

OUTCOMES

Meeting of the CRGA SUBCOMMITTEE ON STRATEGIC PLAN IMPLEMENTATION 28 November 2018

(via teleconference: Suva, Fiji; Noumea, New Caledonia; and other locations)

OPENING

1. The CRGA Subcommittee on Strategic Plan Implementation (Subcommittee) met by videoconference on 28 November 2018, linking participants in Suva and Nadi, Fiji; Noumea, New Caledonia; and Wellington and Auckland, New Zealand. The meeting was chaired by New Caledonia, and was attended by the following member countries and territories: Australia, Cook Islands, Fiji, France, French Polynesia, New Caledonia, New Zealand and United States of America – and also by the European Union and senior executives and staff of the Secretariat, led by the Director-General.
2. The main objectives of the meeting were to consider and discuss the partnership survey and the review of the performance self-assessment process, which were undertaken as part of the Pacific Community Strategic Plan (2016–2020) Mid-Term Review; consider and discuss SPC's mid-year reflection and learning processes; discuss and seek the Subcommittee's endorsement of the revised 2019 budget and its submission to all CRGA members for comment and out-of-session adoption; consider the report and conclusions of the Audit and Risk Committee (ARC) to CRGA; discuss the Secretariat's new approach to country programming; and receive the Secretariat's update on its exploration of innovative partnerships to strengthen evidence-informed practice and decision-making in the region.
3. The Director-General (D-G) welcomed participants to the 6th meeting of the Subcommittee. Apologies and absences were noted from Federated States of Micronesia, Niue, Papua New Guinea and Tonga. The D-G welcomed the incoming chair, Anne-Claire Goarant, representing New Caledonia, and acknowledged the excellent work of the outgoing Chair, Jim Armistead, representing Cook Islands. The D-G indicated that this was an important meeting to follow due process in the approval of the revised 2019 budget and to consider other matters. He noted that pre-meeting briefings had taken place between the Secretariat and the Subcommittee members.

4. The Chair welcomed all participants to this second Subcommittee meeting of 2018, with the previous meeting held on 29 and 30 May. The Chair indicated that there would be a meeting of the Subcommittee in May 2019, to allow for a more in-depth and detailed discussion on matters that would be brought before CRGA. The Chair noted that members had been consulted on the five agenda items prior to the meeting, and that the agenda had been formulated to incorporate and respond to feedback received on each of the items.

AGENDA ITEM NO. 1:

UPDATE ON THE MID-TERM REVIEW OF THE PACIFIC COMMUNITY STRATEGIC PLAN – EMERGING FINDINGS FROM THE PARTNERSHIP SURVEY AND REVIEW OF PERFORMANCE SELF-ASSESSMENT

5. The paper presented the findings of the partnership survey and the review of the performance self-assessment process, which were undertaken as part of the Pacific Community Strategic Plan (2016–2020) Mid-Term Review.
6. The Secretariat recognised the important contribution of development partners, in responding to the survey, providing rich information to contribute to course correcting for the current Strategic Plan, and forward planning for the next plan, in making SPC's work more relevant and responsive. The Secretariat outlined the main survey findings and themes. The findings around cross-cutting approaches allows the Secretariat to reflect on the extent to which SPC is integrating gender and human rights into its own work, as well as contributing to integrating and strengthening these approaches within member governments and other organisations in the region. The results highlight findings around relevance of SPC's Development Objectives. Conversations with donor partners highlight the relevance of Development Objective 1 – strengthening the sustainable management of natural resources.
7. The review of performance self-assessment – *Review of performance assessment tool: Summary for CRGA Subcommittee* – was prepared by Charles Darwin University, which was requested by CRGA. The Secretariat presented the results of this self-assessment to the Subcommittee. The Secretariat had recognised identified improvements, and embedded initial findings in the mid-

year reporting process. Members noted the review of the current self-assessment process and agreed that it would be valuable for SPC to include baselines, targets and performance indicators for each objective in the next Strategic Plan.

8. Members were interested in what the survey told SPC about which of the nine Development Objectives were of highest priority for members, and which were the lowest; whether a 25% response rate was sufficient to provide meaningful results; and how the Secretariat will integrate the responses from the partnership survey into the prioritisation process, and how this will impact on resources required to deliver on priorities. It was noted that it was important for all Secretariat staff to own these issues and decisions on future direction, from technical staff to management.

9. The Secretariat indicated that the survey question was framed around relevance rather than priority. The Secretariat explained how the findings are already being used within the organisation, including to inform divisional business planning (the Strategic, Planning and Learning division – SPL – attends each divisional planning session). The Senior Leadership Team considers this evidence to make analyses around the ways that SPC works to create impact in the priority areas that it sets for the organisation, to ensure the greatest impact in priority areas agreed at CRGA. The Secretariat, based on the advice of the consultants, believes it has received sufficient data across the different stakeholder groups for meaningful results. The multiple and direct correlations identified through internal processes, and from regional and country stakeholders through this survey, enable the Secretariat to further embed the results of the prioritisation process in its work. The Secretariat has made efforts to engage more closely with members and development partners, as part of the organisation's forward planning. The Secretariat considers that the survey confirms the direction that the organisation has set itself, rather than indicating a change of course.

Outcomes

10. The CRGA Subcommittee:
 - i. reviewed the draft executive summary of the partnership survey produced as the second evaluative activity for the Pacific Community Strategic Plan (2016–2020) Mid-Term Review;

- ii. noted the findings and considerations for future direction in the executive summary, and provided feedback on the immediate response identified by SPC, including additional questions to interrogate the data set of the partnership survey;
- iii. endorsed the Secretariat’s continued use of the performance self-assessment process as part of results reporting, noting the recommendations of the review by Charles Darwin University, and the immediate responses and improvements that are planned;
- iv. noted that further findings from the mid-term review, and a management response, will be submitted to the May 2019 CRGA Subcommittee meeting.

AGENDA ITEM No. 2:

MID-YEAR REFLECTION AND LEARNING UPDATE

11. The agenda item is a standing agenda item for Subcommittee meetings. The paper presented a synthesis of SPC’s mid-year reflection and learning processes, which were undertaken by all divisions and programmes for the period 1 January–30 June 2018. The paper included a brief mid-year update on the Secretariat’s implementation of the Pacific Community Strategic Plan. The update contained insights into SPC’s context, an overview of our portfolio of projects and programmes, a mid-year indication of progress towards results, and a summary of reflections, lessons and adjustments planned for the rest of the year – including those needed to provide quality evidence in the annual results report. The update included improvements across many areas, including improved systems and tools that allowed the Secretariat to pool data to include in the report. The Secretariat is working on improving reporting of cross-cutting issues.
12. Members noted some gaps in reporting, including one major division that had not input in the report. The need to further refine the intended audience for the report was discussed, with some members considering that this is an internal report, and that it therefore needs to meet the information needs of SPC’s senior leadership. Members commented that the report showed a breadth of information and synthesis across divisions, and discussed the utility of the report for SPC’s internal purposes.

13. The Secretariat acknowledged data gaps, mainly in quantitative data (scorecards), especially relating to the Geoscience, Energy and Maritime (GEM) division, which is still developing a business plan following the merger of its former separate constituent divisions, bringing together indicators and results of each pillar towards one results framework. This would be included in whole-of-year reporting. The Secretariat takes the issue of capacity seriously. Where there are not committed monitoring, evaluation and learning (MEL) advisers in each division, SPL supplements that capacity, and coordinates methodological workshops to improve technical capacity. The Secretariat will look to improve the planning, evaluation, accountability, reflection and learning (PEARL) policy in 2019, to support achievement of the goals of the Strategic Plan. The Director-General indicated that reporting on results was an important part of what SPC does, and identified several components to this work. Self-reflection is one part, and the primary audience is SPC itself, while SPC members also have an active interest in the findings from that reflection. There are gaps, and the Secretariat acknowledges the need to continue to improve it.
14. Members acknowledged the work done and the improvements mentioned, including to internal systems and governance. It was mentioned that further detail and clarity in structure would be beneficial to interpreting results across SPC's divisions, including internal services, while further information on Human Resource issues (including hiring, gender balance and nationality) was important. The Secretariat acknowledged these inputs will be added to the 2019 report. It was raised that this document was an important tool internally for all teams, and all staff of SPC, and the Subcommittee encouraged the Secretariat to present this document to staff.
15. Members queried the distribution of work and responsibilities between SPC, the Pacific Islands Forum Secretariat (PIFS) and UN Economic and Social Commission for Asia and the Pacific (UN ESCAP), particularly in relation to data collection in the Pacific for the Sustainable Development Goals (SDG). The Secretariat indicated that management had presented a mandate definition to staff at this week's Learning and Results Workshop. An SDG working group is coordinated by PIFS, while SPC remains custodian of SDG headline indicators for the region, and works with partners to collect and collate the data necessary to develop baselines and demonstrate progress towards meeting the SDG in region. SPC has also recently, worked with UN ESCAP on an SDG dashboard that will feature in the Pacific Data Hub portal under development for the region.

Outcomes

16. The CRGA Subcommittee:

- i. reviewed the synthesis of the Mid-year reflection and learning update;
- ii. provided feedback on improvements made to the content and structure of the report in response to the recommendations of the CRGA Subcommittee, December 2017;
- iii. noted the Secretariat's plans to address the data gaps in reporting in the score cards and to ensure all divisions and teams submit robust, outcomes-focused data and information for the whole-of-year reporting.

AGENDA ITEM No. 3.1; AGENDA ITEM No. 3.2:

2019 REVISED BUDGET

17. The paper presented the revised 2019 budget to the CRGA Subcommittee for endorsement in accordance with the following decision of CRGA 48, which:

noted the draft budget for financial year 2019, subject to:

- a. the Secretariat presenting a revised 2019 budget that substantively addresses the current forecast deficit;*
- b. review by the Audit and Risk Committee;*
- c. review and endorsement by the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan by December 2018;*
- d. out-of-session adoption by all members of CRGA before 31 December 2018;*

18. The Audit and Risk Committee (ARC) had reviewed the revised budget and presented a separate report on its findings, in Agenda Item 3.3.

19. The Chair introduced and welcomed the incoming Director of Finance, Mr Subhash Gupta, and acknowledged the work of Mr Martin Van Weerdenburg, SPC's outgoing Director of Finance. The Chair noted that the budget presented to CRGA in June showed a deficit, and that the Secretariat

had worked hard to present a balanced budget to the Audit and Risk Committee (ARC) and the Subcommittee.

20. The Secretariat gave a budget overview, including: key drivers; risks and mitigation; adjustments in salary bands and remuneration; and the main points arising from the ARC meeting. The Secretariat indicated that SPC had been successful in increasing total income, including increases in unrestricted and restricted programme and project funding. Key drivers include: 100% project execution; proactive actions to overcome implementation issues around full cost recovery (FCR); ongoing currency volatility; members' arrears (EUR 1.98 million); and salary costs, including a provision for a 2% salary increase to cover inflation.
21. The Secretariat identified full cost recovery as the underlying force behind SPC's financial sustainability. The Secretariat will continue to ensure full cost recovery for all projects and their implementation, and advised that the Secretariat is looking into how to leverage technology to recover direct costs for projects. Risk and mitigation issues included resource mobilisation efforts; conservative currency rates; conservative programme and project forecasts; and prioritisation. The ARC report was included in Subcommittee documentation, and the Secretariat noted that the ARC deliberated on key drivers, including the 100% targeted project execution rate. The Secretariat was committed to accomplishing a 100% project execution rate in 2019, having improved execution rates already in 2018.
22. Members commended the Secretariat for the demonstrated improvement in execution rates. However, members sought advice on the basis of the Secretariat's assumption that it would achieve a 100% executive rate in 2019, as well as advice on the budget impact, should this projection fall short due to unforeseen events (such as natural disasters or delays by partners). Members enquired why the project management fees were continuing to be short of target, and whether all new projects were meeting the 15% target, and members encouraged the Secretariat to continue to work to improve this. Members requested an update on the progress of EU audits. There was discussion around the proposed 2% staff salary increase, which was generally supported, with reservation around movement in the mid-point of the band for CROP agency salary relativity. Members supported the 2% salary increase and band increase, on the understanding that this is accommodated by a balanced budget, and on condition that the proposal be presented to the full membership for out-of-session endorsement. The issue of members' arrears was raised as a concerning, ongoing issue that was impeding the organisation's

sustainable financial position, and members requested an update from the Secretariat about remedial actions. Members directed the Secretariat, consistent with comments in the ARC report, to investigate, and present to members by March 2019, concrete proposals regarding the structure of the budget to ensure a healthier ongoing budget situation, and that this be reflected in the outcomes.

23. The D-G indicated the improvement in execution rates was expected to continue. The project pipeline in out-years will help mitigate the risk of not achieving 100% execution rates. The D-G expanded on the salary increase issue, noting that the proposed increase is below inflation, but that it is important to the organisation to be able to offer appropriate incentives to attract suitable recruits. The Secretariat noted that its salaries slightly lag behind CROP agencies, as had been illustrated in the Secretariat's presentation. The Secretariat explained that SPC's principal employee markets are international rather than regional, compared to other CROP agencies which draw on regional employment markets, and expanded on the importance of being an attractive employer in international employment markets, rather than just regionally. The Secretariat noted that UN salary relativity was a more relevant comparable than CROP agency relativity. Members reiterated concerns around outstanding member contributions, and noted the Secretariat's efforts in addressing this.

24. The Secretariat indicated that natural disasters are not always a hindrance to execution rates; for example, in response to tropical cyclone Winston, the urgency of the required response enabled the Secretariat to redirect funding quickly, in discussion with partners, which led to an increase in the execution rate. The Secretariat continues to have productive dialogue with the EU regarding the EU audits, to collaboratively resolve issues around SPC's potential liability. There was reciprocal compromise about the flexibility in documentation that is acceptable to justify expenditure and reduce outstanding amounts, and the situation is now manageable. The EU undertook the seven pillars assessment exercise, which involved a review of policies and procedures, and control systems. The Secretariat is working on a framework for a more organised and disciplined approach to carrying out the recommendations. In relation to project management fees and cost recovery, since 2015, the Secretariat has been able to increase overall recovery rates, and is thankful to donors for being amenable to the recovery of direct costs, and the Secretariat expects recovery rates to continue to increase.

25. The D-G thanked the members for their general disposition to supporting the recommendations. The Secretariat has sought, on several occasions, the support of the membership to address the issues raised. There are around EUR 2 million of arrears, but some members continue to fail to meet their obligations – the Secretariat can do so much, but requires assistance from members. In relation to the core-non-core split in SPC's financing, the Secretariat has tried to bring to the attention of CRGA the concerns that the Secretariat has about the financial situation of SPC, and has presented concrete sustainable financing proposals.

Outcomes

26. The CRGA Subcommittee:

- i. considered the report and recommendations of the Audit and Risk Committee;
- ii. endorsed the revised 2019 budget and recommended its submission to all CRGA members for comment and out-of-session adoption;
- iii. endorsed the 2% salary increase for 2019 as part of the proposed balanced 2019 budget;
- iv. proposed that the 2% adjustment of the mid-point of SPC salary bands be considered by CRGA members as part of the 2019 budget approval process;
- v. noted, with concern, that outstanding members' assessed contributions amount to EUR 1.98 million;
- vi. noted the ongoing budgetary deficit situation for 2020 and 2021 and the Secretariat's commitment to cover the deficit through ongoing resource mobilisation;
- vii. directed the Secretariat to present to CRGA members, by 31 March 2019, recommendations for improving SPC's long-term financial sustainability, for discussion and comment prior to CRGA 49.

AGENDA ITEM No. 3.3:

REPORT FROM THE AUDIT AND RISK COMMITTEE TO CRGA – SPC'S PROPOSED BUDGET FOR 2019

27. The procedure approved by CRGA 48 for the adoption of SPC's Budget for 2019 included a requirement that the proposed Budget be reviewed by the Audit and Risk Committee prior to review and endorsement by the CRGA Subcommittee on the Implementation of the Pacific Community Strategic Plan. ARC reviewed the proposed Budget at its meeting on 5 November 2018.
28. The CRGA 48 decision directs that ARC review the proposed Budget for 2019. It does not ask ARC for a recommendation in respect of the proposed Budget. But in order to be clear, ARC has thought carefully about the robustness of the assumptions which underlie the Budget, and the likelihood that this is a Budget that can be met. The Budget rests on several critical assumptions that are ambitious and around which there are clear risks. While ambitious, these assumptions are not irresponsible. They could more appropriately be described as challenging for management. This is a reasonable path for management, particularly in light of the limited flexibility afforded by SPC's financial architecture. It is up to members to realistically address these issues if SPC's capacity to respond to members' expectations is to be adequate into the future.

AGENDA ITEM NO. 4:

NEW SPC APPROACH TO COUNTRY PROGRAMMING

29. The paper presented a new approach to country programming. SPC is currently trialling the approach in place of the previous joint country strategies (JCS), which ended in 2014.
30. The Secretariat explained that the proposed approach to programming provides countries with a more comprehensive, integrated and accountable approach to achieving development results in areas needed by each member. The Secretariat addressed questions in pre-meeting briefing sessions with members about how to prioritise requests by members for specific country programmes. The Secretariat has not been overwhelmed with requests for participation in the pilot approach, however, noted recognition by members that the new approach will require member engagement in its pilot phase in order to assess its utility and effectiveness. The approach is core-funded, and the Secretariat is exploring resource mobilisation in the longer term. While member countries have indicated the challenge of donor coordination in programming, the

Secretariat has indicated that responsibility for donor coordination sits with member countries. The Secretariat indicated that it would report to CRGA 49 with more in-depth analysis of progress of the new programming approach.

31. Member comments during pre-meeting briefing sessions were noted, including observations about the benefits across various sectors in the new approach and the importance of stepped-up engagement by members.
32. The Chair acknowledged that the Secretariat would present a more comprehensive report at CRGA 49, in June 2019, to enable member assessment of how well this new programming approach has progressed, and foreshadowed feedback from the first countries to have tested the system.

Outcomes

33. The CRGA Subcommittee:
 - i. provided feedback to the SPC Executive on the new approach to country programming that SPC is currently trialling;
 - ii. noted the constraints of current SPC systems for timely and meaningful country-level reporting and advised the Secretariat on the priority of designing a project management system, which could potentially build on the financial database already being developed;
 - iii. directed the Secretariat to continue to develop tailored country programmes with interested members during 2019;
 - iv. requested a progress report to the CRGA Subcommittee in May 2019.

AGENDA ITEM No. 5:

EVIDENCE AND LEARNING OPPORTUNITIES

34. The paper presented an update on the Secretariat's exploration of innovative partnerships to strengthen evidence-informed practice and decision-making in the region.

35. The Secretariat has responded to the need for increasing capacity for strategic learning opportunities, and held exploratory discussions with Pacific partners and academic institutions, as well as parallel conversations with other partners around centres of evaluation. The Secretariat acknowledged the increasing demand for support and appetite amongst members for an efficient, effective, regionally owned and sustainable centre for learning. The Secretariat intends to ask CRGA 49 to consider the Secretariat's change in tack on the Learning and Innovation Hub concept since this was last presented to members, and to facilitate a co-design process. The proposed 'Pacific Centre for Evidence and Insight' does not need to be a physical centre or to retain that working name, but the Secretariat proposes that parallel efforts work towards general agreement on the centre's defining concept, purpose and structure, noting that the centre should aim to be a collaborative innovation platform.
36. Members commended the work of the Secretariat to increase learning and innovation within SPC, while noting that the proposed focus of the concept differed from what had previously been considered by CRGA, and acknowledging the flexibility in the nomenclature and physical structure of the concept. Members noted parallel work in this area by other CROP agencies, with the risk of overlap. Members also noted that the centre concept, which had been discussed previously at CRGA, seemed not to be well advanced in its development, in areas such as its objectives, mandate and physical structure. Members expressed concern about the risk of SPC's resources being stretched too thinly to develop this concept effectively.
37. Members considered that the development of learning and innovation should be included in SPC's working methodologies and embedded in how SPC manages its projects, and any development beyond that needs further conceptual thinking. Members considered that the third recommendation, for the Secretariat to proceed with the proposal for SPC to steer the co-design of a Pacific Centre for Evidence and Insight in 2019, was too far-reaching in terms of what members were ready to support. Members considered that, given other work happening in this area in other agencies, it would be prudent for SPC to focus on ensuring no overlap. However, they also indicated that the Secretariat should continue to explore opportunities for innovative partnerships.

38. Members requested clarification of the status of traditional knowledge within the proposed concept. The D-G indicated that SPC was engaged in a separate process of enquiry and publication on traditional knowledge and the ways it can contribute to the tools that SPC uses as an organisation, which is outside of this process.
39. The D-G indicated that this concept remained on the agenda as the starting point of the Learning and Innovation Hub concept that was presented to CRGA. The Secretariat is mindful that the Strategy, Performance and Learning team is stretched, and that the development of this concept would require a dedicated effort. The D-G suggested that members consider parking the concept in its present form, and that this did not need to be presented again to CRGA. The Secretariat is not insisting on pushing the concept, given the discussion, but this was raised at CRGA, and therefore the Secretariat needed to complete the loop.
40. The Secretariat offered to send the agreed recommendations to all members, but noted that, given that they relate to strategic matters, it would be appropriate for the Secretariat to include this item in the agenda for the next meeting of CRGA, to allow for proper member consideration.

Outcomes

41. The CRGA Subcommittee:
- i. noted the Secretariat's exploration of opportunities for fostering innovation in the Pacific Community;
 - ii. provided feedback on the concept of a Pacific Centre for Evidence and Insight to the Secretariat;
 - iii. supported the Secretariat's continued exploration of innovative partnerships, to support learning and results.

AGENDA ITEM NO. 6:**ADMINISTRATIVE MATTERS****Procedure for member discussion of budget proposals, agenda item 3.2**

42. Members sought clarification of the process for out-of-session discussion of the Secretariat's further work on and recommendations for improving SPC's long-term financial sustainability, as agreed in agenda item 3.2.
43. The Secretariat advised that, given the timing of CRGA, and the prior meeting of the Subcommittee, the Secretariat would circulate recommendations concerning SPC's long-term financial sustainability to all members for out-of-session discussion, and it would be legitimate to place this issue on the agenda of the next CRGA Subcommittee, and on the agenda of CRGA 49 for discussion by all members.

Date of next CRGA Subcommittee meeting

44. The Chair addressed the issue of the date of the next Subcommittee meeting.
45. The D-G suggested, given that CRGA 49 and the 11th Conference are being held from 17 to 21 June 2019, that the CRGA Subcommittee meet one month prior, in the week commencing 13 May 2019.
46. The Chair concurred, noting the Secretariat's suggestion that holding the meeting at SPC's Noumea Headquarters would be logistically efficient and cost-effective.