



**DECISIONS OF THE FORTY-SIXTH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**
(Noumea, New Caledonia, 29–30 June 2016)

DECISIONS

AGENDA ITEM 1 – OPENING

1. The 46th meeting of the Committee of Representatives of Governments and Administrations (CRGA 46) opened on 29 June 2016 at the headquarters of the Pacific Community (SPC) in Noumea, New Caledonia. The meeting was chaired by New Caledonia, with New Zealand as Vice-Chair, and was attended by representatives of the following SPC members – Australia, Cook Islands, Federated States of Micronesia (FSM), Fiji, France, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga, Tuvalu, United States of America and Vanuatu – and by observers and partners including the European Union (EU), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Korea Institute of Ocean Science and Technology (KIOST), Melanesian Spearhead Group, Pacific Islands Forum Fisheries Agency (FFA), Pacific Islands Forum Secretariat (PIFS), Secretariat of the Pacific Regional Environment Programme (SPREP), UNICEF Pacific, and UNOPS (United Nations Office for Project Services).

AGENDA ITEM 2 – DIRECTOR-GENERAL'S REPORT

2. The Director-General said SPC was at a crossroads in an environment that requires a change in the way it operates and is financed and was seeking CRGA's support to develop and implement a sustainable financing plan for the organisation. As part of this process, it was essential for members to agree on what should be SPC's priorities, including possible responses to requests for assistance when members suffer disasters. These priorities should reflect the areas of excellence highlighted in SPC's Strategic Plan for 2016–2020, including fisheries science and the Centre for Pacific Crops and Trees, SPC's contribution to four out of the current five priorities of the Framework for Pacific Regionalism that directly relate to its work, and the specific needs of smaller island states. Given the level of deficit forecast for SPC in 2017, non-payment of dues by some members was a serious concern and CRGA needed to consider the policy of continued provision of services to members with long-standing arrears. Improved engagement with members and partners was one of SPC's strategic organisational objectives to ensure that its work aligned with changing national development priorities. In this respect, SPC had a role in supporting implementation of the Sustainable Development Goals (SDGs), including the task of monitoring and reporting reliably on SDG indicators. He acknowledged concerns raised by the Staff Representative Committees,

particularly in relation to measures taken to balance the 2016 budget, and committed to closer consultation in future.

3. CRGA:

- i. noted the broad scope of the work of the Pacific Community;
- ii. noted the Pacific Community's achievements in 2015;
- iii. noted that the financial constraints faced by the Pacific Community will impact the organisation's ability to fully implement the Pacific Community Strategic Plan 2016–2020;
- iv. noted that the secretariat has implemented a range of measures designed to address the immediate and ongoing effects of the financial challenges that are affecting the organisation;
- v. acknowledged that staff of the Pacific Community have been directly impacted by these measures, financially and otherwise, and recognise the efforts made by staff to help address the financial situation;
- vi. noting that staffing matters belong with management, requested the secretariat to provide CRGA with information on significant staffing issues, including a joint report from the Staff Representative Committees.

**AGENDA ITEM 3 –
STRATEGIC PLAN MONITORING AND RESULTS REPORTING FOR THE PACIFIC COMMUNITY**

4. The Pacific Community 2015 Results Report and the Strategic Results Framework 2016–2020 were presented, followed by the outcomes and recommendations of the first meeting of the CRGA Subcommittee on Implementation of the Strategic Plan 2016–2020, which were presented by its chair, Cook Islands. CRGA acknowledged the benefits of the subsequent interactive discussions of SPC's technical work and the critical relevance of this work to implementing international agreements such as the SDGs, the SAMOA Pathway and COP21.

5. CRGA:

- i. noted the outcomes of the first meeting of the CRGA Subcommittee on Implementation of the Strategic Plan;
- ii. acknowledged the presentation of the 2015 Pacific Community Results Report, the case studies illustrating thematic results, and progress in implementing integrated work;
- iii. endorsed the Pacific Community 2015 Results Report, noting that the secretariat has incorporated improvements suggested by the subcommittee;

- iv. endorsed the Strategic Results Framework 2016–2020, noting that the secretariat will provide progress reports to the subcommittee on the outcomes of testing and implementing the framework.

**AGENDA ITEM 4 –
GOVERNANCE REVIEW – IMPLEMENTATION OF RECOMMENDATIONS**

6. The Deputy Director-General updated CRGA on the implementation of the recommendations of the Governance Review conducted in 2014. The secretariat has fully implemented seven of the nine recommendations. The two remaining recommendations are works in progress as there are constraints to their full implementation. The secretariat developed draft terms of reference (TOR) for CRGA and shared these with Pacific Community members, who provided comments. The secretariat also conducted a further legal analysis that revealed inconsistencies between the different governing documents, impeding the finalisation of the TOR. CRGA approved the establishment of a small CRGA reference group to work with the secretariat to finalise the TOR and asked that the secretariat circulate a revised version to all members by September 2016, so that the TOR can be provisionally adopted before CRGA 47 in June 2017.
7. CRGA:
 - i. acknowledged progress in implementing the recommendations of the Governance Review and the constraints to full implementation of two recommendations;
 - ii. noted the secretariat has secured legal support to analyse past documents and distinguish between legal governance arrangements and those based on policy and practice;
 - iii. requested that the working group, which previously examined the legal status of the 1983 Saipan Resolution, continue to work with the secretariat to finalise the TOR for CRGA and other SPC governance mechanisms as necessary, and extended the working group to include Cook Islands, Fiji, Guam, Marshall Islands, New Caledonia and Tonga;
 - iv. agreed that the draft TOR and any other recommendations should be circulated to all members in September 2016 for comment, with silence taken as assent, with a view to implementation for CRGA 47 and the 10th Conference of the Pacific Community;
 - v. affirmed commitment to the principle of continuity of member representation, noting the challenges involved;
 - vi. agreed that, rather than reconvening the CRGA Governance Subcommittee, the existing CRGA Subcommittee on the Implementation of the Strategic Plan is an appropriate group to continue to monitor governance issues.

AGENDA ITEM 5 – FRAMEWORK FOR PACIFIC REGIONALISM

AGENDA ITEM 5.1 – CONSIDERING REGIONAL PRIORITIES: THE PACIFIC YOUTH DEVELOPMENT FRAMEWORK

8. Implementation of the Pacific Youth Development Framework (PYDF) is still largely in its inception phase, with the focus being on engagement with stakeholders, governments and youth networks, and resource mobilisation through existing opportunities. Initial work has begun in all four of the framework's strategic approaches, though there are challenges related to limited capacity and resources to deliver results on the scale required and within the intended time frame. CRGA affirmed its support for progressing the PYDF in the context of regional prioritisation, noting the issue was referred to CRGA by the Specialist Sub-Committee on Regionalism, and suggested SPC coordinate with other regional agencies and development partners, which also have a role in youth issues.
9. CRGA:
 - i. acknowledged progress made within current resources towards an integrated framework for evidence-based youth investments;
 - ii. considered opportunities for future implementation, through advancing programme integration in SPC, particularly in climate change, non-communicable diseases (NCDs), food security and the expansion of Youth@Work across Pacific Island countries and territories;
 - iii. agreed that mainstreaming youth into SPC's broader portfolio and programme delivery is a matter of priority, as proposed in the Pacific Youth Development Framework;
 - iv. requested that a central agency, possibly the Pacific Youth Council, monitor the impact of mainstreaming youth issues in Pacific Island countries and territories;
 - v. recognised that this mainstreaming has resource implications and noted the need to explore existing mechanisms and capacity, including at national level.

AGENDA ITEM 5.2 – UPDATE ON THE PACIFIC ORGANIC AND ETHICAL TRADE COMMUNITY (POETCOM) AND ORGANIC AGRICULTURE

10. An update was presented of the development of organic agriculture in SPC through its hosting of POETCom. Organic agriculture is already practised by many Pacific farmers and contributes strongly to resilient agriculture, food security, health and livelihoods, with over 20,000 farmers already having received organic certification from POETCom. CRGA urged the secretariat to fully integrate organic agriculture into relevant strategies, including the business plan for the Land Resources Division, noting the relevance of organic agriculture to several of the SDGs.

11. CRGA:
 - i. acknowledged SPC's hosting and support of the Pacific Organic and Ethical Trade Community (POETCom) since 2012;
 - ii. acknowledged the complementary roles of SPC and POETCom in the development of organic agriculture for improved environmental, cultural, social and economic development outcomes;
 - iii. urged the secretariat to fully integrate organic agriculture into relevant strategies, including the business plan for the Land Resources Division;
 - iv. agreed that options for sustainable financing of an organic agriculture programme in SPC will need to be considered.

AGENDA ITEM 5.3 – CROP ENGAGEMENT WITH THE FRAMEWORK FOR PACIFIC REGIONALISM

12. The Pacific Islands Forum secretariat and SPC secretariat provided a joint update on CROP (Council of Regional Organisations in the Pacific) engagement with the Framework for Pacific Regionalism. SPC has a role in implementing four regional priorities (ICT, fisheries, climate change, cervical cancer) endorsed by the Pacific Islands Forum Leaders Meeting in 2015. CRGA welcomed the role of CROP in regional priority setting, and encouraged the secretariat to fully participate, based on its scientific and technical expertise. CRGA supported the inclusion of the Framework for Pacific Regionalism as a standing agenda item for CRGA to enable information to be shared with SPC members that are not members of the Forum.
13. CRGA:
 - i. acknowledged the role of CROP, particularly in respect of the role of the Pacific Community in supporting the implementation of the regional priorities identified through the Framework for Pacific Regionalism and endorsed by Pacific Islands Forum Leaders in 2015;
 - ii. welcomed the role of CROP, particularly in respect of the role of the Pacific Community in the regional public policy process under the Framework;
 - iii. encouraged the secretariat to fully participate in regional priority setting, based on its scientific and technical expertise;
 - iv. requested the secretariat to include the Framework for Pacific Regionalism as a standing agenda item for CRGA;
 - v. requested that the secretariat circulate to members the outcomes of all CROP governing body meetings prior to CRGA.

AGENDA ITEM 5.4 – ANALYSIS OF GOVERNANCE AND FINANCING OPTIONS FOR THE PURSUIT OF PACIFIC REGIONALISM

14. The Pacific Islands Forum secretariat provided an update on the 2015 decision of Forum Leaders to undertake an analysis of regional governance and finance (RGF), noting that this is an iterative process that will build on findings as it proceeds. Governing councils and committees of CROP agencies play a key role in facilitating coherence between a shared regional agenda and the proportionate allocation of collective resources, and it is important they are represented on the RGF's Joint Steering Committee. CRGA agreed to engage in the Joint Steering Committee, which will comprise Chairs of the governing councils and committees of CROP agencies.
15. CRGA:
 - i. committed to engage in the Joint Steering Committee for the analysis of regional governance and finance through the CRGA Chair and Vice-Chair, including participation in the inaugural meeting of the committee, 20–21 July, 2016, in Suva, Fiji;
 - ii. tasked the Pacific Community with participating in and contributing to the data collection and analytical process, and subsequent regional dialogue, as part of a CROP CEO Reference Group;
 - iii. requested the secretariat to support the Chair in the role of representing CRGA on the Joint Steering Committee.

AGENDA ITEM 6 – OPERATIONS AND MANAGEMENT DIRECTORATE REPORT

AGENDA ITEM 6.1 – AUDIT AND RISK COMMITTEE REPORT

16. The Chair of the SPC Audit and Risk Committee (ARC) presented an update of the committee's work in 2016, placing on record the contribution of Sili Epa Tuioti, who has resigned from ARC following his election to the Legislative Assembly of Samoa. The ARC meeting in July will recommend a suitable replacement. The report noted that SPC's financial management and processes are robust and timely, and that the move to reporting according to the International Public Sector Accounting Standards format is a commendable achievement. ARC acknowledged the support and cooperation it receives from SPC management. Travel and procurement policies have been revised to improve procedures and meet the requirements of development partners, including the EU, and in future, any non-competitive procurement will be disclosed to ARC. ARC will consider project management and risk management procedures at upcoming meetings in 2016. The report stressed that SPC's current financing position is unsustainable and must be addressed as a matter of urgency.
17. CRGA:
 - i. noted the report from the Chair of the Audit and Risk Committee, and commended the valuable work of the committee;

- ii. requested that the secretariat continue to provide training to staff on project management, in particular, financial aspects of project management;
- iii. directed the secretariat to share with members the result of the KPMG institutional assessment.

AGENDA ITEM 6.2 – SUSTAINABLE FINANCING OF SPC

18. The Director of Finance presented progress made since 2013 on implementing the sustainable financing plan and the priority actions that must be implemented by the secretariat over the next three years. He emphasised the impact of funding volatility on SPC's operations, including on core funding, which currently makes up 25% of funding, and the heavy dependence of SPC's technical work on project funding. Its business model and management systems must change to accommodate the expected continuation of volatility and to ensure SPC becomes financially sustainable. The move to increased multi-year programme funding by Australia and New Zealand was beneficial in providing stable, more flexible funding for SPC, and the secretariat would like to explore further opportunities for this type of funding. There was also a need to expand SPC's funding base, although this was not easy in the current global financial climate. SPC was investing in a resource mobilisation adviser to support its fundraising efforts. The Director noted ongoing discussions with host members, Fiji and FSM, on the level of host country grants as approved by CRGA in 2013, and expressed appreciation for the additional contribution made by New Caledonia in 2016. An important initiative for sustainable financing is SPC's transition to full cost recovery of the direct costs that are essential in underpinning its operations and project implementation, beginning with ICT costs. This move to full cost recovery represents a significant shift in thinking and behaviour for SPC and will require some structural adjustment.
19. CRGA:
 - i. requested the secretariat to provide members with a paper presenting an analysis of subjecting assessed contributions to annual indexation adjustments to maintain the real value of such contributions over time;
 - ii. agreed that revised budgets be submitted to the Audit and Risk Committee for review and approval in November before being submitted to the CRGA Subcommittee for Implementation of the Strategic Plan for endorsement, and then to all CRGA members for comment. Following this, the secretariat will compile and circulate all comments received to members for out-of-session adoption of the budget, with silence being taken as assent;
 - iii. encouraged all members, where possible, to consider adopting a multi-year restricted programme funding modality, similar to that negotiated with Australia and New Zealand;
 - iv. endorsed the secretariat's intention to review the established project management fee with a view to achieving a target rate for all projects that reflects actual costs, currently evaluated at 15%;

- v. noted the secretariat's plans to fully implement full cost recovery and encouraged all funders to support these important changes when new project proposals are being negotiated;
- vi. authorised the secretariat to analyse and make recommendations on the most appropriate operating currency for SPC.

AGENDA ITEM 6.3 – BUDGETS: 2016 REVISED BUDGET AND 2017 DRAFT BUDGET

20. The Director of Finance presented the Pacific Community's revised budget for financial year 2016 and the proposed budget for 2017. He said that the 2016 revised budget was a balanced one, despite increased costs, following short-term measures, including capping of the SDR rate for payment of staff salaries, and no provision of salary increases based on performance development. In 2017, SPC faces a budget deficit of 5.6 million CFP units. Therefore the budget being presented is indicative only at this stage, noting the secretariat's plans to develop and implement a sustainable financing strategy, including cost recovery and priority setting mechanisms, over three budget cycles. He stressed that SPC's technical service delivery is highly dependent on project funding and that strategic resource mobilisation is essential. For 2018 and 2019, forecast deficits are higher based on the policy of only recognising committed funding. The Director encouraged all members to pay their assessed membership contributions promptly.
21. CRGA:
- i. noted the revised 2016 budget and endorsed the actions that the secretariat has implemented to ensure adherence to the principle of maintaining balanced budgets;
 - ii. noted the draft budget for financial year 2017, subject to:
 - a. the secretariat presenting a revised 2017 budget that substantively addresses the current forecast deficit;
 - b. review by the Audit and Risk Committee;
 - iii. agreed that revised budgets be submitted to the Audit and Risk Committee for review and approval in November, before being submitted to the CRGA Subcommittee for Implementation of the Strategic Plan, for endorsement. Following this, the secretariat will compile and circulate all comments received to CRGA members for out-of-session adoption of the budget, with silence being taken as assent;
 - iv. noted the ongoing serious budgetary situation for 2018 and 2019;
 - v. approved the secretariat's plans to develop and implement a sustainable financing strategy, including cost recovery and priority setting mechanisms, over three budget cycles.

AGENDA ITEM 6.4 – REPORTS ON HUMAN RESOURCES

AGENDA ITEM 6.4(i) – REVISED PROCEDURE FOR THE DIRECTOR-GENERAL'S PERFORMANCE ASSESSMENT

22. The Deputy Director-General proposed a recommendation to CRGA on the process for developing a revised performance assessment framework for the Pacific Community Director-General.
23. CRGA:
 - i. noted the ongoing work by the secretariat and the troika of past, current and future CRGA Chairs to develop a new performance assessment procedure for the Pacific Community Director-General;
 - ii. directed the secretariat to present the revised procedure to members for approval out of session, with silence being taken as assent;
 - iii. directed the secretariat to ensure that the next assessment of the Director-General's performance is conducted by CRGA 47 and the 10th Pacific Community Conference according to the revised procedure.

AGENDA ITEM 6.4(ii) – REVISION OF SPC'S REMUNERATION SYSTEM

24. The Deputy Director-General presented the secretariat's proposal to review the currency used to determine the salaries of staff in positions recruited internationally. The secretariat considers this step to be fiscally responsible in the current economic climate and notes that it has been signalled to CROP colleagues. In addition, the performance development system that is part of CROP harmonisation is showing its limits and needs revision to ensure it is 'fit for purpose' for SPC. It is important that staff performance is linked with SPC's strategic objectives, and rewards the dedication of staff. CRGA was advised that terms of reference have been developed for the inter-agency committee on remuneration of the four CROP agencies, but not yet agreed. The secretariat indicated that it would provide information arising from the work to be carried out to the other CROP agencies, within the principle of harmonisation.
25. CRGA approved:
 - i. a study to explore a change in the reference currency for the salaries of staff in positions advertised internationally, to be completed before the end of 2016, with a proposal to be submitted to CRGA for approval before implementation;
 - ii. the design and implementation by the secretariat of an SPC-specific performance development system, using a process that is transparent and carried out in consultation with staff.

AGENDA ITEM 6.4(iii) – SALARY SCALE AND PROPOSALS FOR FISCAL YEAR 2017

26. The Deputy Director-General presented a proposal that in 2017 there should be no changes in salary scales and no general salary increase for secretariat staff, whatever the category or duty station, given that SPC and its core budget are likely to continue to face major funding challenges in 2017. Since the core budget now mainly covers salaries and benefits, these measures are intended to contain expenditure in 2017. They are proposed as temporary measures that will end as soon as the goal of re-establishing a sustainable financial situation has been attained, if possible in 2018.
27. CRGA approved the following measures, with effect throughout 2017, for all categories of positions (internationally and locally recruited) and at all SPC sites (New Caledonia, Federated States of Micronesia, Fiji, Solomon Islands and Vanuatu):
- i. a freeze on SPC's salary scales;
 - ii. no general salary increase for SPC staff as a whole in 2017, whatever the category or duty station.

AGENDA ITEM 7 – CRGA 47 – VENUE, CHAIRPERSON AND VICE-CHAIRPERSON

28. CRGA was advised of the Chair and Vice-Chair for the 47th meeting of CRGA in 2017 and the proposed dates for CRGA 47 and the 10th Pacific Community Conference.
29. CRGA:
- i. agreed that the venue for the meeting of CRGA 47, and the 10th Pacific Community Conference in 2017 will be Noumea, New Caledonia, on the proposed provisional dates of 24–28 July 2017;
 - ii. noted that the Chairperson for CRGA 47 will be provided by New Zealand and the Vice-Chairperson by Niue.

AGENDA ITEM 8 – EVALUATION OF CRGA 46

30. CRGA responded to questions evaluating the conduct and content of the meeting.

AGENDA ITEM 9 – OTHER BUSINESS

Smaller Island States (SIS) Strategy 2016–2020

31. CRGA was advised that the regional strategy was adopted in June 2016 by Pacific Islands Forum Smaller Island States (SIS) Leaders. The strategy, which was developed in close consultation with members and development partners, supports the Framework for Pacific Regionalism and sets five

priority areas for SIS: climate change; labour; health, particularly implementation of the Pacific NCD Roadmap; fisheries; and air and sea transport.

32. CRGA:
- i. acknowledged that the SIS Regional Strategy, recently adopted in Palau by SIS Leaders, provides a basis for regional priority setting;
 - ii. noted that the Pacific Community Results Report integrates SIS as a priority alongside gender and youth;
 - iii. requested the secretariat to accord special attention to SIS priorities in programme business plans;
 - iv. noted that SIS members committed to provide feedback annually to CRGA on implementation of the SIS regional strategy;
 - v. noted the summary of the decisions of the Special Smaller Island States Leaders Meeting, which was presented to CRGA.

CRGA procedures

33. CRGA:
- i. requested the secretariat to distribute all meeting papers 15 working days (i.e. 3 calendar weeks) before the meeting;
 - ii. reaffirmed SPC's current practice of funding the attendance at CRGA of one representative from each of its Pacific Island country and territory members.

AGENDA ITEM 10 – OBSERVER STATEMENTS

34. CRGA heard, with appreciation, statements from the following observers (in order of presentation): the European Union (EU), United Nations Children's Fund (UNICEF), Secretariat of the Pacific Regional Environment Programme (SPREP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Pacific Islands Forum Secretariat (PIFS), Melanesian Spearhead Group (MSG) and Pacific Island Development Forum.

AGENDA ITEM 11 – ADOPTION OF CRGA DECISIONS

35. CRGA adopted its decisions.
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