.

72. The Director-General noted that this was the first in-depth analysis of its type done in the Pacific and perhaps in the world. He said the results highlighted the importance of doing similar assessments in the agriculture, forestry and health sectors. He acknowledged the support from the Australian Government that made the work possible and expressed sincere appreciation to Mr Batley for his words in launching the book. The Director-General advised that heads of delegation would be given copies of the book.

DECISIONS

73. Conference:

- i. acknowledged the value of this comprehensive compilation of research on the projected impacts of climate change on Pacific Island fishery and aquaculture resources, and the implications for future food security, sustainable livelihoods and economic development;
- ii. conveyed appreciation to the authors and institutions that have been part of this historic journey, and to the Australian Government for the funding that made the work possible; and
- iii. declared its intention to bring the recommended adaptation initiatives, and suggested supporting policies and investments, to the attention of national policy-makers and other stakeholders in the fisheries and aquaculture sector, and their development partners.

AGENDA ITEM 5 – TAHITI NUI DECLARATION

74. The Director-General introduced the revised text of the *Tahiti Nui Declaration*. The Declaration describes the major operational policies and mechanisms of the organisation, including governance and relationships with members. It was originally adopted by the 1st Conference of the Pacific Community in Tahiti in December 1999 and last revised in 2005. It is not a legally binding document. He said the latest revision was necessary to incorporate the outcomes of the RIF reform and policy decisions of Conference and CRGA. It is expected that as SPC's policies and procedures are further defined, the operational aspects of the Declaration will be adequately covered by such policies, thus removing the need for more frequent revision. The Director-General noted that CRGA 41 had endorsed the revised text.

75. The representative of the Solomon Islands asked whether the revision of the *Tahiti Nui Declaration* affected the *Canberra Agreement* in any way.
76. The Director-General responded that the *Canberra Agreement* is the formal international treaty that established the organisation in 1947. The *Tahiti Nui Declaration* is the operational document for the organisation and does not displace or infringe on the *Canberra Agreement*.
77. The representative of American Samoa observed that the current governance structure has two masters: CRGA in non-Conference years and Conference in subsequent years. This allowed CRGA to make policies in years between Conferences. He raised the concern that this could cause potential conflict, with a strong CRGA holding certain issues for its own ratification, and asked Conference to review this governance structure.
78. The Director-General responded that though he understood the concern raised by American Samoa, the governance structure addressed the issue. He said the agenda for CRGA and Conference was determined by the Secretariat and the chairs of both bodies. In Conference years, decisions made by the previous year's CRGA were attached to the Letter from the Chair of CRGA to the Conference in order to inform Conference delegates. If Conference had concerns with these decisions, it could intervene.
79. The representative of American Samoa said that the constitution did not provide for Conference to overrule CRGA decisions on policy made in non-Conference years.
80. The Director-General responded that for certain significant policy decisions, only Conference had authority, and CRGA was required to defer such decisions to the Conference the following year. For example, as stated in Paragraphs 22–28, the revision of the *Tahiti Nui Declaration*, the appointment of the Director-General, and applications for new membership were all matters that could only be decided on by Conference. He suggested that the boundaries of CRGA's empowerment in non-conference years, and the authority delegated to CRGA, could be made clearer in the *Tahiti Nui Declaration*.
81. The representative of FSM commented that Paragraph 32 of *Tahiti Nui Declaration* provided clarity on the issue.
82. The Director-General responded that Paragraphs 31 and 32 detailed the authority of CRGA, showing that a process existed. However text could be added to Paragraph 31 to specify the areas of decision that were the province of Conference.
83. The representative of PNG suggested that amendments should be made to Paragraph 23 relating to governance issues, as this currently only noted changes recommended by the Secretariat and omitted the decisions of CRGA.
84. The representative of French Polynesia commented that the issue raised was an important one. However, French Polynesia believed that the revised *Tahiti Nui Declaration* defined the roles of Conference and CRGA. The Declaration was carefully reviewed, the right balance had been found, and the roles and responsibilities of Conference and CRGA were sufficiently defined. He said that making further changes could unbalance the rest of the document and noted that CRGA is a committee of the whole of Conference.
85. Director-General said that the independent review of SPC will address the issue of the governance structure. He suggested that Conference note the concerns raised, and accept the current *Tahiti Nui Declaration* as the operating document for this year on the understanding that the review will address the issue. The outcome of the review will determine possible further amendments to the *Tahiti Nui Declaration* next year.

86. The representative of American Samoa agreed to this proposal.

DECISIONS

87. Conference

i. adopted the revised *Tahiti Nui Declaration*, which describes the major operational policies and mechanisms of SPC, noting that the 2011 revised text incorporates recent governing body decisions and the new organisational structure that was established following the reform of the regional institutional framework;

ii. further noted that governance issues will be considered during the independent review of SPC in 2012, which may recommend further amendments to the Declaration.

AGENDA ITEM 6 – FINANCIAL YEAR 2012 BUDGET

88. The Deputy Director-General, Noumea, provided a brief overview of the SPC budget for 2012. He said this year's budget (the 'green book') integrated SOPAC and SPBEA, and followed SPC's new organisational structure. The presentation of the budget had been changed in response to suggestions from the membership, managers and other staff and now included a multi-year budget outlook with a forecast for Financial Year 2013 and annexes showing income projections for the years 2011–2015.

89. The budget was balanced with income matching expenditure. The total of 97,596,600 CFP units comprised:

- a recurrent budget of 25,128,400 CFP units (core funding of 14,718,700 CFP units and programme funding of 10,409,700 CFP units);
- project funding of 72,468,200 CFP units.

90. The recurrent budget accounted for 26% of the total budget and project funding made up the remaining 74%.

91. The Deputy Director-General, Noumea, said that 'balancing the books' for financial years 2011 and 2012 had been challenging in the light of significant reductions in recurrent funding (core and programme). SPC divisions were implementing strategies to reduce expenditure to adjust to the new funding levels while at the same time trying to minimise the impact on service delivery to island members. He said management wished to acknowledge the contribution of all SPC staff to these efforts, which have included non-implementation of recommended increases in salaries of internationally recruited staff and continuing restraint of salaries for locally recruited staff. The overall level of reserves at the end of Financial Year 2012 is expected to remain similar to that achieved in Financial Year 2011. He noted concerns raised by CRGA 41 on the reliance on project funding, which means that some of SPC's core business is funded by project funds.

92. The Deputy Director-General said three key corporate projects will have a major impact on the budget: the independent review, the new corporate plan; and the long-term sustainable financing strategy. The results will redefine SPC's core role; make funding more predictable (through conversion of more project funding to programme funding); increase income and improve cash flow; deal with the question of members' arrears; and support efforts to achieve further efficiency gains.

93. The representative of Samoa noted the very encouraging presentation of the budget and thanked the Deputy Director-General for the well presented paper. He acknowledged the contribution of development partners to the organisation. In relation to members' assessed contributions, he called for members to work together to support the financial health of SPC, saying membership required consistent alignment of contributions with appreciation and support for the work of SPC.

94. The representative of FSM thanked donors for funding the programmes, and SPC for implementing activities.

95. The representative of New Zealand acknowledged the work of the Director-General and SPC staff in 2011, a challenging year. He said New Zealand did not underestimate the difficulties of merging the three organisations and re-affirmed that New Zealand, as an active and constructive member of SPC, was interested in ensuring members received quality services focused on country priorities. CRGA 41 had recognised that in these challenging economic times, funding was not unlimited and programmes needed to deliver value for money whether at regional or bilateral level. It was necessary to work together to ensure that SPC focused on identifiable country priorities, Therefore New Zealand welcomed the independent review of SPC, which should be high on ambition, yield credible recommendations, and result in improvements in efficiency and ultimately better results for members. New Zealand also welcomed the conference theme of climate change, which was particularly important for small island states. New Zealand encouraged alignment of climate adaptation initiatives with development, rather than treating them as separate activities to normal development programmes. Climate change assistance should be delivered as a co-benefit within other projects, supporting broader sustainable development objectives related to food security and energy, for example. New Zealand acknowledged the high quality of the climate change publication. He thanked Australia for providing the funding and SPC staff for their efforts in gathering the data which will be the basis for countries to identify options and make hard decisions. Regarding the 2012 budget, he said NZ will support sectors and initiatives that add value, noting that fisheries, ocean sciences, educational assessment and statistics emerged as priority areas in CRGA 41. New Zealand was committed to paying its membership fee and would engage with SPC on identifying a package of regional services for New Zealand funding to the value of NZ \$1 million – 2 million. New Zealand would also engage with SPC on project proposals of up to a combined value of NZ \$1.5 million per year.

96. The representative of Vanuatu committed to paying its membership contribution for this year.

97. The representative of Solomon Islands congratulated SPC on presenting a budget that highlighted links to objectives and outputs and reflected SPC's new organisational structure. He acknowledged donor partner funding of SPC. Responding to New Zealand's comments, he noted the issue of bilateral vs regional funding in terms of value for money. To allay New Zealand's concerns, he re-iterated that SPC works in partnership with members and not as a donor funded agency.

98. The representative of Niue noted his appreciation for SPC's management of the budget and welcomed the results focus and forward-forecasting. He expressed appreciation to donor agencies for funding support and said Niue was committed to settling its contributions.

99. The Director-General thanked members for their support of the budget presentation and stressed that each member of SPC has its own ranking of priority areas. He said New Zealand's assistance will be directed to certain areas and SPC will continue to focus on adding value across its development programme and to seek efficiencies in providing services. He noted that the joint country strategy process captures members' needs and areas of benefit, allowing SPC to concentrate on areas that added value and avoid duplicating work carried out at the bilateral level, or the work of other regional organisations.

DECISIONS

100. Conference:

- i. approved the proposed budget for financial year 2012;
- ii. noted the progress update on the levels of the general and specific reserves.

‘ONE TREE, ONE DAY, A LIFE’ – PRESENTATION BY NEW CALEDONIA

101. The *Membre du Gouvernement de la Nouvelle-Calédonie en charge du secteur de l'économie et du commerce extérieur* (New Caledonia's Minister of the Economy and Foreign Trade) presented a video on the project, 'One tree, One day, A life'. The project reflects a political strategy of taking responsibility for conservation of biodiversity and caring for New Caledonia's natural resources. The concept is to plant one tree for every person living in New Caledonia, and ultimately to develop a Pacific-wide initiative. It highlights Pacific Island people's awareness that though they are small populations, they are in solidarity on sustainable development and they all contribute to Oceania's ecological diversity and development of green economies. The aim is to develop international scale communication activities around the program.

102. The representative of Samoa congratulated the Minister on the excellence of the programme. He noted similar initiatives in Samoa.

103. The Director-General confirmed that the joint country strategy discussions with New Caledonia highlighted the initiative, which was very much in accord with SPC's sustainable development agenda. He commended New Caledonia and other island countries for undertaking these types of initiatives.

AGENDA ITEM 7 – CONSIDERATION OF THE RECOMMENDATION OF CRGA 40 AND CRGA 41 FOR THE REAPPOINTMENT OF THE DIRECTOR-GENERAL

104. This session was held *in camera*.

105. The Chairperson indicated that Conference, meeting in camera, had unanimously accepted the recommendation of CRGA 40, which was reaffirmed by CRGA 41, that the current Director-General be reappointed for an exceptional fourth and final two-year term. He said the decision was based on the extraordinary circumstances for SPC that resulted from implementation of the reform of the regional institutional framework and the merger of the Secretariat of the Pacific Board for Educational Assessment (SPBEA) in 2010 and Pacific Islands Applied Geoscience Commission (SOPAC) in 2011. The integration of three separate organisations had required huge commitment and leadership, and consolidation of the 'new' organisation into a cohesive and effective whole would require a similar level of effort. The Chairperson said the meeting had acknowledged Dr Rodgers' outstanding leadership during the period, both of SPC and at the regional level in working with members and partners. The meeting also recognised that Dr Rodgers' personal qualities had greatly contributed to a successful start to consolidating the integration of three organisations, each with its own culture and management team.

AGENDA ITEM 8 – RULES OF PROCEDURE FOR THE APPOINTMENT AND ASSESSMENT OF THE SPC DIRECTOR-GENERAL

106. The Director-General informed the Conference that CRGA 40 had requested the Secretariat to prepare a consolidated document setting out the procedure for the appointment, assessment and remuneration of the SPC Director-General. The document outlined the criteria for candidates for the position, the selection process including the composition of the selection committee, the procedure for assessing the annual performance of the Director-General, and the tenure of office.

107. The representative of American Samoa urged the Conference to remove the position criterion relating to 'a practical knowledge of both SPC's working languages (French and English)', which could result in an otherwise suitable applicant being eliminated from consideration.

108. The representative of France disagreed. He said that SPC was established as an international bilingual organisation and this aspect was an important part of its relationship with all its members. He maintained that this criterion did not require the applicant to be fluent in both languages, but rather stated that knowledge of both languages would 'be an advantage' and would 'be taken into consideration' with the other criteria.

109. The Director-General noted that the draft committee had considered this criterion carefully. He said similar criteria were included in all SPC recruitment notices as part of SPC's bilingual policy. In selecting candidates, the committee considered all the criteria; one did not outweigh others. The selection process, which included a widely representative selection committee, and consideration of recommended candidates by CRGA and Conference, safeguarded against bias and inflexibility in considering how well candidates met the various criteria.

DECISION

110. Conference approved the *Procedure for the appointment and assessment of the SPC Director-General* as presented, noting that American Samoa reserved its objection to the inclusion of the criterion relating to knowledge of both French and English (paragraph 9. o.).

AGENDA ITEM 9 – YEAR 2013 CONFERENCE VENUE AND ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

111. The Conference welcomed the offer by the Government of Fiji to host the 8th Conference of the Pacific Community in 2013 and noted Fiji's confirmation that, in accordance with the rules for CRGA and the SPC Conference, it will bear the costs of hosting the Conference over and above the costs of holding it in New Caledonia.

112. The Chairperson thanked Fiji for the offer.

DECISIONS

113. Conference

- i. accepted an offer from the Republic of Fiji to host the 8th Conference of the Pacific Community in 2013; and
- ii. noted that Fiji will chair the 2013 Conference with the Vice-Chair to be advised.

AGENDA ITEM 10 – OTHER BUSINESS

114. The Executive Director of the Western and Central Pacific Fisheries Commission (WCPFC) Professor Glen Hurry gave a presentation on the range and scope of the Commission's work and described its management of the four tuna species, which comprise 60% of the world's tuna catch.

115. Marciano da Silva, Timor Leste's Director General for Regional Integration, presented the compliments of the President and Government of Timor Leste to the Conference and expressed appreciation for the invitation to attend CRGA and Conference in an observer capacity and for the hospitality shown by New Caledonia and its people and by the Secretariat. He thanked SPC for the assistance it has provided to Timor Leste, and looked forward to working with SPC on future projects to achieve its national goals.

116. The Governor of American Samoa thanked SPC for its services, especially for technical assistance for the population task force, given the importance of understanding population dynamics

and having accurate of census data. He described some of the efforts made in American Samoa to combat the impacts of climate change including rising sea levels, but said that these achievements were negligible in the face of the challenge. What was needed, he suggested, was for SPC to use its voice 'louder than the voice of individual nations' to tell the world the story of the impact of climate change on Pacific Islanders. He commended the Director-General and his staff on presentation of a balanced budget, especially in the light of funding cuts, and promised that the last 10% of American Samoa's contribution would be paid before the end of the year. Finally, he thanked the Director-General for an excellent meeting.

117. The representative of Solomon Islands said that the deliberations and discussions during CRGA and Conference marked the establishment of a new platform enabling SPC to make a genuine difference to the lives of Pacific Islanders. His delegation recognised the role of good leadership in the work of SPC, and the hardworking staff who made such leadership possible. He thanked the delegates for agreeing that the independent review should consider Solomon Islands' request to have the country office upgraded to a Melanesian subregional office. He looked forward to SPC assistance in protecting Pacific Islanders' rights in relation to climate change, including the right to adequate food, shelter and clean water, and also in strengthening the capacity of PICTs to deal with climate change. Referring to the symbolic design of the Jacques Iékawé Conference Room, he commented that the Conference had been deliberating in an upturned canoe without paddles, but that the development issues discussed clearly required a new urgency and the need for a new canoe with many paddles. He concluded by saying his delegation was proud to be part of this endeavour and fully concurred with the conference communiqué.

AGENDA ITEM 11 – ADOPTION OF THE COMMUNIQUÉ OF THE 7TH CONFERENCE OF THE PACIFIC COMMUNITY

DECISION

118. Conference adopted the communiqué summarising its deliberations and decisions.

CLOSING

119. The Director-General acknowledged the participation of government leaders, deputy leaders, ministers and ambassadors in the 7th Conference. He expressed appreciation for the high level of representation, noting that throughout SPC's history it has been guided by the knowledge and experience of Pacific leaders. He thanked the Republic of Marshall Islands for its generosity in agreeing to host the governing body meetings at SPC headquarters and the government of New Caledonia for its gracious hospitality.

120. The Chairperson acknowledged the contribution of all representatives to the meeting's success. He thanked the Chairperson of CRGA 41 and the delegates who played such a large part in the success of the prior meeting. He also thanked the members of the expert panel for their contribution to an enlightened discussion of the climate change and food security issues that were so critical for small island states. He ended by congratulating the Director-General on his reappointment, saying it demonstrated the confidence of members in his leadership.

121. The Director-General thanked the Conference for enabling him to continue in his role at the helm of SPC for two more years. He looked forward to 2012 and the results of the independent review, promising that as the 'new' SPC established itself, there would be an even greater focus on members' priorities, with the aim of creating an organisation committed to moving the whole Pacific Island region forward.

LIST OF PARTICIPANTS

Chairperson Honourable John M. Silk
Minister, Marshall Islands

Vice-chairperson M. Hadelin De la Tour-du-Pin
Ambassadeur, France

American Samoa

Mr Togiola T.A Tulafono
Governor
A.P. Lutali Executive Office Building, 3rd floor
Pago Pago, 96799
Tel: (684) 633-4116 - Fax: (684) 633-2269
go@as.gov

Mr Toetasi Tuiteleleapaga
Chief Legal Counsel
Office of the Governor
A.P. Lutali Executive Office Building, 3rd floor
Pago Pago, 96799
Tel: (684) 633-4116 - Fax: (684) 633-2269
toetasi@go.as.gov

Mr Laau Seui, Jr.
Deputy Chief of Staff
Office of the Governor
A.P. Lutali Executive Office Building, 3rd floor
Pago Pago, AS 96799
Tel: (684) 633-4116 - Fax: (684) 633-2269
Laau.seui@go.as.gov

Australia

Mr James Batley PSM
Deputy Director General
Asia, Pacific and Program Enabling Group
Australian Agency for International Development
GPO Box 887, Canberra ACT 2601
Tel: (61) 2 6206 4004 – Fax: (61) 2 6206 4873
James.batley@aisaid.gov.au

Mr John Davidson
Minister Counselor - Pacific
Australian Agency for International Development (AUSAID)
GPO Box 887, CANBERRA ACT 2601
Tel: (61) 2 6206 4006 - Fax: (61) 2 6206 4242
John.davidson@ausaid.gov.au

Ms Romaine Kwesius
Counsellor Development
Australian High Commission
Suva, Fiji Islands

Ms Rebecca McClean
 Second Secretary Development Cooperation
 Australian High Commission
 Suva, Fiji Islands
 Tel: (679) 3388 281 - Fax: (679) 3382 065
 Rebecca.McCclean@ausaid.gov.au

Ms Anita Butler
 Consul General of Australia
 BP 22, 98845 Noumea Cedex
 Tel: (687) 27 24 14
 Anita.butler@dfat.gov.au

Cook Islands

Honourable Mr Henry Puna
 Prime Minister

Mr Carl Hunter
 Director for Pacific Division
 Ministry of Foreign Affairs & Immigration
 Rarotonga

Federated States of Micronesia

His Excellency Alik Alik
 Vice-President

Mr Gerson Jackson

Mr Stan Kensof
 Deputy Chief of Mission
 FSM Embassy
 Suva, Fiji
 Tel: (679) 330 4566 - Fax: (679) 330 4081
 skensof@hotmail.com

Fiji Islands

Ratu Inoke Kubuabola
 Minister of Foreign Affairs & International Cooperation

Ms Litia Mawi
 Roving Ambassador / High Commissioner to PICs
 Ministry of Foreign Affairs and International Cooperation
 Tel: (679) 3239 606 - Fax: (679) 3310 473
 litia.mawi@govnet.gov.fj

France

M. Hadelin De la Tour-du-Pin
 Ambassadeur
 Secrétaire permanent pour le Pacifique
 Représentant permanent de la France auprès de la CPS
 27, rue Oudinot, 75007 Paris
 Tel : 33 (0) 1 53 69 29 29 - Fax : 33 (0) 1 53 69 22 76
 hadelin.delatourdupin@diplomatie.gouv.fr

M. Arnaud Roux
 Sous-directeur d'Océanie
 Ministère des Affaires étrangères et européennes
 37, quai d'Orsay, 75700 Paris 07SP
 Tel : 33 (0) 1 43 17 46 05 - Fax : 33 (0) 1 43 17 59 93
 arnaud.roux@diplomatie.gouv.fr

Mme Josyane Couratier
 Représentante permanente adjointe de la France auprès de la CPS
 Délégation française auprès de la CPS
 7, rue de Sébastopol
 B.P. 8043, 98807 Nouméa Cedex
 Tel : (687) 26 16 03 - Fax : (687) 26 12 66
 Josiane.couratier@diplomatie.gouv.fr

M. Jean-Yves Clavel
 Directeur de l'agence régionale de l'Agence Française de
 Développement (AFD) en Nouvelle-Calédonie
 1 rue de Barleux
 BP J1, 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 Claveljy@afd.fr

M. Dominique Hautbergue
 Directeur adjoint de l'Agence Française de Développement (AFD)
 en Nouvelle-Calédonie
 1 rue de Barleux
 BP J1, 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 afdnoumea@groupe-afd.org

M. Benoît Le Bars
 Chargé de mission, Agence Française de Développement (AFD) en
 Nouvelle-Calédonie
 1 rue de Barleux
 BP J1, 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 afdnoumea@groupe-afd.org

French Polynesia

M. Bruno Peaucellier
 Chef du service des relations internationales
 Gouvernement de la Polynésie française
 Papeete, Tahiti
 bruno.peaucellier@presidence.pf

Kiribati

Mr David A. Teaabo
 SIS & Pacific Plan Desk Officer
 Ministry of Foreign Affairs
 Bairiki, Tarawa
 Tel: (686) 21 342 - Fax: (686) 21 466
 dopp@mfa.gov.ki

Marshall Islands

Honourable John M. Silk
 Minister
 Ministry of Foreign Affairs
 P.O. Box 1349, Majuro, MH 96960
 Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
 Jsilk79@yahoo.com

Her Excellency Madam Amatlain E. Kabua
 Ambassador
 Embassy of the Republic of the Marshall Islands
 41 Boron Road, P.O. Box 2038
 Suva, Fiji
 Tel: (679) 338 7899 - Fax: (679) 338 7115
 ambassador@rmiembassyfiji.org

Mr Bernard Adiniwin
 Assistant Secretary/Legal Adviser
 Bureau of Multilateral Affairs
 Ministry of Foreign Affairs
 P.O. Box 1349, Majuro, MH 96960
 Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
 bernardadiniwin@gmail.com

Ms Lydia Kaminaga
 Foreign Service Officer
 Bureau of Multilateral Affairs
 Ministry of Foreign Affairs
 P.O. Box 1349, Majuro, MH 96960
 Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
 lydia.kaminaga22@gmail.com

Nauru

Mr Michael Aroi
 Director of Regional Affairs
 Department of Foreign Affairs & Trade
 Yaren District
 Government Buildings
 Republic of Nauru

New Caledonia

M. François Bockel
 Chef du service de coopération régionale et des relations extérieures
 Gouvernement de la Nouvelle-Calédonie
 BP M2, 98849 Nouméa
 Tel : (687) 25.00.43
 francois.bockel@gouv.nc

M. Yves Lafoy
 Conseiller de coopération pour la Nouvelle-Zélande et le Forum des îles du Pacifique
 Service de coopération régionale et des relations extérieures
 Gouvernement de la Nouvelle-Calédonie
 Tel : (64) 27 260 1411 / (687) 764505
 yves.lafoy@gouv.nc

Mme Anne-Claire Goarant
Service de la coopération régionale et des relations extérieures
Gouvernement de la Nouvelle-Calédonie
BP M2, 98849 Nouméa
Tel : (687) 25 00 44
Anne-claire.goarant@gouv.nc

Mme Anaïs Rouveyrol
Service de la coopération régionale et des relations extérieures
Gouvernement de la Nouvelle-Calédonie
BP M2, 98849 Nouméa
Tel : (687) 25 00 45
Anais.rouveyrol@gouv.nc

Mme Hélène Wabete
Coopération décentralisée régionale
Province Sud

M. Michel Allenbach
UNC

M. Sylvain Raffard Artigue
Chargé de mission jeunesse et sport
Cabinet G Briault

M. Jacques Wamalo
PILES

M. Nicolas Gounot
Action État en mer

M. Téva Sliman
Conseiller économie numérique et com audio-visuelle
Cabinet S BACKES

M. Christopher Gyges
Conseiller énergie, budget et fiscalité
Cabinet S BACKES

M. Régis Etaix-Bonnin
SMMPM

M. Michel Falco
NC-DAVAR

M. Clément Gandet
CANC

M. Alexandre Gautier
Directeur de l'ISEE

Dr Jean-Paul Grangeon
Chef du service des actions sanitaires
Médecin inspecteur de santé publique
Directeur des affaires sanitaires et sociales
BP N4
Nouméa

New Zealand

Ms Alison Carlin
International Development Group
Ministry of Foreign Affairs and Trade
195 Lambton Quay
Private Bag 18 901, Wellington, 5045
Alison.carlin@mfat.govt.nz

Mr Simon Draper
New Zealand Consul-General
New Zealand Consulate General
BP 2219, 98846 Noumea Cedex, New Caledonia
Tel: (687) 27 25 43 / 77 49 06 - Fax: (687) 27 17 40
Simon.draper@mfat.govt.nz

Ms Jennifer Troup
New Zealand Vice-Consul
New Zealand Consulate General
BP 2219, 98846 Noumea Cedex, New Caledonia
Tel: (687) 27 25 43 / 75 55 09 - Fax: (687) 27 17 40
Jennifer.troup@mfat.govt.nz

Niue

Mr Richard Hipa
Secretary of Government
Government of Niue
PO Box 40
Alofi
Tel: (683) 4620 - Fax: (683) 4232
richard.hipa@mail.gov.nu

Palau

Mr Isaac N. Soaladaob
Chief of Staff
Office of the President
P.O. Box 100
The National Capitol, Republic of Palau 96940
Tel: (680) 767 2403
Fax: (680) 767 2424
insoaladaob@live.com

Papua New Guinea

His Excellency Mr Peter Eafeare
 Head of Mission / High Commissioner
 Papua New Guinea High Commission
 1st flr Central St Building
 P.O Box 2447, Suva, Fiji
 Tel: (679) 3304 244 / 3304 590
 kundufi@connect.com.fj
 petereafeare@yahoo.com.au

Samoa

Honourable Tolofuaivalelei Falemone Leiataua
 Cabinet Minister

Ms Sharon Potoi-Aiafi
 Assistant Chief Executive Officer
 Ministry of Foreign Affairs and Trade
 P.O. Box L 1859, Apia
 Tel: (685) 21171 / 20698 – fax: (685) 21504
 sharon@mfat.gov.ws

Solomon Islands

Honourable Mr Peter Shanel Agovaka
 Minister of Foreign Affairs

Mr Barnabas Anga
 Permanent Secretary
 Ministry of Development Planning and Aid Coordination
 P.O. Box G30, Honiara
 Tel: (677) 38 813
 Fax: (677) 30 163
 psplanning@planning.gov.sb

Mr George Hoa'au
 Assistant Secretary for Regional Economic Cooperation
 Ministry of Foreign Affairs and External Trade
 P.O. Box G10, Honiara
 Tel: (677) 21 250
 ghoad@gmail.com

Mr Samuel Wara
 Chief Planning Officer – Multilateral Aid
 Aid Coordination Division
 Ministry of Development Planning & Aid Coordination
 P.O. Box G30
 Honiara
 Tel: (677) 38 255 / 38 245 – Fax: (677) 30 490
 swara@planning.gov.sb

Tonga

Honourable Samiu K. Vaipulu
 Deputy Prime Minister
 Prime Minister Office
 Nuku'alofa
 Tel: (676) 24 644 - Fax; (676) 23 888
 samvaipulu@gmail.com

Mr Busby S. Kautoke
 Chief Secretary & Secretary to Cabinet
 Prime Minister Office, Nuku'alofa
 Tel: (676) 24 644 - Fax: (676) 23 888
 busbykautoke@gmail.com

Dr Sione Vailala Matoto
 CEO / Director of Agriculture, Food, Forest & Fisheries
 Ministry of AFFF, Nuku'alofa
 Tel: (676) 23 402 - Fax: (676) 23 888
 vailala@kalianet.to

United States of America

Ambassador Frankie A. Reed
 Suva, Fiji Islands
 U.S Embassy Suva
 158 Princes Rd
 P.O. Box 218, Suva, Fiji Islands
 Tel: (679) 3314 466 Ext 8101 - Fax: (679) 330-3872
 ReedFA@state.gov

Dr Norman Barth
 Regional Environment Officer
 U.S Embassy
 158 Princes Rd
 P.O. Box 218, Suva, Fiji Islands
 Tel: (679) 3314 466 Ext 8166 - Fax: (679) 3302 998
 barthnh@state.gov

Mr Kerry Reeves
 USAID
 Philippines
 Tel: (63) 091 756 927 20
 kreeves@usaid.gov

Mr Joe T. Foltz
 Deputy Chief
 Office of Energy and Environment
 8th Floor, PNB Financial Center
 Pres; Diosdado Macapagal Boulevard
 Pasay City, Philippines 1308
 Tel: (63) 2 552 9831 / 23 or (63) 917 820 4137
 Fax: (63) 2 552 9997
 jofoltz@usaid.gov

Vanuatu

Honourable Alfred Carlot
 Minister of Foreign Affairs & External Trade
 Private Mail Bag 9051
 Port Vila
 Tel: (678) 22 347 - Fax : (678) 23 142

Mr Yvon Basil
Head of Asia/Pacific Division
Department of Foreign Affairs
Private Mail Bag 9051, Port Vila

Mr Victor Rory
Principal Aid Negotiator
Aid Management & Negotiation Unit
Prime Minister's Office
PMB 9024, Port Vila
Tel: (678) 7732 323
vrory@vanuatu.gov.vu

Mr Raymond Manuake
Consul General of Vanuatu
BP 2499, 98846 Noumea Cedex, New Caledonia
Tel: (687) 27 76 21 - Fax: (687) 27 76 81
vanconsul@offratel.nc

Wallis & Futuna

M. Sosefo Motuku
Conseiller territorial
Tel : (681) 72 30 10
Fax : (681) 72 24 07
sosefo.motiku@gmail.com

M. Atonio Tialetagi
Conseiller Territorial
Fiua, Sigave, Futuna
Tel: (681) 72 34 24
Fax: (681) 72 33 31

OBSERVERS

Australian National University

Dr Mike Bourke
 Australian National University
 Canberra, Australia
 mike.bourke@anu.edu.au

European Commission

Mr Malcom Ponton,
 Attaché Regional Integration, Natural Resources
 & Environment
 Level 4, FDB Centre
 Suva, Fiji Islands
 Tel : (679) 3313 633
 Fax : (679) 3300 370
 malcom.ponton@eeas.europa.eu

Mr Francisco Javier Ortiz de Zuñiga
 Chargé d'affaires a.i
 BP 100, 98845 Noumea Cedex, New Caledonia
 Tel : (687) 27 70 02
 Fax: (687) 28 87 07
 Delegation-new-caledonia@eeas.europa.eu

Pacific Island Forum Secretariat

Mr Feleti P. Teo
 Deputy Secretary General
 Private Mail Bag, Suva, Fiji
 Tel: (679) 3312 600 / 3220 202
 Fax: (679) 3320 221
 feletit@forumsec.org.fj

Mr Alexander Knox
 Executive Officer
 Private Mail Bag, Suva, Fiji
 Tel: (679) 3312 600
 alexk@forumsec.org.fj

**Secretariat of the Pacific Regional
Environment Programme (SPREP)**

Mr David Sheppard
 Director
 P.O Box 240, Vailima, Samoa
 Tel: (685) 21 929
 Fax: (685) 20 231
 DAVIDS@SPREP.ORG

Ms Netatua Pelesikoti

Timor-Leste

Mr Marciano Octavio Garcia Da Silva
Director General for Regional Integration
Ministry of Foreign Affairs

Mr Agostinho Barreto
Executive Advisor for the Minister of Foreign
Affairs

University of the South Pacific (USP)

Mr Jandra Karan
The University of the South Pacific
Private Mail Bag
Tel: (679) 3232 226
Fax: (679) 3231 551
Karan_j@usp.ac.fj

Professor Murari Lal
The University of the South Pacific
Private Mail Bag
Suva, Fiji Islands
Tel: (679) 32 32 894
Lal_m@usp.ac.fj

**Western and Central Pacific Fisheries
Commission (WCPF)**

Professor Glenn Hurry
Executive Director
Western and Central Pacific
Fisheries Commission (WCPF)
Tel: (691) 320 1992
Fax: (691) 320 1108
Glenn.hurry@wcpfc.int

OFFICERS OF THE SECRETARIAT OF THE PACIFIC COMMUNITY

Director-General	Dr Jimmie Rodgers
Deputy Director-General (Noumea)	Mr Richard Mann
Deputy Director-General (Suva)	Mrs Fekitamoeloa 'Utoikamanu
Director – SPC / SOPAC Division	Dr Russell Howorth
Director – Economic Development Division	Capt. John Hogan
Director – Fisheries, Aquaculture and Marine Ecosystems Division	Mr Mike Batty
Acting Director – Land Resources Division	Mr Inoke Ratukalou
Director – Public Health Division	Mr Bill Parr
Director – Corporate Services	Mr Leslie Walker
Deputy Director – Corporate Services	Mr John Yee Chief
Manager, Statistics for Development Programme	Dr Gerald Haberkorn
Acting Head of Strategic Engagement, Policy and Planning Facility	Ms Patricia Sachs-Cornish

COMMUNIQUE**SEVENTH CONFERENCE OF THE PACIFIC COMMUNITY**

(Noumea, New Caledonia, 7–8 November 2011)

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Noumea, New Caledonia, 7–8 November 2011

Communiqué

INTRODUCTION

1. The Seventh Conference of the Pacific Community was held at SPC headquarters in Noumea, New Caledonia, from 7 to 8 November 2011. It was officially opened by the President of the Government of New Caledonia, Mr Harold Martin. The Conference was attended by heads of state and government of American Samoa, New Caledonia and Cook Islands; deputy heads of state and government of Federated States of Micronesia and Tonga; ministers of Fiji, Republic of the Marshall Islands, Samoa, Solomon Islands and Vanuatu; ambassadors and high commissioners of France, New Zealand, Papua New Guinea, and the United States of America; and senior officials of Australia, French Polynesia, Kiribati, Nauru, Niue, Palau and Wallis and Futuna.
2. The Conference welcomed two representatives of Timor Leste, who were attending the Conference, as observers, for the first time.
3. The Conference acknowledged the attendance as observers of representatives from the Australian National University (ANU), European Union, Pacific Islands Forum Secretariat (PIFS), Secretariat of the Pacific Regional Environment Programme (SPREP), University of the South Pacific and Western and Central Pacific Fisheries Commission.
4. The Conference expressed its deep appreciation to the Government and the people of the Republic of the Marshall Islands for agreeing to shift the convening of the 7th meeting of the Conference from Majuro in the Marshall Islands to SPC headquarters in Noumea, New Caledonia. It also expressed its deep gratitude to the President of the Government and people of New Caledonia for their support of the meeting and the gracious hospitality extended to delegates during their stay in Noumea. The Conference acknowledged the significance of this year's meeting in that it is the first convened following the full implementation of the reform of the regional institutional framework, which resulted in the merger of both the Pacific Islands Applied Geoscience Commission (SOPAC) and South Pacific Board for Educational Assessment (SPBEA) with SPC.
5. The Conference welcomed with appreciation the opening address given by Mr Harold Martin, President of the Government of New Caledonia, who affirmed New Caledonia's pride in, and commitment to, hosting SPC and announced that New Caledonia will strengthen its support for the organisation's headquarters by significantly increasing its voluntary contribution beginning in 2012 and also considering other mechanisms, such as support for building maintenance and extension of office space, in an effort to achieve a balance of staff and programmes between Noumea and the Suva regional office. The Conference also welcomed the President's statement that New Caledonia will formalise a full country partnership with SPC through the joint country strategy currently being developed and optimise its long-term relationship with SPC, noting that in 2012 New Caledonia will host a number of meetings, allowing it to enhance its strong commitment to the region.
6. The Honourable John Silk, Minister of Foreign Affairs of the Republic of Marshall Islands, presided over the Conference. The Conference considered and approved the recommendations presented to it by the 41st Meeting of CRGA (Committee of Representatives of Governments and Administrations), which was held the previous week, and noted the decisions taken by the 40th Meeting of CRGA in 2010.

7. The Conference welcomed the Director-General's report on SPC's work in 2011 and acknowledged the following important milestones for 2012:

- a. Complete the independent external review of SPC;
- b. Develop the management response to the independent review;
- c. Develop the new corporate plan for the period 2013–2017;
- d. Finalise the long-term sustainable financing strategy;
- e. Further improve the presentation of SPC's budget to reflect expenditure by country/territory, starting in the 2013/2014 financial years;
- f. Finalise an organisation-wide monitoring and evaluation framework.

‘Climate change and food security – managing risks for sustainable development’

8. Delegates welcomed the timeliness of the theme for the 7th Conference, *Climate change and food security – managing risks for sustainable development*, which highlighted the projected impacts of climate change, in particular on food and water security in the Pacific Islands region. The Conference recognised the importance of adopting a well-informed, inclusive and integrated risk reduction and management approach to ensure the adverse impacts of climate change on food and water security are minimised now and in coming decades. The Conference emphasised the importance of a paradigm shift in thinking and planning for climate change in that it is not necessarily a matter of doing different business but rather doing business differently to determine the level of acceptable risk at all points and prepare to respond effectively through appropriate mitigation and adaptation initiatives.

9. The Conference acknowledged that no single organisation can address climate change related challenges on its own and emphasised the importance of strategic and operational partnerships between those involved in the field. In this regard, the Conference welcomed the initiative by the heads of CROP (Council of Regional Organisations in the Pacific) organisations to establish a ‘CROP Executives Climate Change Subcommittee’, jointly chaired by the Secretary General of PIFS and Director of SPREP, to ensure activities undertaken by the various agencies to support members are well coordinated under a ‘many partners, one team’ approach, which will also contribute to meeting the objectives of the Pacific Plan. The Conference noted with interest that the CROP subcommittee will meet shortly to articulate the role of each agency in addressing climate change and agree on how they will collaborate to better support Pacific Island countries and territories (PICTs) in their efforts to undertake adaptation initiatives nationally and engage in international forums.

10. The Conference expressed appreciation for the statements on the theme from the Prime Minister of Cook Islands and the Minister of Foreign Affairs, Marshall Islands. The Conference thanked the invited panel of specialists, Dr Gillian Cambers Program Manager, Pacific Climate Change Science Program, Dr Mike Bourke, ANU, and Mr David Sheppard, Director of SPREP, and thanked Mr Malcolm Ponton, Attaché Regional Integration, Natural Resources and Environment, European Union, for his statement. The Conference acknowledged all presenters for their expert contributions to the productive discussions that followed.

11. The Conference commended the Secretariat on developing its internal ‘Climate Change Engagement Strategy’, which will enhance its delivery of integrated climate change related services, including support for adaptation and risk management, to each member across the 20 sectors SPC works in. The Conference endorsed the engagement strategy, noting that as well as supporting cooperation between SPC's technical programmes, it describes how SPC will work with key partners, in particular other CROP agencies, in addressing climate change challenges for member countries and territories.

12. The Conference commended the Secretariat's efforts in producing a report, ‘Food security in the Pacific and East Timor and its vulnerability to climate change’, funded by the Australian

Government Department of Climate Change and Energy Efficiency, which was distributed to delegates.

Launch of the book, *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*

13. The Conference commended the Secretariat for leading the ground-breaking scientific research project on the possible impacts of climate change on Pacific fisheries and aquaculture. The assessment involved around 90 renowned scientists and fisheries experts from 36 institutions, who compiled an authoritative analysis in a book entitled *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*. The publication, the first of its kind in the region, brings together current knowledge on the projected changes to surface climate, the tropical Pacific Ocean, fish habitats and fish stocks to identify the implications for future food security, economic development and sustainable livelihoods.

14. The Conference expressed its deep appreciation to the authors and institutions who contributed to the vulnerability assessment. The Conference acknowledged the urgent need to bring the recommended adaptation initiatives and supporting policies and investments to the attention of national policy makers and other stakeholders in the Pacific fisheries and aquaculture sector and their development partners. The Conference also emphasised the importance of undertaking similar detailed analyses on the likely impacts of climate change on the agriculture and forestry sectors and the health sector.

15. The Conference expressed its gratitude to the Government of Australia, which supported the vulnerability assessment for fisheries and aquaculture, and acknowledged the attendance of the Deputy Director General of the Australian Agency for International Development (AusAID), responsible for the Asia Pacific and Programme Enabling Group, Mr James Batley, who launched the book on behalf of the Government of Australia. The Conference noted with satisfaction that the publication will provide a new resource for the 5th Assessment Report of the International Panel on Climate Change, covering a vital sector for food security and livelihoods in the Pacific islands region.

Implementation of the reform of the regional institutional framework

16. The Conference commended the CEOs of the three previously stand-alone regional organisations, SPBEA, SOPAC and SPC, for their respective roles in ensuring the successful implementation of the reform of the regional institutional framework. The Conference noted with approval that the ‘new SPC’ continued to deliver excellent services to members and commended the commitment and professionalism of all staff in maintaining their focus on members’ priorities while at the same time dealing with the change entailed in the integration of the three organisations.

17. The Conference noted that the legal requirements for the final closure of SOPAC the Commission and SPBEA will be completed by February 2012, thus ending their legal status as separate organisations.

SPC’s planned work programme for 2012

18. The Conference approved SPC’s 2012 work programme, including the work programmes of its technical divisions – Applied Geoscience and Technology (SOPAC); Economic Development Division; Education, Training and Human Development Division; Fisheries, Aquaculture and Marine Ecosystems Division (FAME); Land Resources Division; Public Health Division; Statistics for Development Programme; and Strategic Engagement, Policy and Planning Facility. (Attachment 1, *Letter from the Chair of CRGA 41, including CRGA’s recommendations, to the Chair of the 7th Conference*, provides more details on the work programme.)

Enhancing efficiency and effectiveness in addressing members' priorities

19. The Conference noted the reduction in programme funding in 2011 and commended the Secretariat on its positive response, including reordering existing priorities to provide a balanced budget and committing to further prioritising its work programme.

20. The Conference encouraged the Secretariat to continue pursuing greater efficiency and effectiveness in providing services to members, taking into account SPC's areas of comparative advantage, the role and capacity of other partners working in the same areas and its service delivery model, noting these matters will be considered in the upcoming independent review of the organisation.

Pacific NCD Crisis

21. The Conference, expressing serious concern at the impact of non-communicable diseases (NCDs) in the region, commended the statement by Pacific Ministers of Health on the rising incidence of these diseases and welcomed the message sent by Forum Leaders in declaring an NCD crisis and calling for 'whole of government' and 'whole of society' efforts to address NCDs at the national level.

22. The Conference acknowledged the crucial role played by SPC and the World Health Organization (WHO) in assisting members to reduce NCD rates, and requested SPC to work with WHO to identify areas in which they can make the highest impact on NCD control in the region and to concentrate on these.

Youth

23. The Conference acknowledged the challenges faced by Pacific youth, the importance of assisting young people and SPC's commitment to supporting progress in this area, particularly through helping identify and support employment opportunities for young people and collecting employment statistics in PICTs.

24. The Conference agreed on the need for the Secretariat to focus on areas where it can add the most value, noting that it will coordinate the development of a framework for youth employment for the region, including research and data collection, support the strengthening of national youth volunteer schemes that recognise the importance of youth involvement in the economy and in nation building, and encourage the development of technical and vocational education and training (TVET) services that are responsive to the labour market and take into account market realities and employment trends.

Independent external review of SPC

25. The Conference commended the Director-General on his initiative to commission an independent external review of SPC, noting its timeliness given that SPC is now a new organisation following the integration of SOPAC and SPBEA. The Conference endorsed the terms of reference for the review and the associated milestones, including the preparation of SPC's corporate plan for the period 2013–2017 and the finalisation of its long-term financing strategy to support the implementation of the new corporate plan, which will be presented to CRGA 42 in 2012.

Review of SPC's corporate and programme support services

26. The Conference commended the commissioning of a review of SPC's corporate and programme support services as a result of both changes in demands on these services following the integration of SOPAC and SPBEA and also the Secretariat's expansion and decentralisation, noting that the draft report was received only recently and its recommendations are still being assessed.

27. The Conference was pleased to hear that efficiencies will be realised through the consolidation process following the integration of SOPAC and SPBEA, initially small but with the potential to increase in coming years as systems are developed and human resources are further amalgamated. The Conference encouraged the Secretariat and the consultant to look further at achieving efficiencies and to establish benchmarks for monitoring efficiency gains.

Internal audit function and audit committee

28. The Conference commended the setting up of an internal audit function at SPC and a CRGA Audit Committee, noting that they will provide independent advice to CRGA and strengthen SPC's governance framework. The Conference agreed that such functions are important with the increase in the size of SPC and noted that they had been recommended by development partners such as the EU and Global Fund to Fight AIDS, Tuberculosis and Malaria. The Conference also approved the internal audit charter and CRGA Audit Committee charter.

29. The Conference accepted the offer from Australia to chair the Audit Committee, initially for a period of two years, and agreed that the current chair of CRGA should be delegated the authority to approve two additional independent members of the Audit Committee based on the recommendations of the Chair of the Audit Committee and the Director-General.

Audit report (2010) and auditors for 2011–2013

30. The Conference commended the Secretariat on receiving a clean audit opinion for the 15th consecutive year and noted that issues raised by the auditors in their management letter have been, or are being addressed.

31. The Conference approved the appointment of PricewaterhouseCoopers, Noumea, to audit SPC's accounts for the financial years 2011 to 2013.

Budget for 2012

32. The Conference approved the balanced budget for SPC for financial year 2012, noting that some members continue to engage with the Secretariat on contributions for 2012 above their membership fee, and further noting the update on the levels of the general and specific reserves. The Conference commended the Secretariat on the format of the 2012 budget, in particular the presentation of a multi-year budget that includes income forecasts to 2015, noting that recurrent funding makes up 26% of the total budget and project funding makes up the remaining 74%.

Arrears in members' assessed contributions

33. The Conference expressed concern that many members are in arrears and encouraged these members to settle their arrears as soon as possible, if necessary by agreeing on a payment schedule with the Secretariat, with an update to be provided to CRGA 42.

Corporate administration and systems

34. The Conference

- noted that a review of SPC's policies, rules and regulations has begun and looked forward to an update on progress at CRGA 42; and
- welcomed the introduction of the CROP Human Resources Information System, a joint initiative led by SPC that when fully implemented will also involve PIFS and SPREP (with the Forum Fisheries Agency likely to join at a later stage), and noted progress in its implementation, with the payroll and leave management components of the package scheduled to begin operating in January 2012.

Non-implementation of recommended salary increases for internationally recruited staff in 2012

35. The Conference, recognising current budgetary constraints, decided not to award CROP market-based salary increases for 2012 to internationally recruited staff. The Conference noted that this decision will mean SPC salaries for 2012 will be below recommended salaries for internationally recruited staff of participating CROP organisations.

Tax on Fiji nationals working with SPC in Fiji

36. The Conference supported the Secretariat's position in its negotiations with the Government of the Republic of Fiji on deferring the implementation of tax on Fiji nationals working at SPC in Fiji from 1 January 2012, with a view to enabling SPC to address the resulting financial implications and bring them into the 2012 budget process for implementation in 2013. The Conference thanked Fiji for its confirmation that it is working with the Secretariat to resolve the issue and also to finalise the host country agreement between SPC and Fiji.

Tahiti Nui Declaration

37. The Conference adopted the revised *Tahiti Nui Declaration*, which describes the major operational policies and mechanisms of SPC and which was originally adopted by the 1st Conference of the Pacific Community in Tahiti in December 1999 and last revised in 2005. The Conference noted that the 2011 revised text incorporates recent governing body decisions and the new organisational structure that was established following the integration of SPBEA and SOPAC with SPC in 2010 and 2011, respectively. The Conference further noted that the *Tahiti Nui Declaration* is not a legally binding document and does not infringe on the status of the *Canberra Agreement*, which is the international treaty that established SPC in 1947.

Procedure for the appointment and assessment of the SPC Director-General

38. The Conference approved the document entitled *Procedure for the appointment and assessment of the SPC Director-General*, which was prepared by the Secretariat, at the request of CRGA 40, for approval by CRGA 41 and the 7th Conference. The Conference further noted that the procedure is based on rules and practices described in the *Tahiti Nui Declaration*, which was also revised to incorporate relevant policy decisions of recent SPC governing body meetings. The Conference noted the objection of American Samoa to paragraph 9, bullet point 'o', relating to knowledge of SPC's two working languages (English and French), in the *Procedure for the appointment and assessment of the SPC Director-General*.

Appointment of the Director-General

39. The Conference reappointed Dr Jimmie Rodgers for a fourth and final two-year term as Director-General of SPC, noting in particular his outstanding leadership throughout the process of the reform of the regional institutional framework and the resulting period of change for SPC, and the need now for consolidation.

Other business

Provision of urgent support to Tuvalu

40. The Conference commended the Secretariat on its rapid response to a request by the Government of Tuvalu for assistance in assessing the impact of the drought on its health, agriculture and water sectors, following Tuvalu's declaration of a state of emergency on 28 September 2011. The Conference noted that an SPC team comprising specialists in agriculture, health and water was mobilised immediately and that their preliminary assessment – after four weeks in country and visits to the northern atolls and Funafuti – would be provided to the Tuvalu government shortly.

41. The Conference also commended the responsiveness of the three staff members who were mobilised on very short notice to respond to Tuvalu's request, and noted that this is only one of the 'early wins' following the integration of SOPAC and SPC under the reform of the regional institutional framework.

Western and Central Pacific Fisheries Commission

42. The Conference expressed appreciation for the presentation by Professor Glenn Hurry, Executive Director of the Western and Central Pacific Fisheries Commission, for which SPC provides underpinning scientific support.

First attendance of Timor Leste

43. The Conference welcomed for the first time two representatives from the Ministry of Foreign Affairs, Timor Leste, who presented the compliments of the President of the Government of Timor Leste and the Minister of Foreign Affairs of the Government of Timor Leste, conveyed their gratitude for the opportunity to observe the meetings of SPC's governing body, and expressed Timor Leste's wish for increased collaboration with SPC. The Conference noted the Secretariat's intention to enhance its cooperation with Timor Leste in the coming year.

New Caledonia initiative: 'One tree, one day, a life'

44. The Conference commended New Caledonia on its *One tree, one day, a life* initiative and expressed great interest in this holistic approach to managing and developing the natural environment through a sustainable agroforestry project under which 250,000 trees will be replanted annually as an integral part of New Caledonia's broader sustainable development plan. The Conference noted New Caledonia's interest in working with SPC with a view to exploring the potential to transform this national initiative into a regional one over time.

Statement from American Samoa

45. The Conference noted the statement by the Governor of American Samoa, who thanked SPC for its services, especially the technical assistance provided to its population task force, and emphasised the importance of SPC using its voice in broader regional and international forums in support of its members, saying that in many instances island members were not able to be present to contribute, and that in other instances well developed and well delivered regional statements could complement those of individual island nations in 'telling the story' of important issues, such as the impact of climate change on Pacific Island countries and territories.

Venue for the 8th Conference of the Pacific Community in 2013

46. The Conference welcomed the offer by the Government of Fiji to host the 8th Conference of the Pacific Community in 2013 and accepted with appreciation Fiji's confirmation that it will bear the costs of hosting the Conference over and above the costs of holding it in New Caledonia.

47. The Conference noted that in accordance with established procedure, Fiji will chair the 8th Conference with the Vice-Chair to be advised.

Terms of Reference

Independent Review of the Secretariat of the Pacific Community

A. Introduction

1. The Secretariat of the Pacific Community (SPC) has reached a new stage of development in 2011 with major changes to the scope of its work resulting from implementing the revised regional institutional framework (RIF). SPC is now a ‘new organisation’ following the integration of the work programmes of two previously stand-alone organisations – SOPAC (Pacific Islands Applied Geoscience Commission) and SPBEA (South Pacific Board for Educational Assessment). The new SPC aspires to uphold the best of its former self enriched with the best of SOPAC and SPBEA.

2. Under this new arrangement, SPC aims to continue providing the optimum level and quality of services to members for the most beneficial impact possible at the national level across all the sectors SPC works in. Information on the background and context of SPC can be found in Annex A.

B. Objective of the proposed review

3. This is a high-level review of SPC that will consider its broader role in regional development (particularly as a result of the RIF reforms), its strategic direction and core business, programme coverage and service delivery, decentralisation and programme location, operational, financial and management matters, performance management systems, and the relevance, efficiency and effectiveness of the services it delivers to its Pacific Island members.

C. Scope

4. The review team will examine SPC’s focus, governance, management, mode of delivery, financing and performance monitoring and make recommendations on:

- i. Core business;
- ii. Governance, decision making and membership;
- iii. Organisational structure;
- iv. Strategic planning;
- v. Priority setting;
- vi. Business practises;
- vii. Financial management;
- viii. Resources;
- ix. Performance monitoring and assessment

5. Annex B lists in detail possible areas of consideration in this scope, as guidelines for the Independent Review Team.

Method / Approach

6. The review will combine various approaches including a desk review and consultations. The desk review will be coordinated by a TA (technical assistant), who will support the review team, and collect relevant documentation (mostly from SPC sources) including previous review reports, as listed in Annex C.

7. Subject to resources and time, the review team will consult extensively across the whole SPC membership including visits with member governments, relevant national stakeholders, development partners, and other regional and international organisations that SPC works with. The review team may wish to develop appropriate instruments to facilitate information gathering and analysis.

D. Duration

8. The review will be conducted between November 2011 and April 2012 with the target completion date being end of April 2012.

E. Review team

9. The review will be conducted by a team with the requisite mix of expertise and skills. Its members will be announced as soon as the full team is assembled.

F. Management arrangements

10. The review team will be supported by a dedicated TA (not a member of the secretariat) who is answerable to the review team leader.

11. The secretariat will assist the review team with travel logistics and setting up appointments for consultations.

G. Taking the review findings and recommendations forward

12. A first draft of the review report shall be circulated to members and the Secretariat for initial comment.

13. Following the completion of the review, the secretariat will circulate the final report to members for their initial information. SPC will provide a management response, members will provide feedback leading to a decision making meeting on the recommendations in the report.

14. The CRGA subcommittee on the long-term sustainable financing strategy will be convened in July 2012 to consider:

- i. the findings and recommendations of the review
- ii. the secretariat's response to the review findings and recommendations

15. The outcome of the proposed July 2012 meeting of the long-term sustainable financing strategy subcommittee will consider the review recommendations and provide direction to the secretariat on the completion of three key strategic documents to be tabled for consideration at CRGA 42 in November 2012:

- i. the draft outline of SPC's new corporate plan
- ii. the draft outline of the long-term sustainable financing strategy
- iii. the draft outline and parameters for the 2013 budget

ANNEX A: BACKGROUND AND CONTEXT

1. *Nature of the organisation* – SPC is a technical assistance, training and research organisation that serves 22 Pacific Island countries and territories (PICTs) and operates in two official languages, English and French. SPC's headquarters is in Noumea, New Caledonia, and it has regional offices in Fiji and the Federated States of Micronesia and a country office in Solomon Islands. In addition, host country agreements with Marshall Islands, Palau, Tonga and Vanuatu enable deployment of small project teams and placement of individual project staff in relevant ministries and departments in these countries as determined by their national priorities.

2. *Organisational governance* – SPC's governing body is the Conference of the Pacific Community, which meets every two years. In years that the Conference does not meet, the Committee of Representatives of Governments and Administrations (CRGA), a committee of the whole of Conference, meets to decide on SPC's work programme and governance issues. Conference is charged with establishing the policies and regulations of the organisation, either on its own behalf or in response to recommendations for change submitted by the secretariat through CRGA. CRGA has two principal roles: oversight of SPC's technical programme delivery (a programmatic role) and oversight of SPC's governance, policy and operational and management mechanisms (a governance role). The Director-General is the chief executive officer of SPC and has full responsibility and authority to lead and manage SPC within the guidelines and policies established by Conference and CRGA.

3. *Drivers of change* – Over the past six years, a number of major drivers have had impacts on SPC's work and its role in the region. They include the 'Pacific Plan for strengthening regional cooperation and integration' (2005), which provides a framework for regional development priorities; the 'Cairns Compact on strengthening development coordination in the Pacific' (2009); the RIF reforms (2006–2011); and the increasing role that SPC has been asked to take in cross-cutting priorities such as food security, climate change and the Millennium Development Goals.

4. *Growth with change* – Since the last external review of SPC in 2005, its work programme has grown in scope and complexity. Its budget, staff numbers and offices have also grown during this period. The expansion of the work programme and staff numbers, and much of the increase in the budget are the direct result of implementation of the RIF reform and as such do not constitute real growth, but rather a 'repackaging' of the services, staffing and budgets of three previously separate organisations. The growth in the number of offices is a result of implementing the decision by the 2005 SPC Conference to decentralise the organisation and delivery of services beyond its Noumea headquarters and Suva regional office.

5. *Members' expectations* – With the recent growth in SPC's portfolio of work at the regional level, the members of the Pacific Community and development partners need to be confident that the work of SPC remains relevant to the priorities of members and is addressing them effectively. They also need to be confident that the results of SPC's work provide 'value for money' at national level and contribute to the achievement of PICT national development outcomes. In addition, services must be delivered in the most effective and efficient manner.

6. *Prioritisation of services to members* – SPC services are driven by members' priorities. The principal mode for agreeing on the priorities that SPC will address for each member is the joint country strategy (JCS). To develop the JCS, each member and SPC consult and agree on priorities that SPC will deliver on over a number of years in the sectors it works in. We now have 20 JCSs with

the final two (Papua New Guinea and New Caledonia) to be completed this year. We have also begun reviewing the JCSs that were first developed. In addition, regional technical meetings (ministers and officials) and visits by members of the executive and senior programme staff to member countries and territories assist in validating JCS priorities. Finally, the prioritisation process takes into account political decisions at the Forum Leaders' level and the decisions of SPC's governing body – Conference and CRGA.

7. *Work programme coverage* – SPC's work programme currently covers the following sectors: agriculture, aquaculture, culture, education, energy, fisheries, forestry, geosciences, health, information and communication technology, infrastructure, media development, transport (maritime and aviation), statistics and demography, water and sanitation, youth, and cross-cutting themes including climate change, disaster risk reduction, food security, gender, human rights and policy analysis and advice.

8. *Mode of service delivery* – Services in all these sectors are mainly delivered through six technical divisions: Applied Geoscience and Technology (SOPAC), Economic Development (EDD), Education, Training and Human Development (ETHDD), Fisheries, Aquaculture and Marine Ecosystems (FAME), Land Resources (LRD), Public Health (PHD), and the Statistics for Development programme (SDP). The divisions are supported by the strategic engagement, policy and planning facility (SEPPF), and the operations and management directorate comprising human resources, administration, finance and programme support services.

9. *Contribution of SPC's work to higher development outcomes* – The aim of SPC's work programme in all the above areas is to contribute to the following three key development outcomes at the national level: sustainable economic development, sustainable human and social development and sustainable natural resources management and development.

10. *Impact of RIF reforms on SPC* – Organisationally, the most immediate result of the RIF reform has been overall growth of SPC in terms of the scope and coverage of work programmes, budget, number of staff, and location of offices. Geographically, much of the actual growth resulting from the integration of SPBEA and SOPAC has occurred at the Suva regional office where SPC now has offices in eight different locations. From a corporate point of view, areas of impact have included organisational governance and structure; synchronisation of systems, processes, rules, procedures and regulations; and the merging of three separate institutional cultures into one.

11. *Early wins from RIF* – From a service delivery point of view, opportunities provided through RIF reforms are enabling practical joint programming approaches. From a corporate point of view, SPC is already realising significant early wins in harmonising finance, IT, HR and administration systems. More benefits are anticipated with further consolidation of the integration of the three organisations

ANNEX B: POSSIBLE AREAS OF CONSIDERATION IN THE SCOPE

a. Examine the effectiveness and efficiency of current SPC services provided to island members in relation to –

- the core functions in the SPC 2007–2012 corporate plan and consistency of the work programme with the decisions of the SPC governing body (CRGA and Conference); relevant decisions by Forum Leaders, including the Pacific Plan and Cairns Compact; and national priorities contained in each member's national sustainable development plan;
- the 'value for money' of these services in terms of results, outputs and impacts that contribute to national development outcomes;
- the mode of service delivery and complementarity of SPC services with those delivered by other providers, nationally, bilaterally, regionally or multilaterally;
- the sectors covered and mechanisms for prioritisation of the services to be delivered.

b. Recommend the future focus and strategic direction of SPC's long-term core services and, building on the work done under the guidance of the CRGA subcommittee on the long-term sustainable financing strategy¹ and noting the desired outcomes of the RIF reform process, identify –

- which sectors and services regarded as essential by individual members does SPC add value to, and is best placed to engage in;
- which sectors and services should SPC not engage in, either because they are areas of lower priority, SPC does not have a comparative advantage in these areas, or the services can be delivered more efficiently through other means (e.g. bilaterally or by other partners);
- a prioritisation process, including criteria, to determine which sectors and services SPC should agree to engage in, in future;
- the optimum mode of future service delivery to members.

c. Consider the optimum long-term financing model to support the delivery of SPC's core services –

- Examine current funding modalities for SPC's regional services and propose options for future funding models to support the delivery of SPC's long-term core services.

d. Assess SPC's monitoring and evaluation framework for measuring results, outputs and impacts and where possible outcomes, by examining –

- SPC's current approach to measuring the efficiency and effectiveness of its services and whether or not current systems, policies and procedures maximise efficiency and effectiveness;
- SPC's existing monitoring and evaluation approach/performance framework for measuring results;
- SPC's existing provisions for risk and fraud management.

e. Consider the ideal organisational governance arrangements and structure to support optimum service delivery to island members by examining –

¹ The work to determine SPC's core business is expected to be completed by December 2011. The results will feed into the independent external review.

- the effectiveness of SPC's current governance arrangements and organisational structure to support service delivery to Pacific Island members;
- the efficiency of SPC's current service delivery model including its network of decentralised offices;
- existing partnership arrangements with other regional and international organisations and the mechanisms for coordinating these relationships.

ANNEX C: PREVIOUS REVIEWS

SPC has undergone a series of organisational and programme-specific reviews since it began. Some of the reviews were commissioned by the secretariat or its governing body, others by members and donors, e.g. the following reviews have been conducted since 1996:

- a. Corporate-wide reviews
 - i. 1996 SPC corporate (organisational) review
 - ii. 2005 SPC corporate (organisational) review
- b. Member-initiated reviews
 - i. 2001 AusAID independent review
 - ii. 2008 ANZ joint triennial review of ANZ support to regional organisations. This review involved all CROP (Council of Regional Organisations in the Pacific) agencies including SPC.
- c. External reviews of SPC programmes
 - i. 1999 Library Services
 - ii. 2000 Community Health Programme
 - iii. 2001 Oceanic Fisheries Programme, Pacific Women's Bureau
 - iv. 2002 Regional Media Centre
 - v. 2003 Land Resources Division, Finance review, Regional Maritime Programme, Population and Demography Programme, Coastal Fisheries Programme
 - vi. 2004 Pacific Youth Bureau
 - vii. 2005 Cultural Affairs Programme
 - viii. 2006 Public Health Programme
 - ix. 2011 Corporate and programme support services
- d. Reviews relating to organisational mergers and the RIF reforms involving SPC
 - i. 2000 SOPAC–SPC integration study
 - ii. 2006–2009 Various reviews related to RIF reform
- e. Review of SPC's core business
 - i. 2010 KVAConsult – Long-term sustainable financing strategy for SPC: Part 1 – Core business
- f. Donor requirement reviews
 - i. 2002 Global Fund Institutional Assessment
 - ii. 2005 Global Fund Institutional Assessment [new grants]
 - iii. 2007 Global Fund Institutional Assessment [new grants]
 - iv. 2009 Global Fund Institutional Assessment [new grants]
 - v. 2007 EU Institutional Assessment
 - vi. 2011 EU Institutional Assessment

PACIFIC COMMUNITY
TAHITI NUI DECLARATION
 (REVISED NOVEMBER 2011)

Introduction

1. The *Tahiti Nui Declaration* describes the Pacific Community and its major operational policies and mechanisms. It is revised regularly to incorporate policy decisions of the Conference of the Pacific Community and the Committee of Representatives of Governments and Administrations (CRGA). The Declaration was originally adopted in December 1999 by the 1st Conference of the Pacific Community in Tahiti and was revised in 2005. The current revision was approved in 2011 by the 7th Conference of the Pacific Community.
2. The *Tahiti Nui Declaration* is not a legal document and does not displace or infringe on the status of the *Canberra Agreement*, which is the formal international treaty that established the organisation in 1947.

Identity

3. The 37th South Pacific Conference, which was held in Canberra in 1997, renamed the ‘South Pacific Commission’ the ‘Pacific Community’ – in brief the Community.
4. As mandated in the Canberra Agreement, SPC is a technical assistance, training and research organisation that supports the development of Pacific Island countries and territories.
5. SPC’s governing body is the Conference of the Pacific Community – in brief the Conference – which meets every two years. In years that the Conference does not meet, the ‘Committee of Representatives of Governments and Administrations’ (CRGA), a committee of the whole of Conference, meets to decide on SPC’s work programme and governance issues.
6. The Conference and CRGA are served by the Secretariat of the Pacific Community (SPC). SPC is also commonly referred to as the Secretariat, particularly when its administrative role is the subject of reference.
7. SPC operates in two official languages, English and French. Its headquarters is located in Noumea, the seat of government of New Caledonia.
8. SPC has regional offices in Fiji and the Federated States of Micronesia and a country office in Solomon Islands. Its decentralisation stems from the decision of the 4th Conference of the Pacific Community in 2005 that SPC’s services should be more readily accessible beyond Noumea headquarters and the Suva regional office, taking cost efficiency considerations into account.
9. Small project teams and individual project staff may be located in other Pacific Community members. In such cases SPC endeavours to negotiate host country agreements to provide a legal basis for staff deployment under the respective ‘Privileges and Immunities’ provisions of each member. Currently SPC has negotiated host country agreements to facilitate such staff deployments with the governments of the Kingdom of Tonga, Republic of Palau, Republic of the Marshall Islands and Republic of Vanuatu.
10. Various communication technologies are valuable in maintaining the cohesion of one organisation with offices in several locations.

Membership

11. The Pacific Community has 26 members: American Samoa, Australia, Cook Islands, Federated States of Micronesia, Fiji, France, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, United States of America, Vanuatu, and Wallis and Futuna.
12. The Pacific Community is prepared to receive expressions of interest in membership from returning members and new parties.
13. All issues relating to membership, including the admission of new or returning members and the associated financial arrangements, are a matter of policy on which a decision can only be made by Conference and by consensus.
14. The Director-General is empowered, when directed by CRGA and Conference, to enter into negotiations on the financial details of membership with potential new and returning members. The Director-General must keep the Pacific Community fully informed of the progress of any such negotiations. The final formal offer on terms of entry must be relayed to all members for comment.
15. There shall be no agreement by Conference to new or returning membership before the financial terms have been settled. The question of whether or not a new member's assessed contribution is additional to existing contributions shall be decided before acceptance of the membership.
16. Members may withdraw from the Pacific Community after providing 12 months' notice of intent to Conference.

Role

17. In the context of the Canberra Agreement, SPC's scope of work is essentially unlimited in terms of sectoral content. However, there are practical restrictions on programme content through the critical need to work cooperatively in the region, avoiding activities that either duplicate, or infringe on, the role of other regional and international agencies active in the Pacific.
18. SPC is committed to the principles of sustainable development. The organisation contributes to the achievement of three key development outcomes in Pacific Island countries and territories: sustainable economic development; sustainable human and social development; and sustainable natural resources management and development. These three development outcomes provide the basis for SPC's corporate plan and associated divisional and programme strategic plans.
19. The sectors currently covered by SPC include agriculture, aquaculture, culture, education, energy, fisheries, forestry, gender issues, geosciences, health, information and communication technology, infrastructure planning and assessment, media development, transport (maritime and aviation), statistics and demography, water and sanitation and youth. Much of SPC's sector-based work also addresses cross-cutting areas including climate change adaptation, disaster risk reduction, food security, human rights and policy analysis and advice.
20. Services in these sectors are mainly delivered through joint country strategies by SPC's technical divisions, namely the Applied Geoscience and Technology Division (SOPAC), Economic Development Division (EDD), Education, Training and Human Development Division (ETHDD), Fisheries, Aquaculture and Marine Ecosystems Division (FAME), Land Resources Division (LRD), Public Health Division (PHD) and the Statistics for Development Programme (SDP).

21. In addition, SPC has a Strategic Engagement Policy and Planning Facility (SEPPF) and an Operations and Management Directorate that provides corporate and programme support services.

Governance

The Conference of the Pacific Community

22. The Conference is the organisation's supreme governing body. It meets every two years at ministerial level, normally at SPC's headquarters. Other member countries and territories may host the Conference and, in this case, are expected to bear any difference in cost.
23. Conference is charged with establishing the policies and regulations of the organisation, either on its own behalf or in response to recommendations for change submitted by the Secretariat through CRGA.
24. Conference appoints the Director-General and evaluates his or her performance.
25. Conference considers and approves SPC's annual budget, annual accounts and audit reports and changes to regulations on the recommendation of CRGA in Conference years and delegates this role to CRGA in the years between Conferences.
26. Conference also decides on applications for membership of the organisation.
27. Conference makes decisions through a process of debate, based on the concept of Pacific consensus. On rare occasions, voting may be called for after concerted attempts to achieve consensus have failed. Each member country or territory may cast one vote, with procedures ruled on by the Chairperson. Proxy votes are not allowed.
28. The Chairperson of Conference is appointed, according to established practice, on a rotational basis, in alphabetical order, involving all member governments and administrations, except when Conference is hosted outside of headquarters by a member, in which case the hosting member will provide the Chairperson. The Vice-Chairperson is similarly chosen in alphabetical order of members. The position of Conference Chairperson is held for a period of two years.
29. The 'Rules of Procedure' for Conference provide further details on Conference meetings.
30. Official observers, the public and the media are welcome to attend all meeting sessions unless Conference decides otherwise.

Committee of Representatives of Governments and Administrations

31. The Committee of Representatives of Governments and Administrations (CRGA) is a 'committee of the whole of Conference'. It meets annually at officials' level. In the years that the Conference is held, CRGA meets just before at the same venue and makes recommendations to Conference on points for decision. In the years the Conference does not meet, CRGA is empowered to make policy decisions.
32. CRGA has two principal roles: oversight of SPC's technical programme delivery (a programmatic role) and oversight of SPC's governance, policy and operational and management mechanisms (a governance role).
33. To enable CRGA to fulfil this dual role, the meeting has a two-part agenda – a technical agenda followed by a policy and governance agenda. The technical agenda provides an opportunity for members to include in their delegations officials from relevant sector ministries / departments.

34. When considering SPC's work programme and budget, CRGA is guided by the priorities of members as expressed in the joint country strategies developed between each member and SPC; the outcomes of regional technical heads of sectors / ministerial meetings; and decisions of the SPC governing body. Decisions by other CROP (Council of Regional Organisations in the Pacific) governing bodies, particularly those of the Pacific Islands Forum, that impact on the work of SPC should also be taken into consideration.
35. CRGA considers the annual accounts and audit reports, amendments to the Staff and Finance Regulations and decides on the terms and conditions of Secretariat staff.
36. CRGA assists Conference in the recruitment and evaluation of the Director-General.
37. The Chairperson and Vice-Chairperson are appointed, according to established practice, on a rotational basis, in alphabetical order, involving all member governments and administrations. The Vice-Chairperson becomes the Chairperson of the succeeding meeting. The positions of CRGA Chairperson and Vice-Chairperson are held for periods of one year.
38. Similar to Conference, CRGA makes decisions through a process of debate, based on the concept of Pacific consensus. On rare occasions, voting may be called for after concerted attempts to achieve consensus have failed. Each member country or territory may cast one vote, with procedures ruled on by the Chairperson. Proxy votes are not allowed.
39. The 'Rules of Procedure' for CRGA provide further details on CRGA meetings.
40. Official observers, the public and the media are welcome to attend all meeting sessions unless CRGA decides otherwise.

The Director-General

41. The Director-General is the chief executive officer of SPC and has full responsibility and authority to lead and manage SPC within the guidelines and policies established by Conference and CRGA. He or she develops the vision, sets the goals, makes decisions relating to SPC's delivery of services to members, and is fully accountable to CRGA and Conference for any failure to meet the organisation's objectives.
42. The Director-General has the authority to appoint Deputies through a selection process that allows for consultation with member governments and administrations. Given satisfactory performance, Deputies may serve for a maximum of six years through two three-year contracts. Their performance is appraised annually by the Director-General.
43. The Director-General may modify the structure of the organisation from time to time to maintain organisational efficiency. Approval of CRGA and Conference is required for major structural change involving considerations of policy direction and/or cost increases.
44. The Director-General must keep member countries and territories well informed about the state of SPC's administration and work programmes on a regular basis.

Appointment and assessment of the Director-General

45. Conference appoints the Director-General guided by the following selection criteria:
 - a. Understands technical and regional issues;
 - b. Is sensitive to the needs of the organisation and the region;
 - c. Has technical experience in areas relating to the purpose of the organisation;
 - d. Understands the geopolitical aspects of the region;
 - e. Is a good manager of research, technical and administrative staff;
 - f. Has leadership qualities;
 - g. Is a good communicator both within and outside the organisation;

- h. Is able to work well with donors;
 - i. Is able to formulate a vision for the organisation.
 - j. Is conversant with the changes occurring in the region that impact on the nature and role of SPC and the services it delivers to members;
 - k. Is conversant with the new architecture for regional institutions and able to lead SPC while also consolidating its expanded role, purpose and modality of service delivery to members;
 - l. Is of good character, standing and integrity, and able to command the respect of members and partners;
 - m. Is able to demonstrate dedicated effort and commitment to the development of Pacific Island countries and territories;
 - n. Is conversant with the principles of organisational change, organisational restructuring and change management; and
 - o. A practical knowledge SPC's two working languages (English and French) is an advantage and should be taken into consideration.
46. The Director-General normally holds office for a maximum of six years comprising three consecutive contracts of two years each, with contract renewal dependent on sound performance.
47. Conference may decide not to renew a Director-General's contract if the annual evaluation yields evidence of unsatisfactory performance. Conference may also extend the Director-General's tenure of office beyond the normal six years in exceptional circumstances. An extension under this provision is restricted to one further two-year term.
48. The performance of the Director-General is assessed annually by a three-member subcommittee of CRGA, comprising representatives of the current Chairperson, previous Chairperson and incoming Chairperson of CRGA. The subcommittee submits its findings on the performance of the Director-General and its recommendations to CRGA for its consideration. These recommendations may include the appropriate level of performance-based increment for consideration by CRGA and / or Conference.
49. The 'Rules of procedure for the appointment and assessment of the SPC Director-General' provide more details.

Operational policies

50. SPC's organisational policies are revised from time to time in response to changes in the context in which it operates. Major policy changes require approval by CRGA and Conference.

Regulations, rules and administrative policies

51. "Regulations" are determined by Conference and CRGA. They outline the basic conditions of service and the rights, duties and obligations of the staff members of the Secretariat of the Pacific Community (Staff Regulations) and the basic financial policies of the organisation (Financial Regulations).
52. The Director-General has the responsibility of drawing up and implementing detailed Rules and Administrative Policies within the framework provided by the Regulations.

Human resources

53. SPC is an equal opportunity employer. Staff appointments are based on merit, without restriction as to nationality. Due attention is given to gender equity and the maintenance of strong representation from Pacific Island professionals. Preference is given to Pacific Islanders, given equal merit, qualifications and experience. All staff are employed on term contracts, usually of three years' duration. Sound performance will earn an internationally recruited staff

member a second three-year term, but all such positions are readvertised every three years after the initial six years. Staff recruited locally enjoy greater security of tenure.

54. The salary levels and allowances of SPC staff are harmonised with those of relevant CROP organisations. Recommended changes to remuneration levels within the harmonised CROP remuneration structure require approval by CRGA and Conference before they can be implemented by SPC.

Finances

55. SPC's budget has traditionally been divided into "core" and "non-core" components.
56. Core income is derived from assessed annual membership contributions and other sources such as bank interest, project management fees and miscellaneous income. Project management fees are applied to programme and project funds at a rate of 7 per cent of the total project budget for members and 15 per cent for non-members.
57. Members and development partners also make non-core contributions to SPC's work programmes, either through specific project funding, or through programme funding that provides general and normally ongoing support for implementing the CRGA-approved strategic plans of the technical divisions.
58. Income from core and programme funding is considered recurrent income, whereas project funding is usually time-bound and non-recurrent.
59. With regard to members' assessed contributions, the 1999 Conference decided to maintain the contributions by current members at the preceding year's level without adjustments for inflation. Budgets are therefore prepared on this basis.
60. Increases to members' contributions are possible but require the Secretariat to submit a business case for any such increase for consideration by CRGA / Conference.
61. Australia, France, New Zealand and the United States of America provide around 90 per cent of the total assessed contributions and Pacific Island members provide 10 per cent. The funding formula is reviewed as the need arises.
62. Conference has directed the Secretariat to maximise income from sources other than members' assessed contributions.
63. SPC's annual expenditure budget is expected to be no greater than the projected income including any transfers from reserves. The Secretariat is required to present a balanced budget (or planned surplus) to its governing body.
64. The Director-General may revise the budget in line with the financial regulations during the course of the year. Any revision must achieve a balanced budget or a surplus.

Relationship with members

Privileges and immunities

65. Community members including the host governments of SPC offices have the responsibility of ensuring that SPC is granted privileges and immunities in line with the international conventions that apply to organisations of a similar nature throughout the world. Most members have 'Privileges and Immunities' legislation that covers such arrangements. Formal host country agreements, including the 2003 agreement with France relating to the SPC headquarters in Noumea, New Caledonia, provide the necessary details.

Communication

66. SPC's formal communication with members is through the SPC focal points usually located within foreign ministries, although in some countries the focal point is within the Prime Minister's Office or ministry of planning. Strong informal communication networks are maintained with individual sectors.

Relationships with other organisations and partners

67. It is incumbent on Secretariat staff to cooperate fully and to the limit of their capacity with all regional and international development agencies operating in the Pacific.
68. While the Secretariat's primary partners and first points of contact are its members, there are many stakeholders working in the region that SPC collaborates and cooperates with. These agencies can be classified into four main groups:
- The family of Pacific regional organisations, including CROP. SPC pays particular attention to coordination, cooperation and harmonisation with these agencies to increase efficiency and avoid duplication in delivering regional services, taking into account each organisation's competencies.
 - Aid donors / development partners operating in the Pacific, who contribute most of the organisation's non-core funds.
 - International multilateral agencies including the UN family, European Union and development banks.
 - The private sector, and non-governmental organisations, including faith-based organisations, welfare and volunteer agencies.
69. SPC has signed Memoranda of Understanding with many regional and international agencies aimed at increasing cooperation and collaboration and minimising duplication of efforts in an approach best described as 'many partners, one team'.

**RECOMMENDATIONS BY THE FORTY-FIRST MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**

AGENDA ITEM 2 – DIRECTOR-GENERAL’S REPORT

1. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. consider the Director-General’s report, and in particular:
 - a. note progress in implementing the key decisions of CRGA 40;
 - b. note progress in implementing the major milestones for 2011;
 - c. note examples of achievements in 2011 against the objectives of the corporate plan;
 - ii. consider the proposed organisational structure for 2012 noting that it will also be considered by the independent review team;
 - iii. endorse the commissioning of an independent review of SPC, and approve the terms of reference for the review as revised and endorsed by CRGA 41 (see attachment);
 - iv. commend SPC’s achievement in coordinating and publishing the major research study, *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*;
 - v. with respect to managing grants for regional health initiatives:
 - a. note SPC’s intention to discontinue acting as Principal Recipient for any new Global Fund funding rounds for grants, unless CRGA wishes SPC to continue the role at the request of participating countries;
 - b. note further that SPC will continue to manage regional grants from other donors addressing specific areas such as non-communicable diseases, and the response fund for HIV/AIDS, if required to do so.
 - vi. in relation to salaries for internationally recruited staff, approve the secretariat’s recommendation not to implement the CROP market increases for 2012;
 - vii. note SPC’s response to the reduction in programme funding in 2011 and provide guidance to the secretariat on addressing regional priorities that have had to be put on hold;
 - viii. note that Pacific Islanders now make up 54% of all internationally recruited staff and 69% of all SPC staff;
 - ix. note the results of the staff survey, the response to the survey results, and the commitment by the secretariat to continue the survey;
 - x. share the secretariat’s serious concern at the increasing level of arrears in some members’ assessed contributions;
 - xi. approve the following key initiatives planned for the next 12 months:
 - a. Commissioning of an independent external review of SPC;
 - b. Development of a new SPC corporate plan for the period 2013–2017;
 - c. Finalisation of the long-term sustainable financing strategy to support implementation of the corporate plan;

- d. Implementation of further improvements to the presentation of SPC's budget and work programme for 2013;
 - e. Completion and implementation of the corporate-wide monitoring and evaluation framework;
 - f. Consolidation of the optimal governance arrangements and organisational structure to enhance service delivery to members.
- xii. support the secretariat's position in its negotiations with the Government of the Republic of Fiji on deferring the implementation of tax on Fiji nationals working at SPC in Fiji from 1 January 2012, with a view to enabling SPC to address the financial implications and bring this into the 2012 budget process for implementation in 2013;
- xiii. request the secretariat to ensure the best use of its resources by evaluating planned services in terms of priority, SPC's comparative advantage in the field, whether or not the service is best delivered through a regional or bilateral programme, and the value for money and impact obtained in SPC's provision of the service.

AGENDA ITEM 3 – REGIONAL POLICY AGENDA

AGENDA ITEM 3.1 – PACIFIC NCD (NON-COMMUNICABLE DISEASES) CRISIS – TIME FOR ACTION: JOINT SPC/WHO PRESENTATION ON REGIONAL SUPPORT TO MEMBERS

- 2. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. welcome the strong message sent by the declaration by the Pacific Islands Forum Leaders that 'the Pacific is in an NCD crisis' and recognise the urgency with which this crisis needs to be addressed;
 - ii. support the 'whole of government' and 'whole of society' response to the non-communicable disease (NCD) crisis, recognising that the major determinants of NCDs and their solutions are outside the remit of the health sector;
 - iii. welcome the commitment by Pacific ministers for health and sport to address the NCD crisis in Pacific Island countries and territories;
 - iv. note the ongoing commitment by SPC and the World Health Organization (WHO) to continue to support interventions at national and regional levels to address the NCD crisis more effectively in the region;
 - v. support the implementation of the Pacific NCD Framework as the basis for the region's fight against NCDs and as the best way to continue the gains achieved through the 2-1-22 Programme, which ends in June 2012.

AGENDA ITEM 3.2 – PACIFIC YOUTH INITIATIVES: UPDATE ON REGIONAL YOUTH INITIATIVES WITH A FOCUS ON EMPLOYMENT

- 3. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. acknowledge the serious challenges facing Pacific youth;
 - ii. note the importance accorded by Pacific Islands Forum Leaders in their recent meeting to addressing the challenges facing Pacific youth;

- iii. further note SPC's commitment to help Pacific Island countries and territories achieve progress in relation to youth issues, including through:
 - a. coordinating the development of a framework for youth employment for the region, including research and data collection;
 - b. supporting the development and strengthening of national youth volunteer schemes that recognise the importance of youth involvement in the economy, in particular the role they can play in nation building;
 - c. encouraging the development of proactive technical and vocational education and training (TVET) services that are responsive to the labour market and take into account market realities and employment trends.
- iv. acknowledge that SPC's resources for addressing youth challenges are limited.

AGENDA ITEM 3.3 – SPC'S CLIMATE CHANGE ENGAGEMENT STRATEGY AND ITS ROLE IN THE REGION'S CLIMATE CHANGE AGENDA

4. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it approve the internal organisation-wide Climate Change Engagement Strategy for SPC, which is intended to provide guidance for SPC in integrating climate change responses across its work programme.

AGENDA ITEM 4 – DIVISIONAL AND PROGRAMME PRESENTATIONS

AGENDA ITEM 4.1 – APPLIED GEOSCIENCE AND TECHNOLOGY (SOPAC) DIVISION

5. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. commend the progress made in institutional reform during the first year of SOPAC's integration in SPC and the achievements of the division in 2011;
 - ii. endorse the recommendations contained in the Chair's Outcome Statement from the First SOPAC Division Meeting, and acknowledge the importance of the work of the SOPAC Division in providing data and information products to enable PICTs to improve integrated risk management activities at all levels, in particular in addressing the adverse impacts of climate change through:
 - a. the work of the Ocean and Islands Programme on coastal vulnerability including flooding of low-lying areas due to storm surges, pollution of coastal and lagoon waters due to changing circulation patterns, and sea-level monitoring;
 - b. the work of the Water and Sanitation Programme in securing access to affordable and safe drinking water, and developing integrated approaches to water and sanitation resources management;
 - c. the work of the Disaster Reduction Programme in joint national action planning for disaster risk reduction and climate change adaptation and mitigation, hazard assessment and risk exposure mapping; and
 - d. the value of resource economics, GIS and remote sensing, the technical support facility, and data management in supporting these activities and contributing to making information products more readily available to members;

- iii. urge the Science, Technology and Resources (STAR) Network to continue to develop and strengthen its long-standing association with the SOPAC Division and with other divisions of SPC;
- iv. express appreciation to IRD (Institut de recherche pour le développement) for offering to host the next STAR meeting in Noumea (5–6 November 2012, prior to the SOPAC Division meeting);
- v. note the presentation of the division's 2011 revised budget and its 2012 budget; and
- vi. endorse the division's 2012 work plan.

AGENDA ITEM 4.2 – ECONOMIC DEVELOPMENT DIVISION (EDD)

- 6. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the work and achievements of the Economic Development Division's (EDD) programmes to date;
 - ii. endorse the division's strategic plan for the period 2012–2017;
 - iii. approve the outline of EDD's proposed work programme for 2012.

AGENDA ITEM 4.3 – EDUCATION, TRAINING AND HUMAN DEVELOPMENT DIVISION (ETHD)

- 7. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. acknowledge the work and achievements of the Education, Training and Human Development Division in 2011;
 - ii. note the communiqués of the 4th Pacific Women's Ministerial Meeting and the Pacific Women's Ministerial Workshop on Climate Change (both held in Nadi in July 2011) and encourage action at national level on the commitments made;
 - iii. endorse the division's proposed 2012 work programme.

AGENDA ITEM 4.4 – FISHERIES, AQUACULTURE AND MARINE ECOSYSTEMS (FAME) DIVISION

- 8. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the results delivered by the Fisheries, Aquaculture and Marine Ecosystems (FAME) Division and its achievements during 2011;
 - ii. note the recommendations of the 7th Heads of Fisheries meeting and the steps already taken to put these into action;
 - iii. note that an internal review of the division's strategic plan will be carried out in early 2012;

- iv. encourage the development of funding mechanisms to improve the integration of territory members of SPC into the FAME work programme;
- v. approve the outline of the 2012 work programme and endorse in principle the new initiatives proposed in the area of climate change adaptation, particularly:
 - a. a proposal for AusAID climate change funding for a two-year programme to improve monitoring, develop adaptation measures and build capacity in all areas related to fisheries and climate change;
 - b. a proposal to the French Development Agency (AFD) and the French Global Environment Fund (FFEM) for the RESCCUE (Restoration of Ecosystem Services against Climate Change Unfavourable Effects) project to develop integrated and holistic coastal zone management to strengthen adaptation to climate change and develop financing mechanisms for ecosystem services.

AGENDA ITEM 4.5 – LAND RESOURCES DIVISION

9. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the progress made by LRD toward achieving its strategic objectives;
 - ii. note that the ongoing initiatives from 2010 and the Increasing Agricultural Commodity and Trade project, which began in June 2011, have helped to bridge some of the funding gaps for LRD programmes;
 - iii. approve the 2012 work programme as outlined;
 - iv. endorse in principle the new initiatives that have been proposed, notably:
 - ACIAR-funded: Strengthening Integrated Crop Management Research in the Pacific.
 - USA-funded: Vegetation and land cover mapping and improving food security for building resilience to a changing climate in Pacific Island communities.
 - FAO-funded: Agriculture Technical Cooperation Programme on pesticide registration, alternatives to chemical pesticides, and communication and awareness raising.
 - EU-funded: Improvement of Key Services to Agriculture in the Sugar Sector.
 - v. note that for LRD to fully deliver the services outlined in its new strategic plan and to maintain its professional and technical capacity, it will require additional resources.

AGENDA ITEM 4.6 – PUBLIC HEALTH DIVISION

10. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the work and achievements of the Public Health Division during 2011;
 - ii. note the need for continued investment in strengthening surveillance systems and addressing high priority health concerns such as non-communicable diseases and sexually transmitted infections, and request development partners to provide new funding for these work areas of the Public Health Division where SPC has a comparative advantage;
 - iii. note the critical importance of SPC undertaking regular cost-benefit analyses to inform and guide national decisions on investment in health interventions and the need to allocate resources to facilitate such assessments, for example the economic cost of not addressing

NCDs or HIV, or the potential gain from addressing health determinants managed by other sectors;

- iv. endorse the proposed 2012 work plan.

AGENDA ITEM 4.7 – STATISTICS FOR DEVELOPMENT PROGRAMME

- 11. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the work and achievements of the Statistics for Development Programme during 2011;
 - ii. note progress made with the development of the National Minimum Development Indicator database, and SDP plans to assist improving national administrative databases in key sectors;
 - iii. note the challenges presented and the role members can play in addressing some of them;
 - iv. endorse SDP's 2012 work programme.

AGENDA ITEM 4.8 – STRATEGIC ENGAGEMENT, POLICY AND PLANNING FACILITY

- 12. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
 - i. note the important role of the Strategic Engagement, Policy and Planning Facility (SEPPF) in strengthening the strategic, analytical, corporate planning and monitoring and evaluation capacity of SPC;
 - ii. note the results achieved by SEPPF in 2011, particularly in relation to completion of the ground-breaking research on the impact of climate change on Pacific fisheries, developing and reviewing joint country strategies, and developing the new corporate-wide monitoring and evaluation framework;
 - iii. endorse SEPPF's work programme for 2012;
 - iv. support the Secretariat's efforts to seek additional resources to increase SEPPF's capacity to perform its role in 2012 and beyond.

AGENDA ITEM 5 – INITIATIVES / ITEMS PROPOSED BY MEMBERS

- 13. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it acknowledge the request by Solomon Islands to upgrade SPC's country office in Solomon Islands to a regional office for Melanesia and ask that the issue be considered as part of the independent review of SPC, noting that PNG and Vanuatu supported the request by Solomon Islands.

AGENDA ITEM 7 – LEGAL, OPERATIONAL AND GOVERNANCE INSTRUMENTS – INCORPORATING RIF RELATED CHANGES

AGENDA ITEM 7.1 – TAHITI NUI DECLARATION

14. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it endorse the revised *Tahiti Nui Declaration, 2011*.

AGENDA ITEM 8 – DIRECTORATE OF OPERATIONS AND MANAGEMENT

AGENDA ITEM 8.1 – OPERATIONS AND MANAGEMENT DIRECTORATE (OMD)

15. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. acknowledge progress in implementing the 2011 work programme of the Operations and Management Directorate;
 - ii. endorse the 2012 work programme;
 - iii. commend the updating, upgrading and rationalisation work carried out by the new Directorate and encourage the continuation of those efforts so as to achieve further gains in efficiency and effectiveness.

AGENDA ITEM 8.2 – REVIEW OF CORPORATE AND PROGRAMME SUPPORT SERVICES

16. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note progress with the Review of SPC's Corporate Services and Programme Support Services; and
 - ii. monitor the implementation of the review, paying close attention to the rationalisation and integration of those services with a view to optimising cost savings and efficiency.

AGENDA ITEM 9 – ADMINISTRATIVE AND STAFFING ISSUES

AGENDA ITEM 9.1 – JOINT CROP HRIS PROJECT

17. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the progress made with the implementation of a Joint CROP Human Resource Information System.

AGENDA ITEM 9.2 – UPDATE ON THE IMPLEMENTATION OF THE 2009 TRIENNIAL REMUNERATION REVIEW AND REPORT ON PROGRESS WITH THE 2012 TRIENNIAL REMUNERATION REVIEW

18. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note progress made in implementing the recommendations of the 2009 Triennial Remuneration Review;
 - ii. note progress to date with the 2012 Triennial Remuneration Review.

AGENDA ITEM 9.3 – 2011 SALARY MARKET DATA REVIEW FOR POSITIONS ADVERTISED INTERNATIONALLY AND POSITIONS ADVERTISED LOCALLY

19. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note the outcome of the 2011 market data review;
 - ii. endorse the proposal that there be no increase in 2012 for positions advertised internationally;
 - iii. approve the 2011 market data as the salary scale for 2012 for Suva-based positions advertised locally;
 - iv. note that a 0.5% increase for Noumea-based positions advertised locally was paid with effect from 1 January 2011;
 - v. note that no increases in the 2012 salary scales are proposed for positions advertised locally in Pohnpei and Honiara.

AGENDA ITEM 9.4 – STAFF REGULATIONS AND REMUNERATION REGULATIONS

20. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the review of SPC's administrative and financial policies.

AGENDA ITEM 10 – FINANCIAL MATTERS

AGENDA ITEM 10.1 – STATUS OF MEMBERS' ASSESSED CONTRIBUTIONS AND TREATMENT OF ARREARS IN CONTRIBUTIONS

21. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note the status of assessed contributions;
 - ii. confirm its current policy that no provision be made in SPC's annual accounts for arrears in assessed contributions;
 - iii. support the proposal that Nauru and SPC develop a payment schedule for the payment of Nauru's arrears;
 - iv. agree that assessed contributions should be paid as soon as invoices are issued.

AGENDA ITEM 10.2 – 2010 AUDIT REPORT AND AUDITOR'S MANAGEMENT LETTER

22. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. accept the 2010 audited financial statements as presenting a true and fair view of the financial position and financial performance of the Secretariat and of its Staff Provident Fund;

- ii. note that proper accounting records have been kept and unqualified audit reports were received by SPC for the 15th consecutive year;
- iii. note the comments of the auditors in the management letter and the responses of management; and
- iv. note the issues raised by the auditors regarding arrears in member's contributions. These issues are considered in CRGA paper 10.1.

AGENDA ITEM 10.3 – SELECTION OF AUDITORS FOR THE 2011–2013 FINANCIAL YEARS

23. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it consider and approve the Secretariat's recommendation to appoint PricewaterhouseCoopers, Noumea, to audit SPC's accounts for the financial years 2011 to 2013.

AGENDA ITEM 10.4 – 2011 REVISED BUDGET

24. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the revised budget (core, programme and project funding) for FY 2011.

AGENDA ITEM 10.5 – FINANCIAL YEAR 2012 BUDGET

25. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. commend the Secretariat on the presentation of the budget, noting in particular the multi-year budget presentation including income forecasts to 2015;
 - ii. approve the proposed budget for financial year 2012;
 - iii. note that some members continued to engage with the Secretariat on the level of contributions they would make in 2012 above their membership fee;
 - iv. encourage the secretariat to seek further effectiveness and efficiency gains and provide an efficiency reporting section in association with the budget;
 - v. request the secretariat to engage with members earlier in the budget setting cycle;
 - vi. note the progress update on the levels of the general and specific reserves.

AGENDA ITEM 10.6 – ESTABLISHMENT OF AN INTERNAL AUDIT FUNCTION AND A CRGA AUDIT COMMITTEE AT SPC

26. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. approve the establishment of an internal audit function at the Secretariat and the draft Internal Audit Charter;
 - ii. approve the establishment of a CRGA Audit Committee and the draft Audit Committee Charter;

- iii. appoint Australia to be the Chair of the Audit Committee, initially for a period of two years;
- iv. delegate to the current chair of CRGA the authority to approve two additional independent members of the Audit Committee based on the recommendations by the Chair of the Audit Committee and the Director-General;
- v. acknowledge with appreciation the assistance provided by Australia to cover the cost of this committee.

AGENDA ITEM 11 – APPOINTMENT OF THE DIRECTOR-GENERAL

AGENDA ITEM 11.1 – CONSIDERATION OF RECOMMENDATION BY CRGA 40 FOR APPOINTMENT OF THE DIRECTOR-GENERAL (CLOSED SESSION)

27. The recommendations were discussed in camera and presented to the Chairperson of the 7th Conference of the Pacific Community in a letter from the Chairperson of CRGA 41.

AGENDA ITEM 11.2 – RULES OF PROCEDURE FOR THE APPOINTMENT AND ASSESSMENT OF THE SPC DIRECTOR-GENERAL

28. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it approve the *Procedure for the appointment and assessment of the SPC Director-General*.

AGENDA ITEM 12 – CRGA 42 – MEETING CHAIRPERSON AND VICE-CHAIRPERSON

29. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note that the venue for the 2012 meeting of CRGA 42 will be Noumea, New Caledonia;
 - ii. note that the proposed dates for CRGA 42 are 12–16 November 2012;
 - iii. note that the Chairperson for CRGA 42 will be provided by France and the Vice-Chairperson by Kiribati.

**DECISIONS OF THE FORTIETH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS
(CRGA 40)**

(Noumea, New Caledonia, 25–29 October 2010)

1 OPENING

1.1 The 40th meeting of the Committee of Representatives and Administrations (CRGA) opened on 25 October 2010 at SPC headquarters in Noumea New Caledonia. Cook Islands provided the Chairperson and the Federated States of Micronesia (FSM) the Vice-Chairperson. After the opening prayer by the representative of Tonga, the meeting adopted the provisional agenda and hours of work as stated in the agenda. Representatives from American Samoa, Fiji, French Polynesia, Tonga and the United States of America volunteered for the drafting committee, which was chaired by FSM.

1.2 The meeting was attended by representatives of SPC's 26 members (with the exception of Guam, the Commonwealth of the Northern Mariana Islands and Tokelau). Observers from the European Commission, Pacific Games Council, Pacific Islands Applied Geoscience Commission (SOPAC), Pacific Islands Forum Secretariat, Secretariat of the Pacific Regional Environment Programme (SPREP), United Nations Children's Fund, United Nations Development Fund for Women and Western and Central Pacific Fisheries Commission also attended various sessions.

1.3 Just prior to the opening session of CRGA 40, the CRGA subcommittee set up to develop a long-term sustainable funding strategy for SPC met to consider progress to date and the next steps, plus a timeline for the completion of those steps. A report of the subcommittee meeting was presented under agenda item 7.

2 DIRECTOR-GENERAL'S REPORT

The Director-General's report covered the three following areas: an overview of 2010; implementation of the reform of the regional institutional framework (RIF); and the organisational restructure of SPC.

2.1 Overview

The overview report addressed key initiatives and policy reforms that were begun or continued in 2010, and milestones for the next two years. It emphasised SPC's four key result areas, which relate to sustainable human, social and economic development, and management of natural resources; the recent establishment of the Vanuatu Country Office and plans to develop specific parameters for further decentralisation, including cost-benefit analyses; the planned development, with members, of CROP-wide (Council of Regional Organisations in the Pacific) joint country strategies; and the publication of the second volume of *SPC and the Pacific Plan*, which describes the synergies between SPC's work and the Plan's priorities, including those highlighted for special attention by the 41st meeting of the Pacific Forum.

2.1.1 In considering the Director-General's overview report, CRGA:

- i. noted that SPC's future direction will be guided by the following four key result areas:
 - a. Sustainable human and social development;
 - b. Sustainable natural resources management and development;
 - c. Sustainable economic development;
 - d. 'An efficient and effective organisation with the capability and partnerships required to provide optimum services to members';

- ii. With respect to the joint country strategies (JCS):
 - a. noted that heads of CROP agencies have agreed to join SPC in developing CROP-wide JCS with members, with all participating agencies being included in the same document;
 - b. noted that the Secretariat had prepared JCS updates or reports for each of its 22 island members;

- iii. With respect to decentralisation:
 - a. acknowledged the signing of a host country agreement by the Government of the Republic of Vanuatu and SPC in October 2010 formally establishing an SPC country office in Port Vila, Vanuatu;
 - b. noted that the Secretariat expected to conclude consultations on the new host agreement with Fiji for signing before the end of 2010;
 - c. acknowledged the update from Papua New Guinea (PNG) on the status of the host country agreement with PNG;
 - d. noted that the formal request made by the Government of the Kingdom of Tonga at the 6th Conference for SPC to consider locating a division in Tonga will be evaluated as part of the development of the long-term sustainable financing strategy for SPC;
 - e. agreed that consultations with members wishing to host country offices will be informed by the outcome of the work on the long-term sustainable financing strategy;

- iv. With respect to specific policy initiatives:
 - a. noted the Secretariat's plans to develop specific policy parameters to guide further decentralisation and programme location;
 - b. noted the Secretariat's intention to develop SPC engagement strategies for cross-cutting priorities such as climate change, food security, poverty alleviation and gender issues;
 - c. endorsed the Secretariat's intention to work with the World Health Organization and Pacific Community members to develop the region's position paper on non-communicable diseases (NCDs) to be presented at the upcoming United Nations General Assembly Special Session on NCDs in September 2011;
 - d. endorsed SPC's provision of the secretariat for POETCom (Pacific Organic and Ethical Community) and its role in custodianship of the 'Pacifica Organic Seal';

- v. With respect to new partnerships:
 - a. noted with appreciation the support that will be provided to SPC's leadership and management through its partnership with the Pacific Leadership Programme;

- vi. With respect to SPC's publications:
 - a. accepted Parts I and II of SPC's 2009 Annual Report;
 - b. acknowledged the publication of *SPC and the Pacific Plan, July 2009 – June 2010 (Volume 2)*, and noted that production of this informative and popular publication will continue;
 - c. noted the Secretariat's intention to produce similar publications in several cross-cutting areas as resources permit, including *SPC and Climate Change*, *SPC and Food Security*, *SPC and the Millennium Development Goals*, *SPC and Poverty Alleviation* and *SPC and Gender Issues*;

- vii. With respect to the Pacific Plan:
 - a. noted that at the 41st Forum meeting in 2010, leaders highlighted the following issues which, while covered by existing Pacific Plan priorities, will require extra effort to achieve results: finalise the delineation of permanent maritime boundaries; sustainably increase coverage of safe drinking water and sanitation services; focus education efforts on increasing literacy and numeracy rates; expand the definition of disaster risk management beyond climate change to be 'people focused', covering responses to health disasters and population growth and movement; and address the lack of technical and managerial capacity in the power utilities.

2.2 Reform of the regional institutional framework (RIF)

Implementation of the RIF reforms is coming to an end after four years of hard work. The merger of SPBEA with SPC has been concluded; SOPAC's ICT Outreach and Energy Programmes transferred to SPC in April 2010; all necessary agreements have been put in place for the transfer of SOPAC's core work programme to SPC in January 2011; and five staff teams have put huge effort into integrating operating systems and processes. The legal status of SOPAC has been resolved. [The legal status of SPBEA was subsequently resolved at the last meeting of the SPBEA Board on 11 November 2011.] Members' assessed contributions for SPC, SOPAC and SPBEA will continue to be paid separately in 2011, with income quarantined for each organisation. It was noted that 2011 will be a critical year for leadership in ensuring the stability of the reforms and to enabling opportunities for the delivery of enhanced services. The long-term sustainable funding strategy will include consideration of the resources needed to achieve the intended outcomes of the RIF reform.

2.2.1 In considering the Director-General's report on implementation of the RIF reforms, CRGA:

- i. noted the full implementation of the decisions relating to the merger between SPBEA (South Pacific Board for Educational Assessment) and SPC;
- ii. noted the full implementation of the decisions relating to the transfer of SOPAC (Pacific Islands Applied Geoscience Commission) services to SPC and SPREP (Secretariat of the Pacific Regional Environment Programme);
- iii. noted in relation to legal aspects of the status of SOPAC and SPBEA:
 - (a) that at its meeting in October 2010, the SOPAC Council agreed on the suspension of the Commission; and
 - (b) that at the subsequent meeting (November 2010) of the SPBEA Board, members of the Board handed letters to the Secretariat constituting the individual decisions of their respective governments to withdraw from the SPBEA Board, in accordance with the provisions of Article 11 of the SPBEA constitution, with the letters to be given to the Ministry of Foreign Affairs of Fiji, which is the depository of the agreement, thereby effectively suspending the SPBEA constitution.
- iv. noted that an update will be provided to members on progress in fully implementing the transfer of agreed functions (energy, ICT, infrastructure and transport) from the Pacific Islands Forum Secretariat (PIFS) to SPC;
- v. acknowledged that SPC is committed to meeting the objective of the reform of the Regional Institutional Framework (RIF) to achieve greater effectiveness and efficiency in delivering services to members, while meeting the condition that there should be 'no diminution of services' to members;
- vi. noted the additional resources needed by SPC, particularly in 2011, to ensure it has the corporate systems and services required to sustain an expanded and decentralised organisation; and
- vii. commended the CEOs of the organisations involved in the RIF process (PIFS, SPBEA, SPC, SOPAC and SPREP) and their staff for the tremendous work they have done over the past four years to achieve the full implementation of the reforms.

2.3 Organisational restructure

An organisational restructure of the Secretariat was endorsed by the 6th Conference in 2009. The new structure takes account of SPC's growth and allows for strategic management of, and interaction

between related areas of work. In Phase 1 of the restructure in 2010, the new divisions of Economic Development and Applied Geoscience and Technology (SOPAC) were established. In Phase 2 in 2011, SPC's technical divisions will be reorganised into thematic areas linked to SPC's key result areas. Two technical directorates will be established: Human and Social Development, which will include public health, education and training, with SPBEA as a separate pillar; and Natural Resources Management and Development. Further analysis will be undertaken in 2011 to determine the best structure and management arrangements for these directorates in 2012. A Directorate of Operations and Management will include corporate and programme support services and will be headed by a Deputy Director-General. The Strategic Engagement, Policy and Planning Facility (SEPPF) will become more important to the organisation's strategic and analytical work. It will be strengthened in 2011 and will form part of the office of the Director-General.

2.3.1. In considering the Director-General's report on the organisational restructure, CRGA:

- i. noted the progressive implementation of Phase 2 of the organisational restructure of SPC, as endorsed by the 6th Conference of the Pacific Community in 2009;
- ii. noted that the proposed time frame for full implementation of Phase 2 over a two-year time frame (2011–2012) is aimed at maintaining cost neutrality in terms of remuneration;
- iii. further noted that the new organisational structure is directly linked to SPC's four key result areas.

3 REGIONAL FRAMEWORKS AND STRATEGIES

3.1 Framework for action on food security

The *Framework for Action on Food Security in the Pacific* was developed by a working group led by the World Health Organization (WHO). The framework has seven themes, including multi-sectoral coordination, regulatory frameworks and standardisation, marketing and trade, and health impacts. Because SPC works in many of the sectors involved in food security, it has been asked to take the role of lead coordination agency for the implementation of the framework.

3.1.1 In considering this agenda item, CRGA:

- i. noted the efforts being made to improve long-term food security in the region;
- ii. acknowledged the importance of adopting a whole-of-sector approach to addressing the food security challenges facing the region on the basis of 'many partners, one team';
- iii. noted that the *Framework for Action on Food Security in the Pacific*, developed in response to the call for action by Forum leaders (2008) and the resolution of CRGA 38 (2008), was endorsed by the Pacific Food Summit and by Forum leaders at the 41st Forum meeting in Vanuatu (August 2010); and
- iv. endorsed the *Framework for Action on Food Security in the Pacific*, and SPC's role in coordinating its implementation.

3.2 Framework for action on energy security

SPC assumed the role of lead coordinating agency for the regional energy sector in January 2010 as part of the broader RIF reform. Subsequently, SPC commissioned a review of the 2004 energy policy and developed a draft *Framework for Action on Energy Security in the Pacific* based on extensive consultation that included governments, non-government agencies, private sector energy producers

and utilities. The framework delineates national and regional responsibilities in energy, which cuts across many other sectors and is also a key driver for economic development. The draft framework was endorsed by a special Forum energy ministers' meeting and by Forum leaders. Achieving the improvements in energy security and efficiency expected by leaders will require additional resources. SPC will table the framework together with a costed implementation plan at the 2011 Pacific energy ministers' meeting and the 7th Conference.

3.2.1 In considering this agenda item, CRGA:

- i. noted the recent developments that have taken place in the region's energy sector;
- ii. acknowledged the importance of adopting a 'whole of sector approach' to addressing the energy challenges facing the region on the basis of 'many partners, one team';
- iii. noted that the *Framework for Action on Energy Security in the Pacific*, developed in response to the call by leaders to step up efforts in financing clean and affordable energy, was endorsed by the special meeting of Forum energy ministers (June 2010) and the 41st Forum meeting (August 2010), and further noted it will be tabled at a full meeting of Pacific energy ministers in early 2011;
- iv. endorsed the *Framework for Action on Energy Security in the Pacific* and SPC's role in coordinating its implementation, including the development of a fully costed implementation plan that will be presented to the 2011 energy ministers' meeting, and to CRGA 41 and the 7th Conference of the Pacific Community in late 2011.

3.3 Framework for action on ICT for development

SPC assumed the role of lead coordination agency for ICT development in the region in January 2010. The results of a review of the Pacific Plan digital strategy commissioned by PIFS provided the basis for the development of the new *Framework for Action on ICT for Development in the Pacific*, which was fine-tuned through wide consultation and was endorsed by ICT ministers at their June 2010 meeting. The long-term aim of the framework is affordable ICT for all Pacific Islanders. At present, few countries have national ICT policies and legislation, Internet access is generally expensive in much of the region and relevant capacity building is critical for many PICTs (Pacific Island countries and territories). A costed implementation plan for the framework is being developed to enable regional organisations to support national ICT activities.

3.3.1 In considering this agenda item, CRGA:

- i. noted the rapid progress made in responding to the request from Forum leaders in 2009 to review the Pacific Plan digital strategy and produce a new regional framework for ICT;
- ii. noted that the resulting *Framework for Action on ICT for Development in the Pacific* adopts the 'many partners, one team' approach and will be supported by a fully costed three-year implementation plan based on the same approach;
- iii. noted that Pacific ICT ministers endorsed the framework in the Tonga Declaration at their meeting in June 2010;
- iv. further noted that Forum leaders also endorsed the framework at their 41st meeting in Vanuatu in August 2010; and
- v. endorsed the *Framework for Action on ICT for Development in the Pacific*, noting SPC's role in coordinating its development and subsequent implementation.

3.4 Future of Pacific fisheries

The Forum Fisheries Agency (FFA) and SPC collaborated on a study entitled the ‘Future of Pacific Fisheries’, which was completed in 2010. The study considered the future of fisheries over a 25-year time frame, and provides the basis for long-term strategic approaches to developing and managing fisheries at national and regional levels. The summary report was endorsed by the Forum Fisheries Committee (FFC) meeting, which also included SPC’s heads of fisheries and Pacific Forum leaders. The report looks at various scenarios, identifies threats and opportunities and recommends seven key objectives, with strategic actions for their achievement. Many of these priority actions require commitment by PICTs.

3.4.1 In considering this agenda item, CRGA:

- i. endorsed the ‘Future of Pacific Fisheries’ summary report as an important strategic policy document for the region, noting the high-level support already expressed by Forum member countries;
- ii. approved the wide distribution of the study outputs (consultants’ report, summary report and video) to Pacific Island countries and territories to raise public awareness of fisheries issues and the steps needed to secure a better future for the sector.

3.5 Mainstreaming the Paris Declaration, Accra Accord and Pacific Aid Effectiveness Principles

SPC plans to develop a formal policy on mainstreaming aid effectiveness principles. Since the Paris Declaration was endorsed in March 2005, other international agreements have also committed development partners and countries to the principles of harmonisation, alignment and managing aid for results. These agreements, including the Accra Accord and Pacific Aid Effectiveness Principles, affect how regional organisations deliver assistance to achieve development outcomes. The joint country strategies and decentralisation initiatives are examples of resulting changes in SPC’s approach. It was emphasised that aid effectiveness and harmonisation are key to improving outcomes in PICTs, and SPC was asked to develop an appropriate set of indicators to monitor progress in this regard.

3.5.1 In considering this agenda item, CRGA:

- i. noted SPC’s contribution to aid effectiveness and harmonisation;
- ii. noted SPC’s intention to develop a new policy and plan to mainstream aid effectiveness and harmonisation principles for tabling at CRGA 41;
- iii. requested the Secretariat to develop appropriate indicators, for presentation to CRGA 41, to annually monitor progress in implementing these principles, and in regard to the latter, to collaborate with other regional organisations, including the Pacific Islands Forum Secretariat.

3.6 Towards a regional human rights commission

SPC is working closely with the Pacific Islands Forum Secretariat to progress the development of a human rights mechanism for the region. Several reviews have called for such a mechanism for reasons including the advantage of pooling resources, the fact that countries continue to request assistance on human rights issues, and the possibility of enabling a more sustainable approach to providing services in this area of work. It has been proposed to establish an independent regional body attached to an intergovernmental organisation. Members agreed that a regional human rights mechanism is a good initiative but considered that the concept requires further exploration and scoping for reporting back to future CRGA meetings.

3.6.1 In considering this agenda item, CRGA:

- i. endorsed the Secretariat's efforts to continue to assist members in their consideration of ratification of international human rights treaties and conventions and associated reporting obligations;
- ii. noted the Secretariat's intention to continue to explore the potential benefits of a regional human rights mechanism for the Pacific that could assist members in meeting their human rights obligations, with progress to be reported to a future meeting of CRGA.

3.7 Tracking development progress in Pacific Island countries and territories

Significant progress has been made in compiling the first draft of a minimum core set of development indicators that will feed into a regional database to assist PICTs in regular monitoring and reporting of development progress. The core set of indicators includes nine thematic areas covering all SPC programme activities. Two additional themes – climate change and food security – are being considered. The Secretariat requested feedback from members on the completeness of the core set and the challenges they were likely to face in keeping the list of indicators up-to-date. The final core set will be used to populate national minimum development indicator databases in collaboration with national statistics offices. SPC will also support strengthening of national administrative databases in key sectors (e.g. education, health, natural resources, civil registration, migration) to ensure sustainable systems for regular data collection.

3.7.1 In considering this agenda item, CRGA:

- i. noted the recent progress made on developing a core set of *National Minimum Development Indicators* in response to Pacific leaders' request for a harmonised approach to upgrading and extending country and regional statistical information systems and databases across all sectors;
- ii. agreed to provide SPC with consolidated feedback from their respective national/territorial statistics providers and major users of official statistics on the suitability and completeness of this core set for tracking development progress;
- iii. agreed to provide SPC with an assessment of the capacity of national/territorial statistical agencies to coordinate regular updates of this regional priority indicator list, and to identify challenges likely to be faced by national statistics offices in undertaking this task.

4 DIVISIONAL REPORTS

4.1 Economic Development Division

The Economic Development Division (EDD) was established in January 2010. It currently consists of three programmes: Energy, Pacific ICT Outreach, and Transport. An infrastructure programme will become operational at a later date. Highlights of work in 2010 included the development of regional frameworks for energy and ICT; progress on bulk fuel purchasing through the Pacific Petroleum Project; further development of PacRICS (Pacific Rural Internet Connectivity System), which now has 130 sites; establishment of the Small Island States feeder shipping service, resulting in much cheaper freight rates within a short period; establishment of the Central Pacific Shipping Commission, the members of which include Tuvalu, Kiribati, Nauru and RMI; domestic ship safety audits in Kiribati and Tonga; and the first meeting of regional directors of aviation in six years. In 2011, a planned joint ministerial meeting will enable Pacific ministers of energy, transport and ICT to address cross-cutting issues. EDD's work plan for 2011 includes development of a new strategic plan for the division; a new ICT Internet portal; a regional transport framework; a safe ship management pilot project in Kiribati and Tonga; and implementation of new International Maritime Organization (IMO) crew training standards. The EDD budget for 2011 is 7.2 million CFP units.

4.1.1 In considering this agenda item, CRGA:

- i. noted the work and achievements of the Economic Development Division's (EDD) programmes to date, in particular their work in developing the *Framework for Action on Energy Security in the Pacific* and the *Framework for Action on ICT for Development in the Pacific*, which were endorsed by CRGA;
- ii. endorsed EDD's proposed work programme for 2011.

4.2 Social Resources Division

The Social Resources Division (SRD) is made up of four programmes – the Human Development Programme (HDP); Statistics for Development Programme; Regional Rights Resource Team (RRRT); and Regional Media Centre (RMC). In 2010, SRD had a revised budget of 7.0 million CFP units. Highlights of work in 2010 included finalisation of the Pacific Culture and Education Strategy 2010–2015; convening of the 11th Triennial Conference of Pacific Women, which endorsed a range of strategies to accelerate progress on gender equality commitments; provision of technical assistance (138 person-weeks) for national statistical systems in 15 PICTs; regular publication of regional economic and social statistical tables as part of the redevelopment of SPC's Pacific Regional Information System (PRISM) website; support for submission by 10 PICTs of their first reports to the UN Human Rights Council for the Universal Periodic Review process; and media productions covering a range of issues from non-communicable diseases to fisheries and transport. This year marks the end of SRD in its current form. In 2011, three of the four programmes will become part of the new Education, Training and Human Development Division, while the Statistics for Development Programme will report directly to the Director-General.

4.2.1 In considering this agenda item, CRGA:

- i. noted the work and achievements of SRD during 2010;
- ii. noted the draft recommendations and outcomes of the 11th Triennial Conference of Pacific Women and the Secretariat's intention to prepare a fully costed implementation plan in response;
- iii. noted progress made with respect to gender mainstreaming in SPC, in particular the establishment of a Gender Commitments Planning and Monitoring Mechanism;
- iv. noted progress on the development of a new strategic plan for the Statistics for Development Programme;
- v. noted that the Pacific Culture and Education Strategy 2010–2015 was endorsed by the Forum Ministers of Education meeting and that it will be circulated to SPC members for out-of-session comment and approval, and further noted that the Secretariat will begin developing a costed implementation plan for the strategy in consultation with CROP (Council of Regional Organisations in the Pacific) agencies and partners in 2011;
- vi. endorsed the proposed 2011 work plans for the programmes of the Social Resources Division.

4.3 Public Health Division

In 2010, the Public Health Division (PHD) began a restructure that will be completed by early 2011. The new structure is designed to facilitate a 'whole of health' approach that takes the wider determinants of health into account. The most significant health concern in the region is the increasing incidence of non-communicable diseases (NCDs), which now account for almost three out of every

four deaths in PICTs. Other key concerns include significant variability in life expectancy; weakening health systems; and rising rates of sexually transmitted infections (STIs). Results achieved by PHD in 2010 included a decrease in the incidence of malaria in Solomon Islands and Vanuatu; stronger support for NCD plans in 14 PICTs; scaling up of HIV and STI awareness, counselling and testing services; contributions to health system strengthening through training, technical assistance and laboratory assessments; and simplifying and harmonising grant management processes and reporting tools. The proposed work plan and budget for 2011, the largest public health budget ever presented to CRGA, is mostly (95%) supported through project funding, all of which is disease focused, leaving some PHD strategic plan objectives underfunded.

4.3.1 In considering this agenda item, CRGA:

- i. noted the work and achievements of the Public Health Division (PHD) during 2010;
- ii. noted with concern that project funding addressing high-priority health concerns relating to non-communicable diseases (NCDs) and pandemic preparedness will come to an end in 2011, and further noted the Secretariat's efforts to explore continuation of aspects of the funding;
- iii. requested that the Secretariat, cognisant of the ongoing initiative to develop a long-term sustainable financing strategy for SPC, further define the funding required to sustain its important work in addressing the health priorities of members;
- iv. requested that the Secretariat continue to pursue consultations on future financing from non-traditional donors;
- v. endorsed PHD's proposed 2011 work plan.

4.4 Fisheries, Aquaculture and Marine Ecosystems Division (FAME)

FAME consists of two programmes, Oceanic Fisheries and Coastal Fisheries, and the CRISP (Coral Reef Initiatives for the Pacific) Project Coordination Unit. The division began implementing a new four-year strategic plan in 2010, with a revised budget for the year of 10.8 million CFP units. Highlights for 2010 included the start of the SciCOFish project (10.4 million CFP units over four years); the improved capacity of some fisheries departments to deploy, maintain and maximise the benefits of FADs (fish aggregating devices); completion of new region-wide stock assessments for bigeye and skipjack tuna, supported by information from the tagging programme; 100% fisheries observer coverage on purse-seine vessels in 2010; and dissemination of information from CRISP. Plans for 2011 include stock assessments and management advice for deepwater snapper fisheries; and several proposed new initiatives including a proposal to the French Global Environment Facility to build on the work of CRISP; anticipated implementation of the Fisheries for Food Security project; participation in the GTZ (German Technical Cooperation) climate change adaptation project; and a further phase of the Oceanic Fisheries Management Project funded by the Global Environment Facility.

4.4.1 In considering this agenda item, CRGA:

- i. noted the results delivered and the achievements of the division during 2010;
- ii. endorsed the outline of the 2011 work programme and endorsed in principle the initiatives proposed, notably:
 - a second phase of the Global Environment Facility project to provide scientific support for oceanic fisheries management;
 - the strong fisheries component of the GTZ programme to assist coastal communities to adapt to climate change; and

- project support from the French Global Environment Facility to build on the achievements of the CRISP project.

4.5 Land Resources Division

The Land Resources Division (LRD) includes seven thematic areas and takes an integrated approach to delivering services. Highlights of work in 2010 included active engagement in international forums relevant to the region; work by the Centre for Pacific Crops and Trees (CePaCT) on the use of plant biodiversity to support climate change adaptation; efforts to improve food security through diversifying agricultural development; and increasing domestic and export trade in agricultural and forestry products. Substantial assistance was provided to PICTs in plant health and biosecurity and trade facilitation. Initiatives beginning in 2011 include four new projects in collaboration with AusAID, the European Union (EU) and Food and Agriculture Organization (FAO), and the development of a multilateral environment agreement. The September 2010 meeting of Heads of Agriculture and Forestry Services, which was convened by SPC, focused on agro-biodiversity, food security, climate change and trade opportunities. The resolutions of the meeting called for better use of domestic markets and more research to improve understanding of the region's unique and diverse agriculture systems.

4.5.1 In considering this agenda item, CRGA:

- i. noted the progress made by LRD toward achieving the objectives of its strategic plan for 2009–2012;
- ii. noted the ongoing initiatives that began in early and mid-2010, which will help bridge some of the funding gaps for LRD programmes;
- iii. endorsed in principle SPC's participation in the new initiatives that have been proposed, notably:
 - Pacific Regional Land Project (AusAID)
 - Food Security and Sustainable Livelihoods in the Pacific (FAO)
 - Increasing Agricultural Commodity Trade (European Development Fund 10)
 - Agriculture and Rural Development (EDF 10)
- iv. further noted that the Secretariat will seek parallel funding to enable SPC members that are not beneficiaries of the European Development Fund to participate in the above initiatives as relevant;
- v. noted the outcome of the Heads of Agriculture and Forestry Services meeting, which was held in Nadi, Fiji, September 2010;
- vi. noted that LRD will need to mobilise additional resources to fully deliver the services envisaged in its strategic plan;
- vii. endorsed LRD's 2011 work programme.

4.6 South Pacific Board for Educational Assessment (SPBEA)

SPBEA, which merged with SPC in January 2010, initially as a stand-alone programme, leads regional work on assessment, curriculum and standards; senior secondary school qualifications; the Pacific Qualifications Register (PQR); and educational research, monitoring and evaluation. Highlights of SPBEA's work in 2010 included technical assistance to countries to develop national assessment policy frameworks; development of software to record, analyse and report on assessment data; consultations on the PQR and production of a draft template; and an increase in the number of schools offering Form 6 and 7 qualifications. Initiatives for 2011 include improving assessment of

literacy and numeracy with plans for a Pacific Language and Literacy Conference in May 2011 and a regional workshop for teachers; and closer involvement with teacher training institutions and curriculum development officers, particularly in the development of intervention strategies and tools that target areas of underachievement. In 2011, SPBEA will become part of SPC's new Education, Training and Human Development Division, forming a separate pillar to maintain the autonomy of its assessment and standards-setting functions.

4.6.1 In considering this agenda item, CRGA:

- i. noted the work and achievements of the South Pacific Board for Educational Assessment (SPBEA) in 2010;
- ii. endorsed its 2011 work programme including the planned initiatives;
- iii. supported the planned collaboration between SPBEA and development partners to improve the quality of education in the Pacific, as approved through the Forum education ministers' meeting, including benchmarking of the quality of education in the Pacific;
- iv. noted that professional autonomy will be maintained in SPBEA's decision-making processes regarding strategies to improve educational quality in the Pacific, and further noted that the use of such autonomy will be guided by the agreements underlying the merger with SPC;
- v. noted that members' assessed contributions for SPBEA will continue to be invoiced separately from those of SPC in 2011 and will be quarantined for the SPBEA programme.

4.7 Secretariat of the Pacific Islands Geoscience Commission (SOPAC)

SOPAC's core work programme will transfer to SPC officially in January 2011. The SOPAC Council approved the budget and work plan for 2011, which was further endorsed by CRGA. SOPAC programmes include Oceans and Islands, which provides highly specialised scientific services such as sea-bed mapping, coastal zone assessment and delineation of maritime boundaries; Water and Sanitation, which focuses on sustainable water management; the Pacific Hydrological Cycle Observing System; and the Disaster Reduction programme. In 2011, three areas will be emphasised in addition to the normal core activities: support for finalising the permanent delineation of maritime boundaries, which is a national sovereign responsibility; meeting the MDG relating to access to safe drinking water; and disaster risk management and climate change. In subsequent discussions, French Polynesia and New Caledonia (currently associate members of SOPAC) welcomed the opportunity for full membership status and will align their contributions to SOPAC to those payable by full members.

4.7.1 In considering this agenda item, CRGA:

- i. endorsed the 2011–2015 strategic plan for the SOPAC work programme, including its provisions for the support and continuation of the SOPAC/STAR (Science, Technology and Resources) Network, noting that the SOPAC Council has approved the plan for the SOPAC work programme subject to some minor changes;
- ii. endorsed the SOPAC Council approved 2011 work plan and budget for the SOPAC work programme to accompany the strategic plan, noting it has already been incorporated in the SPC budget.

5 IMPACTS OF SPC PROGRAMMES AT NATIONAL LEVEL

Presentations that demonstrate the impacts of SPC's services at national level are now a regular feature of CRGA. The Census Commissioner of Solomon Islands described the positive impacts of the activities of the Statistics and Demography Programme for the Solomon Islands National Statistics Office. He said the programme had provided technical assessment and recommendations, training, monitoring and assessment that were not only appropriate but built staff capacity and confidence. National officers trained by SPC were in turn able to train other staff, including in other countries, helping to build overall confidence that will in time lead to national self-reliance in statistics.

5.1. In considering this agenda item, CRGA:

- i. noted that presentations by members have been made a regular feature of its agenda;
- ii. expressed appreciation for the information presented by the Census Commissioner of Solomon Islands on the benefits of SPC's services in building national statistical capacity.

6 STATEMENTS FROM OBSERVERS

CRGA noted the statements made by the following observers (in order of presentation) on the nature and benefits of their partnership with SPC: United Nations Children's Fund, Pacific Islands Forum Secretariat, Secretariat of the Pacific Regional Environment Programme, Western and Central Pacific Fisheries Commission, European Union, Pacific Games Council and United Nations Development Fund for Women.

7 LONG-TERM SUSTAINABLE FINANCING STRATEGY FOR SPC'S CORE BUSINESS

Report of the CRGA subcommittee meeting

In 2009, CRGA 39 set up a subcommittee to develop a long-term sustainable financing strategy for SPC. The subcommittee met for the third time just prior to CRGA 40 and a report of its meeting was presented to the whole of CRGA. An analysis of FAME's core services and their financing was presented to CRGA as an example of the type of internal assessment that could be done for all other divisions of SPC. CRGA asked for the FAME analysis to be applied to other divisions and to corporate and programme support services. Further analysis will also be undertaken on the responsibilities of host countries and other members; the costs and benefits of decentralisation; ways of increasing income and reducing expenditure; management of meetings; and the implications of the decisions of governing bodies, including the RIF reform. CRGA directed the Secretariat to engage a consultancy team with an appropriate mix of skills to carry out the substantial work required to develop a draft strategy to be presented to CRGA 41.

7.1 In considering this agenda item, CRGA:

- i. noted the work undertaken to date by the subcommittee and the Secretariat to develop a long-term sustainable financing strategy;
- ii. endorsed the completion of the in-depth analyses of all SPC technical divisions, corporate services, programme support services, and the strategic engagement, policy and planning facility by the Secretariat using the methodology applied by the FAME Division and taking into account suggestions and modifications proposed by CRGA;

- iii. noted that the results of this work will be sent to members for validation, and noted further that in some cases members of the executive and the strategic engagement, policy and planning facility may travel to some member PICTs, resources permitting, to support this validation process;
- iv. agreed that draft terms of reference (TOR) for the consultancy team, including the following components, will be developed by the Secretariat and circulated to members for comment:
 - (a) expertise in organisational structures, policy, human resources, monitoring and evaluation, impact assessment, financial economics, and programme planning/delivery with tasks to include development of financing options, analysis of the costs and benefits of decentralisation, and development of the draft long-term sustainable financing strategy;
 - (b) financing options involving analysis of the role of PICT members in relation to their ownership and support of the organisation; the impacts of decisions taken by the governing body and other prioritisation processes that result in SPC taking on the delivery of critical regional services; ways of increasing income and managing expenditure; and financial forecasting and risk management;
 - (c) An analysis of all aspects of decentralisation including establishment of offices; embedding SPC staff in PICT sector ministries/departments; costs related to decentralisation; value for money; systems required to support decentralisation; the responsibilities of host countries vis-à-vis those of the Secretariat; analysis of benefits for members that host SPC offices in relation to associated costs; and a review of the host country grants contributed by host countries;
- v. noted the intention to convene the next meeting of the subcommittee as early as possible in 2011 but no later than the end of May 2011;
- vi. agreed that the membership of the subcommittee is open to other members of CRGA;
- vii. noted that the reports of the analysis and the draft long-term sustainable financing strategy for SPC will be circulated to members of the subcommittee prior to the next meeting.

8 GOVERNANCE ISSUES

8.1 New arrangements for CRGA and the SPC Conference

The new arrangements proposed for meetings of CRGA and the SPC Conference are aimed at improving oversight of SPC's work and saving on costs. Proposed changes to the organisation of CRGA meetings include dividing the agenda into technical/scientific and governance/ policy sections. Members were encouraged to include representatives of technical departments in their delegations to participate in the technical and scientific section of the agenda and provide oversight of the direction of SPC programmes. The costs of attendance will be shared, i.e. SPC will share the costs for two delegates for each island member by paying either the per diem or return economy airfare. It was also proposed that the two-yearly meetings of the SPC Conference should alternate between Noumea and Fiji, starting with the 2013 conference. Other members may host the conference if they wish, provided they meet the extra cost beyond the cost of holding it in Fiji. CRGA meetings in between conference years will continue to be held at headquarters in Noumea. CRGA agreed that changes emanating from this policy will not affect the meetings of CRGA and the SPC Conference that have already been arranged.

8.1.1 CRGA endorsed the following arrangements for its future meetings as well as future meetings of the SPC Conference:

- i. the division of the CRGA agenda into a technical and scientific agenda and policy, budget, administrative and governance agenda;
- ii. an increase in the number of official delegates to CRGA meetings to a minimum of two per member where possible, with one to come from a technical or planning ministry and the other being the SPC focal point, noting that the final decision on the make-up and size of the delegation is the responsibility of the member;
- iii. a cost-sharing arrangement for the attendance of two delegates from each island member at CRGA meetings, with SPC providing either return economy airfares **or** per diems for two delegates, and members meeting other costs;
- iv. the inclusion of further representatives of technical ministries in members' delegations to CRGA on a self-financing basis to ensure optimal oversight and direction of SPC's technical programmes;
- v. future meetings of the SPC Conference and associated pre-Conference meetings of CRGA will be convened in New Caledonia and Fiji on a rotating basis, with CRGA meetings in between conference years continuing to be held at Noumea headquarters;
- vi. further, any member of SPC may offer to host the SPC Conference and the associated meeting of CRGA that year, on the understanding that the host will bear the additional cost to the Secretariat beyond what it would cost to host the meeting in Fiji.

8.2 New arrangements for sector technical meetings

In relation to sectoral meetings convened by SPC alone or in cooperation with other bodies, it is proposed to hold joint ministerial meetings based on SPC's key result areas (sustainable economic development, sustainable natural resource management and development, and sustainable human and social development). This arrangement will result in SPC hosting one major technical meeting every year, on a three-year rotation. The Economic Development Division will trial the concept with the convening of a joint meeting of ministers of transport, ICT and energy in Noumea in the first week of April 2011. The next meeting will be convened by the Directorate of Natural Resources Management and Development comprising fisheries, agriculture and forestry. The third meeting will be convened by the Directorate of Human and Social Development comprising ministers of health, education, women, culture and youth. It is anticipated that ministers of planning or finance will participate at these meetings. SPC will share the costs for one delegate per sector under similar arrangements as for CRGA, i.e. SPC will pay either the per diem or return economy airfare. CRGA agreed that other 2011 meetings already agreed to prior to this decision will not be affected.

8.2.1 CRGA endorsed the following arrangements for major regional technical meetings:

- i. major regional technical meetings will be held in New Caledonia or Fiji depending on logistical and cost considerations;
- ii. the Secretariat will share costs (either return economy air fares or per diems) for one member representative per sector to attend the relevant joint meeting, with members paying their portion of these costs as well as the total costs for additional members of their delegation;
- iii. members may offer to host a major regional technical meeting on the understanding that they will meet the additional cost of hosting the meeting over and above what it would cost the Secretariat to hold the meeting in Fiji.

9 ITEMS PROPOSED BY MEMBERS

Micronesian Village Project

The Federated States of Micronesia (FSM) provided an update on progress on the Micronesian Village project to be built in Pohnpei, which will provide accommodation for SPC's North Pacific Regional Office and possibly other regional organisations. The project architect (Conway Architects of Fiji) presented a concept design that incorporates aspects of Micronesian cultures. FSM sought the help and guidance of CRGA, in particular metropolitan members and development partners, for the Micronesian Village, noting that members' involvement in the project was critical to its success.

9.1 In considering this agenda item, CRGA:

- i. noted with appreciation the progress made in implementing the Micronesian Village project by the Government of FSM and Pohnpei State and commended their commitment to providing long-term office accommodation for SPC and other organisations that might wish to establish offices in the north Pacific;
- ii. noted that the Micronesian Village project supports SPC's policy of decentralisation, which was directed by the 4th Conference of the Pacific Community in Palau (2005);
- iii. expressed support for FSM's efforts to secure funding for construction of the Micronesian Village and encouraged the Secretariat to continue its advisory support for the project;
- iv. acknowledged FSM's request for SPC's continued involvement in the Micronesian Village Steering Committee.

10 ADMINISTRATIVE AND STAFFING ISSUES

10.1 Implementation of the 2009 triennial remuneration review

The triennial review of remuneration terms and conditions for participating members of CROP was conducted in 2009. It resulted in two major recommendations: to replace the current banding model (developed by Mercer) with a new model (developed by Strategic Pay) for CROP remuneration, and to introduce a new performance management system across all CROP agencies. While accepting the new banding model as an improvement on the current one, the Secretariat will seek to further increase the number of bands equivalent to grade J in the new model by one, which will address the inequity that still exists at this grade as it relates specifically to SPC. CRGA agreed to the proposed performance management procedure for the CEO of SPC, which will be conducted by a special CRGA Standing Committee comprising the previous, current and next chairpersons of CRGA.

10.1.1 With regard to the new job banding model, CRGA:

- i. approved the proposed new CROP harmonised banding model as endorsed by participating CROP executives for presentation to and consideration by their respective governing bodies;
- ii. noted that the new banding model was considered and approved by the Forum Officials Committee, the SPREP Council and SOPAC Council for implementation in their respective organisations from January 2011;
- iii. noted that the cost to SPC of implementing this new banding model is approximately 181,000 CFP units, for which provision has been made in the 2011 budget;

iv. approved implementation of the new banding model from January 2011.

10.1.2 With regard to the remuneration arrangements for the Director-General, CRGA:

- i. accepted the 'Report on the Banding of CEO Roles' prepared by Strategic Pay and endorsed by CROP heads;
- ii. approved the implementation of the new CEO band for SPC from January 2011;
- iii. agreed to the establishment of a CRGA Standing Committee comprising the previous, current and next chairpersons of CRGA to undertake the assessment of the Director-General's performance annually and to report to CRGA, including recommendations on the Director-General's remuneration and performance-based rewards.

10.2 2010 market data review for positions advertised internationally

Under a mechanism agreed to by CROP governing bodies, the annual tracking of 'market movement data' from the three approved reference markets – Australia and New Zealand (public service sectors) and Fiji Islands (all organisations) – provides the basis for the annual assessment of CROP remuneration levels for staff positions advertised internationally. The 2010 assessment was the first applied under the new banding model and provides benchmark data. The assessment recommended salary increases of 2.4 to 7 per cent for all internationally recruited staff of participating CROP agencies. The recommendations were presented to CROP executives in June 2010 and subsequently to the respective governing bodies. The Forum Officials Committee, the SPREP Council and the SOPAC Council considered and approved the new CROP salary scale, based on 2010 data from the three reference markets, for internationally recruited staff. The financial impact of implementing this increase at SPC is relatively small (170,000 CFP units) due mostly to trends in exchange rate movements and the cost of living adjustment. This amount is included in the 2011 budget.

10.2.1 In considering this agenda item, CRGA:

- i. noted that the respective meetings of the Forum Officials Committee, the SPREP Council and the SOPAC Council approved the new CROP salary scale, based on 2010 data from the three reference markets, for internationally recruited staff;
- ii. approved the implementation of the new CROP salary scale for SPC staff recruited internationally, effective from 1 January 2011; and
- iii. requested that in future the Secretariat include details of any financial implications of decisions in all papers presented.

10.3 2010 market data review for positions advertised locally

Participating CROP agencies undertake an annual review of market data for positions advertised locally. As a result of decentralisation, SPC now has offices in four countries, which has focused attention on variations in terms and conditions between offices. In 2011 a CROP harmonisation working group will undertake a review, but in 2010 it was necessary to review salaries in the different locations. A 0.8 per cent increase was implemented in Noumea in 2010, and future increases are expected to be of a similar size. As salaries in Fiji are above the market rates, no increases are expected for locally recruited staff there (with the exception of a small number of SPBEA staff). No adjustments were recommended for Pohnpei-based staff, and for Honiara-based SPC staff, adjustments were linked to those made by the Forum Fisheries Agency.

10.3.1 In considering this agenda item, CRGA:

- i. approved the new salary scale presented for all Suva-based positions advertised locally, effective from 1 January 2011;
- ii. noted that for SPC Noumea-based positions advertised locally, a 0.8 per cent salary increase was paid effective from 1 January 2010;
- iii. noted that for Pohnpei-based positions advertised locally, no change is proposed to current salary scales;
- iv. noted that for Honiara-based positions advertised locally, movements are linked to the Forum Fisheries Agency salary structure.

11 FINANCIAL MATTERS

11.1 Status of members' assessed contributions

SPC regulations require the Secretariat to present the status of members' assessed contributions to CRGA and to state what has been done to recover any arrears. While some members are in credit (Fiji, Solomon Islands and Tonga), as of 26 October 2010, arrears were over 2.1 million CFP units. For some members, arrears cover several years but efforts are being made to pay at least part, despite financial challenges. It was emphasised that arrears in assessed contributions are regarded as a sovereign debt and are not written off, although no interest is imposed nor is there a question of curtailing services to the members involved.

11.1.1 In considering this agenda item, CRGA:

- i. noted the status of members' assessed contributions;
- ii. further noted the efforts by the Secretariat to encourage members with arrears to settle their outstanding contributions;
- iii. encouraged members with arrears and current outstanding balances for 2010 to settle their outstanding contributions as soon as possible or agree on a payment schedule with the Secretariat to settle their arrears over a number of years;
- iv. expressed appreciation to all members that have paid their assessed contributions in a timely manner.

11.2 2009 financial report and auditor's management letter

The 2009 financial report and auditor's management letter were presented, showing that SPC received a clean audit report for the 14th straight year. The audit was conducted in accordance with international standards and SPC financial regulations. The Secretariat described the steps taken to strengthen internal controls in areas identified in the management letter. The audit report and financial statements are published in Part 2 of SPC's annual report for 2009, which was tabled.

11.2.1 In considering this agenda item, CRGA:

- i. accepted the 2009 audited financial statements as presenting a true and fair view of the financial position and financial performance of the Secretariat and of its Staff Provident Fund;
- ii. noted with satisfaction that proper accounting records have been kept and unqualified audit

reports were received by SPC for the 14th consecutive year;

- iii. welcomed the inclusion in the financial report of the comments made by the auditors in the management letter and the Secretariat's responses, and commended the high level of transparency shown.

11.3 2010 revised budget

SPC's presented a balanced revised 2010 budget for the information of CRGA. The revisions included increases in both income and expenditure. Cost increases resulted from exchange rate volatility and inescapable costs. Higher core income came from project management fees, miscellaneous income, bank interest and reductions in some special funds. There were increases in programme funding as a result of additional programmes and the strengthening of the Australian and New Zealand dollars, while increases in project funding were the result of efforts to mobilise additional resources.

11.3.1 CRGA noted the revised budget (core and programme funding) for FY 2010.

11.4 Proposed increase in members' assessed contributions

The meeting was asked to consider a 25 per cent increase in members' assessed contributions from January 2011. Since 1999, these contributions have increased by only 8 per cent. However, the 'weighted average regional inflation' for the period up to 2009 is estimated to be approximately 45 per cent, and is projected to reach approximately 50 per cent by 2011, which translates to a 42 per cent reduction in purchasing power relative to 1999. The meeting was further asked to consider re-introducing the linking of members' assessed contributions to the movement in weighted average regional annual inflation to ensure maintenance of SPC's financial base relative to inflation. It was also proposed that the formula for members' assessed contributions be reviewed as part of the current work on developing a long-term sustainable financing strategy for SPC. In addition, the Secretariat presented plans to increase the level of its various reserves.

11.4.1 In considering this agenda item, CRGA:

- i. endorsed the Secretariat's suggestion that the formula for members' assessed contributions be examined as part of the current work on developing a long-term sustainable financing strategy for SPC;
- ii. deferred consideration of the increase in assessed contributions pending an examination of financial options by the subcommittee on the long-term sustainable financing strategy; and
- iii. decided against linking members' assessed contributions to annual inflation movements.

11.5 2011 budget and work programme

The budget and work programme for 2011 that was presented for approval included the following features: (a) the budget is in line with SPC's new organisational structure including SOPAC and SPBEA; (b) there are changes to the representation of income and expenditure, which now include key results to be achieved under different categories of funding (recurrent or project); and (c) there is more direct correlation between divisional budgets and expected results. There is also provision for tracking SOPAC and SPBEA income and expenditure. The Secretariat proposed a balanced budget of 90,155,300 CFP units, comprising a recurrent budget of 28,635,900 CFP units (core funding of 15,132,200 CFP units and programme funding of 13,503,700 CFP units), and project funding of 61,519,400 CFP units. The total budget was divided as follows: SPC 70,188,800 CFP units (77.8%), SOPAC 16,992,500 CFP units (18.8%) and SPBEA 2,974,000 (3.4%). The budget supported the view that SPC's reserves need to be increased to absorb future shocks and variability in income and expenditure. This issue will be included in the long-term sustainable financing strategy study.

11.5.1 In considering this agenda item, CRGA:

- i. noted the inclusion of the SPBEA and SOPAC budgets in SPC's 2011 budget as presented, and further noted that these budgets will be quarantined for SPBEA and SOPAC services in 2011;
- ii. approved the proposed budget for financial year 2011;
- iii. endorsed the Secretariat's view that the target level of the General Reserve should be increased from 600,000 CFP units to 3,000,000 CFP units (3.3% of total income) and that target levels of the Specific Funds need to be increased as well, with the new levels to be achieved by the end of year 2015, and further agreed that these proposals should be presented in the context of the long-term sustainable funding strategy for SPC.

11.6 Proposed format and structure of SPC's budget and work programme from 2012

In response to requests from some members for a more comprehensive budget document, SPC plans to develop a new format for its work programme and budget for the 2012 financial year onwards. The new budget structure will be linked to key result areas, the joint country strategies and members' development priorities. It will retain a regional component and will also have 'member specific' budgets that track expenditure and implementation in each PICT, enabling identification of impacts at country level. The new format will also include an annex presenting a multi-year budget with a 'rolling' five-year forecast. SPC will seek new funding sources to complete the essential tasks required to develop the new budget presentation.

11.6.1 In considering this agenda item, CRGA:

- i. noted the Secretariat's intention to develop and present a new budget structure for the consideration of CRGA 41 and the 7th Conference of the Pacific Community in October 2011;
- ii. noted that the Secretariat will endeavour to accomplish this aim through other funding sources;
- iii. further noted with appreciation the willingness expressed by some members to provide in-kind support to the Secretariat to achieve this task.

12 RECRUITMENT FOR THE POSITION OF DIRECTOR-GENERAL

CRGA discussed the recruitment of the SPC Director-General *in camera* and reached the following decision.

12.1 CRGA:

- i. Noting:
 - a. provision 25 of the Tahiti Nui Declaration regarding the term of office of the Director-General,
 - b. that the Declaration does not address extraordinary circumstances in which SPC may find itself,
 - c. that the unprecedented transition period with regard to the expansion resulting from the full implementation of the revised regional institutional framework and the development of the long-term sustainable financing strategy constitutes extraordinary circumstances, and
 - d. the request by some members for an extraordinary extension of the term of the incumbent Director-General,

- agreed to recommend to the 7th Conference of the Pacific Community that the incumbent Director-General of SPC be offered an exceptional further and final two-year term;
- ii. directed the Secretariat to prepare a consolidated document entitled Rules of Procedure for the Appointment of the SPC Director-General to be presented for the consideration and approval of CRGA 41; and
 - iii. agreed to recommend to the 7th Conference that it approve the following criteria[†] for the selection of the Director-General of SPC, further noting that a practical knowledge of both of SPC's working languages (English and French) is an advantage:

The candidate

- a. has an appreciation of the key technical and regional issues;
- b. is sensitive to the needs of the organisation and of the region;
- c. has technical experience in areas relating to the purpose of the organisation;
- d. understands the geopolitical aspects of the region;
- e. is a good manager of research, technical and administrative staff;
- f. has excellent leadership qualities;
- g. is a good communicator both within and outside of the organisation;
- h. can work well with donors;
- i. can formulate and articulate a vision for the organisation;
- j. is conversant with the changes currently occurring in the region that impact on the nature and role of SPC and the services it delivers to members;
- k. is conversant with the new architecture for regional institutions and able to lead SPC, while also consolidating its expanded role, purpose and modality of service delivery to members;
- l. is of good character, standing and integrity, and able to command the respect of members and partners;
- m. is able to demonstrate dedicated effort and commitment to the development of Pacific Island countries and territories;
- n. is conversant with the principles of organisational change, organisational restructuring and change management.

[†]Note: Criteria (a.–i.) were approved by the 36th South Pacific Conference in Saipan in 1996. Additional criteria (j.–n.) for the position are proposed given changes in both the region and SPC since 1996.

13 CRGA 41 IN MAJURO, REPUBLIC OF THE MARSHALL ISLANDS

CRGA Rules of Procedure state that it should meet once a year at SPC headquarters in Noumea, except during the years when the SPC Conference is convened when CRGA meets immediately before the conference and at the same venue. The 7th Conference of the Pacific Community will be held in Majuro, Republic of the Marshall Islands, at a date to be decided with the host, but probably in early November. CRGA 41 will therefore meet in Majuro before the conference. The Rules of Procedure also state that the Chairperson and Vice-Chairperson for each meeting are chosen in alphabetical order of member countries. The Chairperson for the 41st Meeting of CRGA will be provided by FSM, and the Vice-Chairperson by Fiji Islands.

13.1 In considering this agenda item, CRGA:

- i. noted that the venue for the year 2011 meeting of CRGA 41 will be Majuro, Republic of the Marshall Islands, and that members will be advised in due time of the meeting dates;

- ii. noted that the Chairperson for CRGA 41 will be provided by the Federated States of Micronesia and the Vice-Chairperson by Fiji Islands.

14 OTHER BUSINESS

The representative of New Caledonia expressed his government's pleasure in hosting SPC's headquarters, saying it would like to strengthen its collaboration with CRGA and, in particular, was planning to increase its voluntary contribution to SPC in line with its policy of regional integration.

The representative of RMI expressed appreciation for the contribution of Ms Elizabeth Grémont, who was retiring as delegate from New Caledonia to CRGA. He also thanked the governments of New Caledonia and France for facilitating visa arrangements for entry to New Caledonia, which allowed meeting participants from most countries without French embassies to obtain visas on arrival.

14.1 In considering this agenda item, CRGA:

- i. acknowledged with appreciation New Caledonia's intention to increase its voluntary contribution to SPC;
- ii. recognised with appreciation the long and distinguished service of Mme Elizabeth Grémont, retiring delegate of New Caledonia;
- iii. expressed appreciation for the decision of the Government of France to issue visas for entry to New Caledonia upon arrival for delegates attending regional meetings, noting that this does not currently apply to Tonga and to countries that have an in-country French embassy (Fiji, Papua New Guinea and Vanuatu).

15 ADOPTION OF DECISIONS

CRGA adopted its decisions.

**FORTY-FIRST MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS
(CRGA 41)**

(Noumea, New Caledonia, 1–4 November 2011)

Chairperson H.E. Ms Litia Mawi
Roving Ambassador, Fiji
Ministry of Foreign Affairs and International Cooperation

Vice-chairperson H.E. M. Hadelin De la Tour-du-Pin
Ambassador, France
Secrétaire permanent pour le Pacifique
Représentant permanent de la France auprès de la CPS

AGENDA

- 1. Opening**
 - 2. Director-General's overview**
 - 3. Regional policy agenda**
 - 3.1 Pacific NCD (non-communicable diseases) crises
 - 3.2 Pacific youth initiatives
 - 3.3 Climate change engagement strategy
 - 4. Divisional and programme presentations**
 - 4.1 Applied Geoscience and Technology (SOPAC)
 - 4.2 Economic Development Division (EDD)
 - 4.3 Education, Training and Human Development Division
 - 4.4 Fisheries, Aquaculture and Marine Ecosystems Division (FAME)
 - 4.5 Land Resources Division
 - 4.6 Public Health Division
 - 4.7 Statistics for Development Programme
 - 4.8 Strategic Engagement Policy and Planning Facility – Joint country strategies
 - 5. Initiatives / items proposed by members**
 - 6. Observer statements**
- Joint Launch of the 2011 Human Development Report by UNDP and SPC**
- 7. Legal, Operational and Governance Instruments – incorporating RIF related changes**
 - 7.1 Tahiti Nui Declaration
 - 8. Directorate of Operations and Management presentations**
 - 8.1 Operations and Management Directorate (OMD)
 - 8.2 Review of Corporate and Programme Support Services
 - 9. Administrative and staffing issues**
 - 9.1 Joint CROP HRIS project
 - 9.2 Update on the implementation of the 2009 triennial remuneration review and report on progress with the 2012 triennial remuneration review
 - 9.3 2011 salary market data review for positions advertised internationally and positions advertised locally
 - 9.4 Staff regulations and remuneration regulations
 - 10. Financial matters**
 - 10.1 Status of members' assessed contributions and treatment of arrears in contributions
 - 10.2 2010 audit report and auditor's management letter
 - 10.3 Selection of auditors for the 2011 – 2013 financial years
 - 10.4 2011 revised budget
 - 10.5 Financial year 2012 budget
 - 10.6 Establishment of an internal audit function and a CRGA audit committee at SPC - a new internal audit charter and CRGA audit committee charter
 - 11. Appointment of the Director-General**
 - 11.1 Consideration of recommendation by CRGA 40 for appointment of Director-General (closed session)
 - 11.2 Rules of procedure for the appointment and assessment of the SPC Director-General

- 12. CRGA 42 – Meeting Chairperson and Vice-Chairperson**
- 13. Other business**
- 14. Adoption of CRGA outcomes, decisions and recommendations to Conference**

REPORT OF PROCEEDINGS

AGENDA ITEM 1 – OPENING OF THE SESSION

1. The Chairperson opened the meeting with a prayer and the representative of New Caledonia welcomed delegates to Noumea.
2. In her opening remarks, the Chairperson said Fiji had agreed to chair the meeting on behalf of the Federated States of Micronesia (FSM). The representative of FSM thanked Fiji for accepting the request.
3. The Director-General of SPC welcomed member representatives to SPC headquarters, acknowledging Fiji as Chair and France as Vice-Chair. He thanked the Government of the Republic of Marshall Islands for agreeing to the holding of the governing body meetings at SPC headquarters in Noumea rather than in Majuro as originally planned, and noted that Marshall Islands was the host of the 7th Conference of the Pacific Community and would chair the meeting. He thanked New Caledonia for providing every courtesy to heads of delegations and also welcomed the heads of CROP (Council of Regional Organisations in the Pacific) agencies and representatives of UNDP and UNICEF, who were attending as observers.
4. Representatives of American Samoa, Australia, Marshall Islands, New Caledonia, New Zealand, Niue, Samoa and United States of America volunteered to form the drafting committee with France, as Vice-Chair of CRGA, to chair the committee.
5. The meeting adopted the proposed agenda and hours of work.

AGENDA ITEM 2 – DIRECTOR-GENERAL'S REPORT

6. The Director-General reported on the success of the first year of full implementation of the reform of the Regional Institutional Framework (RIF) with the integration of SOPAC (Pacific Islands Applied Geoscience Commission) on 1 January 2011 as SPC's Applied Geoscience and Technology Division. (As part of the RIF reform, SPBEA (Secretariat of the Pacific Board for Educational Assessment) merged with SPC in January 2010.) He said the legal and financial processes required for the integration of SOPAC and SPBEA were expected to be finalised in February 2012, with SOPAC assets having been signed over to SPC at the Heads of Geosciences meeting in October 2011.
7. He noted that the integration of the three organisations had had a major impact on SPC's Suva Regional Office, which now held the highest concentration of staff and therefore offered the greatest potential for efficiencies. In this regard, SPC had commissioned a consultancy to review its provision of programme support and corporate services to guide the future consolidation and streamlining of services.
8. Noting that good progress had been made in implementing the decisions of CRGA 40, the Director-General outlined plans for consolidating SPC's role as the principal regional technical organisation and the importance of this process to supporting continued momentum in achieving benefits from RIF. To enhance SPC's focus on addressing the needs of members, he proposed to convene a team of sector specialist in late November to finalise the list of core services that SPC should provide in the long term. The results would inform the planned 2012 independent review of the 'new' SPC post RIF, and would also be the basis for developing the corporate plan for 2013–2017. The long-term sustainable financing strategy to support the implementation of the corporate plan would then be finalised based on the results of the external review.

9. He said SPC was gradually aligning its corporate plan, divisional strategies and joint country strategies to enable measurement of the national benefits of its services to members and to reflect progress in achieving its three key result areas – sustainable economic development, natural resources management and development and human and social development.

10. The Director-General said its multi-sectoral capacity enabled SPC to take a cross-cutting approach to achieving results in its key result areas. In this regard, a major highlight of 2011 was the production of a comprehensive publication entitled *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*, which addressed all three areas. This research compilation, funded by Australia, is the first comprehensive assessment of the impact of climate change on fisheries in the Pacific. He said the book would be launched at the 7th Conference.

11. The Director-General noted the tabling of SPC's Annual Report for 2010 and said he was pleased to inform members and development partners that SPC's annual accounts had received a clean audit report for the 15th year in succession.

12. He said the 2011 CROP remuneration review had recommended increases to internationally recruited salaries ranging from 7% to 15%, with each CROP governing council to decide on the recommendation. Noting that SPC could not at present afford the suggested increases, he said it was recommended that CRGA-41 decide against implementing them. Also in relation to salaries, he said SPC was continuing to negotiate a new host country agreement with Fiji, with specific reference to tax arrangements for Fiji nationals working for the organisation. Acknowledging Fiji's sovereign rights on tax issues, he said SPC was asking the Fiji government to defer the requirement for its nationals to pay income tax so that the financial implications for SPC could be reviewed and tabled for consideration by CRGA 42.

13. The Director-General said that a balanced budget for 2012 would be presented to the meeting, including a five-year income forecast that captured all project commitments. He noted that from 2013 onwards there were financial gaps. He also noted that the 2012 budget contained a grant component (grants disbursed directly to countries) as well as the operational budget.

14. He said there was cause for concern at the increasing arrears in some members' assessed contributions. The issue will be considered in the independent review of SPC.

15. The Director-General said SPC was reviewing its role as Principal Recipient (PR) for the Multi-country Western Pacific Global Fund grant portfolio. The Global Fund accounts for the third largest proportion of the SPC budget and is a significant contributor to health initiatives in the Pacific. However, due to changes in Global Fund policies, an increased burden of liability is being placed on PRs, which is especially worrying in a multi-country grant environment. Noting that many Pacific Island countries were not eligible to access Global Fund grants bilaterally, he asked CRGA to consider the issue and provide guidance for SPC.

16. Referring to Pillar 1 of the Corporate Plan (*Increased focus on members' priorities*), the Director-General noted the work undertaken in SPC's Pohnpei and Honiara satellite offices and the benefits of 'bringing services closer to people'. He thanked the host governments for their support and particularly thanked FSM for providing more office accommodation.

17. The Director-General discussed the unexpected cut of 1.7 million CFP units in programme funding provided by New Zealand in 2011, in comparison to its 2010 voluntary contribution, and SPC's handling of the repercussions, noting that SPC could not simply shift other donor funding to cover for the shortfalls. The need to curtail some areas of work and freeze positions had impacted on SPC's ability to provide services to member states. However, he took full responsibility for failures in demonstrating the efficacy of SPC's services at country level and the value that SPC added in stretching development partner dollars. Stressing that regional priorities are set by members, he acknowledged the need to strengthen SPC's focus on addressing these priorities and demonstrating

results. He also noted that SPC is improving its reporting on the outcomes of its services and is implementing an organisation-wide monitoring and evaluation system.

18. In relation to staffing, the Director-General said that within the SPC executive team, two divisional director positions would be advertised after CRGA 41, and that both Deputy Director-General positions would be advertised in 2012. A third Deputy Director-General position was considered necessary with the expansion of SPC and increased demands on management. The proposed organisational structure would be assessed by the independent review, including increased delegation of responsibilities to the deputy positions. He noted that SPC's Corporate Services and Programme Support Services now both came under the directorate of operations and management, headed by the Deputy Director-General (Noumea). Previously these units were managed separately. Responding to concerns raised by previous CRGA meetings, he said he was pleased to announce that 69% of all staff were now Pacific Islanders (including 54% of internationally recruited staff) and the overall gender balance was close to 50:50. Results of the staff surveys and input from the staff advisory committees were being built into policy and corporate planning.

19. In conclusion, the Director-General said that the RIF reform had provided SPC with the opportunity and challenge of consolidating its position in the region. He encouraged CRGA 41 to endorse the concept of an independent review of SPC and said a CRGA 41 subcommittee would consider the terms of reference for the review, with their recommendations to be adopted at the conclusion of the meeting. Finally, he thanked members for their commitment to SPC, all partners for their support and staff for their dedication and hard work.

20. The representative of Papua New Guinea thanked the Director-General for his comprehensive report, recognising the commitment of SPC to the success of RIF. Referring to the letter from New Zealand's Minister of Foreign Affairs on reporting value-for-money outcomes tagged to donor funding, he agreed benefits should be better reported by country. He congratulated SPC on its prudent management decisions during a time of reform and funding constraints and supported the initiative to shift responsibilities for oversight and accountability to the Deputy Director-General positions in order to free the Director-General to undertake strategic functions. He agreed that an independent review, with adequate regional representation including francophone countries, was important for SPC's future direction.

21. The representative of Tonga thanked the Director-General for his commitment and supported the formation of a subcommittee to consider the TOR for the independent review. In endorsing the recommendations made in the paper, he requested elaboration of the recommendation relating to SPC's management of health grants, including Global Fund grants.

22. The representative of France congratulated SPC for the comprehensive overview report and said France appreciated the bilingual services provided to CRGA, given the challenging economic climate. He said France was committed to maintaining funding for SPC for 2012 at the same levels as in 2010 and 2011 but noted that the funding commitment for 2013 was not finalised. He commended SPC on the successful implementation of the RIF reform and said SPC activities could now be better streamlined. He noted that proceeding with new initiatives, for example, appointing a third Deputy-Director-General, might not be possible with the present state of arrears in members' contributions and called for CRGA 41 to address the difficult decisions needed in this regard. He said France supported the commissioning of an independent review of SPC and all recommendations in the paper.

23. The representative of Solomon Islands recognised SPC's efforts in implementing CRGA 40's recommendations and the RIF reform, and in providing on-going support to member country programmes.

24. Responding to the comments, the Director-General said that the main concern for SPC in continuing to act as Principal Recipient (PR) for Global Fund grants was the tightening of accountability mechanisms. Although SPC was not responsible for implementing grants, it was liable

for reimbursement of mismanaged funds and associated Global Fund inspection costs. This exposed SPC to a level of risk that was untenable in the current economic climate. However, it seemed members wished SPC to remain as PR. Current Global Fund grants would continue to be managed, but SPC will not respond to new funding rounds and will therefore eventually exit from the role. He noted that other regional organisations could take on the role of regional PR for Global Fund grants. For other health sector grants such as for non-communicable diseases (NCDs), and the HIV Response Fund, SPC will continue to manage current grants given the limited capacity in country but does not wish to continue as fund manager in the long term.

25. The Director-General thanked France for committing to the same level of funding for 2012.

26. The representative of Cook Islands thanked the Director-General for a succinct report and said Cook Islands reaffirmed support for SPC, in particular where service delivery is targeted at the optimal level. In relation to the 2011 funding cuts, Cook Islands noted the 19 frozen positions directly supported by New Zealand funding, specifically highlighting the SOPAC Water Demand Management Officer position. He expressed concern that resources were frozen in this important sector.

27. The representative of New Zealand acknowledged the Marshall Islands for agreeing to host the meeting in Noumea. She said New Zealand recognised that the RIF process was a complex exercise that had been requested by members, acknowledging that change and momentum were being demonstrated. New Zealand assured members of its commitment to SPC and would continue to work with SPC and its members to maximise benefits to countries. The basis for revising New Zealand's voluntary contribution was made because the value-benefit of SPC's efforts on current regional priorities was not being clearly demonstrated. The revised contribution was not tagged, allowing SPC to manage its response as appropriate. New Zealand highlighted the opportunity-cost of funding regional initiatives via SPC versus bilateral programmes and budgetary support to countries. New Zealand is supportive of an independent review of SPC, and encouraged CRGA 41 to identify funding priorities. She said New Zealand would meet its 2012 assessed contribution and project commitments and noted that SPC was invited to provide a package of regional services and projects for which New Zealand could plan targeted support.

28. The Director-General responded to New Zealand's intervention, acknowledging the ongoing bilateral discussions during 2011. SPC's response to the revised budget was primarily an internal process, and he noted the challenges faced, including the commitment that there would be no diminution of services to members during the RIF reform and the need to uphold contractual arrangements with existing staff as part of the merger process. He said SPC was now identifying the key priority areas for New Zealand funding support, and noted the importance of CRGA members contributing to this process. The issue of water resources expertise highlighted by Cook Islands would be addressed under a project delivery approach. However, several of the other positions affected would remain frozen.

29. The representative of Niue thanked the Director-General for his comprehensive report and acknowledged the challenges inherent in the RIF process. He supported an independent review of SPC and said Niue appreciated New Zealand's funding decision processes, but noted that New Zealand's concerns were not expressed at CRGA 40 when the budget was tabled or during discussion of the cost of the RIF process.

30. The representative of Samoa thanked the Director-General for a comprehensive report and, noting the impact of budget revisions, called for countries to prioritise funding areas. She reminded CRGA that the joint country strategy process addressed this. Samoa emphasised the need for SPC to demonstrate the comparative advantages of regional vs bilateral support. Highlighting the importance of the discussion, she said that in Samoa's view, bilateral programming allowed countries to maintain ownership of funds and the planning process, so SPC needed to demonstrate real impacts at national level.

31. The representative of French Polynesia reaffirmed its full support for SPC activities and agreed with the recommendations made in the report. French Polynesia welcomed the success of the RIF process to date and asked SPC to outline savings and economic gains from changing the organisational structure in the Suva office. He congratulated SPC on the brave recommendation not to raise salaries for internationally recruited staff, and said French Polynesia welcomed the independent review – the first since 2005. In defining SPC's key priorities, there needed to be a synergy between members' guidance of SPC, and SPC's guidance of members on a regional level. This should be a constructive dialogue and he encouraged members to take ownership of SPC's work. He stressed that CRGA 41 must address the issue of member responsibility in regard to assessed contributions, including possible financial penalties.
32. The representative of New Caledonia commended the Director-General for an excellent overview report and expressed support for an independent review. He noted the challenges, and SPC's strategic response, in the face of financial constraints. New Caledonia is finalising a joint country strategy with SPC and he said the process enhanced ownership and support of SPC further to the role of hosting its headquarters. He said New Caledonia intends to raise its voluntary contribution significantly in the short term.
33. The representative of Vanuatu commended the Director-General for his concise overview report. Vanuatu supported the recommendations except for v. (a) and requested that SPC continue to act as PR for regional health grants, suggesting that problems relating to the process could be resolved in consultation with the countries concerned. He said SPC's role as PR was vital for Pacific countries, especially in the health sector, and that Vanuatu could not support the recommendation that SPC discontinue the role.
34. The representative of Fiji commended SPC on its comprehensive report, its achievements in 2011 and its success in implementing the RIF reform despite difficulties. Fiji welcomed an independent review of SPC and supported setting up a CRGA 41 subcommittee to review the TOR.
35. The representative of the United States of America thanked the Director-General for his overview report. He said the RIF process had created a challenge to identifying SPC's core activities, given the variety of needs in the region.
36. The Director-General acknowledged the presence of the Honourable Minister of Foreign Affairs, Republic of Marshall Islands, as representative of Marshall Islands. He thanked members for their interventions, noting that many of the points raised would be discussed in more detail in the course of the meeting. Responding to Samoa, he acknowledged that the joint country strategy process is the key point for identifying priorities and highlighting where value can be maximised. The current New Caledonia and PNG joint country strategies would include this level of detail. He thanked New Caledonia for pledging to increase its voluntary contribution, and acknowledged America's increased attention to the region and financial contribution to SPC's work. The Director-General noted that discussion on the Global Fund PR role would continue under agenda item 4.6.
37. The Chairperson summarised key discussion points, noting the emphasis on SPC's role in adding value to country programmes and the acknowledgment of SPC's leadership during the RIF reform, with the need for a clear direction for the post-reform path.
38. CRGA 41 endorsed the setting up of a subcommittee consisting of the representatives of Tonga (Chair), Australia, Fiji, French Polynesia, Nauru, New Zealand, Solomon Islands and USA, to assess the proposed independent review of SPC, and consider, amend and approve the draft TOR for the review.

RECOMMENDATIONS

39. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- xii. consider the Director-General's report, and in particular:
 - d. note progress in implementing the key decisions of CRGA 40;
 - e. note progress in implementing the major milestones for 2011;
 - f. note examples of achievements in 2011 against the objectives of the corporate plan;
 - xiii. consider the proposed organisational structure for 2012 noting that it will also be considered by the independent review team;
 - xiv. endorse the commissioning of an independent review of SPC, and approve the terms of reference for the review as revised and endorsed by CRGA 41 (see attachment);
 - xv. commend SPC's achievement in coordinating and publishing the major research study, *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*;
 - xvi. with respect to managing grants for regional health initiatives:
 - a. note SPC's intention to discontinue acting as Principal Recipient for any new Global Fund funding rounds for grants, unless CRGA wishes SPC to continue the role at the request of participating countries;
 - b. note further that SPC will continue to manage regional grants from other donors addressing specific areas such as non-communicable diseases, and the response fund for HIV/AIDS, if required to do so.
 - xvii. in relation to salaries for internationally recruited staff, approve the secretariat's recommendation not to implement the CROP market increases for 2012;
 - xviii. note SPC's response to the reduction in programme funding in 2011 and provide guidance to the secretariat on addressing regional priorities that have had to be put on hold;
 - xix. note that Pacific Islanders now make up 54% of all internationally recruited staff and 69% of all SPC staff;
 - xx. note the results of the staff survey, the response to the survey results, and the commitment by the secretariat to continue the survey;
 - xxi. share the secretariat's serious concern at the increasing level of arrears in some members' assessed contributions;
 - xxii. approve the following key initiatives planned for the next 12 months:
 - g. Commissioning of an independent external review of SPC;
 - h. Development of a new SPC corporate plan for the period 2013–2017;
 - i. Finalisation of the long-term sustainable financing strategy to support implementation of the corporate plan;
 - j. Implementation of further improvements to the presentation of SPC's budget and work programme for 2013;
 - k. Completion and implementation of the corporate-wide monitoring and evaluation framework;
 - l. Consolidation of the optimal governance arrangements and organisational structure to enhance service delivery to members.

- xii. support the secretariat's position in its negotiations with the Government of the Republic of Fiji on deferring the implementation of tax on Fiji nationals working at SPC in Fiji from 1 January 2012, with a view to enabling SPC to address the financial implications and bring this into the 2012 budget process for implementation in 2013;
- xiii. request the secretariat to ensure the best use of its resources by evaluating planned services in terms of priority, SPC's comparative advantage in the field, whether or not the service is best delivered through a regional or bilateral programme, and the value for money and impact obtained in SPC's provision of the service.

AGENDA ITEM 3 – REGIONAL POLICY AGENDA

AGENDA ITEM 3.1 – PACIFIC NCD (NON-COMMUNICABLE DISEASES) CRISIS – TIME FOR ACTION: JOINT SPC/WHO PRESENTATION ON REGIONAL SUPPORT TO MEMBERS

40. The Director-General introduced a video presentation on the work by SPC and WHO (World Health Organization) in addressing NCDs in the region. He noted that the Pacific has some of the world's highest rates of obesity and high blood pressure but progress had been made in raising awareness of the causes and solutions through the declaration of a Pacific NCD crisis by Pacific Islands Forum leaders at their recent meeting. He said that reducing smoking rates and people's intake of sugar had huge benefits in reducing NCD rates that some of the most effective measures were based on legislation.

41. The representative of Australia thanked the Director-General and the Director of the Public Health Division for their presentation. She noted that Australia strongly supported the NCD programme and had made a further commitment of AUD 25 million over the next four years in addition to the AUD 22 million it had already provided. She said that Australia was also conscious of the issues raised earlier by Samoa regarding the need to clearly identify which activities should be undertaken at a regional level and which were better implemented at national level. She said there was a need for more clarity on what services needed to be delivered and how they should be delivered, as well as how regional efforts could support national efforts.

42. The representative of Samoa noted its support for the implementation of the NCD programme, but emphasised the need for SPC and WHO to recognise the work being done in countries, including through traditional structures, which have the advantage of a sustained presence. She said there was a need for trained nutritionists in PICTs and emphasised the importance of trade and food safety issues, reorientation of approaches to changing diets, lowering tariffs on imports of healthy food, and other uses of legislation to encourage people to eat healthy food.

43. The representative of Kiribati acknowledged SPC's assistance in developing the country's national NCD plan, which envisions promoting physical activity in rural areas in *maneabas* (village gathering places), work places and schools; anti-smoking campaigns; and promotion of home and village gardening. The challenges include limited support for the activities, and outdated legislation. Kiribati's priorities in the next four years include strengthening the agricultural component of its NCD plan and campaigns to promote physical activity in rural areas and discourage smoking and consumption of alcohol. He said that Kiribati appreciated SPC's support for the country's NCD centre and for the implementation of its NCD plan, and encouraged SPC to maintain its support in this area.

44. The Director-General thanked Australia, Samoa and Kiribati for their feedback, noting the comments on the importance of identifying where SPC best adds value. He said that the challenges posed by NCDs would continue for a long time, and that the bulk of the effort to combat them must be at the national level. He emphasised the value that SPC adds at the regional level and its ability to

supplement capacity in countries that lack it and said that as SPC advances the NCD programme it will work in partnership with members and development partners to delineate which activities are best done on a regional level and which are best done nationally.

45. The representative of Niue thanked SPC for the report and supported the recommendations. He noted that Niue has national programmes and legislation similar to that mentioned by Samoa to encourage the consumption of healthy food and discourage the use of 'sin' items. However, he said that in many cases people continued to consume products like cigarettes even when their cost was raised considerably, and that it was important to consider the cost to families in that situation. Niue broadcasts radio and television programmes that aim to change behaviour. He acknowledged the work by SPC and WHO in the area of NCDs in Niue and elsewhere and emphasised the social and economic costs of the diseases.

46. The representative of PNG noted that while lifestyle diseases were increasing in the Pacific, the more immediately visible crisis caused by malaria and HIV drew attention away from them. He said that Niue had disagreed with New Zealand over restricting trade in lamb (mutton) flaps and that the situation had not changed, but he emphasised that the bulk of work had to be at the national level. He noted that HIV had been elevated from a medical issue to a political issue that was addressed at the cabinet level, and that NCDs should be addressed similarly. He acknowledged the support provided by Australia and said that Niue was glad to see SPC's increased awareness-raising work in the areas of NCDs and communicable diseases.

47. The representative of French Polynesia commended SPC on the paper and echoed the comments made by others regarding the importance of the issues relating to NCDs in the region. He said that the most important paragraph for French Polynesia was the one on SPC's role in combating NCDs, which he said enabled members to see the work SPC is doing in the fight against NCDs. But he said that he regretted that while countries and territories were referred to indirectly, no specific information was given about SPC's work on NCDs in some members, such as French Polynesia. He said that it would be valuable for French Polynesia to be able to see details about the activities in the territory.

48. The representative of New Caledonia congratulated SPC for the comprehensive but alarming report. He noted the importance of addressing health issues such as NCDs because of their impact on achieving the Millennium Development Goals (MDGs), particularly those relating to socio-economic development. He said that New Caledonia is very aware of the issues and has included NCD prevention and control, as well as the definition of a strategy to fight NCDs, in its joint country strategy.

49. The representative of Cook Islands noted that although there was little mention of Cook Islands in the report, NCDs are a major problem in the country. He commended the work of SPC in assisting Cook Islands to battle this scourge and expressed appreciation to Australia and others for providing resources for the work. He said that Cook Islands supported the recommendations as presented.

50. The Director-General responded to the query from French Polynesia by explaining that the divisional directors would provide more information on country activities in their divisional overview presentations and that the first annex of each divisional report listed all activities by country. However, SPC was pleased to provide any additional information required. He noted that the annex showed that French Polynesia has an existing NCD strategy. He thanked French Polynesia and Cook Islands for the feedback regarding the need to link references between policy papers and divisional papers. He noted that countries have a sovereign right to pass laws regulating their own market, citing Samoa's ban on imports of turkey tails and Australia's regulations restricting the labelling and marketing of tobacco as examples.

RECOMMENDATIONS

51. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. welcome the strong message sent by the declaration by the Pacific Islands Forum Leaders that ‘the Pacific is in an NCD crisis’ and recognise the urgency with which this crisis needs to be addressed;
 - ii. support the ‘whole of government’ and ‘whole of society’ response to the non-communicable disease (NCD) crisis, recognising that the major determinants of NCDs and their solutions are outside the remit of the health sector;
 - iii. welcome the commitment by Pacific ministers for health and sport to address the NCD crisis in Pacific Island countries and territories;
 - iv. note the ongoing commitment by SPC and the World Health Organization (WHO) to continue to support interventions at national and regional levels to address the NCD crisis more effectively in the region;
 - v. support the implementation of the Pacific NCD Framework as the basis for the region’s fight against NCDs and as the best way to continue the gains achieved through the 2-1-22 Programme, which ends in June 2012.

AGENDA ITEM 3.2 – PACIFIC YOUTH INITIATIVES: UPDATE ON REGIONAL YOUTH INITIATIVES WITH A FOCUS ON EMPLOYMENT

52. The Director-General said that the biggest challenge for youth is ‘how to make themselves useful’. Unemployment is high and there are definite links between unemployment and crime. The solutions lie at the national level and, at best, regional programmes can only add value to national activities. A key issue was the population bulge, with two million Pacific people between the age of 20 and 24. He stressed the importance of identifying the type of education that is most appropriate and the development of technical skills for livelihoods. He also said SPC has been giving technical assistance and support to youth volunteer schemes.

53. The representative of French Polynesia acknowledged that youth employment is a major issue. Like other countries, French Polynesia was going through a severe economic crisis and salaried employment was disappearing. Youth were the first to be laid off. He asked what SPC could do in addressing the problem, what resources it could provide, and whether the coordination of the development of a framework for youth employment would involve expenditure, given the fact that one of the frozen positions was that of youth development adviser. He also asked why the Pacific Islands Forum (PIF) and UNDP did not assume paternity of their own initiative, referring to the publication of *Urban youth in the Pacific*, a PIFS/UNDP publication.

54. The representative of PNG agreed that youth unemployment is indeed a challenge. In the 36 years since independence, PNG had had many governments and they had all given youth issues a very low status. Today, the country could not even achieve universal primary education. SPC needed to look at the issues that PICTs have in common and develop approaches that could be adapted to suit national jurisdictions. The Forum Regional Security Commission’s approach is to engage the private sector. Exxon Mobil, for example, has taken on unemployed youth and trained them to work in the mines doing general duties. It provided a reprieve and reduced the amount of ‘idle time’. However, the initiative targeted only high school leavers and was due to end in 2014.

55. The representative of Kiribati described the AusAID-funded TVET (technical and vocational education and training) project that is being coordinated by the Ministry of Labour to strengthen the

Kiribati Institute of Technology. He expressed support for SPC's role in assisting youth and development, and said Kiribati would like technical assistance to help the National Statistics Office in the Ministry of Labour develop a relevant database.

56. The representative of Australia supported the comments from the representative of French Polynesia with regard to the question of what is SPC's role and how is it costed. She said that Australia was asked to assist many other programmes to help youth and needed to know what SPC's comparative advantage is.

57. The representative of Solomon Islands said Solomon Islands has a Ministry of Women, Youth and Children, and that currently there is an EU-funded programme in the TVET Division of the Ministry of Education. He asked whether the data collection mentioned in the recommendation (iii. a) was just for youth employment or whether it would include other data that would help the government deal with other challenges related to youth.

58. The representative of Samoa asked if the framework mentioned in recommendation (iii a) was to be another framework to add to those that already existed. Could SPC consider coordinating the frameworks into one? She suggested that perhaps SPC could consider a more hands-on approach to volunteer schemes.

59. The representative of New Caledonia said he had read the paper with great interest and congratulated SPC. He had two comments: (1) prior to dealing with the problem there was a need for more statistics, and (2) there was a need to involve others in development, such as the tourism sector.

60. The representative of Niue said that an important issue in Niue was retaining young people at home. Past employment schemes had helped Niue High School school-leavers but that was only a small proportion. Many young people considered local wages too low and went to New Zealand to earn more. The Australia Pacific Technical College provided opportunities for youth training, but Niue still has difficulty keeping them.

61. The representative of Fiji told the meeting that Fiji has a National Employment Centre run by the Ministry of Labour, which identifies job opportunities. It has a comprehensive database on school-leavers. In addition, the Higher Education Commission has a register of all training institutions in Fiji and assists with recognition of qualifications. She welcomed the recommendation to strengthen youth volunteer schemes.

62. The Director-General thanked the representatives for their comments and noted the requests for clarification of SPC's role in developing youth initiatives. He said that at the regional level SPC could assist in improving research and data collection, which would help countries in decision making. SPC would also support countries and give advice on policy formation. He said that SPC had an advantage in that it is multi-sectoral, with areas such as health and agriculture being highly relevant to youth issues.

RECOMMENDATIONS

63. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. acknowledge the serious challenges facing Pacific youth;
- ii. note the importance accorded by Pacific Islands Forum Leaders in their recent meeting to addressing the challenges facing Pacific youth;
- iii. further note SPC's commitment to help Pacific Island countries and territories achieve progress in relation to youth issues, including through:

- a. coordinating the development of a framework for youth employment for the region, including research and data collection;
 - b. supporting the development and strengthening of national youth volunteer schemes that recognise the importance of youth involvement in the economy, in particular the role they can play in nation building;
 - c. encouraging the development of proactive technical and vocational education and training (TVET) services that are responsive to the labour market and take into account market realities and employment trends.
- iv. acknowledge that SPC's resources for addressing youth challenges are limited.

AGENDA ITEM 3.3 – SPC'S CLIMATE CHANGE ENGAGEMENT STRATEGY AND ITS ROLE IN THE REGION'S CLIMATE CHANGE AGENDA

64. The Director-General introduced SPC's Senior Climate Change Advisor, Brian Dawson, and explained that the climate change engagement strategy was designed to pull SPC's work in climate change into a single framework with the aim of mainstreaming this work internally and coordinating partnerships with other agencies. He emphasised that SPREP (Secretariat of the Pacific Regional Environment Programme) had been given the lead role in regional climate change work and that the Pacific Islands Forum had been given the role of political leadership and financial coordination. SPC's role was to mainstream climate change into its ongoing technical activities. Thus there was no duplication of roles.

65. The Senior Climate Change Advisor said much of SPC's existing work contributes to resilience in many sectors that are sensitive to climate change. He said that climate change is a broad-based development issue that requires an integrated approach and that there is a need to improve coordination of SPC's work and inform members of how it can assist them to manage climate change risks. Another aspect of the strategy related to reducing the organisation's own greenhouse gas emissions. He said it is also important for the organisation to document what it does so that it can be held accountable regarding its progress toward achieving the goals outlined. He said that SPC had attracted significant additional resources and that most of the funds will go through SPC to countries.

66. The representative of USA welcomed the strategy, which he described as a positive step. He noted that no single organisation in the Pacific could handle all challenges of climate change, but that no other regional organisation had the same potential and capacity to undertake this work. He said that USA fully supported the strategy and welcomed the involvement of SPC in climate change and its effort to coordinate with other organisations.

67. The representative of France said he had a different opinion from that of USA, explaining that the strategy had been received with scepticism in Paris as it was unclear why there was a need for another framework on climate change in the Pacific. France had signed an MOU in September engaging France and EU in the fight against climate change. He noted that strategic outcome 2 ('Climate change integrated into SPC programmes and operations') was clearly SPC's role, but that outcome 1 ('Strengthened capacity of Pacific Island communities to respond effectively to climate change') appeared to be SPREP's responsibility. He acknowledged SPC for its work in the area and said he would wait to hear the discussions before giving his final opinion.

68. The representative of New Caledonia agreed with France that the document did not read like an internal engagement strategy, and that strategic outcome 1 was more SPREP's concern. He said it might be better to mention SPC's contribution to that outcome. He asked if SPREP had an internal engagement policy and noted that for strategic outcome 2 there was no need to 'reinvent the wheel', e.g. the Global Climate Change Alliance's review of the impacts of climate change could provide important relevant baseline data that SPC could use.

69. The representative of Kiribati welcomed the report and the strategy and expressed appreciation to SPC and SOPAC for their support in developing Kiribati's National Disaster Risk Plan. He also noted that the SPC/GIZ Coping with Climate Change in the Pacific Region project had participated in country consultations in 2011. He said that Kiribati's lack of human capacity at the national level and resources for adaptation have led to limitations in implementing its adaptation strategy and mainstreaming climate change. Kiribati's goal is to integrate its plan for disaster risk and climate change with national planning capacity. Kiribati welcomed the strategy because it addressed Kiribati's needs. In relation to strategic outcome 1, Kiribati encouraged SPC to share its experience in adopting an organisation-wide approach with the Kiribati government to facilitate its adoption of a whole-of-government approach.

70. The representative of Vanuatu supported the sentiments expressed by other members. He said that climate change response must be integrated in Vanuatu and it is important to understand how it affects food security along with other factors such as land use. He noted that interventions have to be based on well-understood factors. Vanuatu is increasingly feeling the effects of climate change, with water shortages and effects on crops, and there is a need for a well-integrated and informed approach to respond to it. He said that Vanuatu supported the recommendations.

71. The representative of Solomon Islands thanked SPC and said that Solomon Islands shared the concern raised by New Caledonia regarding consultation between SPREP and SPC. He asked what the reporting process would be and how members would be informed of progress, given that SPREP and SPC have different governing bodies.

72. The representative of French Polynesia congratulated SPC on the document. He said he understood that the strategy is targeted at SPC itself rather than other stakeholders. He said that as SPREP's lead role was stated, French Polynesia supported the document. He also noted that while adaptation is important, there is a need to develop mitigation programmes, and said he was pleased to see that the strategy included mitigation, particularly the commitment by SPC to decrease emissions. French Polynesia is organising a meeting on coastal development with a climate change perspective. He announced that French Polynesia would provide support for one person from each PICT to attend the meeting. He also thanked SPC for distributing the meeting announcement and providing translation and interpretation services for the meeting.

73. The representative of New Zealand said that New Zealand welcomed SPC's effort to clarify and define its engagement in climate change. He noted that some of the mandated areas in which SPC works are fundamental to the climate change challenges faced by the region, and that SPC therefore plays a crucial role in the region's adaptation and mitigation efforts. He explained that New Zealand had some reservations regarding the breadth and scope of the document, noting that it reads like a regional strategy and is ambiguous regarding SPC's mandate and SPREP's role. He said that New Zealand wanted to see a sharper focus on SPC's role and clarity regarding how SPC's work complemented SPREP's work. He noted that the resourcing was based on several projects related to SPC's core business and suggested that they could fall under strategies already existing in those sectors. Projects should not be too complex and resources flowing to regional organisations should not crowd out resources going to countries at the national level, which are needed to build capacity to implement regional initiatives. He closed by stating that New Zealand supports the idea that the document is an internal strategy for the organisation.

74. The Director-General noted that heads of CROP agencies have established a CROP subcommittee on climate change chaired by the SPREP Director and the Forum Secretary General with the goal of ensuring clarity on the role of all organisations in climate change response and coordinating their work. The subcommittee essentially allowed for a single work plan across the CROP agencies. CROP executives were meeting on climate change following the Conference, with the goal of establishing a single CROP strategy to take to the UN Climate Change Conference in Durban. He noted that some project funds could only be applied to several countries, not to individual countries.

75. The Climate Change Advisor said the issue of clearly delineating the roles of the CROP agencies was very important, and as stated by USA was a large task requiring work from all organisations. He said that SPC had tried to make clear in the document how it would support SPREP in the areas it leads. SPC has specific sectoral knowledge in many areas and therefore has an important role to play in implementing climate change response activities in those areas. He noted that many countries have national plans, but within specific sectors there is much work to do so that they can implement those plans. With regard to the emphasis on project funds, he pointed out that an advantage of moving toward programme funding is that it allows a more strategic approach than funding of single activities (such as installing water pumps), with project-oriented funding requiring a lot of administrative work on the national level. He said that while he agreed with France that developing another regional framework would not necessarily be the best use of resources, the document was intended to help SPC organise, coordinate and measure its work as an organisation so it could be held accountable.

76. The Chairperson suggested that the meeting defer further consideration of the paper to allow the drafting committee to reword recommendation 2 to emphasise the importance of coordination between CROP organisations and the need for approaches to be adapted to country needs.

77. The representative of PNG said that he saw no need to defer the issue given the clarification received from SPC that the strategy was to provide guidance for SPC to report against, the fact that a subcommittee of CROP CEOs would meet to ensure coordination, and the fact that SPC was simply seeking agreement in principle to endorse the strategy, with the details to be established later.

78. The representative of New Caledonia suggested adding the words 'in-house' or 'internal' to recommendation 1 to avoid ambiguity.

79. The representative of France said he agreed with the suggestion by New Caledonia but wanted to see the French translation of recommendation 2.

80. The representative of Niue supported the suggestion by PNG, noting that CROP CEOs would be meeting to ensure coordination between the agencies. He said that climate change is a massive phenomena and the strategy set out a way forward for SPC.

81. The representative of USA expressed support for the suggestion by PNG, adding that he had no objection to a slight modification in the language to make clear that it was an internal SPC strategy.

82. The Director-General noted that the title included the words 'Strategy for SPC'. He said SPC had noted the points made and suggested that the drafting committee would make changes to the wording to clarify the fact that the strategy is internal.

RECOMMENDATION

83. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it approve the internal organisation-wide Climate Change Engagement Strategy for SPC, which is intended to provide guidance for SPC in integrating climate change responses across its work programme.

AGENDA ITEM 4 – DIVISIONAL AND PROGRAMME PRESENTATIONS

AGENDA ITEM 4.1 – APPLIED GEOSCIENCE AND TECHNOLOGY (SOPAC) DIVISION

84. The Director of the Applied Geoscience and Technology (SOPAC) Division, Dr Russell Howorth, began his presentation with a video showing the work of the division's three programmes, saying that as this was the first CRGA meeting that SOPAC was part of, it was a good opportunity to inform representatives about its activities. He then showed the structure of the SOPAC division, its three programmes and five technical support services, and described key national and regional highlights of 2011. He discussed the importance of integrating disaster risk reduction with climate change adaptation. Key plans for 2012 included the development of draft legislation for offshore mineral exploration, and the commencement of Kiribati dredging for sustainable aggregates. Challenges for the division were, as the Palau saying went, 'to accept risks and move forward with caution', i.e. not to be complacent but to appreciate that we are vulnerable and will continue to be so. He also emphasised the importance of data collection. Dr Howorth then briefly covered the Chair's Outcome Statement from the First SOPAC Division Meeting and presented the recommendations for CRGA. (See CRGA paper 4.1 for details.)

85. The representative of USA thanked Dr Howorth for his presentation and said he was impressed with what the SOPAC division was doing. He said that climate change was very important but that day to day, incremental things needed to be done, citing the Tuvalu water crisis as an example. He said there were near-term opportunities to take action and SOPAC was aware of them.

86. The representative of France expressed his appreciation of the presentation. He asked for an explanation of the revised budget, and about possible partnerships between SOPAC and other service providers, given its extensive range of activities.

87. The representative of PNG agreed with USA regarding the capabilities of SOPAC, giving the continental shelf work in PNG as an example of its assistance. He said that it was important that the STAR (Science, Technology and Resources Network) association be maintained. He also mentioned that desalination plants required ongoing maintenance so they could continue to be used.

88. The representative of Kiribati thanked the director for the presentation and noted that Kiribati had been mentioned several times. He thanked SOPAC for its assistance, and stressed that Kiribati's collaboration with development partners was crucial. Kiribati was moving towards having climate change and disaster risk reduction discussions with potential partners and hoped SPC/SOPAC would be among them. Kiribati anticipated the division's continued support and welcomed the recommendations.

89. The representative of Niue thanked Dr Howorth for the presentation and SOPAC for its assistance in Niue. He expressed the hope that the work on boundaries would be finished by the end of the year. He noted that the data collected by SOPAC could help improve the quality of people's lives, and that knowing how vulnerable we were, we needed to educate young people on how to survive after a disaster.

90. The representative of New Caledonia congratulated SOPAC on its work and said that New Caledonia was very pleased that it was now part of SPC as this made more collaboration possible. He referred to the Pacific Platform for Disaster Risk Management, and the seismic network that can be made regional with SOPAC's help. He mentioned that New Caledonia faces a high level of risk from forest fires and noted that France and New Caledonia have funded a major research project aimed at setting up an alert system and support and rescue services.

91. The representative of Solomon Islands thanked Dr Howorth for the comprehensive and informative report and welcomed SOPAC to SPC. He appreciated the fact that SOPAC had made a lot

of progress on the hydrological survey in Solomon Islands and said that the results showed how scientific data could inform government policies. He endorsed the recommendations.

92. The representative of Samoa thanked Dr Howorth for the presentation and said it gave the meeting an insight into and appreciation of the work of SOPAC. She was glad that STAR is to continue, as the work of this group of scientists and experts is very important. She also supported the continuation of the Program Review, Monitoring and Evaluation Group (PMEG). She said Samoa would like to receive assistance from SOPAC in the matter of boundaries, as there have been reports of illegal fishing in the area between Samoa and American Samoa where the boundary is differently interpreted by USA and FFA (Forum Fisheries Agency). It had been difficult to pursue these reports. Samoa had recently put forward a proposal for assessment of the reclaimed Sogi sea front and looked forward to a feasibility study with SOPAC's assistance. She also looked forward to seeing Samoa's compendium from SOPAC's project to produce a digital collection of its entire body of knowledge relating to each PICT.

93. The representative of French Polynesia thanked Dr Howorth for the exhaustive report and said French Polynesia was pleased with progress, especially in the disaster risk programme in OCT (overseas countries and territories) countries. The Third Session of the Pacific Platform for Disaster Risk Management in Auckland this year had asked for a one-year extension to fully exploit potential at the regional level and French Polynesia would like to be associated with this future programme.

94. The representative of Cook Islands thanked Dr Howorth for the excellent presentation, stressing that the highly specialised aspect of SOPAC's work had brought benefits to the region and would continue to do so. He supported the recommendations.

95. Dr Howorth thanked members for their comments. He explained the revised budget and mentioned that, when it came to partnerships, SOPAC was host to the Pacific Water Partnership and also the focal point for the WASH (Water, Sanitation and Hygiene) Coalition. Regarding STAR, he said that there was a desire to keep the arrangement going and was pleased that the Director of IRD had offered to host the next STAR meeting in Noumea. On the desalination plants, he said that they were not good enough when it came to cyclical events and that there was a need to look at medium and long-term interventions. He agreed with the Niue representative that droughts required collaborative action. Commenting on the Pacific Disaster Platform, he suggested that meetings next year could be arranged in this order: Disaster Platform, STAR, SOPAC Division meeting and then CRGA. Regarding national subregional seismic systems, he said the intention was 'to get them all talking and sharing information'. Regarding Samoa's comment, he said there is information on PMEG in the SOPAC Division summary report, and that the boundary issue needed much more detailed data sets. The compendium project was due to finish at the end of next year.

96. The Director-General added that STAR would expand next year as more scientists joined. He said the PMEG process needed to be completed next year. In 2012, six countries would carry out the PMEG exercise and give feedback.

RECOMMENDATIONS

97. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. commend the progress made in institutional reform during the first year of SOPAC's integration in SPC and the achievements of the division in 2011;
 - ii. endorse the recommendations contained in the Chair's Outcome Statement from the First SOPAC Division Meeting, and acknowledge the importance of the work of the SOPAC Division in providing data and information products to enable PICTs to improve integrated risk management activities at all levels, in particular in addressing the adverse impacts of climate change through:

- a. the work of the Ocean and Islands Programme on coastal vulnerability including flooding of low-lying areas due to storm surges, pollution of coastal and lagoon waters due to changing circulation patterns, and sea-level monitoring;
 - b. the work of the Water and Sanitation Programme in securing access to affordable and safe drinking water, and developing integrated approaches to water and sanitation resources management;
 - c. the work of the Disaster Reduction Programme in joint national action planning for disaster risk reduction and climate change adaptation and mitigation, hazard assessment and risk exposure mapping; and
 - d. the value of resource economics, GIS and remote sensing, the technical support facility, and data management in supporting these activities and contributing to making information products more readily available to members;
- iii. urge the Science, Technology and Resources (STAR) Network to continue to develop and strengthen its long-standing association with the SOPAC Division and with other divisions of SPC;
 - iv. express appreciation to IRD (Institut de recherche pour le développement) for offering to host the next STAR meeting in Noumea (5–6 November 2012, prior to the SOPAC Division meeting);
 - v. note the presentation of the division's 2011 revised budget and its 2012 budget; and
 - vi. endorse the division's 2012 work plan.

AGENDA ITEM 4.2 – ECONOMIC DEVELOPMENT DIVISION (EDD)

98. The Director of the Economic Development Division (EDD), John Hogan, presented an overview of the division's work programme for 2011 and beyond, noting that EDD pulls together three key drivers of economic growth – energy, information and communication technology (ICT) and transport. Its goal is sustainable economic development through accessible, affordable, efficient, secure and safe energy, ICT and transport services.

99. The work of the division was reviewed by the Joint Ministerial Meeting of Energy, ICT and Transport in April 2011. The meeting endorsed the *Framework for Action on Energy Security in the Pacific* (FAESP) and its implementation plan; and the *Framework for Action on Transport Services* (FATS). The *Framework for Action on ICT for Development in the Pacific* had already been endorsed by Pacific ICT ministers in June 2010. The frameworks provide a clear differentiation of regional and national responsibilities and state where SPC programmes can add value, but as the joint meeting noted, many of the outcome and priority areas in the frameworks are not yet funded so work plans may need to be adjusted. The director also outlined the objectives of the EDD strategic plan.

100. The Manager of the Energy Programme reported on highlights of the 2011 work programme, including the development of a liquid petroleum gas pricing template; assistance with monitoring petroleum price verification via the Pacific Petroleum project; constructing energy balances; and the production of key sector publications. Energy plans policies and roadmaps are being developed to strengthen countries' ability to manage the energy sector. Implementation has begun of the renewable energy project, North-REP, in three countries. He outlined progress on regional renewable energy initiatives, noting that key issues are being documented and will be shared with members, including the cost effectiveness of undertaking energy efficiency measures rather than increasing energy sources. Proposed key deliverables in 2012 include drafting and review of national energy policies and energy sector roadmaps; drafting and review of legislation for fiscal policies to promote energy efficiency in the transport sector; and providing in-country technical assistance to review transport

investment and master plans. As a demonstration of opportunities for progress in the transport sector, he noted that Air Pacific has recently announced a 45% cut in fossil fuel use. The United Nations has declared 2012 as the International Year of Sustainable Energy for All, and EDD will develop activities to mark the year.

101. The Manager of the Pacific ICT Outreach Programme reported on 2011 highlights of the programme's work including the review of national ICT policies in four countries, provision of technical assistance to seven parliaments, assistance with setting up 17 RICS sites (providing connectivity to remote areas) in Solomon Islands, and an e-centre for the parliament of Samoa. Progress on partnership initiatives includes the signing of an MOU with NetSafe Limited to address internet safety, a special ICT Ministers Forum with the International Telecommunications Union (ITU), and the signing of a partnership agreement with ITU. EDD is working with SPREP to draft a regional e-waste strategy as directed by Pacific ICT ministers. In collaboration with the Commonwealth Secretariat, an e-government plan, i.e. using ICT to enhance the delivery of government services, is being developed. In 2012, EDD will support the development of ICT policies and legislation, especially in relation to cyber crime. Work will proceed on the collection of ICT data, assessments and audits of ICT infrastructure for port authorities, promoting the accessibility of ICT services, revising existing PACRICS sites and OLPC (One Laptop Per Child) deployments, and development and implementation of a regional internet safety programme in collaboration with NetSafe.

102. The Manager of the Transport Programme noted that transport is a critical element in adaptation initiatives relating to climate change and addressing risks to food security. He said recent developments in the transport sector and changing regulatory requirements have had a significant impact on the sector in the Pacific region. A shortage of internationally qualified seafarer officers, due to retirement and staff leaving the region, creates challenges. SPC is mandated to operate in international forums and at the regional level, but given resources shortages, several countries now require targeted assistance at the national level. Regional leaders have tasked SPC to provide assistance on national issues. EDD has completed Pacific Islands Domestic Ship Safety (PIDSS) schemes in two countries and maritime compliance audits in two countries. It has also provided support in addressing small island states' shipping issues and continues to provide secretariat services to the Central Pacific Shipping Commission (CPSC). Development of a regional port pilot training standard is underway in conjunction with the Pacific Maritime Transport Alliance, and the programme continues to work with regional associations, maritime and aviation agencies.

103. Proposed key deliverables of the Transport Programme for 2012 include providing assistance for implementation of the STWC (Standards of Training, Certification & Watchkeeping) Manila amendments, ongoing support for establishment of shipping commissions, transport sector data collection and maritime trade analysis, improved safety of domestic shipping, and compliance audits for ports, maritime administrations and training institutes.

104. The Director of EDD noted that the divisional work programme is guided by economic, cost-benefit and evidence-based analysis, and clearly identifies regional versus national interventions. In addition, economic feasibility assessments are carried out on all planned projects.

105. The director said efforts to effectively address climate change adaptation and food security risks at national level were hampered by lack of technical and managerial capacity, the low priority given to data collection, analysis and research, and the tendency to translate aid grants into hardware without considering maintenance issues. He stressed that these factors highlight the key role of economic analysis in planning projects. He mentioned EDD's reliance on project funding, noting that the division will put at long-term sustainable funding strategy in place. He said the loss of the Maritime Legal Adviser position will impact the review of legislation, and the loss of the Energy Adviser position and lack of funding for the PICTO program will affect the sustainability of that work. He emphasised the considerable effort made to construct an EDD architecture that will ensure

the work of the three programmes is integrated and interlinked to increase efficiency in service delivery, and the importance of CRGA's endorsement of the key guiding documents for the division.

106. The representative of Cook Islands thanked the Director for the presentation and commended EDD for providing services to members that enhance and complement activities at the national level. He expressed concern that the Energy Adviser position will be phased out, noting that given the importance of the EDD, it is crucial that more positions be moved to core funding, away from high dependency (90%) on project funding. Cook Islands endorsed the recommendations of the paper.

107. The representative of Marshall Islands recorded her appreciation to New Caledonia as host country for CRGA 41. She said Marshall Islands encouraged small island and northern Pacific states to actively engage in the work of EDD and noted her appreciation of the services provided by the transportation and communication programmes in terms of linkages in an environment of diminishing resources. Marshall Islands endorsed the recommendations of the paper.

108. The representative of Kiribati thanked the EDD for an excellent work programme. He noted the importance of the transport and energy sectors to the Pacific region, and provided an update on the status of the shipping sector in Kiribati. He noted the areas of priorities and challenges where key initiatives are adding value to the country. Kiribati requested SPC to provide technical assistance to the national shipping line to develop a maintenance programme, and to aviation sector service providers to facilitate negotiations on provision of air services to link Kiribati, Marshall Islands, Tuvalu and Fiji. Kiribati endorsed the recommendations of the paper.

109. The representative of Australia thanked EDD for a results-focused report that reflected principles of monitoring and evaluation (M&E). She said Australia was reviewing the possibility of additional project funds, noting the call for more core resources. The independent review of SPC will address this issue. Australia suggests that M&E work could be enhanced with the inclusion of baseline data, targets and expected impacts in the programme documents.

110. The representative of Samoa thanked EDD for its report. In reference to the transport sector, Samoa noted the bulk of programme work was in the maritime area with less emphasis on aviation. She sought clarification on the type and level of technical assistance provided to aviation, requesting that the scale of this support be reviewed.

111. The representative of PNG commended the work of EDD. To mitigate funding constraints, PNG suggested co-funding arrangements for maritime initiatives could be established with national governments via port authorities, saying the idea could be addressed in the independent review of SPC. PNG endorsed the concept of training of trainers. He stressed that countries must ensure their own compliance, especially in line with IMO (International Maritime Organization) provisions.

112. The representative of Niue noted with appreciation the work of EDD and said Niue supported ongoing economic analysis of petroleum prices and fuel procurement as very valuable initiatives for small island states. Niue welcomed the e-government programme. Internet safety was a critical issue and a cyber crime bill will be tabled in parliament soon. He commented that Niue shared members' concerns relating to the proportion of core versus project funding for the division.

113. The representative of New Caledonia acknowledged the positive outcomes of the EDD work programme and regional role of SPC. New Caledonia is currently undergoing an industrial boom especially in nickel extraction, requiring huge energy resources. It is therefore vital to engage in energy efficient processes. She announced that New Caledonia is convening an energy efficiency and renewable energy seminar in December 2011 and would support attendance by two participants from each country. She called for members to register their interest. In the ICT sector, New Caledonia has created a digital observatory initiative to promote the use of ICT in all sectors, allowing tailored services to be developed for users. New Caledonia encouraged SPC to participate in these two forums.

114. The representative of New Zealand noted that sustainable economic development is an important priority for CRGA members and the New Zealand development aid programme. She said New Zealand appreciated the work involved in establishing the new division and noted that the EDD strategic plan clarified the role of the division. It should remain very clear on what the programme does and does not do in relation to other international agencies and the commercial sector to ensure there was no overlap. She encouraged the division to ensure that resources were not spread too thinly, saying the strategic plan could be enhanced by a focus on results, baseline data and impact indicators, ensuring resources were applied where they were most needed.

115. The representative of Solomon Islands thanked EDD for a comprehensive report. He provided an update on the status of work in the three sectors in his country. Solomon Islands requested assistance for an audit of the port authority. He agreed with concerns expressed relating to the balance of core versus project funding. Solomon Islands endorsed the recommendations of the paper.

116. The representative of French Polynesia reaffirmed full support for EDD and noted with thanks the maritime transport information mission to Tahiti. He suggested that EDD present the division's report by project to make the valuable work more visible. French Polynesia endorsed the recommendations of the paper.

117. The representative of Fiji acknowledged the project support provided to Fiji, especially in terms of fuel pricing initiatives. Fiji also noted with concern the heavy dependence on project funding and encouraged a review of this. Fiji endorsed the recommendations of the paper.

118. The Director of EDD responded to comments made by Marshall Islands, noting that the Central Pacific Shipping Commission supports activities in Marshall Islands. He said the concerns raised by Kiribati will be addressed. In response to comments from Australia, he reaffirmed the commitment to focusing on results and economic analysis of projects. Responding to questions from Samoa and Kiribati relating to the aviation sector programme, he noted that the work had been shifted from the Pacific Islands Forum, without an increase in resources. Therefore, EDD's involvement focused on data collection, and any research projects would be outsourced. He said that SPC had signed an MOU with the Pacific Aviation Safety Office (PASO) but EDD was aware that PASO did not include all SPC members. The Director thanked PNG for suggesting a co-funding arrangement with port authorities. Responding to a comment from Niue, he noted the costs of energy and commercial fuel procurement and shipping arrangements, and reaffirmed further support. Noting the comments from New Caledonia, he welcomed the opportunity to engage in the energy, transport and ICT workshops. In response to New Zealand's comments, he said EDD was very aware of the need to allocate resources appropriately in the programme, and noted that the strategic plan focused on results with economic analysis undertaken before commencing projects. In this regard, initiatives in aviation would have to be monitored closely. In response to Solomon Islands' comments, he said the programme will make contact to identify areas of support. Responding to the comments of French Polynesia, he agreed that in future reports, project activities should be presented in more detail. He noted that the three EDD programmes continue to support activities in Fiji.

119. The Director-General responded on the issue of allocation of core versus project funding. As background information, he noted that the RIF process had primarily focused on coordinated delivery of services. Now the emphasis had shifted to doing things efficiently with the resources available. He said the energy, ICT, and aviation programmes had been absorbed into SPC as a result of the regional reform, without additional resources but with prior commitments. Therefore SPC could not immediately reallocate funds and there was a limit to efficiencies. Identifying members' priorities for core and programme funding would go towards resolving this issue. He stressed that the SPC 'machinery' needed to support the work of programmes accounted for most of the core service budget, so shifting funding could destabilise the organisation in other ways. He noted that the 2012 budget was transitional. Regarding the aviation sector, he said countries had requested various support, but there were other agencies currently working in the area so EDD had to be careful to avoid

any overlap. Information collection was the key focus at present in this sector. He agreed that division reporting formats would be reviewed for CRGA 42.

RECOMMENDATIONS

120. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the work and achievements of the Economic Development Division's (EDD) programmes to date;
- ii. endorse the division's strategic plan for the period 2012–2017;
- iii. approve the outline of EDD's proposed work programme for 2012.

AGENDA ITEM 4.3 – EDUCATION, TRAINING AND HUMAN DEVELOPMENT DIVISION (ETHD)

121. As head of the division, the Deputy Director-General, Suva, Fekitamoeloa Utoikamanu, introduced the report and highlighted the critical nature of education as a mechanism for development in the Pacific.

122. She said the Education, Training and Human Development Division (ETHDD) is a new SPC division based in Suva. It comprises five programmes, the Human Development Programme (HDP), Community Education and Training Centre (CETC), Regional Media Centre (RMC), Regional Rights Resource Team (RRRT) and the Secretariat of the Pacific Board for Educational Assessment (SPBEA).

123. The Director of SPBEA outlined programme highlights for 2011. She said SPBEA continued to provide support to member countries with curriculum and educational assessments, research monitoring and evaluation, and senior secondary school qualifications programmes. Progress was being made on projects relating to literacy and numeracy and the Pacific Register of Qualifications and Standards. She stressed that high quality education and training is a passport for the Pacific population into the future.

124. The Deputy Director-General reported on progress in the Human Development Programme (HDP), commending Nauru and Palau for recently ratifying CEDAW (UN Convention on the Elimination of all forms of Discrimination against Women). She noted the increased number of women obtaining seats in parliament during the recent elections in Kiribati, and acknowledged Cook Islands, Samoa, Marshall Islands, the French Territories and PNG for progress in increasing the representation of women in parliament. She said work in 2011 had included a focus on gender rights and climate change, and gender mainstreaming. The 4th Pacific Women's Ministerial Meeting held in July had agreed on strong recommendations on a range of measures to be taken at a national and regional level to accelerate gender equality.

125. The Deputy Director-General said the Culture Programme had conducted a cultural mapping and planning exercise with six countries, which will guide the development of national cultural policies. Strategies to measure the economic and social contribution of culture to PICTs, including the development of cultural industries, were being developed as was a regional cultural strategy – an initiative under the Pacific Plan.

126. Reporting on progress in the Youth Programme, the Deputy Director-General highlighted HDP's work on a review of the Pacific Youth Strategy (2010) and the production of the *State of Pacific Youth Report 2011* in a joint initiative between SPC and the Pacific Office of the United Nations Children's Fund (UNICEF). Work is currently being undertaken on a new regional

framework for youth development with a range of partners including the UN and Pacific Islands Forum Secretariat (PIFS).

127. The Deputy Director-General said SPC's Community Education Training Centre (CETC) continues to provide targeted community development training for women from throughout the region. CETC also conducts regional training programmes, national level training tailored to country trainers, and support for micro-enterprises development and business training. The first comprehensive profile of CETC graduates and trace / employer surveys have recently been published, identifying the programme's impacts in the region.

128. The Regional Media Centre (RMC) produces the Pacific Way television and radio programmes and provides other media production services. RMC also conducts in-country training programmes and training for CETC students and regional journalists.

129. The Regional Rights Resource Team (RRRT) has continued to support changes in legislation relating to sexual and gender based violence. RRRT has also assisted countries in ratification of human rights treaties and carrying out the universal periodic review (UPR) process. These initiatives advance common approaches to human rights reporting and coordination at the national level. RRRT's partnerships with the UNDP Pacific Centre, UNAIDS and Pacific Islands AIDS Foundation have helped address HIV discrimination and strengthened the capacity of local agencies to apply human rights principles. The Deputy Director-General outlined RRRT's Pacific Leadership Program, and distance education curriculum, noting that RRRT provided support in developing the UPR for Pacific states reporting to the UN Human Rights Council and technical support in Geneva during the review process.

130. The Deputy Director-General outlined the proposed key results for the five programmes in 2012. She said all five programmes would be re-assessed with a view to developing new strategic plans for the period 2013–2015 and beyond, noting that the division's greatest challenge was meeting the needs of members with limited resources.

131. The representative of Cook Islands requested clarification of the purpose of the draft Climate Change Education Framework recently endorsed by the Pacific Heads of Education Meeting. Cook Islands recorded concern about the marginalisation of non-SPBEA members in projects and initiatives developed by regional partners but implemented by SPBEA. He said non-members also wished to participate in regional activities such as the Pacific Register of Qualifications and Standards (PRQS).

132. The representative of PNG commended the Deputy Director-General on the presentation. He said PNG had benefited from CETC training and RRRT's support for the UPR process. A PNG trainee had undertaken a three month internship with RMC. PNG had also participated in the regional assessment of qualifications and standards, and benchmarking initiatives. He said PNG could report progress on gender mainstreaming, and highlighted the September reading of a new bill that allows women to stand for 22 seats in all provinces. PNG endorsed the recommendations of the paper.

133. The representative of Kiribati noted with appreciation the work and contribution of SPBEA in the region. He noted the engagement with the Kiribati Ministry of Education on the Life Skills Assessment Tool, Assessment Resource Tool for Teaching and Learning (ARTTL), Pacific Islands Literacy and Numeracy Assessment (PILNA), and the scoping and sequencing of climate change learning outcomes. He said challenges and priorities for this sector will be defined by the outcomes of the assessment tools. Kiribati encouraged SPBEA to produce analyses of performance against the assessment tools, providing status reports at national and regional levels, saying the reports would provide guidance to ministries of education in enhancing policies and systems. Kiribati requested SPBEA to continue to integrate capacity building components in its programmes that targeted members' needs.

134. The representative of Solomon Islands congratulated the Deputy Director-General on her report. He said that in Solomon Islands, life skills assessment has been undertaken in rural training centres. He asked when the Register of Qualifications and Standards would be rolled out to non-members of SPBEA, as Solomon Islands is seeking support with this initiative. Solomon Islands commended SPC on the technical assistance being provided for its preparations for the Pacific Festival of Arts. Solomon Islands endorsed the recommendations of the paper.

135. The representative of Vanuatu thanked SPC for an excellent report. Acknowledging ETHD's work in support of Vanuatu in 2011, he specifically noted the national assessment policy framework, and capacity building in rural training centres. Vanuatu endorsed the recommendations of the paper.

136. The representative of New Caledonia congratulated the division on its excellent work and its role in the successful integration of SPBEA into SPC. She said New Caledonia will actively participate in the Pacific Festival of Arts, and welcomes the opportunity to host the Pacific Islands Youth Conference in 2013, noting that the conference provides a key opportunity to review youth policies. New Caledonia has pledged to provide assistance to the *l'Union des Femmes Francophones d' Océanie* (UFFO/Pacific Islands Union of French Speaking Women) to replace the withdrawal of *L'Association Francophone* (Francophone Association) funding. (Note: the Pacific Islands Union of French Speaking Women brings together NGOs from New Caledonia, French Polynesia, Vanuatu and Wallis and Futuna.) New Caledonia recorded its wish to engage more in CETC training.

137. The representative of French Polynesia commended SPC on the quality of the work programme. He expressed concern at the future of the Pacific Islands Union of French Speaking Women, given the withdrawal of support for 2012–2013, noting that its existence in the last two years had been heralded as significant progress. He asked SPC to clarify how it will manage the funding situation and if an approach had been made to the Francophone Association to reconsider the withdrawal or if alternative funding was being sought. French Polynesia also asked for clarification on the HDP staffing situation and the physical location of staff as it has been previously indicated to CRGA that the presence of HDP in Noumea was under review.

138. The representative of Pitcairn Islands noted that Pitcairn is often absent from SPC work programmes. She recognised the logistical challenges involved in attending training and said Pitcairn may not have adequately communicated its priority needs to SPC, noting that community education training was a key gap. Pitcairn has had some success with remote training modalities and these should be considered as a possibility for future engagement with SPBEA. She requested clarification of the EU-funded PIFS distance education curriculum.

139. The representative of Niue thanked the Deputy Director-General and acknowledged the work of the division. Niue supported comments made by Cook Islands relating to non-SPBEA member training needs and participation in training programmes. The representative acknowledged the excellent RMC programmes and requested support for training in broadcasting. He discussed progress made in Niue on gender mainstreaming and endorsed the recommendations of the paper.

140. The representative of Fiji thanked the Deputy Director-General for her comprehensive report, and noted progress made in Fiji in support of SPBEA programmes. Fiji endorsed the recommendations of the paper.

141. The representative of Samoa commended the division on the report and said SPBEA continues to support Samoa in relation to the Pacific Register of Qualifications and Standards (PRQS) and training for the Samoa qualifications authority. Samoa acknowledged the contribution of RRRT to the UPR process via training and technical assistance. She also noted the significant benefits of CETC programmes and requested clarification on the impact of Commonwealth Secretariat funding cuts on the programme, asking if SPC was seeking alternative funding.

142. The representative of Australia recorded Australia's appreciation for the work of the Education, Training and Human Development Division.

143. The Deputy Director-General, Suva thanked members for their interventions. She acknowledged the progress made on gender mainstreaming in PNG, recognising that the first reading of the bill to establish specially allocated seats for women was a major milestone. Responding to comments from New Caledonia, the Deputy Director-General noted that CETC is planning to collaborate on improving its engagement with New Caledonia. Responding to Cook Islands, she confirmed the draft Climate Change Education Framework was tabled at the Pacific Heads of Education Meeting and would be submitted to the Ministers of Education Meeting the week after CRGA 41. The project is jointly managed by GIZ, SPC/SPBEA, and other regional organisations. In response to the question of French Polynesia, she noted that the HDP programme has five staff in Noumea, four in Suva, and one in Pohnpei. Noting the request from Pitcairn Islands, she said CETC will pilot a distance education modality in Vanuatu in 2012. The EU-funded project was an online diploma course, accredited by USP and developed with RRRT. Further developments on these training modalities will be communicated to Pitcairn in due course. Addressing the comments from Samoa, she explained that the Commonwealth Secretariat had intended to withdraw funding. However, after representations by CETC, including publication of a report tracking the impact of its community development training, the Deputy Secretary-General had decided to maintain funding of Commonwealth scholarships.

144. The SPBEA Director responded to Cook Islands' concern on non-inclusion in regional SPBEA initiatives. She confirmed that SPBEA works with all countries on any regional initiative endorsed by Forum ministers. Cook Islands had been part of regional workshops on regional assessment tools and the Pacific Islands Literacy and Numeracy Assessment (PILNA) tool will be trialled in Cook Islands this year, while consultations are ongoing on PRQS. PNG is involved in the three regional initiatives, and is a trial county for the PILNA tool. Responding to the comment from Kiribati, she noted that analysis reports have been provided to countries, but a regional baseline must be completed before comparisons with national baselines can be made. The regional baseline tool will be trialled in late 2012. Responding to Solomon Islands, she noted that life skills assessment are underway and progress is being made on building capacity to enable the assessment unit to go out to rural centres. Responding to the comment from Vanuatu, she clarified that a national assessment policy is about to be completed in line with the national curriculum framework. In Fiji, work is progressing on up-skilling of teachers to undertake classroom-based assessments. The PRQS is being piloted in Samoa with a view to full implementation next year.

145. The Manager of HDP responded to the comment from French Polynesia, noting that the funding cuts to the UFFO initiative were unexpected. A five-year strategic plan for the UFFO project was developed at the recent Vanuatu meeting in October and this will form the basis for future funding proposals. She acknowledged the commitment and support of New Caledonia for UFFO and confirmed HDP's commitment to providing technical assistance despite losing funding for the Gender Equality and Research Assistant position.

146. Emphasising that education must be the engine driving future economic development, the Director-General reiterated the importance of the division's work. He said that resourcing the sector adequately would be a key task in the review of SPC's core functions.

RECOMMENDATIONS

147. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. acknowledge the work and achievements of the Education, Training and Human Development Division in 2011;

- ii. note the communiqués of the 4th Pacific Women’s Ministerial Meeting and the Pacific Women’s Ministerial Workshop on Climate Change (both held in Nadi in July 2011) and encourage action at national level on the commitments made;
- iii. endorse the division’s proposed 2012 work programme.

AGENDA ITEM 4.4 – FISHERIES, AQUACULTURE AND MARINE ECOSYSTEMS (FAME) DIVISION

148. The Director of the Fisheries, Aquaculture and Marine Ecosystems (FAME) Division, Mike Batty, presented an overview of the division, noting that it consists of the Oceanic Fisheries and Coastal Fisheries programmes and has a total of 86 staff. He said that although the total number of staff might appear high, many of the technical staff were on short-term contracts. He highlighted the division’s one-year attachment programme for young Pacific Islanders, which is helping build the capacity of PICT fishery staff. The Director said that the challenges faced by the division include reduction in its capacity to provide national management advice and its ability to serve SPC member territories due to funding restrictions, which often mean that some services are only available to certain countries. For example, the SciCOFish (Scientific Support for Oceanic Fisheries Management in the WCPO) project, which is ending soon, is the last source of EU funding for overseas countries and territories (OCTs) that are SPC members. The CRISP (Coral Reef Initiatives for the Pacific) project has also ended. However, a new project (RESCCUE – Restoration of Ecosystem Services against Climate Change’s Unfavourable Effects) is proposed to follow up CRISP.

149. The Manager of the Coastal Fisheries Programme, Lindsay Chapman, presented an overview of the programme’s work. Highlights in 2011 included capacity building in aquaculture and mariculture, advice and assistance to members regarding fish aggregating devices (FADs) and post-harvest activities, assistance with monitoring and community-based fishery management arrangements and the training of three young Pacific Island professionals through attachments. New projects included an AusAID-funded project focusing on export fisheries for the aquarium trade, an EU-funded project to improve trade in aquaculture and mariculture products from Pacific ACP countries, and a GIZ-funded project to assist coastal communities to adapt to the effects of climate change.

150. The Manager of the Oceanic Fisheries Programme (OFP), Dr John Hampton, noted that the Pacific tuna catch has increased considerably since the 1950s, mostly due to increases in the purse-seine catch of skipjack. He said that 2010 marked the first decrease in nearly a decade, and that this could be partly due to some stocks reaching their exploitation potential and partly a result of new management measures that were introduced by the Western and Central Pacific Fisheries Commission (WCPFC). The status of skipjack, albacore and yellowfin stocks remain healthy and current levels of fishing are believed to be sustainable; however, the level of fishing for bigeye tuna is too high and the stock size has been greatly reduced by fishing. Through WCPFC, a great deal of effort is being put into finding ways to reduce the pressure on bigeye without interfering with catches of other tuna species. He said highlights of OFP’s work in 2011 included training of observers to meet the new requirement for 100% observer coverage on purse seiners and gearing up to handle the resulting increase in data, and the completion of the first tagging cruise under the new cooperative tagging programme with PNG. Priorities in 2012 will include continuing activities such as providing management advice to individual PICTs through expanded national tuna fishery status reports and continuing collaboration with the Forum, FFA and WCPFC. Capacity building continues to be a key cross-cutting theme. New initiatives include bio-economic modelling of tuna fisheries with the aim of predicting the effects of management measures, modelling the effects of climate change on fisheries, monitoring of artisanal tuna fisheries, and stock assessment of deepwater snapper management systems, which will include training for Pacific Island graduate students.

151. The representative of France thanked the FAME division for the presentation and provided some information on the RESCCUE project noting, that AFD (Agence Française de Développement)

and the French Global Environmental Facility (Fonds Français pour l'Environnement Mondial – FFEM) are considering funding it. He said that the proposed amount of the funding was EUR 7 million (2 million from FFEM and 5 from AFD), not EUR 6 million in total as stated in the paper. He explained that it is a holistic project that will involve all SPC divisions; for example, ecosystem activities touch on the activities of HDP and EDD. The project aims to create financial tools to ensure sustainable funding of ecosystem services. It will initially target four countries, and could later be extended to others.

152. The representative of Kiribati thanked France for the update on the RESCCUE project. He said that Kiribati has concerns regarding the financial constraints discussed at the meeting. He noted that some divisional presentations had mentioned that some positions were not being continued, even though some of these positions appeared to be critical to SPC's ability to deliver important services. He emphasised that Kiribati and other members were providing evidence to the meeting of positive outcomes in achieving development goals, and verification of links between SPC's activities and outcomes at the community level. He thanked the FAME Division for the reports and said that Kiribati applauded the services delivered by the division, particularly the effective capacity building and institutional strengthening activities. In particular, he cited the development of management plans for sea cucumber and aquarium trade fishing for Christmas Island; operations to prevent deterioration of the environment; development of a management plan and training of guides for bone-fish sport fishing, which is already yielding success; and the climate change and fisheries project, which involves monitoring changes in fish species composition and training officers. Kiribati had collected input from relevant ministries before CRGA so it could demonstrate the results achieved at the community level and show the good results of SPC's work in Kiribati and elsewhere. Therefore, Kiribati asked metropolitan members to keep providing funding. In closing, he said that Kiribati fully supported the recommendations.

153. The representative of USA thanked the presenters and said that USA particularly supported SPC's work in tuna fisheries, both as a science provider to WCPFC and in delivering technical assistance to countries. USA also appreciates SPC's work in the area of highly migratory species and its collaboration with regional organisations such as WCPFC.

154. The representative of French Polynesia congratulated the FAME team on the presentation and on the division's activities. He said that French Polynesia was very pleased to be hosting a meeting in collaboration with FAME and IFREMER (l'Institut français de recherche pour l'exploitation de la mer/ French Research Institute for Exploitation of the Sea) on tuna fisheries and FADs at the end of November. French Polynesia also collaborates with SPC's tuna tagging programme and an operation is to begin in French Polynesian and adjacent waters by the end of the year. He noted that the issue of projects that limited the provision of services to SPC member territories was an important one for French Polynesia and related essentially to the EU, particularly its EDF funding. The rules had changed so that specific projects had to be developed for Pacific territories, which could no longer join programmes targeting ACP countries in the region. Though there was no solution for the 10th EDF, he said that French Polynesia looked forward to working with EU and with ACP countries in future EDFs to make it possible to collaborate to create common projects that benefited all countries and territories concerned.

155. The representative of New Caledonia thanked the division for its work and echoed the comments of French Polynesia, noting that SPC member territories have aspirations that are often similar to those of ACP countries, even though it is difficult to generalise or extrapolate from one country to another because of varying socio-economic conditions. He said that it would be useful to have access to data from both the ACP countries and the Pacific territories, and requested that OFP share information with member territories regarding any future progress in the area of oceanic fisheries.

156. The representative of Australia thanked FAME for its work and said that Australia welcomed the report's focus on results, noting that Australia has a close association with many of the division's

initiatives. She suggested adding a reference in the recommendations to the internal review of the strategic plan that will be undertaken in early 2012. She said that while FAME and the other SPC divisions did good work, the resources to support such work were not unlimited. She noted that Australia provides funding support for many projects in addition to core funding, and explained that it is necessary to establish priorities and provide guidance on what SPC is best placed to do and which services are best provided on a regional level and which on a national level. She said that Australia is, however, aware that the needs of small island states are different from those of larger states.

157. The representative of Marshall Islands thanked FAME for its report. She said that Marshall Islands endorsed and appreciated SPC's activities in all member countries and thanked SPC for its work, noting that even with limited funding its programmes were able to continue to deliver valuable services. As an atoll nation, she said that Marshall Islands appreciated Kiribati's intervention on behalf of small island states. She also suggested that members use their embassy staff based in Fiji to facilitate communication with SPC programme staff, noting that members receiving services have to monitor and evaluate progress.

158. The representative of PNG commended the work of FAME and supported the comments of USA. He said that he had spoken with the minister responsible and could confirm that even with its recent change of government, the country remains supportive of the OFP tagging project and will continue to collaborate with SPC and ensure that the funding continues.

159. The representative of New Zealand said that New Zealand was encouraged by the discussion and the value members placed on the services provided by FAME. She said that fisheries are a priority for New Zealand and that New Zealand supported FAME's work. She echoed Australia's comments about the need for a discussion on wider priorities, noting that certain positions were not being funded due to constraints, and said it would be good to have that discussion when the budget was considered on Friday. She said that New Zealand wanted to hear from members regarding their priorities.

160. The representative of Samoa echoed previous comments on the value of FAME's work. She pointed out that the recent tagging programme focused on skipjack, bigeye and yellowfin tuna, but not on albacore even though albacore is one of the most targeted species. She said that Samoa feels that it is important for countries to have a good understanding of fish stocks through data provided by tagging. Samoa has experienced a decline in tuna fisheries and its experts did not know the cause. Samoa relied on SPC for help with this issue. She said that Samoa welcomed the three areas of priority for FAME, especially the deepwater snapper project, and could use more technical advice on data collection or addressing specific gaps, particularly with regard to stock assessment work and formulation of management plans. She said that Samoa was concerned about the Director-General's comments regarding possibly cutting a position linked to the deepwater snapper work.

161. The representative of Niue said that he appreciated FAME's work and donors' generosity, noting that fisheries are the major economic asset of many PICTs, in addition to their 200 nautical mile exclusive economic zones, and that it was important to protect the resource and work toward sustainable fishing. Since 2004, Niue has been installing fish aggregating devices and the catch has been encouraging. Given the high cost of fuel this is an important way to help fishers. He explained that SPC provides logbooks for fishers and that those who log their catch and provide the data to the government get fuel at a lower price as the information is helpful to the government. He said that Niue also supported the request from Samoa for training in data collection and entry and would welcome assistance in developing whale watching activities.

162. The representative of Cook Islands thanked the division for its work and said that fisheries ranked as a top priority for Cook Islands. He noted that five positions were frozen and asked what was the total cost for those positions. He also asked if SPC had approached non-traditional funders for support for these positions.

163. The Director of FAME thanked delegates for their positive feedback. He acknowledged the good news from France regarding the likely approval of funding for the RESCCUE project and the increase in the amount. He also thanked Kiribati, USA and RMI for their supportive comments. In response to the comments from French Polynesia, he said that SPC is also looking toward EDF 11 with the goal of ensuring an integrated package that brings in OCT members. In response to the request from New Caledonia, he said SPC would certainly keep New Caledonia and the other territories informed on bio-economic modelling. He thanked Australia for its generous support and noted that SPC understands that the budget is finite. He also thanked PNG for its support, saying that it is heartening to see a developing country investing as PNG is doing. In response to the questions from Samoa, he said that SPC had tried to tag albacore but that the results were not promising. However, SPC has not given up and will continue working on the problem. He noted the importance of the snapper assessment for Samoa, and explained that part of project would involve addressing data gaps. He explained that SPC had not lost a snapper scientist – it had never actually had one. However, it is losing an oceanic scientist who delivered national advice. In response to the comments from Niue, he explained that FADs give good economic returns and are therefore a good investment. He also commended the country on its data quality. He said that SPREP would be in a better position to answer the question on whale watching as it can assist in developing guidelines. In answer to the question from Cook Islands he said that the funding cut was about 450,000 CFP units, equivalent to about 16% of all programme funding. The division is trying to maintain services in areas such as aquaculture. It is losing one position but getting a new equivalent project-funded position. In summary, he said that the real concerns are the division's insufficient human resources in community-based and coastal fisheries, and the vacant position for delivering national-level advice on tuna fisheries.

164. The Manager of the Oceanic Fisheries Programme confirmed that albacore tagging is difficult and SPC's attempts have not been successful. He said that over the next couple of years SPC expects to start to see the recovery of tags that were placed in New Zealand two years ago. He noted that SPC has put a lot of effort and funds into research on the biology of albacore in areas in which there had been gaps, including reproductive biology and growth. He also noted that SPC is just finishing a large project funded by EU and conducted with WCPFC and CSIRO (Commonwealth Scientific and Industrial Research Organisation). It is hoped that this project will provide good information for albacore assessment.

165. The Director-General noted that a theme of the discussions had been the need to establish relative priorities, and that this would undoubtedly continue. He acknowledged the clear messages that resources were finite and that all of SPC's services were useful to recipients. With regard to the budget discussions on Friday, he said that SPC would be wary of cutting further positions in additions to those already affected. He said he also understood that sometimes members looked to SPC for guidance regarding priorities, and that evaluation of priorities had to include consideration of other delivery arrangements or delivery of services by other agencies. In response to the question from Cook Islands on non-traditional donors, he said that the problem is that SPC has limited time to spend searching for non-traditional sources, and that this activity eats into the time required to provide the services members expect. He noted that some priorities can be built into projects, as has been done for FAME.

RECOMMENDATIONS

166. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the results delivered by the Fisheries, Aquaculture and Marine Ecosystems (FAME) Division and its achievements during 2011;
- ii. note the recommendations of the 7th Heads of Fisheries meeting and the steps already taken to put these into action;

- iii. note that an internal review of the division's strategic plan will be carried out in early 2012;
- iv. encourage the development of funding mechanisms to improve the integration of territory members of SPC into the FAME work programme;
- v. approve the outline of the 2012 work programme and endorse in principle the new initiatives proposed in the area of climate change adaptation, particularly:
 - a. a proposal for AusAID climate change funding for a two-year programme to improve monitoring, develop adaptation measures and build capacity in all areas related to fisheries and climate change;
 - b. a proposal to the French Development Agency (AFD) and the French Global Environment Fund (FFEM) for the RESCCUE (Restoration of Ecosystem Services against Climate Change Unfavourable Effects) project to develop integrated and holistic coastal zone management to strengthen adaptation to climate change and develop financing mechanisms for ecosystem services.

AGENDA ITEM 4.5 – LAND RESOURCES DIVISION

167. The Acting Director of the Land Resources Division (LRD), Inoke Ratukalou, described LRD's terms of reference, its three objectives and 13 targeted outputs and presented highlights of LRD's work in 2011 in relation to its three objectives: food and nutritional security, integrated and sustainable agriculture and forestry resources management and development, and improved biosecurity and increased trade in agricultural and forestry products. He briefly described in-country activities and training provided, and also progress in implementing the recommendations of the 2010 meeting of Pacific Heads of Agriculture and Forestry. He noted the challenges facing the division including the erosion of its science and technology capacity with the freezing of some positions due to funding constraints. This situation was partly compensated for by several new initiatives planned for 2012.

168. The representative of Pitcairn Islands said that biosecurity and trade were its priorities and that Pitcairn Islands had felt let down by LRD when a report on fruit fly was not forthcoming following a technical visit by a staff member. The fruit fly issue affected the potential for trade with French Polynesia. She hoped LRD would engage with Pitcairn in the future and requested assistance in increasing exports. She asked whether Pitcairn could benefit from the FACT (Facilitating Agricultural Commodity Trade) project. She also said Pitcairn Islands wanted to engage with LRD on food security and crop management, and requested more information on the future of paravet training.

169. The representative of Kiribati expressed his appreciation of the LRD report and the proactive support that Kiribati had received from LRD's engagement with the Ministry of the Environment. He looked forward to continued engagement with LRD as its three objectives were very relevant to Kiribati, especially in relation to food security.

170. The representative of Cook Islands thanked the Acting LRD Director for the presentation. He looked forward to LRD's expertise in assisting the upcoming agriculture and population census, and also in matters of food security and information management.

171. The representative of New Caledonia expressed appreciation for LRD's work and said there were several collaborative areas in the joint country strategy that will meet the needs of New Caledonia. He hoped to be able to count on the support of LRD in establishing synergies with other PICTs in biosecurity, sustainable management of forestry, and animal health. New Caledonia wanted to strengthen its capabilities and looked forward to continuing to work with LRD.

172. The representative of Solomon Islands thanked the Acting LRD Director for the report, and for deploying an officer in the Solomon Islands regional office. He also thanked LRD for its assistance in banana production and looked forward to similar assistance with *kava*, which has a lot of potential. He asked what progress had been made regarding trade between Solomon Islands and Kiribati.

173. The representative of the USA said that the report showed the depth and breadth of SPC's work, which was very important in the vulnerable Pacific region. However, LRD could do better and the USA wanted to recognise LRD's vision. He said he was glad that US aid was helping and looked forward to continuing to support the work, which he hoped would grow.

174. The representative of Niue thanked LRD for its work and said Niue wanted LRD's assistance with marketing and border control. He said that a biosecurity bill, which LRD had assisted with, was due to go before the House soon. He was grateful for the paravet training and said Niue now had 10 qualified vets. He requested continuation of the fruit fly assistance and said Niue expected to be able to export bananas. He requested assistance with the agriculture sector plan that is to be established in Niue.

175. The representative of PNG commented that LRD's work touched people at ground level and improved their livelihoods. He thanked LRD for its help and he also thanked the development partners that had helped PNG.

176. The representative of Tonga said that Tonga supported all SPC's work and the presentations so far had been very impressive. He commented on the fact that the work was interrelated. He thanked SPC for the services delivered to Tonga and all member countries and looked forward to more assistance, especially with fisheries, agriculture and biosecurity, all very important to improving trade for Tonga. He specifically mentioned cheaper animal feed and hoped LRD would make progress in this area.

177. The representative of New Zealand said New Zealand is increasing its support to agriculture in the region, with a focus on biosecurity, and is keen to see a stronger partnership with LRD and to identify where its comparative advantage lies. She mentioned that New Zealand would like to see fewer workshops and meetings being held and more emphasis on supporting agricultural production for domestic markets and food security.

178. The representative of Fiji acknowledged the achievements of LRD. She said Fiji was grateful for LRD's assistance. She said Fiji now had an approved land use policy, with a climate change policy expected to go to cabinet this month, and looked forward to continued collaboration with LRD.

179. The representative of Cook Islands, referring to New Zealand's remarks on domestic markets, said that in Cook Islands promoting the 'grow local' concept had seen a big increase in local production to supply the tourist trade. With LRD assistance this could improve further.

180. In response to the questions from Pitcairn Islands, the Acting LRD Director apologised for the disappointing performance, noting that the officer who had visited Pitcairn had since resigned from SPC to take up another position. He said the new LRD entomologist would visit Pitcairn as soon as possible next year to attend to any unfinished work and new areas of work that might be requested. On market access, he said that LRD was appointing someone to look into this area. On paravet training, he reiterated that training opportunities would still be available in-country for countries where tertiary institutions could not provide it. He also said fruit fly work would continue. He promised that Kiribati's agriculture sector would receive support from the crop production team. Regarding the agriculture census in Cook Islands, he said the Statistics for Development Programme could be of assistance. He advised New Caledonia that LRD could provide expertise in several aspects of forestry. Regarding trade between Solomon Islands and Kiribati, he said the problem was balancing the cost between the two countries, but this was being worked on. The Acting LRD Director thanked the representative of USA for his kind words, and also the Niue representative. He

assured the Tongan representative that LRD would continue to collaborate, on strengthening high-value crops for example, and that work on cheap animal feed would continue. The Acting Director said that LRD would discuss with New Zealand the question of which agricultural areas were best targeted. In relation to encouraging local production and marketing, he said consistency of supply was a problem in Fiji's efforts to encourage crop diversification in sugar cane areas, but LRD was working with Fiji to address this. In Cook Islands, LRD had assisted in developing a land-use zoning map, which was of great help to communities in identifying usable agricultural land.

181. The Director-General drew the meeting's attention to the fact that the inter-relatedness of SPC's work meant that there were links to broader trade arrangements such as PACER (Pacific Agreement on Closer Economic Relations) and PICTA (Pacific Island Countries Trade Agreement). He noted that the paravet training course had been developed with USP as an interim measure to be used until it could be institutionalised. The course was now delivered by USP, but arrangements could be made to deliver it in countries that were not USP members. On the issue of supplying hotels with local produce, he pointed out the necessity for guarantee of supply and said that in Fiji, a system of teaming providers was having some success.

RECOMMENDATIONS

182. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the progress made by LRD toward achieving its strategic objectives;
- ii. note that the ongoing initiatives from 2010 and the Increasing Agricultural Commodity and Trade project, which began in June 2011, have helped to bridge some of the funding gaps for LRD programmes;
- iii. approve the 2012 work programme as outlined;
- iv. endorse in principle the new initiatives that have been proposed, notably;
 - ACIAR-funded: Strengthening Integrated Crop Management Research in the Pacific.
 - USA-funded: Vegetation and land cover mapping and improving food security for building resilience to a changing climate in Pacific Island communities.
 - FAO-funded: Agriculture Technical Cooperation Programme on pesticide registration, alternatives to chemical pesticides, and communication and awareness raising.
 - EU-funded: Improvement of Key Services to Agriculture in the Sugar Sector.
- v. note that for LRD to fully deliver the services outlined in its new strategic plan and to maintain its professional and technical capacity, it will require additional resources.

AGENDA ITEM 4.6 – PUBLIC HEALTH DIVISION

183. The Director of the Public Health Division (PHD), Bill Parr, said the division's work programme is guided by the divisional strategy, regional health priorities, joint country strategies, national health plans and health partnership agreements. National plans were funded by government, bilateral and other development partners, with SPC channelling grants and technical assistance at the appropriate level. He stressed that no single partner could lay claim to all of the strategic plan outputs. A key strategic consideration for PHD is its dependency on project funds (94% of the PHD budget) that are tied to disease and country specific interventions. For example, 69% of the budget consisted of grant money that was channelled directly to countries and was not included in the division's operating budget. A large proportion of this funding will end in mid 2012 through to mid 2013, e.g. a significant proportion of the Global Fund PHD budget (47%) will end in mid 2013. Noting that though the operating environment for 2011 had presented challenges, the Director said PHD had contributed strongly to achieving targets for the health MDGs.

184. The Director summarised the proposed work plan for 2012 and its links to funding streams, noting the implications of funding ending. He said the proposed 2012 budget was similar in breakdown to the 2011 revised budget, though it did not include the recent agreement with the Global Fund to continue Phase 2 of the malaria grant. He said NCD funding would end in June 2012, and the final stages of the project were focused on implementing national NCD strategies aimed at reducing the social and economic burden of these 'lifestyle' diseases. Funding for the HIV Response Fund would end in 2013, and the focus for 2012 was on the rollout of the STI (sexually transmitted infections) Control Strategy. The focus of Global Fund HIV activities was on Chlamydia testing, scaling up of HIV counselling services, and HIV testing. He noted that the project is in the second six month period of reporting no new recorded cases of HIV. The TB programme was concentrating on strengthening the DOTS screening programme, targeting high risk groups, and continuing the contact tracing programme. The increase in multiple drug resistant TB in northern Pacific countries was a cause for serious concern. He finished by stressing the need for cohesive policies to ensure the best use of health resources and said there were opportunities to improve the effectiveness of SPC in leading a multi-sectoral approach to improving health.

185. The representative of Kiribati thanked the PHD team for its presentation and expressed gratitude for PHD's collaborative approach and interventions at the national level, especially for small island states with scattered populations. He said the Kiribati sexual reproductive health policy has been drafted and is under review. This policy is crucial to the health priorities of the country, given its high proportion of young people, who are vulnerable to HIV and STIs. Kiribati health priorities include enhancing the current health database system and improving health data collection to provide statistics that are translatable into MDG data. Kiribati welcomed and endorsed the recommendations of the paper.

186. The representative of USA supported the recommendations and thanked PHD for an excellent presentation. He asked for clarification of SPC's decision on managing Global Fund grants in the future.

187. The representative of Marshall Islands thanked PHD for the presentation. She raised the issue of the recent dengue outbreak in the Marshall Islands, requesting assistance.

188. The representative of Australia commended PHD for achievements during 2011 and the presentation of its report, welcoming the increased focus on results. Noting that Australia is a strong supporter of NCD and HIV/AIDS programmes, she said that while the activities are coming to an end, they have been extended due to issues with disbursing funds to countries. She asked for clarification of the problems experienced in disbursing grants to countries. She suggested that the recommendations presented by PHD were similar to those tabled at CRGA 40, especially relating to increased investment in NCDs and HIV. Australia requested that the comparative advantage of SPC's regional support in these areas be outlined in the recommendations. Australia has announced the availability of significant additional funding for NCDs and is reviewing its health programme with stakeholders. Therefore appropriate modalities and channels of funding needed to be clearly articulated.

189. The representative of Solomon Islands thanked PHD for the presentation, and acknowledged the role of donor support to PICTs in the area of health. Solomon Islands expressed its appreciation to SPC for continued assistance, specifically from the Pacific Public Health Surveillance Network, and endorsed the recommendations of the paper.

190. The representative of New Caledonia congratulated PHD and the Director for work accomplished in 2011. He welcomed Dr Souares back to SPC, noting that the Pacific Public Health Surveillance Network creates links between PICTs and provides crucial support to events such as the Pacific Games. New Caledonia called for strengthening PPHSN activities, saying that its services needed to be accessible to all to be fully effective. Dengue and chikungunya outbreaks were a

significant threat to the Pacific due to the mobility of its population, so continued SPC support was vital.

191. The representative of New Zealand thanked PHD for its work, and welcomed efforts to report on outcomes. She said SPC has worked in the sector for many years so the comparative advantages of its regional efforts in public health needed to be reflected when applying for new funding. She requested that the recommendations include references to the best modalities for delivering assistance and need for cost benefit analyses.

192. The representative of Niue recorded his appreciation to PHD for the excellent support provided to Niue, recognising the contribution of donors to funding the sector, which is a key priority for countries. He said programmes need to be tailored to the community to ensure efficiency. He requested SPC assistance in ensuring that changes in immigration laws respond appropriately to health concerns for Niue's small and vulnerable population.

193. The representative of Tonga commended the work of PHD, acknowledging the funding assistance provided by donors. Tonga recognised that sustainable impacts in the sector must be supported with new funding. He provided an update on public health activities in Tonga, noting that health and education are very important sectors in Pacific countries and deal with issues that cut across many other government sectors. Tonga endorsed the recommendations of the paper.

194. The representative of Fiji thanked the PHD for its high-quality report, which depicted a strong sense of commitment to providing services to members. She acknowledged the assistance provided by PHD in support of the national strategic plan, especially given that disease outbreaks had impacted on other areas of need. Fiji recorded its appreciation to donor partners, noting that the dependency on project funding, and requested partners to provide more predictable and flexible funding mechanisms. Fiji endorsed the recommendations of the paper.

195. The PHD Director thanked members for their feedback. He responded to comments from USA and Australia, explaining the implications for SPC of recent reports from the Global Fund Office of the Inspector General. The Principal Recipient is required to reimburse funds when there is a lack of substantive documentation provided by countries, and where national expenditure was ineligible or exceeded agreed individual budget lines. He said this exposed SPC to possible damage to its reputation and fiduciary risk, given that SPC channels but does not implement grants. SPC has worked to advocate for multi-country grants with the Global Fund. Challenges in disbursing grants to countries related to inadequate fiduciary control, and the responsibility that SPC had to take in disbursing funds when countries were struggling with capacity to utilise the grants. SPC could invest in supporting more positions at country level to increase capacity. However, the issue went beyond the health sector and a focus on expanding the range of implementers at country level in other sectors could move implementation rates forward. SPC also faced staff capacity issues, but had focused on improving effectiveness and efficiency. For example, the HIV Response Fund grants had been realigned to fit a better framework of accountability. The Director noted comments that the recommendations should include references to PHD's comparative advantage in providing regional services, and to the need to provide analysis of funding modalities (e.g. regional vs. bilateral).

196. The Director-General noted that the PHD Director would soon be leaving SPC and thanked him for his contribution to the region. He said SPC would take on board comments about priorities and comparative advantage and these references would be added to the text of the recommendations.

RECOMMENDATIONS

197. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the work and achievements of the Public Health Division during 2011;

- ii. note the need for continued investment in strengthening surveillance systems and addressing high priority health concerns such as non-communicable diseases and sexually transmitted infections, and request development partners to provide new funding for these work areas of the Public Health Division where SPC has a comparative advantage;
- iii. note the critical importance of SPC undertaking regular cost-benefit analyses to inform and guide national decisions on investment in health interventions and the need to allocate resources to facilitate such assessments, for example the economic cost of not addressing NCDs or HIV, or the potential gain from addressing health determinants managed by other sectors;
- iv. endorse the proposed 2012 work plan.

AGENDA ITEM 4.7 – STATISTICS FOR DEVELOPMENT PROGRAMME

198. The Manager of the Statistics for Development Programme (SDP), Gerald Haberkorn, reiterated the importance of good quality statistics for guiding policy and planning, setting budget priorities, and tracking development progress and programme impacts. In 2011 the bulk of the programme's work was dedicated to supporting population censuses and household surveys – key statistics collection tools for decision making. He provided an outline of progress in specific countries and thanked the staff of SDP for the high level of work in pre-collection activities, given shifting priorities at national level. He said progress continued on the National Minimum Development Indicator (NMDI) database in response to strategic objective 12.4 of the Pacific Plan, which calls for a core set of comparable statistics across key indicators. The database will go live on SDP's PRISM website at the end of November 2011. The NMDI data set includes all population-based MDG indicators, and will be expanded to include MDG 7, which is managed by SPREP. In outlining the status of coverage across sectors, he said there were significant gaps in agriculture and forestry, perhaps because agriculture censuses are not a high priority for countries despite the proportion of the population engaged in the industry. There were also gaps in transport, energy and education. SDP will be sending NMDI country summary sheets to countries at the end of November 2011, so that they can validate the data and confirm gaps. Improved country collaboration is critical to the success of the database. Noting the challenge of coordination, the programme manager discussed the importance of full stakeholder support to meet Pacific Plan objectives and the need for countries to collect and report data according to technical advice, and for international development partners to use official national statistics, not estimates. He said SDP's work plan is fully funded for the next three years. Key programme deliverables for 2012 include continuing expansion of economic statistics, with a focus on statistics on agriculture and labour force participation, vital statistics and civil registration, education, health and poverty statistics, and administrative databases. SDP will consolidate Pacific MDG indicator coverage, and strengthen its capacity to respond to education and health data collection needs. As demographic and health surveys are very expensive, a focus on increasing data collection in health ministries is a priority.

199. The representative of Cook Islands thanked the SDP Manager for an excellent presentation, saying that Cook Islands support statistics for evidenced-based decision making and appreciated the work of SDP. Cook Islands expressed thanks to the development partners that fund its work and endorsed the recommendations of the paper.

200. The representative of Kiribati noted with appreciation the support provided by SDP, highlighting the timely achievement of progress in Kiribati. He expressed concern at the limited engagement of local counterparts during the census and the delays in finalising the census data reports at SPC and requested that these issues be addressed. He said SDP assistance was crucial to the Kiribati national statistics office, which wished to engage in continued capacity building exercises. Kiribati endorsed the recommendations of the paper.

201. The representative of Australia thanked the Director-General for the high quality of CRGA 41 papers. He noted the challenge relating to statistics resources, agreeing that accurate and timely statistics are crucial for evidence-based approaches. Australia is pleased to support statistics activities across the region and the independent review of the Australian aid programme had highlighted the value of statistics in demonstrating results. Australia also supported the focus on MDG tracking and reporting, and more effective channels of communication, noting that good relationships between SDP and national statistics offices would open communication and assist countries in getting what they needed. He requested that these relationships be made clear in the programme report.

202. The representative of Niue thanked SDP for the report and acknowledged the support received for census activities and also the development partners funding the programme. Niue welcomed expansion of the programme and endorsed the recommendations of the paper.

203. The representative of PNG thanked SDP for the presentation and requested assistance with the PNG agriculture census.

204. The representative of Solomon Islands thanked SDP for a comprehensive report. He asked for guidance on how members should respond to the issues raised, for example, in regard to international agencies using estimates instead of official national statistics.

205. The Manager of SDP thanked members for their feedback. Responding to the comment made by Solomon Islands, he suggested that as countries produce official MDG reports, they need to ensure the data is fed to the international agencies, and should take their concerns to international level. He noted that SPC does not have a political function on behalf of members as EuroStats does in Europe. He reminded members that international conventions state imputations should only be used where official statistics are not available. Responding to the comment from PNG, he noted that there is an agricultural census planned for 2013 in collaboration with FAO. Responding to the intervention from Australia, he noted that the 10-year strategy is developed in direct collaboration with countries and identifies national needs and priorities, including tangible outcomes. He outlined support provided to the Kiribati census, while noting the comment relating to delays in data editing. He said the delays were caused by SDP having to support seven concurrent census projects. However base tables would be ready for the Kiribati development planning process. He acknowledged that Cook Islands undertakes regular agricultural censuses and Samoa is the leader in agricultural statistics work, noting the efforts of Samoa's National Statistics Officers in assisting with capacity building in the region. He thanked AusAID for funding south-south cooperation activities.

206. The Director-General reiterated that SPC provides assistance in validating national MDG reports, and that National Statistical Offices are the primary counterparts for SDP, with strong links and relationships built over time.

RECOMMENDATIONS

207. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the work and achievements of the Statistics for Development Programme during 2011;
- ii. note progress made with the development of the National Minimum Development Indicator database, and SDP plans to assist improving national administrative databases in key sectors;
- iii. note the challenges presented and the role members can play in addressing some of them;
- iv. endorse SDP's 2012 work programme.

AGENDA ITEM 4.8 – STRATEGIC ENGAGEMENT, POLICY AND PLANNING FACILITY

208. The Acting Manager of the Strategic Engagement, Policy and Planning Facility (SEPPF) presented an overview of the facility's work in 2011. SPC had completed the two remaining joint county strategies (JCSs) with members and now has JCSs with all 22 member PICTs. In 2012, SPC will start the second cycle of JCSs as well as beginning the development of joint JCSs with other CROP agencies. Highlights for SEPPF in 2011 centred on regional engagement in the areas of climate change and food security, including the publication of a major study on the effects of climate change on fisheries in the Pacific, and the development of coordination, including several MOUs, with partners and other CROP agencies. Staff faced a heavy workload during the year along with a reduced budget. Efforts will continue in 2012 on refocusing SPC's work around its three key result areas: sustainable economic development, sustainable natural resource management and development, and sustainable human and social development.

209. The Director-General noted that in 2012, the CROP agencies planned to work together in two countries on developing joint strategies and that there were ongoing consultations with UN agencies on the potential for UN and CROP agencies to work with a country next year on developing a joint strategy along the lines of the United Nations Development Assistance Framework (UNDAF). He said SPC was also looking at expanding SOPAC's Programme Monitoring and Evaluation Group (PMEG) to these countries, and that programme managers would speak to the members concerned.

210. The representative of Cook Islands asked how much the SEPPF budget had been reduced by and what percentage of the budget was core. Noting that the facility had nine staff members and was struggling to cope with its workload, he asked how many more staff were needed for efficient operation and if some of the facility's work duplicated the work undertaken by other CROP agencies.

211. The representative of New Caledonia saluted the work of SEPPF. He said that New Caledonia had discovered the facility's excellent work this year as the territory prepared its JCS with SPC. He noted the exemplary cooperation between the government of New Caledonia and SEPPF, and between SPC and various public sector institutions in New Caledonia as well as NGOs. As host country for SPC, New Caledonia would give particular importance to its JCS, and the government of New Caledonia was working to ensure the strategy was mutually beneficial, given that New Caledonia's public institutions could bring substantial added value to SPC. New Caledonia is working to adopt impact indicators based on the MDGs to ensure the approximately 100 activities are measured by well-defined implementation indicators. He said that the joint CROP JCS initiative seemed a good idea, but asked about the source of funding for the pilot strategy and the tangible outcomes SPC expected to attain as a result.

212. The representative of New Zealand noted the work involved in preparing, monitoring and reviewing the JCSs and said New Zealand was keen to hear from SPC and countries about the process of developing and implementing them and how they had changed the way countries engage with SPC and the benefits they have brought. She asked if there had been thought given to making the process less burdensome, saying that New Zealand had similar documents but they were very short. She pointed out that the budget for the facility did not appear to have been reduced; in fact it seemed to have been significantly increased (though there is project funding from EU). In closing, she said that as a core service, the important question was, how could the facility sustain its work.

213. The representative of Solomon Islands said that most CROP agencies had been considered in the Solomon Islands review and now SOPAC and SPBEA, as part of SPC, were included in the revised JCS. He said that in the next review, in 2013, Solomon Islands plans to capture corporate programmes in line with national priorities. He thanked SEPPF for its good work.

214. The representative of French Polynesia thanked SPC for the report and presentation, but said that after reading the paper he was left confused. It was paradoxical that the Acting Director was

based in Suva, with six staff members in Noumea and only three in Suva, and he asked who the Noumea staff report to. He said that SEPPF's core business was providing support to countries and SPC sections, and French Polynesia was very happy with the facility's work in this context. Referring to paragraph 9 of the paper, he asked for clarification of SPC's role in assisting the Forum in convening meetings of Pacific ACP countries on Aid for Trade, Economic Partnership Agreements, and Pacific trade ministers and officials meetings to facilitate the participation of Fiji as per the Cotonou Agreement, saying he was surprised to see that it appeared as though SPC was being used to get around Fiji's suspension from the Forum. He therefore wondered whether the Suva-based staff were working for the Forum or for SPC.

215. The representative of Niue said he appreciated the work of SEPPF and thanked SPC for the report. He said Niue was at the midpoint of its JCS and its implementation needed to be reviewed. He was pleased to see that this review was included in the Niue work programme. The review would look at how SPC is progressing on the work outlined in the strategy, and also at issues such as those brought up by French Polynesia. Regarding UNDAF, he said that it is important to look at how national priorities fit into the UNDAF process to avoid duplicating services.

216. The representative of USA said that USA supported the recommendations. He said that the comments were valuable and would help SEPPF chart its way forward. He noted that facility was indispensable for USA in its discussions with SPC regarding USAID funding; in particular it was very helpful and clear in letting USA know where to engage. He said that SEPPF played an important role in issues such as climate change, which are cross-cutting and do not reside in a particular sectoral programme. He said that USA saw great merit in the facility and wanted it to continue as it added value to SPC's work.

217. The representative of Kiribati said Kiribati also appreciated the work of the unit. Kiribati proposes to undertake the review of its JCS during the first quarter of 2012 and to develop its second JCS after finalisation of the Kiribati Development Plan so that it can be better aligned with the priorities in that plan. Kiribati also proposes that the SIS (small island states) Pacific Plan Office be the focal point in the review exercise.

218. The Director-General explained that SPC's former Planning Office focused on internal policy standards and guidelines. But it became clear that it also needed to turn toward the outside to help improve the way things were done internally. He noted that providing assistance with monitoring and implementation of international agreements was part of SPC's original role as defined in 1947. In addition, many priorities cut across sectors (such as climate change), and a facility such as SEPPF was necessary to coordinate and monitor implementation of actions. Another role of SEPPF was developing proposals. The facility also helps build proposal development capacity at the national level. Regarding SPC's role in assisting the Forum in convening meetings of ACP countries he said that French Polynesia was correct. The Forum had taken a political decision to exclude Fiji and hence when it convened a meeting Fiji could not participate. However, Fiji is an SPC member and a party to the Cotonou Agreement, so the EU requested assistance from SPC to ensure that Fiji could engage in and benefit from EU projects. This request was supported by the Forum. He said that as it is a technical issue, the Forum Secretariat had sought special dispensation to be able to include Fiji in such meetings, but the Forum leadership preferred to continue under the present arrangement until a new understanding can be reached. There are meetings planned to look at the issue next year. He noted that all the discussion and decisions on the issue were documented. Regarding the comment from New Zealand on funding, he said that there was a reduction in programme funding, although the total budget was higher because of the climate change funding that went to countries through programmes. Regarding staffing levels, he said that two staff members were technical staff who had been involved in developing the climate change and fisheries book, and the climate change and food security document that would be presented to Conference. He said SPC considered the unit to be key to its work and would like to have 12–14 staff in total, noting that SPC was seeking resources for the Director position in Noumea. He emphasised that the staff in Suva were not doing work for the Forum. In response to the question from New Caledonia on the cost of developing the joint CROP

JCSs he said there would not be any additional cost for SPC as each agency would fund its own involvement.

219. The Acting Manager of SEPPF thanked delegates for their support. She said SPC would take on board the comments from Kiribati, including the suggestion to move the focal point. In response to the comments from Niue she noted that the terms of reference for activities such as reviews are developed collaboratively by SPC and the country.

RECOMMENDATIONS

220. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the important role of the Strategic Engagement, Policy and Planning Facility (SEPPF) in strengthening the strategic, analytical, corporate planning and monitoring and evaluation capacity of SPC;
- ii. note the results achieved by SEPPF in 2011, particularly in relation to completion of the ground-breaking research on the impact of climate change on Pacific fisheries, developing and reviewing joint country strategies, and developing the new corporate-wide monitoring and evaluation framework;
- iii. endorse SEPPF's work programme for 2012;
- iv. support the Secretariat's efforts to seek additional resources to increase SEPPF's capacity to perform its role in 2012 and beyond.

AGENDA ITEM 5 – INITIATIVES / ITEMS PROPOSED BY MEMBERS

221. The representative of Solomon Islands tabled a submission requesting the elevation of the Solomon Islands county office to a Melanesian subregional office. He confirmed that the Solomon Islands government would bear the associated costs and provide office space and requested that the submission be included in the independent review of SPC.

222. The Director-General explained that SPC had frozen any further opening or upgrading of satellite and subregional offices until the review of the organisation was completed. He noted similar requests had come from Tonga and other countries.

223. The representative of PNG full endorsed the proposal for the Melanesian region. He said the merits were that the office was central to Vanuatu and PNG, it expanded existing links and could address cost considerations. He suggested discussion with FFA on office accommodation.

224. The representative of French Polynesia noted that he had not received the relevant paper and so had no opportunity to discuss it with national officials. He noted however that the SPC Noumea headquarters and the Suva subregional office were both in Melanesia, so questioned the need for further representation in the subregion.

225. The Director-General reiterated that the submission requesting an upgrade of the Solomon Islands office would be addressed by the independent review of SPC. The review will look at the whole decentralisation issue and also identify the parameters of SPC's responsibilities to members requesting SPC offices.

RECOMMENDATION

226. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it acknowledge the request by Solomon Islands to upgrade SPC's country office in Solomon Islands to a regional office for Melanesia and ask that the issue be considered as part of the independent review of SPC, noting that PNG and Vanuatu supported the request by Solomon Islands.

PRESENTATION OF UNDP HUMAN DEVELOPMENT REPORT

227. Presenting the UNDP Human Development Report 2011, 'Sustainability and Equity: A Better Future for All', the United Nations Resident Coordinator and UNDP Resident Representative said that the report focuses on the world our children will inherit. It suggests that without bold steps to improve access to renewable energy, water and sanitation, and reproductive healthcare services to protect the disadvantaged from getting poorer, the outlook is decidedly negative. The link between sustainability and equity is important; the world has made progress in development overall, but many have been left out. The report concludes that a new world development framework is needed to take sustainability and equity into account, and suggests that such a framework can begin to take shape at next year's 'Rio +20' meeting, with financing guaranteed through a proposed currency transaction tax. It also calls for swift implementation of the UN's Universal Energy Access Initiative to provide sustainable energy to all.

228. The Director-General noted that 12 Pacific Island countries were included in the report and said that SPC would be glad to work with UNDP in future to include more. He noted that the theme of the report meshed well with SPC's vision in terms of the legacy we will leave for our descendants and that SPC provided support for the UNDP Human Development Report through SDP.

229. The representative of PNG thanked the United Nations Resident Coordinator and UNDP Resident Representative for the presentation. He noted that real progress had been made in providing accurate statistics in the Pacific for analyses such as this, in large part thanks to SPC's work.

230. The United Nations Resident Coordinator and UNDP Resident Representative agreed that access to good data is key, and noted that work remains to be done in this area. He said that the report has also brought attention to the fact that human development is not simply economic growth. In the past GDP was the principal measure of development, but in future alternative indicators will be considered as the main measures.

231. The Director-General thanked the presenter and emphasised that it was an honour to have the Asia-Pacific launch of this important document at the meeting.

AGENDA ITEM 6 – OBSERVER STATEMENTS

232. CRGA noted with appreciation the statements presented by representatives of:

- United Nations Development Programme
- Pacific Games Council
- Agence Française de Développement
- European Union
- Pacific Islands Forum Secretariat
- Pacific Power Association
- South Pacific Tourism Association

233. CRGA also welcomed the signing of memoranda of understanding with the Pacific Power Association and South Pacific Tourism Association. These agreements will advance sustainable

economic development in the region through collaboration in areas such as improving energy regulation and increasing use of alternative energy sources, and strengthening tourism-related capacity and infrastructure.

AGENDA ITEM 7 – LEGAL, OPERATIONAL AND GOVERNANCE INSTRUMENTS – INCORPORATING RIF RELATED CHANGES

AGENDA ITEM 7.1 – TAHITI NUI DECLARATION

234. The Director-General presented the revised text of the Tahiti Nui Declaration for the meeting's consideration. The Declaration describes the major operational policies and mechanisms of SPC and was originally adopted by the 1st Conference of the Pacific Community in December 1999. It was last revised in 2005. He said the 2011 revision incorporated decisions made by CRGA and Conference since then.

235. The representative of France stressed that his country was strongly attached to the 1947 Canberra Agreement and would be happy to endorse the revised text as long as it did not disturb the spirit of the founding document. He was concerned that some articles of the revised document seemed to suggest that SPC was under the supervision of the Forum. He stressed that SPC was more than a regional organisation, it was an international one and France, as a non-Forum country, found it hard to accept that SPC would take its orders from the Forum. Secondly, referring to the desirability of the Director-General having knowledge of both of SPC's working languages (English and French), he asked if the relevant paragraph (article 46) could become one of the criteria for the position (article 45). He also commented on the excessive number of criteria for the position and, referring to decentralisation, expressed concern that SPC was expanding in a time of financial crisis, suggesting that the organisation should focus on saving.

236. The representative of USA commented that many of the changes looked good and he was optimistic that France's issues could be accommodated. He asked if France would like to suggest some rewording.

237. The representative of France suggested that the matter go to a drafting committee in which he would like to participate.

238. The Director-General agreed that the number of criteria in article 45 could be reduced and that article 46 could become part of these criteria for the position of Director-General. On decentralisation, he said there was nothing in the document to suggest that SPC intended to continue to decentralise. Those decisions had been made by CRGA and Conference.

239. The representative of Australia asked whether it might be better to leave any amendment of the declaration until after the outcomes of the independent review were known.

240. The representatives of Papua New Guinea and Cook Islands both endorsed this suggestion.

241. The representative of France said he had an open mind; if the majority agreed with Australia, he was happy to wait until the next CRGA when the review outcomes would be known.

242. The representative of USA said there might be an advantage in redrafting now as small adjustments would bring the document up to date and could help the review.

243. The Director-General said that the 2005 version of the declaration no longer represented today's SPC, and that was why it had to be changed. If small changes were needed, a drafting committee could look at them, with major issues to be dealt with next year.

244. The representatives of Australia, PNG and France all expressed interest in taking part in the drafting committee.

245. The Chairperson informed the meeting that anyone interested could join the committee, which would meet at 6.00 p.m. to finalise the text of the revised Tahiti Nui Declaration.

RECOMMENDATION

246. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it endorse the revised *Tahiti Nui Declaration, 2011*.

AGENDA ITEM 8 – DIRECTORATE OF OPERATIONS AND MANAGEMENT

AGENDA ITEM 8.1 – OPERATIONS AND MANAGEMENT DIRECTORATE (OMD)

247. The Deputy Director-General, Noumea, presented an overview of OMD's work, noting that the directorate was established this year and brings together corporate services and programme support services. The reorganisation was part of SPC's response to the RIF reform and also part of changes aimed at putting in place a more efficient management structure. Highlights of OMD activities for 2011 included the new presentation of the budget, with more information on links to activities and outputs; development of a new human resource information system (HRIS); review of financial policies and procedures; establishment of an internal audit function; and coordination of CROP harmonisation initiatives. A review of the provision of corporate programme support services across SPC has also been commissioned (agenda item 8.2). He pointed out that the report focused on special projects rather than the routine work on which directorate staff spent 95% of their time. These ongoing tasks were however important and should be acknowledged. Plans for 2012 include full implementation of the HRIS, further strengthening of financial systems, completion of the corporate review, and the possible restructure of the programme and support services of the three combined agencies making up the 'new SPC'. He said the RIF-based integration had created workload peaks, but overall provided opportunities for gains in efficiency and for bringing together best practices from each organisation. The report highlighted some gaps which should not be considered a 'wish list', but rather areas that SPC hoped to strengthen when savings and efficiencies were realised. He said the 2012 budget anticipated savings in corporate and support services. SPC had again received an unqualified opinion from its auditors, and the EU institutional assessment, which benchmarked corporate services against international norms, was very positive as well. In closing he noted two staffing changes in the directorate: the arrival of Mary-Clare Ame, the new SPC Librarian, and the departure of Pierre Guibert, Manager of the Translation and Interpretation section, who was leaving SPC after eight years.

248. The representative of New Zealand said that members had a great deal of interest in this area of SPC's business. He thanked the Deputy Director-General for the concise outline of the directorate's work, noting that behind a successful organisation is a strong corporate backbone. He said it was clear the RIF reform had caused a lot of change and challenges and said New Zealand wanted to acknowledge the work of OMD staff behind the scenes, which made SPC services possible. He also acknowledged the outcome of the EU institutional assessment, calling it a great credit to the organisation and very good for its reputation. He said New Zealand was glad to hear that SPC remains committed to increasing effectiveness and efficiency and that it expects management to think creatively in realising such gains.

249. The representative of France congratulated SPC on receiving a clean audit for the 15th year in succession and on the results of the EU audit, noting that AFD has decided to continue its collaboration with SPC. He said he was disappointed by the weak language in the recommendations to CRGA, including simply 'noting' progress, and suggested that SPC be encouraged to strengthen them in future.

250. The representative of French Polynesia said that French Polynesia warmly welcomed the proposal by France. French Polynesia was very happy with the progress made by the new directorate in a short time, and acknowledged the efforts made toward modernisation and rationalisation, which SPC has said will be expanded next year. He asked if the 40 staff members listed in the paper for corporate and programme support services included the corporate and programme support staff from SOPAC and SPBEA, noting that it seemed to be too many for just SPC.

251. The representative of New Caledonia congratulated the directorate. She said that the daily work of the Translation and Interpretation Section was appreciated by New Caledonia and fostered greater exchange and communication. New Caledonia has often requested extra support from the section and staff were always very helpful. Regarding the inventory of all existing documents that was mentioned during the SOPAC meeting, she asked if SPC's document management procedures would remain the same or if there would be new procedures for accessing data.

252. The Deputy Director-General thanked delegates for their positive comments and explained that two document management systems had been referred to during the meeting – a new system for managing documents and records is being implemented for all of SPC including SOPAC, and the other is a project operated by SOPAC to produce individual compendiums of its data collections for each PICT. In response to the question from French Polynesia, he said that the staff numbers included SOPAC and SPBEA, but the budgets did not. From 2012, both budgets and staff numbers will be combined.

253. The representative of PNG acknowledged the departing Manager of the Translation and Interpretation Section, and expressed PNG's support for New Zealand's recognition of the work of OMD staff.

RECOMMENDATIONS

254. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. acknowledge progress in implementing the 2011 work programme of the Operations and Management Directorate;
- ii. endorse the 2012 work programme;
- iii. commend the updating, upgrading and rationalisation work carried out by the new Directorate and encourage the continuation of those efforts so as to achieve further gains in efficiency and effectiveness.

AGENDA ITEM 8.2 – REVIEW OF CORPORATE AND PROGRAMME SUPPORT SERVICES

255. The Deputy Director-General, Noumea, explained that Maxumise Consulting had been commissioned to review the provision of SPC's corporate and programme support services. The draft report had only recently been received and the Secretariat had not had time to study it. He handed over to the consultant, Max Underhill, who gave an overview of the project objectives, terms of reference, methodology and main recommendations.

256. The representative of Australia welcomed the report and noted that a great deal of work had gone into it. He also noted that it showed progress through to 2013 and asked if that could be monitored and CRGA kept informed. He suggested that SPC look at establishing a template to spell out progress and performance, using performance benchmarks.

257. The representative of Pitcairn Islands joined Australia in welcoming the report. She informed the meeting that the British Foreign Office had undertaken a similar exercise and wondered if enough consideration had been given to outsourcing some backroom functions, as was the case with the British Foreign Office.

258. The consultant said outsourcing was being done in some areas and that the report recommended further outsourcing, e.g. in the travel area. He said, however, that the first step was to get performance measures in place and then make incremental improvements.

259. The representative of French Polynesia commented on the 1.1% efficiency gain projected by 2013 and wondered if perhaps the consultancy had cost more than this gain. He noted that Suva would experience the largest impact under the recommendations. In relation to the fact that SPC was maintaining eight separate office locations in Suva, he asked what had happened to the Pacific Village project, noting that it was not on the agenda for this year, and also asked if SPC was focusing more on reorganising the Suva office.

260. The representative of New Zealand welcomed the report, noting that it was useful and helpful. He stressed that of the two 'e's —effectiveness and efficiency— it was efficiency that SPC must keep talking about. He expressed the hope that both would show gains and agreed with Australia that benchmarks would enable progress to be monitored by management.

261. The Deputy Director-General commented that there seemed to be agreement about the intention to keep the membership informed. He said that outsourcing was already being done, e.g. in editing, printing and accounting. SPC was gratified by many of the findings of the report, which confirmed that several of the measures already being taken are appropriate, such as the current review of policies and procedures.

262. The Director-General commented that the consultancy work had been difficult, given the fact that in Suva SPC operates from several offices, whereas for efficiency it should operate from one location. Plotting efficiency gains to say 2018 could show that it would be cheaper in the long run for SPC to invest in establishing one location. He said that many recommendations in the report were not new, but were in fact already in place or being implemented. Maxumise, however, suggested they could be done better. He said in general, SPC was happy with many areas of the report but a lot more discussion and analysis were needed, including a five-year projection, based on assumptions. He agreed that benchmarking would be helpful and closed by noting that the draft report had not yet been accepted.

RECOMMENDATION

263. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note progress with the Review of SPC's Corporate Services and Programme Support Services; and
- ii. monitor the implementation of the review, paying close attention to the rationalisation and integration of those services with a view to optimising cost savings and efficiency.

AGENDA ITEM 9 – ADMINISTRATIVE AND STAFFING ISSUES

AGENDA ITEM 9.1 – JOINT CROP HRIS PROJECT

264. The Director of Corporate Services, Les Walker, briefly described the joint CROP human resource information system (HRIS) initiative. He explained that the drivers for the project included the increase in the number of staff and decentralisation. In 2010 CROP agencies had discussed the

shortcomings of their human resource systems and decided that a new system was required, with features such as online recruitment, and incorporation of performance management and leave requests, with bilingual capacity for SPC. He said SPC was leading the implementation of the project because of its size and the fact that it has several locations. The Forum Secretariat and SPREP are partners, and FFA has chosen to wait. The new system will enable better strategic forecasting, improvements in human resource operations, and increased efficiency through replacing existing paper-based systems. Staff will be available to provide high-level support to programmes rather than spending most of their time on everyday administration. SPC has completed the first four phases of the project and the system is expected to be fully functional by the end of the first quarter of 2012. He thanked AusAID for providing the funding for the project.

265. The representative of France thanked the Director for the presentation. He said that France is very satisfied with the initiative, and that the new system will help rationalise procedures and improve efficiency in recruitment and professional development. He thanked to Australia for funding the project.

RECOMMENDATION

266. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the progress made with the implementation of a Joint CROP Human Resource Information System.

AGENDA ITEM 9.2 – UPDATE ON THE IMPLEMENTATION OF THE 2009 TRIENNIAL REMUNERATION REVIEW AND REPORT ON PROGRESS WITH THE 2012 TRIENNIAL REMUNERATION REVIEW

267. The Deputy Director-General, Noumea, said that the purpose of the triennial reviews was to compare remuneration across CROP agencies and with international practices. He said that practically all the results of the 2009 review have now been implemented, and that a review of terms and conditions of employment for locally recruited staff has also been completed. A review of the terms and conditions for internationally recruited staff is underway.

RECOMMENDATIONS

268. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- ii. note progress made in implementing the recommendations of the 2009 Triennial Remuneration Review;
 - ii. note progress to date with the 2012 Triennial Remuneration Review.

AGENDA ITEM 9.3 – 2011 SALARY MARKET DATA REVIEW FOR POSITIONS ADVERTISED INTERNATIONALLY AND POSITIONS ADVERTISED LOCALLY

269. The Deputy Director-General, Noumea, introduced the 2011 review of salary market data. He explained that each year SPC compares its remuneration levels with the approved reference markets for positions advertised locally and those advertised internationally. Noting that the results of the 2011 review had already been discussed in the Director-General's report, he said the consultants' report concluded that SPC's salaries were somewhat below those of its reference markets. However, the Secretariat is of the opinion that SPC cannot afford the recommended increases at present and CRGA had already made a recommendation confirming that opinion. A small adjustment had been proposed for local positions in Fiji. The impact of this increase was small and had been accounted for in the proposed budget.

RECOMMENDATIONS

270. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:
- i. note the outcome of the 2011 market data review;
 - ii. endorse the proposal that there be no increase in 2012 for positions advertised internationally;
 - iii. approve the 2011 market data as the salary scale for 2012 for Suva-based positions advertised locally;
 - iv. note that a 0.5% increase for Noumea-based positions advertised locally was paid with effect from 1 January 2011;
 - v. note that no increases in the 2012 salary scales are proposed for positions advertised locally in Pohnpei and Honiara.

AGENDA ITEM 9.4 – STAFF REGULATIONS AND REMUNERATION REGULATIONS

271. The Deputy Director-General, Noumea, said a review was underway to update SPC's administrative and financial policies and staff regulations, given that some longstanding policies had become outdated or lacking in clarity. SPC saw the review as an opportunity to adopt best practices from all three agencies.

RECOMMENDATION

272. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the review of SPC's administrative and financial policies.

AGENDA ITEM 10 – FINANCIAL MATTERS

AGENDA ITEM 10.1 – STATUS OF MEMBERS' ASSESSED CONTRIBUTIONS AND TREATMENT OF ARREARS IN CONTRIBUTIONS

273. The Director-General welcomed the delegation from Timor-Leste as observers to CRGA and Conference, acknowledging that this was the first time Timor-Leste had been represented. (The delegation was late arriving because of flight cancellations.)

274. The delegation thanked CRGA for the invitation, and welcomed the opportunity to engage in the regional forum.

275. The Deputy Director-General, Noumea, updated CRGA on the status of members' assessed contributions. He said as of 31 August 2011, 18 of SPC's 26 members had yet to settle their 2011 contributions in full. Thirteen members were in arrears, owing assessed contributions due before the 2011 financial year. Policies relating to member contributions stated that members were expected to pay their contributions within the calendar year. When a contribution was not paid by 31 December of that year, it was considered to be in arrears. Currently, arrears totalled 2.35 million CFP units, a significant amount that impacted management of SPC's core budget. CRGA was asked to note the external auditor's recommendation to review CRGA's policy on the accounting treatment of arrears. The auditors have requested provision be made for long outstanding arrears in the SPC books. However, the Secretariat recommends that no change be made to the current treatment of arrears and

no provision be made in the books. SPC has received commitments from many members that their outstanding contributions will be met.

276. CRGA was also asked to consider the request by the Government of Nauru that its arrears be written off. The Secretariat cautioned that this would set a precedent. It suggested that CRGA consider including the arrears issue in the independent review of SPC, stressing that while dialogue continued with members, arrears remained a concern for the auditors and the Secretariat.

277. The Deputy Director-General, Noumea, advised that SPC intends to send one consolidated invoice for membership contributions in 2012, which will include the previously separate fees for SPC, SOPAC and SPBEA.

278. The representative of Nauru outlined his government's request to consider writing off its arrears for the period 1996 to 2007. Nauru would commit to meet the contribution for the current year. He said that though the annual contribution was small compared to SPC's working budget, the amount owing had accumulated over many years and Nauru would have difficulty meeting the payment. After the 2004 announcement of the financial crisis in Nauru, Pacific Island leaders agreed to provide assistance to Nauru through the Pacific Regional Assistance to Nauru plan. The Forum Secretariat and SOPAC had assisted Nauru by writing off those arrears. Nauru asked SPC members for careful consideration for the request, noting that money was not the only indicator for human development. Nauru confirmed its commitment to SPC, reaffirmed the need for SPC services, and recognised that since 2004 SPC had been a crucial partner in moving Nauru out of the crisis situation.

279. The representative of American Samoa apologised to SPC for its current arrears, noting that funds were now available for payment. American Samoa supported Nauru's request, suggesting that relief of its arrears was appropriate at this time.

280. The representative of Kiribati welcomed the delegation from Timor-Leste. He said Kiribati valued the work of SPC and regretted being in arrears. He assured CRGA that Kiribati was committed to paying its arrears and he would follow up with the Ministry of Foreign Affairs. Kiribati called for clarification of the terms 'fully' and 'partially' paid. Kiribati acknowledged Nauru's economic situation and supported the application for write-off of its arrears.

281. The representative of Marshall Islands acknowledged SPC's efforts to enhance its support to the Northern Pacific through engaging with the US affiliated states. This had prompted the small northern states to commit to meeting their contributions. While recognising the economic constraints currently faced by SPC, she expressed her disappointment that CRGA could not be held in the Marshall Islands this year, saying that national hosting of meetings promoted understanding of the different environments of CRGA member countries. She affirmed that countries receiving support needed to be accountable and transparent, and that member contributions were an obligation. She thanked the Director-General and staff of SPC for their assistance and accommodating approach on arrears.

282. The representative of PNG welcomed the delegation from Timor-Leste. He noted this was the fourth time he had taken the floor to apologise for arrears and said he would ensure the invoice was received by the correct ministry and payment was made. PNG supported the recommendation that the independent review assess the issue of arrears but considered that CRGA must look carefully at how Nauru's request was dealt with as the economic climate was different from 2004 when the Forum Secretariat wrote off Nauru's debt.

283. The representative of USA welcomed the delegation from Timor-Leste. Regarding the issue of arrears, he acknowledged that CRGA representatives are messengers for their governments. The US welcomed discussion of the issue, recognised and applauded Marshall Islands for its efforts to pay arrears, and acknowledged the statement from Kiribati. He reaffirmed the US commitment to payment of contributions, noting that the payment for 2011 was imminent. He said the global economic

situation had put all countries and organisations under financial pressure. The difficulties experienced by Nauru in 2004 had exacerbated the problem, but Nauru's arrears dated from before this crisis. Other organisations had found a way to accommodate Nauru's arrears in the form of payment plans. The US recorded its appreciation of the small states that had paid their fees despite similar small economies and economic pressures. While acknowledging the situation faced by Nauru, the US did not support the write-off of arrears.

284. The representative of Samoa, whilst sympathetic to the situation faced by Nauru, noted concern that a write-off could set a precedent for others in similar situations in future. In relation to the recommendation that assessed contributions should be paid as soon as invoices are received, she said Samoa would have difficulty with the issuing of one invoice, as three different ministries were required to contribute to the fee. Samoa requested exemption from this method.

285. The representative of Australia welcomed the delegation from Timor-Leste and congratulated the Marshall Islands on paying its arrears. While recognising the circumstances faced by Nauru, Australia noted that members' contributions symbolised the value they placed on SPC. Australia therefore did not support a recommendation to write off Nauru's arrears.

286. The representative of France welcomed the delegation from Timor-Leste. He noted the seriousness of the world economic crisis and said that if one member could not pay, then another had to pay on their behalf to ensure services were not diminished. Members' contributions were a symbol of their commitment to SPC and the region, and members must be rigorous in management, and serious in terms of their financial obligations to SPC. Therefore France did not support the recommendation to write off Nauru's sovereign debt. France asked that the recommendation be amended to reflect a different approach, suggesting rescheduling the debt over 10 years, with no interest, noting the precedent set by SPREP. To reflect the gravity of the issue, France suggested that if after 10 years SPC could not secure payment, CRGA could consider suspending payment of travel costs for attendance at meetings to enable SPC to make savings.

287. The representative of French Polynesia welcomed the delegation from Timor-Leste. He said that the question of outstanding members' contributions was a recurring item for CRGA and he encouraged finding a long-term solution so that the meeting did not go over the same ground each year. French Polynesia could not endorse the recommendation to write off sovereign debt as it would create a dangerous precedent – with the possible consequence of decreasing motivation for the organisation. He reminded CRGA that members' contributions were an obligation under international law, which must be complied with. However, French Polynesia understood the situation of states facing severe financial constraints and, given that economic circumstances have changed, suggested a revision of the formula and categories for assessing contributions (within the context of the independent review of SPC). For example, the weighting criteria in the formula could be modified. French Polynesia also suggested rewarding states that paid on time, in recognition that they carried the organisation when others did not pay. He noted that French Polynesia had confirmed payment of SOPAC's fees on 3 October 2011.

288. The representative of Solomon Islands welcomed the delegation from Timor-Leste. He noted that the Solomon Islands contribution to SPC was in credit and SOPAC arrears had been settled. Solomon Islands was committed to paying the SPBEA contribution, but there had been some issues with the Ministry of Education. He also requested an exemption from the one invoice plan as it would not fit with the confirmed 2012 budget but could be accommodated for 2013. He encouraged the Secretariat to find new ways to address members' arrears.

289. The representative of Fiji explained that Fiji's arrears to SPBEA rested with the Ministry of Education which was responsible for payment. Fiji asked if three separate invoices could be issued for 2012 as the budget had been confirmed, but it could accommodate one invoice in 2013. She said the RIF merger provided an opportunity to review the contribution formula to assist the ability of some members to pay.

290. The representative of FSM acknowledged the perspectives of both Nauru and SPC in regards to arrears. He encouraged SPC to work with Nauru to create a payment plan, noting that FSM also had similar problems.

291. The representative of New Caledonia welcomed the delegation from Timor-Leste. Clarifying New Caledonia's arrears, he explained that the SPC merger with SOPAC meant that New Caledonia is now a full member of SOPAC. This changed the amount of the contribution, which was not budgeted for this year, but the situation would be corrected. New Caledonia recognised Nauru's economic situation and said the solution to the issue of arrears needed to be balanced and respectful of countries' sovereignty, while ensuring compliance with international obligations. New Caledonia supported the proposal made by France and US to develop a payment plan for arrears similar to that used by SPREP.

292. The representative of Cook Islands welcomed the delegation from Timor-Leste. He said Cook Islands was sympathetic to the situation of Nauru but could not support a write-off of arrears. Cook Islands endorsed a payment plan solution.

293. The representative of Marshall Islands welcomed the delegation from Timor-Leste and noted that she was awaiting her government's response on the case of Nauru.

294. The representative of New Zealand welcomed the delegation from Timor-Leste and thanked the Secretariat for the update. He said New Zealand was encouraged by the progress made by some countries in paying arrears. New Zealand viewed members' contributions as a clear statement of ownership of the organisation and took this into account when planning voluntary contributions. He acknowledged the difficult economic circumstances that Nauru faced, but cautioned against writing off arrears. New Zealand supported a five to ten year repayment plan that met the ability of Nauru to address its arrears.

295. The representative of Niue welcomed the delegation from Timor-Leste. He acknowledged the difficult situation faced by Nauru, noting that this should not impact on delegates' willingness to engage in other CRGA dialogue. Faced with similar economic pressures, Niue was reviewing the value-for-money of its membership of regional organisations. Niue was committed to supporting SPC and endorsed the development of a payment plan with Nauru that did not limit services to the country. Niue would not be able to pay on receipt of a single invoice for 2012, but could accommodate this in the 2013 budget.

296. The representative of Vanuatu welcomed the delegation from Timor-Leste. He said Vanuatu was aware of its outstanding arrears and committed to settling them. Vanuatu encouraged SPC to find another avenue to assist Nauru to settle its arrears, while continuing the development programme in Nauru.

297. Responding to the comment from Kiribati, the Deputy Director-General, Noumea, noted that 'not fully settled' contributions could mean 'not paid at all' or partial payment. He confirmed that the funding formula will be reviewed in the context of the long term sustainable financing strategy. Regarding the single invoice plan, he said that this had been centralised within SPC to clear confusion but SPC could discuss invoicing with countries to meet their needs. He noted that CRGA had previously given its agreement to the development of a payment schedule for Nauru.

298. The Director-General summarised the discussion, noting that CRGA understood and was sympathetic towards the situation in Nauru. He explained that a proposal for a 15-year payment arrangement was put to Nauru before the SPREP precedent. However Nauru had maintained its position of requesting a write-off. SPC would continue discussions with Nauru on an affordable payment plan that did not include interest.

299. The Director-General emphasised that following the merger, contributions for the three organisations must be combined as the services of SPBEA and SOPAC could be funded by SPC contributions alone. He noted that SPC had a relationship with ministries of foreign affairs, but line ministries received the benefits. This could generate difficulties in justifying budget lines in parliament. Spreading the fee across line budgets could be a way forward for Nauru to consider when dealing with arrears.

300. The Director-General thanked the countries that had given assurances of paying their arrears but noted that four other countries had arrears amounting to 800,000 CFP units, which was a worrying figure. SPC would continue to negotiate payment arrangements with these countries. Possible revision of the membership contribution formula would be included in the independent review and the long-term sustainable financing strategy.

301. The representative of Nauru responded to the Director-General, thanking members for their understanding. He confirmed that Nauru had been meeting its commitments since 2008 and it was old arrears that were in question. Nauru reaffirmed its commitment to SPC and accepted the offer to work with SPC on a plan for payment of the arrears.

302. The representative of US asked that no due date be specified in the recommendation relating to payment of current invoices.

303. The Director-General agreed to the US suggestion. He said that while SPC preferred to issue a single invoice, 2012 invoices could include an annex separating the fees for SPC, SPBEA and SOPAC.

RECOMMENDATIONS

304. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note the status of assessed contributions;
- ii. confirm its current policy that no provision be made in SPC's annual accounts for arrears in assessed contributions;
- iii. support the proposal that Nauru and SPC develop a payment schedule for the payment of Nauru's arrears;
- iv. agree that assessed contributions should be paid as soon as invoices are issued.

AGENDA ITEM 10.2 – 2010 AUDIT REPORT AND AUDITOR'S MANAGEMENT LETTER

305. The Head of Financial Services, John Yee Chief, presented the 2010 financial records for both the Secretariat and the Staff Provident Fund, noting that SPC had received unqualified opinions of its accounts from its auditors (PricewaterhouseCoopers) for the 15th consecutive year. In accordance with the financial regulations, the 2010 audited financial statements and audit reports were submitted for consideration by members. The auditors' management letter and management's responses were also presented for members' information. He noted that the auditors specifically drew the attention of members to the issue of outstanding assessed contributions, as discussed in the previous paper.

306. The representative of USA acknowledged the new phase of fiscal complexity SPC was moving into and acknowledged the enhancements the Secretariat had made to its processes. US endorsed the recommendations of the paper.

307. The representative of Cook Islands congratulated SPC on receiving unqualified audit opinions for 15 successive years and endorsed the recommendations of the paper.

308. The representative of Kiribati similarly congratulated SPC and endorsed the recommendations of the paper.

RECOMMENDATIONS

309. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. accept the 2010 audited financial statements as presenting a true and fair view of the financial position and financial performance of the Secretariat and of its Staff Provident Fund;
- ii. note that proper accounting records have been kept and unqualified audit reports were received by SPC for the 15th consecutive year;
- iii. note the comments of the auditors in the management letter and the responses of management; and
- iv. note the issues raised by the auditors regarding arrears in member's contributions. These issues are considered in CRGA paper 10.1.

AGENDA ITEM 10.3 – SELECTION OF AUDITORS FOR THE 2011–2013 FINANCIAL YEARS

310. The Director of Corporate Services noted that under SPC Financial Regulation 27, the governing body is required to appoint auditors who are in no way connected with the Secretariat to audit its annual financial records. The auditors are appointed for a period of three years, with an automatic call for tenders at three-year intervals. The current auditors, PricewaterhouseCoopers of New Caledonia, were originally awarded the contract to audit SPC's accounts for the 2008–2010 financial years and it was now necessary to select a firm to audit the accounts for 2011–2013. In accordance with SPC's Procurement and Supply Management Guidelines, an Evaluation Committee was appointed to assess the two bids received. The committee was unanimous in recommending the reappointment of the current auditors, PricewaterhouseCoopers.

RECOMMENDATION

311. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it consider and approve the Secretariat's recommendation to appoint PricewaterhouseCoopers, Noumea, to audit SPC's accounts for the financial years 2011 to 2013.

AGENDA ITEM 10.4 – 2011 REVISED BUDGET

312. The Deputy Director-General, Noumea, presented the 2011 revised budget. He noted that SPC's total funding consists of core and programme funding (which taken together make up 'recurrent' funding) combined with project funding. There was a small decrease in core funding (less than 5%) because of a decrease in bank interest and miscellaneous income, but SPC had to bring in less from reserves and collected more in project fees and student fees (SPBEA), which had a positive impact. Reduced spending was achieved through favourable exchange rates and lower COLDA (cost of living differential allowance) payments as well as the phasing out of the child allowance for Noumea based staff. There was a 20% decrease in programme funding mostly due to the cut in New Zealand funding. The figures also reflected the re-categorisation of Australian funding from

programme to project funding, which had no impact on the overall budget. There was an increase in project funding of about 17% as several projects were approved over the course of the year. SPC follows a conservative policy of only counting approved projects in its budgets. Overall, the revised budget showed an increase of 7.6%. Budgeting in 2011 had not been an easy exercise, but a balanced budget was achieved by reducing spending, including through freezing a number of positions.

313. The representative of Cook Islands asked if CRGA was being asked to note or approve the revised budget.

314. The Deputy Director-General, Noumea, responded that SPC was required by its regulations to present the revised budget each year for noting by CRGA.

RECOMMENDATION

315. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note the revised budget (core, programme and project funding) for FY 2011.

AGENDA ITEM 10.5 – FINANCIAL YEAR 2012 BUDGET

316. The Deputy Director-General, Noumea, presented the 2012 budget. The new format included multi-year figures, more detailed outputs, a revised structure reflecting changes in the corporate structure, and a new chapter showing common charges (these were previously included under corporate services). New features also included an income forecast and several new annexes, but as noted by the Director-General there was more work to do. A small increase was expected in core funding resulting from an increase in income from bank interest and student fees. Savings in salaries was expected to continue, due in part to the non-implementation of the recommended CROP increase. A decrease of 3.2% was expected in programme funding due to the use of more conservative exchange rates, particularly the rate for Australian dollars. He said that SPC has noted the statements from France and New Zealand on their inability to make firm commitments on their voluntary contributions. SPC was in discussions with New Zealand to establish which areas of SPC's work it would support, and with Australia regarding project funds. Overall SPC expected a small increase of 0.6% in its budget for next year.

317. The representative of New Zealand thanked SPC and noted the visible improvement in the format and readability of the budget. He said the presentation of multi-year figures was useful for members in terms of seeing the overall macro situation. New Zealand had listened to the conversation over last few days on priorities and the value members placed on services. However, New Zealand felt that it was not 'business as usual' for SPC. CRGA heard many requests for services from members, and SPC had outlined areas in which it was unable to provide services even though members wanted them. New Zealand wanted members to think about the relative importance of different SPC services and had heard strong messages about the importance of SPC's work in fisheries, oceanic sciences and aquaculture. It found the conversation about gender, youth, culture and CETC to be mixed and confused. EDD appeared to be getting on its feet, but there was less evidence regarding the delivery of services by the division. He noted that the upcoming independent review would not be able to cover everything, and that an immediate discussion was needed. New Zealand wanted SPC to think about doing things differently in 2012, and particularly to look at increasing efficiency. To this end, he requested an addition to the recommendations to specify that SPC would seek further efficiency gains and provide efficiency reporting in its budget. He said that New Zealand wished to reiterate that it is committed to paying its assessed contributions and is in discussions with SPC regarding its voluntary programme contribution. It had indicated that it expects its voluntary contribution to total approximately 1 to 2 million dollars, but this amount might be further reduced. New Zealand wanted to hear from members regarding where it should apply its funding and was also engaging with SPC in looking at a portfolio of projects over the coming years, with the goal of ensuring that these are in the areas in which SPC is making the biggest contribution. He acknowledged the challenge in putting together the budget given the uncertainties, and encouraged

SPC to engage with members earlier in the year to get feedback. He noted that members received the budget about a week before the meeting and this timing made it challenging for member governments to review the document and provide the necessary approvals.

318. The representative of USA agreed that the economic environment was challenging and acknowledged the complexity of putting together the budget given the RIF changes. He said that USA agreed with New Zealand on the need to make difficult choices about where donor resources could most effectively be applied. He also agreed that it would be helpful to receive the budget documents earlier. He said that USA had been on sidelines for a long time, not as engaged and not as big a donor as other members, but in the future USA hoped to increase its involvement and provide more detailed feedback.

319. The representative of Kiribati said Kiribati saw great value in SPC's work and was concerned about the possible implications of cuts and their effects on members, including Kiribati. Kiribati understood the importance of setting national priorities. Education, health, statistics, maritime boundaries, seabed mining and fisheries were important priorities for the country. She said that SPC should look at other options to fill funding gaps to avoid adverse impacts. She noted that all countries were feeling the impact of the financial crisis, especially small countries with already limited capacity, and SPC was the organisation Kiribati looked to for assistance. When members agreed to the RIF reform their principal concern was to avoid diminution of services, and now in first year of integration they were facing the possibility of just such a diminution.

320. The representative of Solomon Islands congratulated SPC on the budget. He said that Solomon Islands agreed with previous comments regarding priorities, and noted that health, education, infrastructure, fisheries, agriculture, environment and climate change, and statistics were particular priorities in the country's national development plan. He acknowledged the support from Australia and New Zealand for education and health services, as well as that from partners in other sectors.

321. The representative of PNG noted in response to the comments from New Zealand that the benefits of SPC's work were wide and varied depending on national contexts, and that expecting the independent review to sort it all out would turn it into a huge task, which would be difficult in the case of PNG. He said that PNG agencies that have benefited from SPC services include the national agricultural research institute, the agriculture ministry and the quarantine service. PNG understood that in this period not everything members asked CRGA for could be fulfilled, and that there were different economic conditions in different countries and territories. He pointed out that countries could look to non-traditional donors and bilateral aid to fill gaps caused by cuts.

322. The representative of Niue acknowledged the work of SPC and said that the forward-looking budget was helpful for planning. He noted that the budget showed savings in the area of staff costs and asked what the budgetary impact would be if all the frozen positions were filled. He said that in common with other members, some of Niue's priorities centred on people, i.e. health, education and food security, but priorities may be different for other members and it was particularly difficult for small island states to prioritise needs. He said that Niue wished to acknowledge the direct budget support it received from New Zealand in the areas of health and education, and also thanked other donors that supported the SPC programmes benefiting Niue. He said that Niue supported the recommendations and would appreciate receiving the budget earlier in future.

323. The representative of New Caledonia thanked SPC for providing a balanced budget in a difficult economic context and noted that the budget was focused on the priorities of member countries, which would promote greater efficiency. She said that many priorities were regional in nature, and that regional priorities could be identified by SEPPF. New Caledonia appreciated the fact that the budget now covered several years because planning and services also covered several years.

324. The representative of Australia said he was pleased that the budget covered 2012–2013 and included a forecast. He said Australia supported the proposal to report grants as a separate source of

funding, and encouraged SPC to establish a budget showing the services delivered to each PICT. He said that the theme of the discussion was the necessity to think about what core services were required, given that these were tough times and there were huge needs but a finite budget. He said that a lot of hope was being placed in the upcoming independent review, but asked if it was appropriate to 'contract out' the establishment of SPC's core functions. He said at present members knew what resource were available, so they should also be able to determine the core functions that they required. It was a difficult discussion to have because not all of the sectoral agencies and advisors were present, but it was necessary to alert capitals so that when delegates returned and met with reviewers they would get a good whole-of-government outlook. He said that Australia would maintain its current level of core funding, and also anticipated that funding for specific programmes would remain about the same, with a possible small increase.

325. The representative of Samoa said it was important to respect national financial requirements. Samoa's law required all funds going to government agencies to be channelled through the Ministry of Finance and did not allow setting up of separate accounts, but financial operations continued to take place that did not follow these rules.

326. The representative of Cook Islands thanked SPC for the presentation of the budget. He said that CRGA had already approved the proposed work programmes, so it had implicitly approved the budgets necessary to undertake the work. He said given that fact it seemed that CRGA had no other option but to approve the budget as presented under this agenda item. In future he said it would be helpful to consider costs at the same time as CRGA considered work programmes.

327. The Deputy Director-General, Noumea, thanked delegates for their positive comments on the new budget format. He also welcomed the feedback regarding its timing, along with the comments showing understanding of the difficulty involved in preparing it. In response to the question from Niue, he said the positions listed as frozen were still frozen. In response to the comments from New Zealand on efficiencies, he said that the topic had been discussed at length and that SPC was currently focusing on personnel related savings and savings from not implementing the recommended salary increases. SPC planned to implement reporting on efficiencies in coming years. Regarding priorities, he said that they must largely be determined by the membership, and noted that in his overview, the Director-General had included a request to discuss and provide guidance to SPC. SPC also accepted, as pointed out by French Polynesia, that it was not a one-way issue and SPC had a role to play. In closing, he said that SPC understood the importance of getting in touch early with development partners regarding any concerns, and asked the same of them.

328. The Director-General also welcomed the feedback from members. He said many had noted that 2011 was a difficult year, and that 2012 would be as well. He said that SPC intended to get the budget out two or three weeks before the meeting next year, and the CRGA subcommittee meeting would help get the work started early. Regarding the difficulty of not having sectoral specialists at the meeting, he said SPC had introduced a mechanism to address that issue by dividing the agenda for the CRGA meeting so PICTs could look at the results of technical discussions with the appropriate sectoral specialists and then go into the budget discussions with knowledge of what was needed in terms of funding. He recommended that members take advantage of this two-part agenda. He agreed with Australia that it was not appropriate to let the independent review determine SPC's core business. One message that had been received by SPC was the need to focus on its comparative advantages. SPC would therefore analyse which priorities it could best deliver on rather than just asking members. He stressed that SPC is taking austerity measures and has consulted with staff and involved them in the decision-making process. He said that SPC was happy to work with members on the language in the recommendations to reach a result that is agreeable to all.

329. The representative of PNG agreed with the comments by Cook Islands that CRGA had already implicitly approved the budget when it approved the work programmes. He said that 2012 would be a year of consolidation and pointed out that SPC had taken onboard all of the comments and that by

adopting the budget CRGA would set the consolidation process in motion. He endorsed the recommendations.

330. The representative of New Zealand said New Zealand was happy to be part of the consensus but wanted to note in the recommendations that some members continued to engage with SPC on the level of contributions they would make for 2012 above their membership fees. He again encouraged SPC to seek further efficiency and effectiveness gains, and requesting that SPC engage with members earlier in the budget cycle.

RECOMMENDATIONS

331. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. commend the Secretariat on the presentation of the budget, noting in particular the multi-year budget presentation including income forecasts to 2015;
- ii. approve the proposed budget for financial year 2012;
- iii. note that some members continued to engage with the Secretariat on the level of contributions they would make in 2012 above their membership fee;
- iv. encourage the Secretariat to seek further effectiveness and efficiency gains and provide an efficiency reporting section in association with the budget;
- v. request the Secretariat to engage with members earlier in the budget setting cycle;
- vi. note the progress update on the levels of the general and specific reserves.

AGENDA ITEM 10.6 – ESTABLISHMENT OF AN INTERNAL AUDIT FUNCTION AND A CRGA AUDIT COMMITTEE AT SPC

332. The Head of Financial Services said the proposed establishment of an internal audit function and a CRGA Audit Committee would strengthen the governance framework of SPC. Both will provide independent advice to CRGA. The internal audit function was increasingly necessary given the size of SPC and had also been recommended by the EU. The internal audit function's purpose, authority, scope of work, responsibilities and relationship with the external auditor were described in the Audit Charter. The internal audit function will be accountable to a CRGA Audit Committee, which will direct, monitor and report on its work, and also advise CRGA on the work of SPC's external auditors.

333. The representative of Australia congratulated the Secretariat on the document and stressed that transparency was the main factor underlying the confidence that the USA and other members had in SPC. He accepted all the recommendations and said Australia was willing to provide the chair of the Audit Committee.

334. The representative of French Polynesia noted that no mention was made of the cost of the audit function after the first year, and asked for an estimate of this cost. He also asked for clarification of the rationale for the audit function and where the proposal had come from. While he was happy about the unqualified opinion received for the latest audit, he was concerned about duplication and added costs.

335. The representative of USA welcomed the internal audit function and supported it.

336. The representative of Papua New Guinea supported the sentiments of USA and endorsed the offer made by Australia. He noted that an internal audit was part of the process of transparency but more importantly was a critical element of any organisation. He expected the cost of the function to be negligible, but said it was worth the cost for the assurance it would give.

337. The Head of Financial Services explained that while an external audit focused on financial statements, an internal audit was more extensive and looked at systems in greater detail. He expected the cost to be between 150,000 and 200,000 CFP units per year. The funding for the first year will come from Australia; funding for subsequent years will come from sources yet to be secured and from efficiency gains.

338. The Director-General explained that SPC was under international pressure to have an internal audit and he was convinced the cost was worth it. He accepted Australia's offer to chair the Audit Committee and called for an amendment of the recommendations to reflect the appointment.

RECOMMENDATIONS

339. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. approve the establishment of an internal audit function at the Secretariat and the draft Internal Audit Charter;
- ii. approve the establishment of a CRGA Audit Committee and the draft Audit Committee Charter;
- iii. appoint Australia to be the Chair of the Audit Committee, initially for a period of two years;
- iv. delegate to the current chair of CRGA the authority to approve two additional independent members of the Audit Committee based on the recommendations by the Chair of the Audit Committee and the Director-General;
- v. acknowledge with appreciation the assistance provided by Australia to cover the cost of this committee.

AGENDA ITEM 11 – APPOINTMENT OF THE DIRECTOR-GENERAL

AGENDA ITEM 11.1 – CONSIDERATION OF RECOMMENDATION BY CRGA 40 FOR APPOINTMENT OF THE DIRECTOR-GENERAL (CLOSED SESSION)

340. CRGA 40 agreed to recommend to the 7th Conference of the Pacific Community that the incumbent Director-General of SPC, Dr Jimmie Rodgers, be offered an exceptional further and final two-year term. In accordance with procedures, CRGA also assesses the Director-General's performance over the current contract period in an *in camera* session. The Chair of CRGA then presents a letter outlining its recommendations to the Chair of the Conference of the Pacific Community for consideration. CRGA is also asked to consider the Director-General's remuneration and make a recommendation to Conference. To assist in this evaluation, CRGA has access to the Director-General's annual reports to CRGA for 2010 and 2011, including a self-assessment by the Director-General. Also provided is the Rewards for Performance model presented by Strategic Pay in their report on the banding of CROP CEO roles, which was endorsed by CRGA 40 for application in assessing the Director-General's performance and determining salary levels.

RECOMMENDATIONS

341. The recommendations were discussed in camera and presented to the Chairperson of the 7th Conference of the Pacific Community in a letter from the Chairperson of CRGA 41.

AGENDA ITEM 11.2 – RULES OF PROCEDURE FOR THE APPOINTMENT AND ASSESSMENT OF THE SPC DIRECTOR-GENERAL

342. The Director-General said the *Procedure for the Appointment and Assessment of the SPC Director-General* had been prepared in response to CRGA 40's request for a consolidated document on the topic. The Director-General drew the meeting's attention to some of the new items in the document, such as the remuneration of the Director-General, the process for assessing performance, and the term of tenure. He said that the changes made to the Tahiti Nui Declaration under agenda item 7.1 would also be made in to the *Procedure* to synchronise the two documents. If endorsed, the revised procedure would be implemented beginning in January 2012.

343. The representative of France expressed readiness to approve the document and asked when the final version, incorporating the changes necessitated by the changes to the Tahiti Nui Declaration, would be available.

344. The Director-General said the changes would be made overnight and copies would be ready for the start of the 7th Conference.

RECOMMENDATION

345. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it approve the *Procedure for the appointment and assessment of the SPC Director-General*.

AGENDA ITEM 12 – CRGA 42 – MEETING CHAIRPERSON AND VICE-CHAIRPERSON

346. The Director-General informed the meeting that, following SPC rules, the venue for the next CRGA was New Caledonia. France will chair the meeting and Kiribati will be Vice-Chair, given Guam's non-engagement. The date of the meeting is 12–16 November 2012 to synchronise with the STAR and SOPAC Division meetings being hosted by IRD in Noumea.

RECOMMENDATIONS

347. CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it:

- i. note that the venue for the 2012 meeting of CRGA 42 will be Noumea, New Caledonia;
- ii. note that the proposed dates for CRGA 42 are 12–16 November 2012;
- iii. note that the Chairperson for CRGA 42 will be provided by France and the Vice-Chairperson by Kiribati.

OTHER BUSINESS

348. The representative of Wallis and Futuna thanked the Chairperson for the opportunity to speak. He told the meeting that this was his first CRGA meeting and he had enjoyed listening to what members had to say. He said that while the Pacific Ocean pulled their countries far apart, it also brought them together insofar as they shared many concerns, such as climate change, gender issues,

renewable energy, and the support of SPC. Wallis and Futuna enjoyed this support in a number of areas, and he hoped that SPC would assist through their JCS in training women to utilise their abundant coconut resources, in fisheries training and in combating NCDs. He commended the work of L'union des femmes francophones d'Océanie (Union of Francophone Pacific Women). Finally he thanked the Chairperson and the Director-General for their support.

349. The representative of French Polynesia thanked the Chairperson on behalf of all members. He congratulated her and commended her for the wisdom shown in her conduct of the meeting. He also thanked the Director-General and his staff for the meeting arrangements and the translators and interpreters for their work. He thanked RMI, as the host country, for agreeing to the governing body meetings being held in Noumea, rather than in Majuro as planned.

LIST OF PARTICIPANTS

Chairperson H.E. Ms Litia Mawi
 Roving Ambassador, Fiji
 Ministry of Foreign Affairs and International Cooperation

Vice-chairperson H.E. M. Hadelin De la Tour-du-Pin
 Ambassador, France
 Secrétaire permanent pour le Pacifique
 Représentant permanent de la France auprès de la CPS

American Samoa Mr Toetasi Tuiteleleapaga
 Chief Legal Counsel
 Office of the Governor
 A.P. Lutali Executive Office Building, 3rd floor
 Pago Pago, AS 96799
 Tel: (684) 633-4116 - Fax: (684) 633-2269
 toetasi@go.as.gov

Mr Laau Seui, Jr.
 Deputy Chief of Staff
 Office of the Governor
 A.P. Lutali Executive Office Building, 3rd floor
 Pago Pago, AS 96799
 Tel: (684) 633-4116 - Fax: (684) 633-2269
 Laau.seui@go.as.gov

Australia Mr John Davidson
 Minister Counselor - Pacific
 Australian Agency for International Development (AUSAID)
 GPO Box 887
 CANBERRA ACT 2601
 Tel: (61) 2 6206 4006 - Fax: (61) 2 6206 4242
 John.davidson@ausaid.gov.au

Ms Romaine Kwesius
 Counsellor Development
 Australian High Commission
 Suva, Fiji Islands

Ms Fiona McKergow
 Director, Pacific Division
 Australian Agency for International Development (AUSAID)
 GPO Box 987
 Canberra, ACT 2601

Ms Rebecca McClean
 Second Secretary Development Cooperation
 Australian High Commission
 Suva, Fiji Islands
 Tel: (679) 3388 281 - Fax: (679) 3382 065
 Rebecca.McCclean@ausaid.gov.au

Ms Anita Butler
 Consul General of Australia
 BP 22
 98845 Noumea Cedex
 Tel: (687) 27 24 14
 Anita.butler@dfat.gov.au

Cook Islands

Mr Carl Hunter
 Director for Pacific Division
 Ministry of Foreign Affairs & Immigration
 Rarotonga

Federated States of Micronesia

Mr Stan Kensof
 Deputy Chief of Mission
 FSM Embassy
 Suva, Fiji
 Tel: (679) 330 4566 - Fax: (679) 330 4081
 skensof@hotmail.com

Fiji Islands

Ms Litia Mawi
 Roving Ambassador / High Commissioner to PICs
 Ministry of Foreign Affairs and International Cooperation
 Tel: (679) 3239 606 - Fax: (679) 3310 473
 litia.mawi@govnet.gov.fj

Ms Amalaini Kuruvakadua
 Acting Director (International Cooperation)
 Ministry of Foreign Affairs and International Cooperation
 Tel: (679) 3309 645 - Fax: (679) 3317 580
 AmalainiQ@govnet.gov.fj

France

Son Excellence M. Hadelin De la Tour-du-Pin
 Ambassadeur
 Secrétaire permanent pour le Pacifique
 Représentant permanent de la France auprès de la CPS
 27, rue Oudinot
 75007 Paris
 Tel : 33 (0) 1 53 69 29 29 - Fax : 33 (0) 1 53 69 22 76
 hadelin.delatourdupin@diplomatie.gouv.fr

Mme Josyane Couratier
 Représentant permanent adjoint de la France auprès de la CPS
 Délégation française auprès de la CPS
 7, rue de Sébastopol
 B.P. 8043
 98807 Nouméa Cedex
 Tel : (687) 26 16 03 - Fax : (687) 26 12 66
 Josiane.couratier@diplomatie.gouv.fr

M. Jean-Yves Clavel
 Directeur de l'agence régionale de l'Agence Française
 de Développement (AFD) en Nouvelle-Calédonie
 1 rue de Barleux
 BP J1
 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 Claveljy@afd.fr

M. Dominique Hautbergue
 Directeur adjoint de l'Agence Française
 de Développement (AFD) en Nouvelle-Calédonie
 1 rue de Barleux
 BP J1
 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 afdnoumea@groupe-afd.org

M. Benoît Le Bars
 Chargé de mission
 Agence Française de Développement (AFD)
 en Nouvelle-Calédonie
 1 rue de Barleux
 BP J1
 98849 Nouméa Cedex, Nouvelle-Calédonie
 Tel : (687) 24 26 00 - Fax : (687) 28 24 13
 afdnoumea@groupe-afd.org

French Polynesia

M. Bruno Peaucellier
 Chef du service des relations internationales
 Gouvernement de la Polynésie française
 Papeete, Tahiti
 bruno.peaucellier@presidence.pf

Kiribati

Ms Reteta Rimon-Nikuata
 High Commissioner
 Kiribati High Commission
 Suva, Fiji
 Tel: (679) 330 2512
 hesuva@mfa.gov.ki

Mr David A. Teaabo
SIS & Pacific Plan Desk Officer
Ministry of Foreign Affairs
Bairiki, Tarawa
Tel: (686) 21 342 - Fax: (686) 21 466
dopp@mfa.gov.ki

Marshall Islands

Honourable John M. Silk
Minister
Ministry of Foreign Affairs
P.O. Box 1349
Majuro, MH 96960
Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
Jsilk79@yahoo.com

Her Excellency Madam Amatlain E. Kabua
Ambassador
Embassy of the Republic of the Marshall Islands
41 Boron Road
P.O. Box 2038
Suva, Fiji
Tel: (679) 338 7899 - Fax: (679) 338 7115
ambassador@rmiembassyfiji.org

Mr Bernard Adiniwin
Assistant Secretary/Legal Adviser
Bureau of Multilateral Affairs
Ministry of Foreign Affairs
P.O. Box 1349
Majuro, MH 96960
Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
bernardadiniwin@gmail.com

Ms Lydia Kaminaga
Foreign Service Officer
Bureau of Multilateral Affairs
Ministry of Foreign Affairs
P.O. Box 1349
Majuro, MH 96960
Tel: (692) 625 3181/3012 - Fax: (692) 625 4979
lydia.kaminaga22@gmail.com

Nauru

Mr Michael Aroi
Director of Regional Affairs
Department of Foreign Affairs & Trade
Yaren District
Government Buildings
Republic of Nauru

New Caledonia

M. François Bockel
Chef du service de coopération régionale et des relations
extérieures
Gouvernement de la Nouvelle-Calédonie
BP M2
98849 Nouméa
Tel : (687) 25.00.43
francois.bockel@gouv.nc

M. Yves Lafoy
Conseiller de coopération pour la Nouvelle-Zélande et le
Forum des Iles du Pacifique
Service de coopération régionale et des relations extérieures
Gouvernement de la Nouvelle-Calédonie
Tel : (64) 27 260 1411 / (687) 764505
yves.lafoy@gouv.nc

Mme Anne-Claire Goarant
Service de la coopération régionale et des relations extérieures
Gouvernement de la Nouvelle-Calédonie
BP M2
98849 Nouméa
Tel : (687) 25 00 44
Anne-claire.goarant@gouv.nc

Mme Anaïs Rouveyrol
Service de la coopération régionale et des relations extérieures
Gouvernement de la Nouvelle-Calédonie
BP M2
98849 Nouméa
Tel : (687) 25 00 45
Anais.rouveyrol@gouv.nc

Mme Hélène Wabete
Coopération décentralisée régionale
Province Sud

M. Michel Allenbach
UNC

M. Sylvain Raffard Artigue
Chargé de mission jeunesse et sport
Cabinet G Briault

M. Jacques Wamalo
PILES

M. Nicolas Gounot
Action Etat en mer

M. Téva Sliman
Conseiller économie numérique et com audio-visuelle
Cabinet S BACKES

M. Christopher Gyges
Conseiller énergie, budget et fiscalité
Cabinet S BACKES

M. Régis Etaix-Bonnin
SMMPM

M. Michel Falco
NC-DAVAR

M. Clément Gandet
CANC

M. Alexandre Gautier
Directeur de l'ISEE

Dr Jean-Paul Grangeon
Chef du service des actions sanitaires
Médecin inspecteur de santé publique
Directeur des affaires sanitaires et sociales
BP N4
Nouméa

New Zealand

Mr Craig Hawke
International Development Group
Ministry of Foreign Affairs and Trade
195 Lambton Quay
Private Bag 18 901
Wellington, 5045
Craig.hawke@mfat.govt.nz

Ms Alison Carlin
International Development Group
Ministry of Foreign Affairs and Trade
195 Lambton Quay
Private Bag 18 901
Wellington, 5045
Alison.carlin@mfat.govt.nz

Mr Simon Draper
New Zealand Consul-General
New Zealand Consulate General
BP 2219
98 846 Noumea Cedex, New Caledonia
Tel: (687) 27 25 43 / 77 49 06 - Fax: (687) 27 17 40
Simon.draper@mfat.govt.nz

Ms Jennifer Troup
New Zealand Vice-Consul
New Zealand Consulate General
BP 2219
98 846 Noumea Cedex, New Caledonia
Tel: (687) 27 25 43 / 75 55 09 - Fax: (687) 27 17 40
Jennifer.troup@mfat.govt.nz

Niue

Mr Richard Hipa
 Secretary of Government
 Government of Niue
 PO Box 40
 Alofi
 Tel: (683) 4620 - Fax: (683) 4232
 richard.hipa@mail.gov.nu

Papua New Guinea

His Excellency Mr Peter Eafeare
 Head of Mission / High Commissioner
 Papua New Guinea High Commission
 1st flr Central St Building
 P.O Box 2447
 Suva, Fiji
 Tel: (679) 3304 244 / 3304 590
 kundufi@connect.com.fj
 petereafeare@yahoo.com.au

Pitcairn

Mrs Ginny Silva
 Deputy Governor of Pitcairn Islands
 17th fl., 151, Queen Street
 P.B 92014, Auckland 1142
 Tel: (64) 9 303 5010
 Ginny.Silva@fco.gov.uk

Samoa

Ms Sharon Potoi-Aiafi
 Assistant Chief Executive Officer
 Ministry of Foreign Affairs and Trade
 P.O. Box L 1859
 Apia
 Tel: (685) 21171 / 20698 – fax: (685) 21504
 sharon@mfat.gov.ws

Solomon Islands

Mr Barnabas Anga
 Permanent Secretary for Ministry of Planning
 Ministry of Development Planning and Aid Coordinator
 P.O. Box G30
 Honiara
 Tel: (677) 38 813
 Fax: (677) 30 163
 psplanning@planning.gov.sb

Mr George Hoa'au
 Assistant Secretary for Regional Economic Cooperation
 Ministry of Foreign Affairs and External Trade
 P.O. Box G10
 Honiara
 Tel: (677) 21 250
 ghau@gmail.com

Tonga

Mr Busby S. Kautoke
Chief Secretary & Secretary to Cabinet
Prime Minister Office
Nuku'alofa
Tel: (676) 24 644 - Fax: (676) 23 888
busbykautoke@gmail.com

Dr Sione Vailala Matoto
CEO / Director of Agriculture, Food, Forest & Fisheries
Ministry of AFFF
Nuku'alofa
Tel: (676) 23 402 - Fax: (676) 23 888
vailala@kalianet.to

United States of America

Dr Norman Barth
Regional Environment Officer
U.S Embassy
158 Princes Rd
P.O. Box 218
Suva, Fiji Islands
Tel: (679) 3314 466 Ext 8166 - Fax: (679) 3302 998
barthnh@state.gov

Ms Mollie Jackson
EAP/ANP
Department of State
2201C St NW
Washington, DC 20520
Tel: (1) 202 663 3386
jacksonmj@state.gov

Mr Kerry Reeves
USAID
Philippines
Tel: (63) 091 756 927 20
kreeves@usaid.gov

Vanuatu

Mr Victor Rory
Principal Aid Negotiator
Aid Management & Negotiation Unit
Prime Minister's Office
PMB 9024
Port Vila
Tel: (678) 7732 323
vrory@vanuatu.gov.vu

Mr Raymond Manuake
Consul General of Vanuatu
BP 2499
98846 Noumea Cedex, New Caledonia
Tel: (687) 27 76 21 - Fax: (687) 27 76 81
vanconsul@offratel.nc

Wallis & Futuna

M. Sosefo Motuku
Conseiller Territorial
Tel : (681) 72 30 10 - Fax : (681) 72 24 07
sosefo.motiku@gmail.com

M. Atonio Tialetagi
Conseiller Territorial
Fiua, Sigave, Futuna
Tel: (681) 72 34 24 - Fax: (681) 72 33 31

OBSERVERS/OBSERVATEURS

European Commission

Mr Francisco Javier Ortiz de Zuñiga
 Chargé d'affaires a.i
 BP 100
 98845 Noumea Cedex, New Caledonia
 Tel : (687) 27 70 02 - Fax: (687) 28 87 07
 Delegation-new-caledonia@eeas.europa.eu

Pacific Games Council

Mr Andrew Minogue
 Executive Director
 BP 333
 98845 Noumea Cedex, New Caledonia
 Tel: (684) 24 11 11 - Fax: (687) 286840
 pacificgamescouncil@nc2011.nc

Pacific Islands Forum Secretariat

Mr Feleti P. Teo
 Deputy Secretary General
 Private Mail Bag
 Suva, Fiji
 Tel: (679) 3312 600 / 3220 202 - Fax: (679) 3320 221
 feletit@forumsec.org.fj

Mr Alexander Knox
 Executive Officer
 Private Mail Bag
 Suva, Fiji
 Tel: (679) 3312 600
 alexk@forumsec.org.fj

Pacific Power Association

Mr Andrew D. Daka
 Executive Director
 Naibati House, Goodenought Street
 Suva, Fiji
 Tel: (679) 3306 022
 andrewd@ppa.org.fj

**Secretariat of the Pacific Regional
 Environment Programme (SPREP)
 Programme régionale océanien de
 l'environnement (PROE)**

Mr Stuart Chape
 Programme Manager for Island Ecosystems

South Pacific Tourism Organisation

Mr Ilisoni Vuidreketi
Chief Executive Officer
SPTO
PO Box 13119
Suva, Fiji
Tel: (679) 3304 177 - Fax : (679) 3301 995
ivuidreketi@spto.org

Timor-Leste

Mr Marciano Octavio Garcia Da Silva
Director General for Regional Integration
Ministry of Foreign Affairs

Mr Agostinho Barreto
Executive Advisor for the Minister of Foreign Affairs

UNICEF PACIFIC

Ms Isabelle Austin
Deputy Representative
Tel: (679) 9925 613
iaustin@unicef.org

**UN Women (United Nations Entity
for Gender Equality and the Empowerment
of Women)**

Ms Alisi Qaiqaica
Regional Programme Specialist
Level 5, Vanua House, Victoria parade
Suva, Fiji
Tel: (679) 3301 178 - Fax: (679) 3301 654
Alisi.qaiqaica@unwomen.org

**United Nations Development
Programme (UNDP)**

Mr Knut Ostby
UN Resident Coordinator
UNDP, Private Mail Bag
Suva, Fiji
Tel: (679) 3212 500 - Fax: (679) 3301 718
knut.ostby@undp.org

Ms Shobhna Decloitre
Communications Specialist & iComms Team Leader
UNDP Pacific Centre
7th Floor, Kadavu House
414 Victoria Parade
Suva, Fiji Islands
Tel: (679) 3300 399 - Fax: (679) 3301 976
shobhna.decloitre@undp.org

Mr Mark Fleeton
Senior Associate, Knowledge Management
AusAID
GPO Box 887
Canberra, ACT 2601
Australia
Mark.Fleeton@ausaid.gov.au

OFFICERS OF THE SECRETARIAT OF THE PACIFIC COMMUNITY

Director-General	Dr Jimmie Rodgers
Deputy Director-General (Noumea)	Mr Richard Mann
Deputy Director-General (Suva)	Mrs Fekitamoeola 'Utoikamanu
Education, Training and Human Development Division	
Director – SPC / SOPAC Division	Dr Russell Howorth
Director – Economic Development Division	Capt. John Hogan
Director – Fisheries, Aquaculture and Marine Ecosystems Division	Mr Mike Batty
Acting Director – Land Resources Division	Mr Inoke Ratukalou
Director – Public Health Division	Mr Bill Parr
Director – Corporate Services	Mr Leslie Walker
Deputy Director – Corporate Services	Mr John Yee Chief
Manager, Statistics for Development Programme	Dr Gerald Haberkorn
Acting Head of Strategic Engagement, Policy and Planning Facility	Ms Patricia Sachs-Cornish

2012-2013 EXPENDITURE BUDGET

	2012				2013			
	Core	Programme	Project	Total	Core	Programme	Project	Total
TOTAL INCOME	14,718,700	10,409,700	72,468,200	97,596,600	14,581,000	10,686,500	46,860,700	72,128,200
CHAPTER I – DIRECTOR-GENERAL'S OFFICE AND DDGs								
Director-General's Office	524,000	70,000	68,000	662,000	524,000	81,600		605,600
Strategic Engagement, Policy and Planning	-	470,500	8,212,800	8,683,300	-	470,500	6,796,500	7,267,000
Statistics for Development	196,500	904,000	2,650,200	3,750,700	196,500	904,000	2,038,700	3,139,200
North Pacific Regional Office	453,200			453,200	457,700			457,700
Solomon Islands Country Office	210,000			210,000	215,000			215,000
Deputy Director-General (Noumea)	247,100			247,100	247,100			247,100
Deputy Director-General (Suva)	303,300			303,300	203,500			203,500
TOTAL	1,934,100	1,444,500	10,931,000	14,309,600	1,843,800	1,456,100	8,835,200	12,135,100
CHAPTER II - APPLIED GEOSCIENCE & TECHNOLOGY								
Director's Office	263,050	312,700	886,000	1,461,750	263,050	487,250	-	750,300
Disaster Reduction		589,000	4,026,600	4,615,600		590,200	1,951,000	2,541,200
Oceans & Islands		773,500	2,842,200	3,615,700		772,200	2,977,200	3,749,400
Water & Sanitation		536,700	1,337,000	1,873,700		747,300	993,400	1,740,700
TOTAL	263,050	2,211,900	9,091,800	11,566,750	263,050	2,596,950	5,921,600	8,781,600
CHAPTER III - ECONOMIC DEVELOPMENT DIVISION								
Director's Office	127,400	24,700	348,000	500,100	127,400	24,700	109,400	261,500
Energy	-	205,200	5,557,600	5,762,800	-	205,200	5,383,200	5,588,400
Pacific ICT Outreach		16,000	261,300	277,300		16,000	23,500	39,500
Transport		192,100	744,100	936,200		192,100	250,500	442,600
TOTAL	127,400	438,000	6,911,000	7,476,400	127,400	438,000	5,766,600	6,332,000
CHAPTER IV - EDUCATION, TRAINING & HUMAN DEVELOPMENT DIVISION								
Secretariat of the Pacific Board for Educational Assessment (SPBEA)	1,727,500	158,700	1,846,500	3,732,700	1,604,400	158,700	630,100	2,393,200
Community Education Training Centre	140,700	221,800	72,800	435,300	140,700	221,800	72,800	435,300
Human Development	362,900	554,000	968,400	1,885,300	362,900	554,000	152,500	1,069,400
Pacific Regional Rights Resource Team (RRRT)	-	-	702,300	702,300	-	-	-	-
Regional Media Centre	297,200		163,300	460,500	297,200		163,300	460,500
TOTAL	2,528,300	934,500	3,753,300	7,216,100	2,405,200	934,500	1,018,700	4,358,400
CHAPTER V - FISHERIES, AQUACULTURE & MARINE ECOSYSTEMS DIVISION								
Director's Office	222,100	255,600	1,357,200	1,834,900	222,100	255,600	1,157,300	1,635,000
Coastal Fisheries	168,300	1,030,900	2,295,300	3,494,500	168,300	1,030,900	1,896,300	3,095,500
Oceanic Fisheries	177,900	964,800	5,825,500	6,968,200	177,900	964,800	3,061,300	4,204,000
TOTAL	568,300	2,251,300	9,478,000	12,297,600	568,300	2,251,300	6,114,900	8,934,500
CHAPTER VI - LAND RESOURCES DIVISION								
Director's Office	171,000	276,700	73,100	520,800	171,000	280,300	73,100	524,400
Biosecurity and Trade		102,100	4,635,100	4,737,200		102,100	3,391,400	3,493,500
Food and Nutritional Security		395,100	2,095,000	2,490,100		390,400	1,741,900	2,132,300
Sustainable Agriculture and Forestry Management & Development	120,600	857,100	704,900	1,682,600	120,600	858,200	619,800	1,598,600
Combined LRD 2011 Original Budget				-				-
TOTAL	291,600	1,631,000	7,508,100	9,430,700	291,600	1,631,000	5,826,200	7,748,800
CHAPTER VII - PUBLIC HEALTH DIVISION								
Director's Office	218,100	365,500	276,800	860,400	225,100	232,900	161,500	619,500
Disease Surveillance, Research, Response and Control	259,900	424,800	970,800	1,655,500	259,300	439,800	653,800	1,352,900
Grant Management			19,006,600	19,006,600			12,180,200	12,180,200
Health Advancement	16,200	281,700	3,289,600	3,587,500	15,400	281,400	157,700	454,500
Combined PHD 2011 Original Budget				-				-
TOTAL	494,200	1,072,000	23,543,800	25,110,000	499,800	954,100	13,153,200	14,607,100
CHAPTER VIII - OPERATIONS AND MANAGEMENT								
Corporate Services:								
Director's Office	242,200			242,200	242,200			242,200
Administration	1,009,600		72,000	1,081,600	1,009,600			1,009,600
Finance	1,159,850		310,000	1,469,850	1,159,850			1,159,850
Human Resources	334,300		366,200	700,500	334,300		212,500	546,800
Subtotal	2,745,950	-	748,200	3,494,150	2,745,950	-	212,500	2,958,450
Programme Support Services:								
Information & Communication Technology	1,164,500	174,950	443,000	1,782,450	1,165,000	174,950		1,339,950
Library	349,150		60,000	409,150	349,150		11,800	360,950
Publications	966,050	121,550		1,087,600	960,650	119,600		1,080,250
Translation and Interpretation	1,201,000	130,000		1,331,000	1,201,000	130,000		1,331,000
Subtotal	3,680,700	426,500	503,000	4,610,200	3,675,800	424,550	11,800	4,112,150
TOTAL	6,426,650	426,500	1,251,200	8,104,350	6,421,750	424,550	224,300	7,070,600
Chapter IX – COMMON CHARGES	2,085,100			2,085,100	2,160,100			2,160,100
TOTAL before transfer to core funds	14,718,700	10,409,700	72,468,200	97,596,600	14,581,000	10,686,500	46,860,700	72,128,200
Transfer to programme funds				-				-
TOTAL EXPENDITURE	14,718,700	10,409,700	72,468,200	97,596,600	14,581,000	10,686,500	46,860,700	72,128,200
INCOME LESS EXPENDITURE	-	-	-	-	-	-	-	-

Letter from the Chair of CRGA 41 to the Chair of the Seventh Conference

Noumea
New Caledonia
5 November 2011

Honourable John Silk
(Minister of Foreign Affairs, Republic of the Marshall Islands)
Chair 7th Conference of the Pacific Community
Noumea
New Caledonia

Dear Minister,

It is my honour to present to you and to the Seventh Conference of the Pacific Community the recommendations agreed on by the Committee of Representatives of Governments and Administrations (CRGA) at its 41st session last week.

On behalf of CRGA, I would like to congratulate you on assuming the chair of the Conference and convey to you our confidence that under your stewardship the meeting will enjoy great success.

It has been a privilege for me to chair CRGA 41 and on behalf of all members I wish to thank the government of New Caledonia for the warm hospitality that we have all enjoyed. I must also acknowledge the generous gesture made by the host of the conference, the Government of the Republic of Marshall Islands, in agreeing to the change of venue from Majuro to Noumea. We greatly regret having to miss the opportunity of visiting your country on this occasion.

Below is a summary of the discussions of CRGA 41. I'm pleased to report that these discussions were both constructive and useful. The full recommendations of the meeting, including the draft terms of reference for a proposed external review of SPC, are attached to this letter (Attachment 1) for consideration by the Conference. The 2011 revised text of the Tahiti Nui Declaration is also attached (Attachment 2) for approval. The decisions of CRGA 40 are attached (Attachment 3) for noting by Conference.

Summary of major outcomes of CRGA 41 for consideration by the 7th Conference of the Pacific Community

Director-General's Report – CRGA 41 accepted the Director-General's report for 2011, which provided an overview of SPC's work in 2011 and a forward-looking perspective on the organisation's role in a changing regional environment. The meeting commended the work of the secretariat in implementing the key decisions taken by CRGA 40 in 2010 and the progress made in the first year of full implementation of the reform of the regional institutional framework (RIF) with the integration of SOPAC in January 2011, while noting challenges for the secretariat in 2011, including the reduced level of programme funding from New Zealand. CRGA was pleased to hear that Pacific Islanders now make up 54% of all internationally recruited staff and 69% of all SPC staff. The meeting noted several policy decision points, including SPC's intention to discontinue acting as Principal Recipient for any new Global Fund funding rounds for grants; the intention not to award CROP (Council of Regional Organisations in the Pacific) market-based salary increases for 2012 to internationally recruited staff due to budgetary constraints; and the secretariat's serious concern at the increasing level of arrears in some members' assessed contributions. The meeting also notes the proposed organisational structure for 2012. The meeting acknowledged with appreciation the formalisation of relationships with several development partners in 2011 through the signing of nine formal memoranda of understanding,

including two in the course of the meeting. The meeting commended the Director General's initiative in commissioning an independent review of SPC following the completion of the RIF reform process and assisted in finalising the terms of reference for the review (attached) through a CRGA sub-committee. CRGA also acknowledged several other key initiatives planned for the next 12 months, including the development of a secretariat's response to the review, the development of a new SPC corporate plan for 2013–2017, finalisation of a long-term sustainable financing strategy, and further improvements to the SPC budget presentation, all of which would set the stage for achieving the full intent of the RIF reform of more focused, effective and better coordinated delivery of high-quality service to members. In recognising the importance of SPC's role to the region, the meeting requested the secretariat to ensure the best use of its resources by evaluating planned services in terms of priority, SPC's comparative advantage in the field, whether or not a service was best delivered through a regional or national programme funded nationally or bilaterally, and the value for money and impact at national level likely to be obtained through SPC's provision of the service.

Regional policy agenda

Non-communicable disease crisis – The meeting welcomed the strong message sent by the Pacific Ministers of Health and the declaration of Pacific Islands Forum Leaders that 'the Pacific is in an NCD crisis'. The declaration recognises the very high proportion of people in PICTs already suffering from NCDs (such as diabetes, cancer, cardiac and respiratory diseases), the worsening social and economic impacts, and the urgency with which this crisis needs to be addressed. Delegates noted the importance of governments taking strong action at the national level through a whole of society approach, noting in particular the critical role that legislation can play in the control of NCDs. CRGA 41 applauded the commitment by Pacific Ministers for Health and Sport to play their part in addressing the NCD crisis in their countries and territories, and welcomed the ongoing commitment by SPC and the World Health Organization (WHO) to continue to support interventions at national and regional levels to address the NCD crisis more effectively through implementing the Pacific NCD framework and the joint implementation of the 2-1-22 NCD Programme, which ends in June 2012.

Pacific youth initiatives – The meeting acknowledged the serious challenges facing Pacific youth, the importance of addressing these challenges and SPC's commitment to helping PICTs make progress in this area, particularly through supporting employment opportunities for young people and collection of statistics on employment statistics in PICTs. Delegates were concerned that SPC does not have sufficient resources (human and financial) to devote to the issue and requested the Secretariat to focus on areas where it can add value. They noted that SPC will coordinate the development of a framework for youth employment for the region, including research and data collection, and support the strengthening of national youth volunteer schemes that recognise the importance of youth involvement in the economy and in nation building. SPC will also encourage the development of technical and vocational education and training (TVET) services that are responsive to the labour market and take into account market realities and employment trends.

Climate Change Engagement Strategy for SPC – The meeting endorsed the internal Climate Change Engagement Strategy for SPC, which provides an internal platform to ensure integrated delivery of climate change related services, including support for adaptation and risk management, to each member across the 20 sectors SPC works in. Noting that SPC is only one of many agencies involved in assisting PICTs to respond to the challenges of climate change, the meeting agreed it was timely for SPC to present an organisation-wide strategy that delineates its role in this area and describes how it will assist members to collaborate with other partners more effectively to strengthen their resilience to the impacts of climate change and enhance their capacity to respond.

The work of SPC's technical divisions in 2011 and plans for 2012

The meeting heard presentations from the directors of SPC's six technical divisions (Applied Geoscience and Technology Division; Economic Development Division; Education, Training and Human Development Division; Fisheries, Aquaculture and Marine Ecosystems Division; Land Resources Division; Public Health Division), the Manager of the Statistics for Development Programme and the Acting Head of the Strategic Engagement, Policy and Planning Facility, outlining achievements and challenges in 2011 and programme plans for 2012. The detailed recommendations for each division are included in Annex 1.

Applied Geoscience and Technology (SOPAC) – CRGA acknowledged the establishment of the Applied Geoscience and Technology (SOPAC) Division in January 2011 and the efforts made towards achieving initial benefits from the reform of the region's institutional framework. CRGA noted the outcome of the SOPAC Division Meeting (the successor to the meeting of the SOPAC Governing Council) in October, noted the 2011 work programme highlights and endorsed the 2012 work programme and budget for the division. The meeting acknowledged the importance of the work of the SOPAC Division, particularly that of the Oceans and Islands Programme, the Water and Sanitation Programme and the Disaster Reduction Programme. The meeting acknowledged the value of the STAR Network in supporting the work of the SOPAC Division and noted plans to expand its scope to include other scientific programmes of SPC with next year's meeting being hosted by IRD in Noumea the week prior to CRGA 42, also in Noumea. CRGA 41 endorsed the division's 2012 work programme and budget and recommends its endorsement to Conference.

Economic Development Division – CRGA noted the work and achievements of the Economic Development Division in 2011 in each of its three programmes – energy, information and communication technology (ICT) and transport, which are all drivers of economic development. The meeting endorsed the division's strategic plan for the period 2012–2017, approved the proposed work programme for 2012, and recommends its endorsement to Conference.

Education, Training and Human Development Division (ETHDD) – CRGA noted that the division comprises five programmes: the Human Development Programme (HDP), the Community Education Training Centre (CETC), the Regional Media Centre (RMC), the Regional Rights Resource Team (RRRT) and the Secretariat of the Pacific Board for Educational Assessment (SPBEA). CRGA considered and endorsed the 2012 work programme of ETHDD, emphasising the need for SPC to focus on areas where it has comparative advantage, and requests Conference to note the work and achievements of the division in 2011, including the communiqués of the Pacific Women's Ministerial Meeting and the Ministerial Workshop on Climate Change in 2011, and encourage action at national level on the commitments made. CRGA endorsed the division's 2012 work programme and recommends its endorsement to Conference.

Fisheries, Aquaculture and Marine Ecosystems Division (FAME) – CRGA acknowledged the work of FAME in providing essential research, training and technical assistance in one of the Pacific region's most important economic sectors. In particular, the meeting recognised SPC's work in objective scientific assessment of tuna stocks and assistance in developing tuna fisheries management plans, noting that the tuna tagging project has provided vital information in this regard. CRGA commended Papua New Guinea for investing in its own tuna tagging programme, which will have both national and regional benefits. CRGA approved the steps taken to put the recommendations of the 7th Heads of Fisheries meeting into action, endorsed the FAME 2012 work programme and budget and recommends its endorsement to Conference.

Land Resources Division – CRGA noted LRD's achievements in 2011 and commended its work in supporting the development of a sustainable and productive agricultural and forestry sector in PICTS. The meeting welcomed LRD's support for biosecurity, which is essential for trade, and its support for increased local food production, which is important both to improve national food security and to build on economic opportunities in trade and tourism. The meeting encouraged LRD to increase its

reporting on impacts and results of its activities at the national level. CRGA 41 endorsed LRD's 2012 work programme and budget and recommends its endorsement to Conference.

Public Health Division – CRGA noted the work and achievements of PHD in 2011 — measurable in terms of lives saved, early deaths prevented, infections averted and a reduced incidence of malaria — and expressed appreciation to donors for the funding provided in the critical area of health, and noting the need for continued investment in strengthening surveillance systems and addressing high priority health concerns such as non-communicable diseases and sexually transmitted infections. The meeting recognised the critical importance of SPC undertaking regular cost-benefit analyses to guide decisions on national investment in health interventions (e.g. the economic benefits of reducing NCD and HIV incidence, or the costs of not addressing NCDS) and the need to allocate resources for such assessments. The meeting endorsed the division's proposed 2012 work plan and budget and recommend its endorsement to Conference.

Statistics for Development Programme – The meeting acknowledged the work and achievements of SDP in 2011 — measurable in terms of censuses and household income and expenditure surveys assisted — strengthening the capacity of national statistical systems (NSS) and social and economic planning agencies and having access to a wide range of development statistics and key indicators to support evidence-based decision-making. The meeting noted SPC's continued commitment to contributing effectively to the Millennium Development Goals (MDGs) reporting. The meeting welcomed the progress made in developing the National Minimum Development Indicator database and SPC's plans to further assist in improving national administrative databases in key sectors. The meeting endorsed SDP's planned work programme and budget for 2012 and recommends its endorsement to Conference.

Strategic Engagement, Policy and Planning Facility (SEPPF) – The meeting noted the work and achievements of SEPPF in 2011 and acknowledged SEPPF's key role as the strategic, analytical, policy advisory and quality assurance arm of the Director-General's office, noting that it provides direct support to the SPC executive, the technical divisions and programmes, and to member PICTs. The meeting noted it plays an important role in the strategic positioning of the organisation, coordinating and mainstreaming cross-cutting issues such as climate change and food security, mobilising resources, addressing member priorities through joint country strategies, and strengthening partnerships and liaisons with key development partners. The meeting acknowledged the completion of ground-breaking research on the projected impact of climate change on the Pacific region. The meeting endorsed SEPPF's work programme for 2012 and budget and recommends its endorsement to Conference.

Policy and Governance

Legal, operational and governance instruments

Tahiti Nui Declaration — CRGA considered the 2011 revision of the *Tahiti Nui Declaration*, which describes the major operational policies and mechanisms of SPC with an improved structure that incorporates recent decisions by CRGA and Conference, including the expansion of the scope of SPC work as a result of the reform of the regional institutional framework. It is anticipated that as SPC's policies and procedures are further defined, the operational aspects of the Declaration will be adequately covered by such policies, thus removing the need for more frequent revision. CRGA 41 further refined and endorsed the 2011 revision of the Tahiti Nui Declaration and recommends its approval by Conference pending the inclusion of any further modifications directed by Conference.

Operations and Management

Directorate of Operations and Management — CRGA welcomed the rationalisation achieved by bringing together corporate services and programme support services under a single directorate in 2011 and considered the directorate's work and achievements. The meeting expressed appreciation for the new presentation of SPC's 2012 budget in the 'Green Book', which now provides more information linking work plans with expenditure and outcomes, and noted the new Human Resources Information System (HRIS) that is being introduced in a joint initiative with other CROP agencies. The meeting also noted that a review of SPC's policies, rules and regulations has begun, and a review of the organisation of Corporate and Programme Support Services was commissioned, both made necessary with the integration of SOPAC and SPBEA. An upgrade of SPC's ICT infrastructure has enabled the implementation of a virtualised infrastructure in Suva and Noumea, and a new documents and records management system is also being introduced. The meeting acknowledged the excellent result of an institutional review by the European Commission, which benchmarked SPC's corporate services policies and procedures, including financial procedures, against international standards. The meeting commended SPC for receiving an unqualified audit opinion for its annual accounts for the 15th consecutive year and endorsed the directorate's 2012 work programme and budget.

Directorate of Operations and Management: Review of corporate and programme support services — CRGA heard a presentation on the outcome of an external review of SPC's corporate and programme support services. The review was necessitated by changes in demands on these services as a result of the RIF, decentralisation, and SPC's growth. The draft report was received only recently and the Secretariat has not had the opportunity to study it fully or provide a management response. The meeting was pleased to hear that efficiencies will be realised through the consolidation process, initially small but with potential to increase over a number of years as systems and personnel changes occur. CRGA agreed to recommend to Conference that it note progress with the Review of Corporate Services and Programme Support Services, acknowledging the secretariat and the consultant need to look further at efficiencies and benchmarking for monitoring efficiency gains.

Administrative and staffing issues: Joint CROP HRIS project — CRGA welcomed this CROP-wide initiative led by SPC which, when fully implemented, will also involve the Pacific Islands Forum Secretariat and the Secretariat of the Pacific Regional Environment Programme. Implementation of the payroll and leave management component of the package is scheduled to 'go-live' in January 2012. Conference is requested to note the progress made with the implementation of this joint CROP Human Resource Information System.

Administrative and staffing issues

Updates on the 2009 and 2012 Triennial Remuneration Reviews — CRGA noted that SPC and other participating CROP agencies (FFA, PIFS and SPREP), have successfully implemented all recommendations of the 2009 review, except for a review of the Cost of Living Differential Allowance (COLDA). This is now part of the terms of reference for the 2012 review. The outcome of the 2012 review is expected to be available by mid-January 2012 for consideration by CROP heads and subsequently by the governing bodies of participating CROP agencies. Conference is requested to note the progress made in implementing the recommendations of the 2009 Triennial Remuneration Review and the update on the 2012 Review.

2011 salary market data review — CRGA noted that, based on the 2011 labour market data or positions advertised internationally (PAIs), CROP salaries are below the average of the three reference markets, the benchmark used to set the CROP salaries for PAIs. CRGA endorsed the Secretariat's recommendation that there be no increase in salaries for PAIs for 2012. CRGA endorsed the small market increase for Suva-based positions advertised locally (PALs), recommended by the secretariat for bands 4 to 7, which will cost less than 10,000 CFP units altogether. The most recent

adjustment to the salary scales for Noumea-based PALs was 0.5%, paid effective from 1 January 2011. In Pohnpei, public service salary scales have not changed during the last 12 months, so no change is being recommended for Pohnpei-based PALs. Salary scales for Honiara-based PALs are pegged on those of the Forum Fisheries Agency, which recommended no adjustment for their PALs, so no change is recommended for Honiara-based PALs. Conference is requested to note the outcome of the 2011 market data review, approve the proposal that there be no increase in 2012 for positions advertised internationally, approve the 2011 market data as the salary scale for 2012 for Suva-based positions advertised locally, note that a 0.5% increase for Noumea-based positions advertised locally was paid with effect from 1 January 2011 and note that no increases in the 2012 salary scales are proposed for positions advertised locally in Pohnpei and Honiara.

Staff regulations and remuneration regulations review

CRGA endorsed a review scheduled to take place starting in the last quarter of 2011 and ending in September 2012 to update and standardise the organisation's policies and requests Conference to note the intended review of SPC's administrative and financial policies.

Financial Matters

Contributions and arrears — CRGA expressed concern that many members are in arrears and encourages all members with arrears to settle their arrears as soon as possible. CRGA could not accept Nauru's request for a 'partial write-off' of its arrears and requested Nauru and the secretariat to agree on a payment plan over a number of years to receive the arrears while meeting current dues. Nauru accepted CRGA's proposal. CRGA is requested to strongly encourage members to settle their arrears and to note that Nauru and the secretariat will agree on a payment schedule to receive Nauru's arrears over a number of years, and provide an update of the agreed payment schedule at CRGA 42.

2010 audit report and auditor's management letter — CRGA commended the Secretariat for achieving a clean audit for the 15th consecutive year, noting however, the concerns raised by the auditors on the outstanding assessed contributions. Conference is requested to note that SPC has achieved a clean audit for the 15th consecutive year and also note that comments raised by the auditors in their management letter have been addressed or are being addressed.

Selection of auditors for 2011–2013 — CRGA endorsed the recommendation by the Secretariat to appoint PricewaterhouseCoopers as SPC's auditor for 2011–2013. Conference is requested to consider and approve the appointment of PricewaterhouseCoopers, Noumea, to audit SPC's accounts for the financial years 2011 to 2013.

2011 revised budget — CRGA noted the revision of the 2011 core, programme and project funding budget. In line with SPC's financial policies, the revised budget is a balanced budget that totals 97,030,640 CFP units, (core 14,416,740 CFP units; programme funding 10,755,300 CFP units; project funding 71,858,600 CFP units) in income and in expenditure. The revised budget incorporates SOPAC and SPBEA income and expenditure. CRGA agreed to recommend to Conference that it note the revised budget (core, programme and project funding) for FY 2011.

2012 budget — CRGA noted the 2012 budget, which follows SPC's new organisational structure, is balanced and includes a multi-year budget outlook. The total of 97,596,600 CFP units comprises a recurrent budget of 25,128,400 CFP units (core funding of 14,718,700 CFP units and programme funding of 10,409,700 CFP units) and project funding of 72,468,200 CFP units. The recurrent budget makes up 26% of the total budget and project funding makes up the remaining 74%. The overall level of reserves at the end of FY 2012 is expected to remain similar to that achieved in FY 2011. The meeting also noted that SPC divisions are implementing strategies to reduce expenditure in order to adjust to the new reduced funding levels, while at the same time trying to minimise the impact on service delivery to island members of the Pacific Community. CRGA commended the secretariat on the presentation of the 2012 budget, noting in particular the multi-year budget presentation, including

income forecasts to 2015. CRGA endorsed the 2012 budget, noting that some members continue to engage with the secretariat on 2012 contributions above their membership fee and encouraged the secretariat to seek further effectiveness and efficiency gains and provide an efficiency reporting section in association with the budget. The meeting also requested the secretariat to engage with members earlier in the budget setting cycle. Conference is requested to consider and approve the proposed budget for SPC for financial year 2012 and note the progress update on the levels of the general and specific reserves.

Establishment of an Internal Audit Function and A CRGA Audit Committee at SPC — CRGA commended the Secretariat on its initiative to establish an internal audit function at the Secretariat with its associated Internal Audit Charter, and the establishment of a CRGA Audit committee and associated Audit Committee Charter. The internal audit function and a CRGA Audit Committee will provide independent advice to CRGA and will strengthen the governance framework of SPC. Such a function is important with the increase in the size of SPC and has also been recommended by large donors such as the EU and Global Fund to Fight AIDS, Tuberculosis and Malaria. The meeting welcomed the offer from Australia to provide the Chair for the Audit Committee initially for a period of two years and agreed that the current chair of CRGA should be delegated the authority to approve two additional independent members of the Audit Committee based on the recommendations by the Chair of the Audit Committee and the Director-General. CRGA recommends to Conference that it approve the setting up of an internal audit function and an audit committee at SPC, approve the Internal Audit Charter and the Audit Committee Charter, and also endorse Australia's offer to provide the Audit Committee Chair for the first two years.

Appointment of the Director-General

Consideration of recommendation by CRGA 40 for appointment of the Director-General (closed session) — In 2010, CRGA 40 agreed to recommend to the 7th Conference that the incumbent Director-General, Dr Rodgers, be offered an exceptional further and final two-year term. Existing procedures provide for CRGA to assess the Director-General's performance over the current contract period *in camera* and for the Chair of CRGA to present its recommendations to the Chair of the Conference by letter for consideration. CRGA was also asked to consider the issue of remuneration and to make a recommendation to Conference.

The recommendation of this closed session of CRGA 41 will be presented to the Chair of the 7th Conference in a letter from the Chair of CRGA 41.

Rules of procedure for the appointment and assessment of the SPC Director-General — CRGA 40 requested SPC to prepare a document on the procedure for appointing the SPC Director-General to be presented for consideration and approval by CRGA 41 and the 7th Conference. The procedure is based on rules and practices documented in the 1999 Tahiti Nui Declaration, which has also been revised and endorsed at CRGA 41, incorporating relevant policy decisions of recent SPC's governing body meetings. A new section dealing with the new performance assessment process and remuneration of the Director-General has been added. CRGA 41 endorsed the new procedures and request Conference to consider and approve the *Procedure for the appointment and assessment of the SPC Director-General*.

CRGA 42 – Venue, Chairperson and Vice-Chairperson

CRGA agreed to recommend to the Seventh Conference of the Pacific Community that it note that the venue for the 2012 meeting of CRGA 42 will be Noumea, New Caledonia, with the proposed date of 12 – 16 November 2012. The Chairperson for CRGA 42 will be provided by France and the Vice-Chairperson by Kiribati. CRGA 41 reached agreement on a number of other recommendations. As noted earlier these are included in full in Attachment 1. Attachment 2 contains the revised text of the Tahiti Nui Declaration for the Conference's approval. In accordance with established practice, the

decisions of CRGA 40 held in Noumea in October 2010 are also attached (Attachment 3) for noting by the Conference, given that in the years the Conference does not meet, CRGA is empowered by the Conference to make decisions.

I commend these decisions and recommendations to the Conference. In this regard, I wish to thank CRGA 41 members for their cooperation in completing the business of the meeting and for their commitment and dedication to the work of the Pacific Community.

I end by wishing you a stimulating and fruitful meeting,

Yours sincerely,

Litia Mawi

(Roving Ambassador, Government of the Republic of Fiji)

Chair

41st Committee of Representatives of Governments and Administrations

STATEMENTS FROM OBSERVERS AT CRGA 41

This report includes all observer statements provided to the Secretariat.

Statement by the United Nations Development Programme

Madam Chair, Director General, excellencies, distinguished delegates, ladies and gentlemen.

First of all, Madam Chair, please accept my warm congratulations on your appointment to this position.

On behalf of the UN agencies, I would like to thank the Director General for inviting us as Observers to the 41st meeting of the CRGA. We have been listening with great interest to the presentations from the various divisions as well as comments, feedback and suggestions from member states, and appreciate the opportunity given to us to share some observations.

We would like to take the opportunity of this important meeting to share with the distinguished audience information on an important exercise that sets out UN priorities in the Pacific for the next five years. I am referring to the United Nations Development Assistance Framework that is currently being designed for the period 2013-2017. Last week, and based on six months of preparatory work, UN agencies just concluded an important process of consultation with member states, to arrive at a consensus on the 5 priority areas for the next cycle of cooperation, as follows:

- Environmental management, climate change, and disaster risk management
- Gender Equality
- Inclusive economic growth and poverty reduction
- Basic services (health and education)
- Governance, human rights, peace and security

As you can readily conclude, the above areas echo many of the priorities that SPC and other Pacific development partners are pursuing. The priorities also align well with key regional plans, as they have used the Pacific Plan as well as the Joint UN-PIF statement from Auckland as part of their basis. This offers excellent opportunities to further strengthen our collaboration with SPC and CROP agencies, building upon the progress and lessons learnt from previous years.

A number of UN agencies already have signed Memoranda of Understanding with SPC and various CROP agencies, as well as programme and project agreements which guide our partnerships and collaboration. The purpose of all those arrangements is to maximize impact of the combined work of our organisations towards human development progress in the Pacific. Over the last three days, the results of our collaboration under the various MoUs and arrangements have been well reflected in the presentations made to the meeting.

While we envisage continuing working together at the Regional level, we feel that national ownership of development programmes is crucial to development effectiveness. For that reason, we have agreed among the UN agencies to develop Joint Country Frameworks under the new UNDAF. Coinciding in time with this, is the fact that SPC have agreed with other CROP agencies to expand their Joint Country Strategies across the CROP system creates a unique opportunity to further develop collaboration between UN and CROP agencies at national level. We look forward to discussing practical options for such collaboration with SPC and other CROP agencies.

As an additional dimension, UN agencies are already engaged with Pacific countries in collaboration with CROP agencies to support the preparations for Rio+20. In that context, we acknowledge that

economic, social and environmental objectives are not independent variables but are mutually supportive, with progress in each area facilitating the advancement of others. Our objectives therefore are to enhance equity and sustainable development, revitalise the economy and protect the planet and ecosystems so that all people, women, men and children can live in dignity.

Similarly, as noted in the Joint UN-PIF statement at the Auckland Leader's meeting, we would like to stress the critical importance of sustainable development, management and conservation of the region's natural resources to enable Pacific SIDS to enjoy a greater share of the benefits derived from those resources. The UN is committed to the PIF Auckland communiqué wherein leaders highlighted the importance of gender equality and agreed to intensify efforts to promote women's equal role in decision-making at all levels, and to continue to improve advocacy for women's leadership and the empowerment of women.

Reflecting on the sessions we have observed over the last three days, we would like to congratulate SPC and the various divisions for their excellent results over the past year, in critically important areas of engagement. We have in particular noted efforts to strengthen monitoring and result based management as well as a sharper focus in the programme of work. This can help operationalize the broad strategic orientations defined for the Pacific to which also UN agencies and development partners have subscribed. In this respect we look forward to more coordinated action among all actors, strongly aligned to regional priorities.

We have also noted in almost all areas that reliable, up to date, gender and age disaggregated data continues to pose a challenge. We welcome SPC initiatives and stand ready to further collaborate on strengthening national and regional data management systems, including gender and youth related statistics.

The UN further welcomes SPC's engagement through the RRRT and looks forward to continued collaboration towards legislative changes and reforms in relation to the normative frameworks such as CEDAW, CRC, and other international human rights treaties and conventions.

We noted with interest the report from the Human Development division, and the support given to gender mainstreaming and we would like to encourage further efforts in this respect, to further promote gender mainstreaming in all areas of SPC engagement. The fight against gender-based violence, as well as violence against children require our collective efforts and collaboration to effectively address these problems.

Further to the youth side-event at the Pacific Forum Leaders' meeting in Auckland, New Zealand, we all agreed that many gaps exist in development programming for youth. The UN welcomes and is ready to support the development of an overall framework bringing together the various initiatives that exist, building upon prior results, towards a more operational programme of action. A few critical areas were identified in Auckland, such as: Data integrity, modalities of closing the gaps and removing the bottlenecks; youth engagement and participation in decision making; governance system for youth matters at the sub-regional and national levels; and the need for medium- and long-term Human Resource Development Strategies, that clearly link the education and vocational training systems to future youth employment. Further, we take note of the relevance of the Mali Declaration on HIV and AIDS from March this year, stressing the need for prioritizing youth participation and leadership, respect for human rights and access to information. These are key needs for youth not only limited to the HIV/AIDS field but also in other sectors. We hope that these issues can be brought to a High-Level Event that we could jointly prepare over the coming year, with support of the Pacific Development Partners.

We note with pleasure the orientations given towards a single workplan across CROP Agencies in the context of the climate change engagement strategy. This will no doubt contribute to create a cohesive programme to translate policies and frameworks into action and impact for people. Also among the UN agencies much work is going on in relation to climate change, and we look forward to further enhancing our coordination and collaboration with CROP agencies based on this strategy. I believe

that a broad and strategic approach greatly helps bring us forward as long as the roles of various partners is mapped out and coordinated.

Specifically on HIV/AIDS programme activities in the Pacific, we have taken note that SPC has expressed their limitations in terms of being able to continue its role as the Principal Recipient under the multi-country Global Fund contributions. In that regard, we are pleased to note that UNDP has expressed willingness to consider taking on the Principal Recipient responsibility, should this be the wish of the Pacific countries.

Madam Chair,

The UN places a very high value on our partnership with SPC, and we wish to present our thanks and appreciation for the opportunity of addressing you today. We look forward to furthering our partnerships in the coming years, as a concrete way to accelerate progress towards the MDGs and the equitable, sustainable and inclusive development of the people of the Pacific Islands Developing States.

Thank you for your attention.

Statement by the Pacific Games Council

The Pacific Games Council is delighted to present this Observer Statement to the 41st meeting of the Secretariat of the Pacific Community's Committee of Representatives of Governments and Administrations.

The (South) Pacific Games Council was established in 1962 under the auspices of the Secretariat of the Pacific Community and so it completes the circle very nicely that on the eve of the Pacific Games Council's 50th anniversary, the Pacific Games Council is today attending this Meeting as a regional organisation which is headquartered here in Noumea.

In fact, this presentation is even more timely as New Caledonia has just successfully hosted the 14th edition of the Pacific Games. Bringing together over 2,700 athletes and 1,100 team officials and VIPs from 22 Pacific Island countries and territories, New Caledonians have just witnessed the biggest manifestation of the "Pacific in Action". And so have the peoples of the wider Pacific Islands region, thanks to New Caledonia's extensive Host Broadcast and internet results services.

The Pacific Games, and the Pacific Mini Games held every two years in between the main Games, represent a major platform for the youth of the Pacific to demonstrate the best qualities of a healthy lifestyle, hard work, teamwork and a determination to succeed. These are all valuable skills to building better individual lives and stronger communities across the Pacific.

The Pacific Games Council and our 22 member Pacific Games Associations now stand ready to assist the Secretariat of the Pacific Community in its important work throughout the Pacific Islands region.

Our 22 Pacific Games Associations, also known as National Olympic Committees, are themselves made up of many different affiliated sporting organisations from Archery to Outrigger Va'a, from Athletics to Weightlifting, from Boxing to Wrestling; literally dozens of affiliated sporting organisations which reach right into the heart of daily community life in the Pacific with a focus on youth.

Over the next twelve months, the Pacific Games Council would like to explore ways that it could assist the Secretariat of the Pacific Community in its many important objectives by using Sport as a vehicle for social change. This was a clear theme of the 2nd Pacific Sports Ministers Meeting which the Pacific Games Council convened here in this very meeting room on 28 August.

From promoting public health and healthy lifestyles to the fight against obesity, crime and other social disorders, our 22 Pacific Games Associations and the Sports Ministers and Governments which support them are ready to work as delivery agents for programs designed to achieve better outcomes for communities in the Pacific islands.

The Pacific Games Council values its partnership with the Secretariat of the Pacific Community and looks forward to developing even stronger bonds of cooperation as the Pacific Games sporting movement gets set to enter its second 50 years of life.

Statement by the European Union

The representative of the European Union made a presentation on European Union-funded projects in the Pacific in the areas of climate change and food security.

Statement by the Pacific Islands Forum Secretariat

Thank you, Madam Chair, for the opportunity to address the meeting on behalf of the Pacific Islands Forum Secretariat.

I bring you the warm greetings and best wishes of the Forum Secretary General HE Tuiloma Neroni Slade for a successful CRGA this week and an equally successful Conference next week.

Many of you would be aware that this year 2011 is a milestone year for the Pacific Islands Forum. It marks the fortieth anniversary of the Pacific Islands Forum since the inaugural meeting of Forum Leaders in Wellington, New Zealand in 1971. So it has been an important year to take stock and reflect on the Forum's efforts to advance regional coordination and integration, and the challenges that lie ahead.

As part of the commemoration of the 40th anniversary we organised a series of public lectures during the course of the year, in Port Vila, Apia and Auckland where Leaders of those countries and selected commentators shared their perspectives on the achievements and challenges of the first 40 years of the PIF and what lie ahead. We are hoping to publish a consolidation of those lectures.

The Forum Leaders meeting in Auckland, New Zealand in September of this year therefore carried some historical significance, not because it was held at the same week as the start of the rugby world cup, but because it presented the Leaders the opportunity to reflect on the four decades of existence of the PIF and to provide some strategic directions on the way forward to ensure the continued relevance of the PIF.

At the Auckland meeting, the Leaders reaffirmed the importance and centrality of the Pacific Plan as the master strategy for regional integration and coordination in the region. At the heart of the Pacific Plan is the Leaders vision, in which the Leaders aspired for a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives.

The Leaders also highlighted the importance of partnership and working together in the implementation of the initiatives and priorities of the Pacific Plan.

The Director General commented earlier in the week on the close cooperation, collaboration and coordination amongst CROP agencies and other partner agencies. I can certainly attest to the high level of collaboration and collegiality amongst the CEO of the CROP agencies. The UN agencies

are now observers at the CROP CEO meetings and are an important part of the partnership for the sustainable development of the region.

SPC as the largest regional technical organization in the region, shoulders the biggest responsibility and carriage of the implementation of the Pacific Plan. And I am pleased to report to CRGA that the Forum Secretariat, as manager and coordinator of the Pacific Plan, has been very impressed and grateful for the support and contribution from SPC on the implementation of the Pacific Plan.

The extent of the work and contribution of SPC to the Pacific Plan is clearly documented in the publication "SPC and the Pacific Plan".

Madam Chair, there are three specific matters that I want to bring to the attention of CRGA in this statement. The first is on the CROP collaboration on climate change. The second is on CROP collaboration on sustainable economic development. And thirdly, to update CRGA on the way forward for the Pacific Plan.

On CROP collaboration on climate change, we heard on Tuesday during the discussion on SPC's engagement strategy on climate change that climate change is everybody business and a whole of region response is fundamental.

The Forum Secretariat has been actively working with other CROP agencies to better coordinate our efforts on climate change. A key part of that approach has been the establishment, in October 2010, of the CROP Executive Sub-committee on Climate Change, co-chaired by the Forum Secretary General and the SPREP Director. This sub-committee, and its associated working group, provides a mechanism for coordinating climate change activities between CROP agencies and for discussing broader climate change issues affecting the Pacific region, including global financing. This work is essential to ensure that national governments are not further overwhelmed by the funding available and are able to access and utilise these resource effectively.

At their meeting in Auckland in September 2011, Leaders tasked the Forum Secretariat to coordinate a study, building on an earlier options paper, on how the national and regional options for climate change financing could work in practice. This work will assess the feasibility of the options, associated risks and benefits for national and regional mechanisms for climate change financing. Importantly, it will need to leverage the experience and knowledge of the CROP agencies and member countries.

The region's efforts to influence the agenda on climate change will also need to focus on the upcoming global climate change talks to be held in Durban, South Africa later this month. This will be another important opportunity to get the Pacific's voice heard and highlight the devastating impact of climate change on the economies and people of this region. The Forum Secretariat, SPC, SPREP and other CROP agencies will be working together to inform and advise national delegations attending these talks.

On CROP collaboration on sustainable economic development, the Leaders in Auckland adopted the Waiheke Declaration on sustainable economic development. In doing so, the Leaders recognised the importance of focusing regional efforts on productive sectors where the Pacific has a comparative advantage, in particular, tourism, fisheries and agriculture. They also highlighted the importance of education, energy and infrastructure in creating an enabling environment for sustainable economic development.

The focus on sustainable economic development under the Waiheke Declaration, for example strengthening access to markets for agricultural products; increasing agricultural production; and undertaking research, management and conservation of fisheries are all matters that fall within the mandate of the SPC.

SPC is also a key player in supporting the enabling environment for sustainable development across the region in terms of advising on approaches towards greater energy security and diversification; linking shipping routes between Smaller Island States and other countries in the Pacific region, lowering freight costs and providing a vital trade link. Along with the Forum Secretariat, it supports quality and relevant education for the youth of this region.

The Forum Secretariat has also been working closely with SPC and the United Nations on human rights issues, including support for the Universal Periodic Review process, and will continue to advocate for gender equality and greater participation of women in decision-making.

The last matter, I want to share with the CRGA are some of the strategic developments that will impact on the future direction of the implementation of the Pacific Plan.

The current three years priorities of the Pacific Plan as adopted in 2009 by Forum Leaders will lapse in 2012. So there is a need to refresh the priorities for the Pacific Plan in order to update them and to account for any changes in the regional landscape.

The priorities of the Pacific Plan are ultimately the prerogatives of the member countries. However, the regional organizations are expected to contribute and equip members with the necessary information to assist member countries determine those priorities.

So the discussions this week and next week on the work programmes and priorities of the SPC will no doubt inform the development of the next cycle of priorities of the Pacific Plan. It is incumbent that the priority areas identified by CRGA and Conference are adequately reflected in the Pacific Plan priorities.

The Forum Secretariat looks forward to working with SPC and other CROP agencies over the next couple of months to initiate the process to develop these priorities and to come to a common agreement on the direction for the Pacific Plan over the next 3 years. These will be considered by Member countries at the Pacific Plan Action Committee (PPAC) next year and ultimately to the Leaders meeting in Rarotonga, Cook Islands in 2012.

PPAC and Leaders have directed that a performance framework for the Pacific Plan will be implemented on a pilot basis. This performance framework, which seeks to use existing regional frameworks and meetings to assess progress of Pacific Plan priorities and report to Leaders, will need further input from SPC and other CROP agencies in order to identify the appropriate regional meetings in 2012 to undertake those assessments. I look forward to further discussions with SPC on this approach over the coming months.

In closing I would like to again acknowledge with appreciation the deep and on-going support by SPC for the Pacific Plan and implementing the Leaders vision for the Pacific. The Pacific Plan Annual Progress Report for 2011 confirmed that SPC is a key player in many of the priority areas identified by Leaders. Again, this report will also be produced in English and French. We are also working towards re-releasing the Pacific Plan itself, including an update on developments since 2005 and key decisions made by Leaders.

I would also like to recognize the work and dedication of the Director General and his team towards the realization of the outcomes of the Regional Institutional Framework. This has not been an easy process, and SPC has played a key role in streamlining the regional architecture for the long-term benefit of the region. Having fully absorbed the changes envisaged under the RIF, it is important that SPC maintain its core services to Members and continue to support the development objectives of the Pacific region.

Madam Chair, Director General thank you once again for the opportunity to participate as an observer to this CRGA meeting and I look forward to a very full and collaborative work program between the Forum Secretariat and SPC over the coming months and heading into 2012.

Statement by the Pacific Power Association

Madam Chair, thank you for giving me the opportunity to address this the 41st Meeting of the Committee Representatives of Governments and Administrations.

Ministers, Heads of Government Delegations, Ambassadors delegates, ladies and gentlemen.

Let me firstly thank SPC and the Director General for the invitation to attend this distinguished meeting, my first since being appointed to the position of Executive Director of Pacific Power Association in March 2011.

The Director General has made reference to the work of the Pacific Power Association in energy at the regional level in the previous days' proceedings.

For those not familiar with the Pacific Power Association, the PPA is a grouping of 25 electric utilities in 20 PICTs. The PPA's mission is to support the PICT power utilities in the provision of high quality, secure, efficient and sustainable electricity services.

The PPA was established in 1992 after 3 years of informal discussion by officials the of Pacific Island electric utilities in recognizing a need to have a forum for the utilities to exchange views, share experiences and address the issue of inferior equipment being dumped in the Pacific.

PPA's contribution to regional energy issues has been ongoing since its early years through the Energy Working Group and more importantly since its acceptance as a member of CROP in 2007.

SPC and PPA will today be signing a MOU to formalize ongoing collaboration between the two organizations. Since the beginning of the RIF process and SPC's role as lead coordinating agency in energy the PPA has been working together with SPC on energy issues in the Pacific and has had significant input in the formulation of thematic area 4: Energy Conversion of FAESP.

The PPA's recently approved 2011 – 2016 Strategic and Implementation Plans further strengthens that by providing input to the key indicators in the FAESP.

The PPA and SPC are working collaboratively in areas of energy efficiency (SSM and DSM), petroleum advice, capacity building, RE and tariff reviews.

The PPA and SPC see the need to work collaboratively to complement each other's activities to deliver energy services to their members who are the one and the same; the people of the PICTs.

The Pacific Power Association values the partnership with SPC and looks forward to a closer working relationship.

Statement by the South Pacific Tourism Association

It is with great pleasure that I am here attending this meeting of the CRGA for the first time and I am very pleased to present this statement from the South Pacific Tourism Organisation (SPTO) as an observer in this meeting.

Tourism is the biggest industry in the Pacific region and backbone of most Pacific Island economies. At the September 2011 Forum Leaders meeting in Auckland, our Leaders acknowledged the major contribution of tourism to economic growth across the Pacific region. They highlighted the opportunities for all countries to develop highly sophisticated tourism operations on the basis of the unique natural beauty and vibrant cultures of the region.

SPTO, now with 14 member Pacific Island countries, was established in 1986 as the regional organization mandated to promote and develop tourism in the region, but particularly, in two main areas:

1. Tourism Marketing, and;
2. Sustainable Tourism Development

While tourism marketing is an important function of SPTO, tourism development in terms of investment, product development and sustainable tourism initiatives has increasingly becoming important.

It has now become inevitable for SPTO to support the linkages between tourism and key cross cutting issues, such as energy efficiency, water and sanitation, solid waste management, climate change adaptation and environmental conservation initiatives.

Furthermore, regional aviation challenges and international cruise liners have become two important areas of tourism development for Pacific island countries.

The Secretariat of the Pacific Community (SPC), apparently, has technical expertise and development programs in all of the above areas, although covering all other sectors.

It is clear that both SPTO and SPC have clear roles to play in cruise shipping, aviation, energy, climate change and human resources development, but together as partners would contribute to more holistic and sustainable solutions. This will ensure maximising joint outcomes, minimising the potential for overlaps and greater efficiency in the utilization and distribution of the limited available donor resources.

In light of the above observation, the Secretariat of the Pacific Community (SPC) is also an important player in sustainable tourism development and a natural partner for SPTO.

Our two agencies have agreed to strengthen future work co-operation through a Memorandum of Understanding and I am honored to be here for the signing of this MOU with SPC.

This partnership comes at a time when SPTO is aggressively seeking long term partnerships with reputable agencies like SPC to enhance sustainable development initiatives for tourism in the region. Ultimately, the goal is to maximise the contribution of tourism to sustainable economic growth of our island nations.

Madam Chair, I thank you for this opportunity to make a statement and I wish you all the best in your meeting.