**FORTY-SEVENTH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**
(Noumea, New Caledonia, 24-26 July 2017)

_____

AGENDA ITEM NO. 5: REPORT FROM THE CRGA SUBCOMMITTEE ON THE IMPLEMENTATION OF THE PACIFIC COMMUNITY STRATEGIC PLAN: STRATEGIC PLAN MONITORING AND RESULTS REPORTING

(Paper presented by the Secretariat)

Summary

The CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan (the Subcommittee) met on 20 and 21 June 2017, and considered and reviewed the following matters, and makes recommendations or expresses its views to CRGA 47 and the Secretariat on each of these matters as outlined in this paper: the Pacific Community Results Report 2016; SPC Prioritisation 2017–2018; the draft Pacific Community Governance Arrangement; the role of the CRGA Subcommittee in relation to the budget process; and advice on members' arrears (assessed contributions and host country grants).

Pacific Community Results Report 2016

1.   The Subcommittee reviewed the Pacific Community Results Report 2016, and recognises the Pacific Community Results Report 2016 is an excellent product, and represents a great improvement on previous years' reports, having also taken into account the advice of the November/December Subcommittee meeting.

   A.   SPC's performance, including achievements and challenges

2.   In relation to the information provided in the Pacific Community Results Report 2016 on SPC's performance, including achievements and challenges, the Subcommittee recommends that CRGA acknowledge SPC's performance in implementing the Strategic Plan 2016–2020, and consider the Subcommittee's recommendations that, in the preparation of future results reports:

   i.   the Secretariat focuses on better explaining how SPC integrates climate change into its work;
   ii.   the Secretariat endeavours to better position the Results Report as regards Agenda 2030 for Sustainable Development;
   iii.   the Secretariat continues its work in strengthening its systems to provide a clearer link between results and expenditure;
   iv.   SPC articulates its efforts in working with other CROP agencies in areas of common interest, and in working collaboratively to appropriately delineate areas of responsibility;

v.   SPC further demonstrates the way it engages with private sector stakeholders and supports an enabling environment for the private sector;

vi.   SPC illustrates how it works with non-government stakeholders, including communities and civil society;

vii. the Secretariat clarifies terminology around inputs, outputs and impact, and considers including numerical targets or baselines to demonstrate performance.

B.   Lessons learned and management response

3.   The Subcommittee recommends that the Secretariat include, in the Results Report 2017:

i.   an articulation, in relation to the following specific areas, of the process by which it learns and applies knowledge to further its work in those areas:

a.   Climate change and disaster risk resilience/management (including GIS mapping);

b.   Regional data coordination and dissemination;

c.   Strengthen engagement and collaboration with members and partners;

d.   Address members' development priorities through multi-disciplinary approaches;

ii.   an articulation of how SPC has used evidence and learning in shaping the formulation of priorities.

C.   Format and content of the Results Report

4.   The Subcommittee clarifies that the main intended audience of the Results Report is CRGA, and that the information provided in the report is compiled with principal consideration for the needs of this audience.

5.   In relation to the format and content of the Results Report 2016, the Subcommittee makes the following recommendations, for CRGA's consideration:

i.   The Secretariat develops other results communication products based on the Results Report to cater for audiences other than CRGA (for example, thematic summary sheets, PowerPoint presentations for meetings, succinct brochures for political leaders, etc.);

ii.   The Secretariat ensures that the presentation of chapter elements is standardised and consistent;

iii. The Secretariat summarises performance against the Strategic Results Framework in an effective format;

iv.   The Secretariat presents concrete examples of how SPC's work contributes to the Sustainable Development Goals (SDGs);

v.   The Secretariat makes more use of infographics to express information;

vi.   The Secretariat presents an assessment of the adequacy of its progress in implementing the Strategic Plan.

SPC Prioritisation 2017–2018

6.   The Subcommittee reviewed the Secretariat's proposed prioritisation process for the period 2017–
       2018, and:

       i.   commended the work that has taken place under Phase II of SPC's prioritisation process;
       ii.   agreed to recommend that CRGA support the ongoing prioritisation process led by the
              Secretariat, together with the four areas for immediate action, and the five priority areas
              that require further refinement by the end of 2017 (as described in Annex A to this paper);
              and
       iii.   requested that the Secretariat:

              a.   ensure engagement with members on priorities;
              b.   provide further information on the possible effects of de-prioritisation of certain
                    activities on their future delivery;
              c.   Ensure consultation and coordination with CROP agencies and other partners;
                    and
              d.   provide a progress report to the next CRGA Subcommittee meeting.

Draft Pacific Community Governance Arrangement

7.   The Subcommittee:

       i.   endorsed the draft Pacific Community Governance Arrangement, and recommended its
              approval by CRGA 47 for adoption by the 10th Conference of the Pacific Community; and
       ii.   endorsed the draft Standards of Conduct for the Director-General of the Pacific
              Community, and recommended their approval by CRGA 47 for adoption by the 10th
              Conference of the Pacific Community.

Role of the CRGA Subcommittee in relation to the budget process

8.   The Subcommittee endorsed the same process for adopting the 2018 budget as that approved by
       CRGA 46 for the 2017 budget.

Advice on the issue of members' arrears (assessed contributions and host country grants)

9.   The Subcommittee received and considered the Secretariat's update on members' arrears, and
       referred this issue to CRGA, noting that the Secretariat will prepare a paper seeking CRGA's
       endorsement of recommendations for handling the issue of arrears.

Annex A

MEETING OF THE CRGA SUBCOMMITTEE ON THE IMPLEMENTATION OF THE PACIFIC COMMUNITY STRATEGIC PLAN

(20–21 June 2017, Noumea, New Caledonia)

_____

AGENDA ITEM 3

PRIORITISATION AT SPC: UPDATE

(Paper presented by the Secretariat)

AMENDED POST-SUBCOMMITTEE FOR PRESENTATION TO CRGA 47

Summary

1.   The Pacific Community (SPC) completed the first phase of its prioritisation process in 2016. This was primarily driven by a significant financial challenge and, through internal savings of EUR 4.7 million, the Secretariat presented a balanced budget for adoption by CRGA in November 2016.

2.   While finances remain a consideration in priority setting, in the second phase of the prioritisation process (Phase II) the aim is focusing and deepening SPC's work in certain areas, to strengthen our comparative advantage, as well as our support to members, and to take purposeful steps towards meeting the aspirations of the Pacific Community Strategic Plan 2016–2020.

3.   The priority areas of SPC's comparative advantage (its capabilities), as outlined in the Strategic Plan, are summarised as follows:

   a)   Strengthen engagement and collaboration with members and partners
   b)   Strengthen technical and scientific knowledge and expertise
   c)   Address members' development priorities through multi-disciplinary approaches.

4.   In Phase II SPC is focusing on identifying, specifying and framing our key areas of scientific and technical expertise (the second comparative advantage priority area listed above.)

5.   Phase II focuses on the following areas as priorities, and establishes a schedule for their respective actions:

a) **FOUR areas we are focusing on now**, as identified in the Strategic Plan and confirmed in the consultation process around Phase II:

    i. Developing and applying fisheries science (striving towards developing an area of excellence)
    ii. Developing and applying plant and crop genetic resources (planning to develop an area of excellence)
    iii. Regional education qualifications and assessment (a regional 'public good')
    iv. Public health surveillance (a regional public good).

b) **FIVE areas to determine by the end of 2017**. Further analysis is required to identify SPC's specific capability, comparative advantage and opportunities available, in the following five areas:

    i. Climate change and disaster risk resilience/management (including GIS mapping)
    ii. Oceans management and governance (including maritime transport and boundaries)
    iii. Regional data coordination and dissemination
    iv. Human rights, including gender equality and youth
    v. Energy.

c) **Two further areas have been highlighted for review and clarification in 2018**. These are currently funded, but further refinement around specific roles and capabilities is required:

    i. Health programme – non-communicable diseases (NCDs)
    ii. Water and sanitation.

d) **Two comparative advantage (capability) development areas will be paused**; significant additional effort to develop these areas will be deferred until late 2018:

    i. Strengthen engagement and collaboration with members and partners
    ii. Address members' development priorities through multi-disciplinary approaches.

e) Underpinning these priorities will be a **new, incremental process to change how SPC allocates core funding**, to ensure it aligns better with SPC's identified priorities. Consequently, over time, areas that are not aligned to identified priorities will receive less core funding. Core funding will be prioritised to:

    i. respond to any projected organisational deficits;
    ii. encourage an entrepreneurial approach in programming; and
    iii. support other critical SPC skills that add value to SPC's services to members.

6. The CRGA Subcommittee is invited to:

    i. note the work that has taken place under Phase II of SPC's prioritisation process;

    ii. consider the definition and outcomes of Phase II of SPC's prioritisation process described in this paper, and offer advice or guidance to the Secretariat on the proposed process and outcomes; and

    iii. provide an opinion to CRGA 47 on the Subcommittee's recommended approach to Phase II of SPC's prioritisation process that is outlined in this paper.

Background and process

7. The Pacific Community completed the first phase of its prioritisation process (Phase I) in 2016, following an extensive review of all existing activities against the objectives of the Pacific Community Strategic Plan 2016–2020.

8. The first phase of Phase I was primarily driven by the need to overcome a significant financial challenge, which the Secretariat addressed through a series of cost-saving measures, demonstrating fiscal responsibility, rather than through requesting an increase in core funding from member states and territories.

9. The outcome of Phase I of prioritisation was an internal saving of EUR 4.7 million, which allowed the Secretariat to present a balanced budget for adoption by CRGA in November 2016.

10. This second phase of SPC's prioritisation exercise (Phase II) aims to clarify:

    a) themes or areas that SPC will focus on;
    b) skills and capacities that need to be built or reinforced to support these foci;
    c) areas that SPC will maintain at current levels or move away from, in order to ensure a sharp focus on priority areas; and
    d) any further steps needed to refine and implement Phase II smoothly with SPC members and partners.

11. The priority areas of SPC's comparative advantage (its capabilities) are identified as strategic organisational objectives in the Strategic Plan, which are summarised below:

    a) Strengthen engagement and collaboration with members and partners
    b) Strengthen technical and scientific knowledge and expertise
    c) Address members' development priorities through multi-disciplinary approaches.

12. In Phase II SPC is focusing on identifying, specifying and framing our key areas of scientific and technical expertise (the second comparative advantage priority area listed above).

13. The principles behind the choices of priorities and our prioritisation processes are set out in the Strategic Plan (pages 10-11). In addition, through this phase of prioritisation, the Secretariat seeks to recognise the following:

    a) A move to developing and applying more specialist scientific and technical expertise in SPC, with a shift away from other areas, such as direct data collection, generic project implementation and training: these will be progressively transferred to members or other stakeholders.
    b) Developing a specific, limited number of 'Areas of Excellence', in which SPC can strive towards legitimately presenting itself as being innovative, highly effective, and at the forefront of the discipline. Relatively few areas will be elevated in this way, and it should be clear that this is a continuous journey of improvement towards achieving and delivering 'excellence' in these specific sectors.
    c) Prioritisation is an iterative and ongoing process. It does not, therefore, require a complete solution that enables SPC to act immediately on the rearticulated priorities – our focus will evolve over time. Prioritisation will be a normal, ongoing part of SPC's business model.
    d) Seventy per cent of SPC's funding base is currently 'locked' in specified projects. The Secretariat intends to fulfil its project-based obligations, while, as funding cycles roll over, analysing whether SPC should continue with certain projects in the future.

e) SPC is building a wealth of experience and evidence to draw on in determining priorities, as demonstrated in SPC's Results Report 2016. SPC's processes of continuous performance and impact assessment, and of consequential improvement (as described in the Results Report), seamlessly supports SPC's ongoing prioritisation process.

f) Prioritisation is not primarily about funding; it is also about maintaining alignment between our identified priorities, our strategic planning, and the quantity and focus areas for our resources, including people, knowledge, time, skills and effort.

14.   However, funding availability, volatility and resource mobilisation opportunities will invariably be factors that influence prioritisation. The aim of Phase II is to shift the focus of Phase I of the prioritisation process (which was primarily driven by financial considerations at the divisional level) to a more strategic focus across the whole of SPC.

15.   The outcomes of Phase II will also inform SPC's resource mobilisation strategy and will drive the investment and reallocation of core funds in higher priority areas (both in sectoral areas and through integrated programmes of work).

Identified priority areas from Phase II of SPC's prioritisation process

16.   **FOUR areas we are focusing on now**, as identified in the Strategic Plan and confirmed in the consultation process around Phase II:

a) Developing and applying fisheries science (striving towards developing an area of excellence)
b) Developing and applying plant and crop genetic resources (planning to develop an area of excellence)
c) Regional education qualifications and assessment
d) Public health surveillance.

17.   Phase II of prioritisation has clearly confirmed the relevance of these four areas, and the Secretariat intends to accelerate actions to consolidate and build capacity in these areas.

18.   **FIVE areas to determine by the end of 2017**. The process identified the following areas, in which further analysis is required to identify SPC's specific capabilities and comparative advantage. By way of illustration, this clarification is likely to identify a smaller subset of identifiable capabilities within each area I which SPC has niche capability. In some cases (e.g. maritime transport), this will clearly be a regional priority, however insufficient funding is available for SPC to maintain it as a priority area, so the initial focus will be to engage key stakeholders and determine whether resources are available to enable this to continue to be a viable priority area for SPC:

a) Climate change and disaster risk resilience/management (including GIS mapping)
b) Oceans management and governance (including maritime transport and boundaries)
c) Regional data coordination and dissemination
d) Human rights, including gender equality and youth
e) Energy.

19.   Availability of funding for these areas is not, at this stage, fully clear or guaranteed. Each of these areas is dependent on the availability of funding, and the Secretariat will develop 'packages' for resource mobilisation once these areas are further defined and work plans are scoped.

20. **Two further areas have been highlighted for review and clarification in 2018**. These are currently funded areas, and SPC expects to continue these activities. However, refining specific roles and capabilities is required, which will be carried out as part of the ongoing prioritisation process and revision of SPC's divisional business plan reviews in 2018:

    a) Health programme – non-communicable diseases (NCDs)
    b) Water and sanitation.

21. **Two comparative advantage (capability) development areas will be paused**; significant additional effort to develop these areas will be deferred until late 2018. While three organisational objectives in the Strategic Plan relate to SPC's capabilities and comparative advantage, SPC recognises that it cannot successfully place equal effort into all three of these simultaneously. With the Phase II focus on clarifying and deepening SPC's scientific and technical expertise, the two other areas of comparative advantage highlighted in the Strategic Plan (below) will be allocated as second-tier priorities; the implications is that they may receive some project funding but little core funding. While SPC will not develop fully articulated 'country programmes', it will continue to develop and update country work plans and to research and pilot better ways to reflect country priorities at the national level. Integrated programming will not receive specific investment of core funding in Phase II, although it will still be encouraged in the design of projects and in mainstreaming cross-cutting issues. It is expected that one of these two areas will be identified as a priority focus in the second half of 2018. The following are the comparative advantage areas that will be paused:

    a) Strengthen engagement and collaboration with members and partners
    b) Address members' development priorities through multi-disciplinary approaches.

Implementing an internal funding model to support Phase II of SPC's prioritisation process

22. The actions around Phase II priorities will be implemented in 2017 and early 2018 and, as mentioned, prioritisation will remain an ongoing part of SPC's business model.

23. The Secretariat intends to incrementally shift away from historic core funding allocations to all of its divisions, programmes and activities. Divisions and programmes will therefore be required to provide prior justification, as part of the budget preparation process, on how they are going to use any core funding, how this use links to their business plans, and how the application of such funding will contribute to identified priority outcomes.

24. This process has the advantage of driving greater visibility around the use and allocation of core funding, as well as accountability at the division, programme and organisation level. It also provides a clear mechanism by which directors, the Executive and CRGA can monitor how SPC's budget and expenditure are focused on priorities and outcomes.

25. The Secretariat proposes to begin the proposed actions identified under the Phase II process in the 2018 budget. Initially, this will assist the Secretariat in covering an expected deficit in 2018. The budget is in preparation, and will be provided to CRGA 47. This deficit contribution will come from the financial flow-on results of Phase II of the prioritisation process, whereby cost savings will be primarily sourced from low priority areas (i.e., areas that are not specifically identified as priority areas will not automatically be funded).

26.   The Secretariat proposes to follow the following principles in allocating core funding:

   a)   Covering any projected organisational deficit. This will mean reserving a portion of core funding based on budget scenarios to mitigate any foreseeable risk of deficit.
   b)   Encouraging an entrepreneurial approach, where divisions and programmes can demonstrate innovative thinking, and funding is allocated to allow for the development of new initiatives, either in already identified priority areas or in new and emerging areas of focus.
   c)   Supporting other dynamic capabilities and critical skills that will contribute to enhancing SPC's areas of comparative advantage. The following dynamic capabilities were identified in the Strategic Plan:
        i.   Improve planning, prioritisation, evaluation, learning and innovation
        ii. Enhance the capabilities of our people systems and processes.

27.   The following critical skills were identified through the Phase II process and in the development of the Results Report 2016:

   a)   Skills in programme design and resource mobilisation
   b)   Skills in convening and facilitating purposeful regional meetings and multi-country/agency initiatives
   c)   Skills in new technologies, including data collection, analysis and dissemination
   d)   Skills in mobilising people and leading change based on scientific and technical evidence
   e)   Skills in capacity building (to be more specifically identified and tailored to context).

28.   In the short term, the implementation process of Phase II of prioritisation will inform amendments to divisional business plans, SPC's fundraising strategy and the allocation/re-allocation of SPC's core funds. It will also inform further analysis (to be led by the Executive) of areas in which SPC may look to invest, and also of areas in which SPC may reduce investment, de-emphasise its work gradually, or discontinue work completely, as a natural consequence of prioritisation. In addition, the Secretariat will pursue its resource mobilisation efforts to meet any funding gaps and to strengthen SPC's resource base in areas identified as priorities.

29.   A desirable outcome of this phase of prioritisation will also be the identification of a stable and consistent mechanism by which the Secretariat can move to increase SPC's reserves towards prior levels, as a critical component of risk mitigation and organisational strengthening.

Stakeholder engagement

30.   The Secretariat recognises that, apart from its presentation to the Subcommittee, the prioritisation process has thus far been an internal process.

31.   The Secretariat therefore intends to ensure sufficient stakeholder engagement to inform this process and the refinement of priority areas over the course of 2017 and into 2018. This will include discussions with member countries and territories, development partners, and other CROP and development agencies who work with SPC.

32.   As an illustration, consultations are scheduled in September between SPC and the UN agencies working in the Pacific region to identify areas of joint priority and programming, together with the specific added value of each partner. The Secretariat will also ensure prioritisation is on the agenda for its next high level consultations with development partners such as Australia, New Zealand and the European Union.

33.   Country visits or, when viable, telephone or videoconferences, will be used to ensure satisfactory consultation with SPC's members.

34.   An update on the prioritisation process and consultations will be provided to the next meeting of the Subcommittee in late 2017.

Recommendations

35.   The CRGA Subcommittee is invited to:

    i.   note the work that has taken place under Phase II of SPC's prioritisation process;

    ii.   consider the definition and outcomes of Phase II of SPC's prioritisation process described in this paper, and offer advice or guidance to the Secretariat on the proposed process and outcomes; and

    iii.   provide an opinion to CRGA 47 on the Subcommittee's recommended approach to Phase II of SPC's prioritisation process that is outlined in this paper.