

Twenty Third SPREP Meeting of Officials

4-6 September 2012
Noumea
New Caledonia

Agenda Item 7.2: Increase in Membership Contributions

Purpose

1. The purpose of this Paper is to provide background to the issue of SPREP membership fees and to seek approval of the SPREP Meeting of an increase in membership contributions.

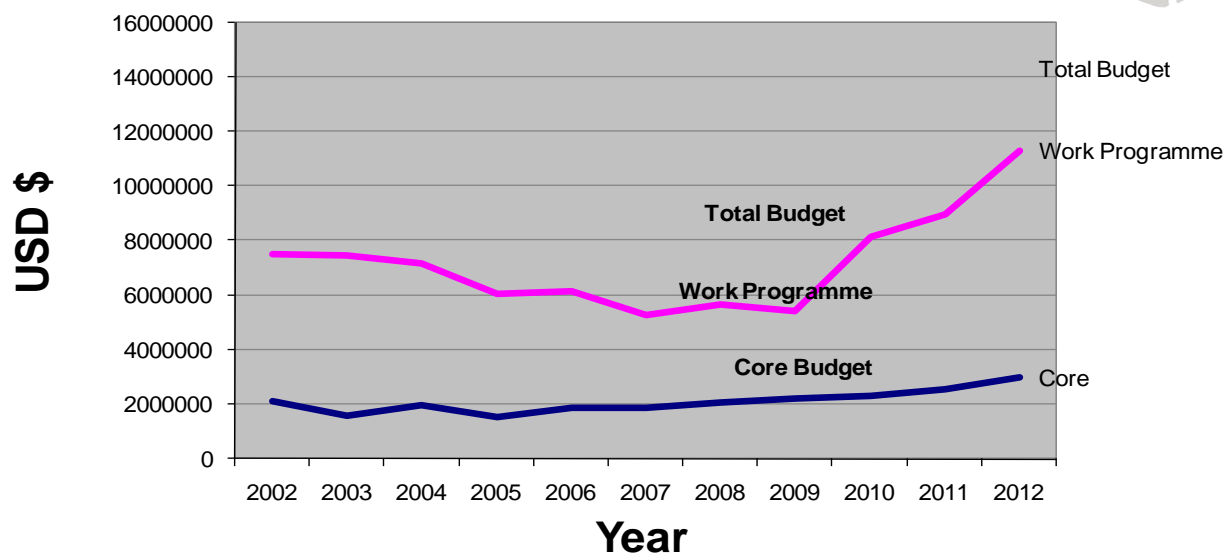
Background

2. Over the past five years, the services provided by the Secretariat to Pacific Island Members have grown significantly. This reflects the SPREP change management process which aims to increase services to members and also reflects the clear direction from members, through the Strategic Plan 2011-2015, for SPREP to provide focused advice and guidance to members in areas relevant to its mandate.

3. SPREP's growth has made it better able to attract and catalyze financial flows to the region in areas relevant to its mandate. This has resulted in greater levels of assistance flowing to Pacific member countries and territories. The change management process at SPREP over the last 3 years has made SPREP a more focused and efficient organization and has improved internal efficiency ensuring that the majority of funding coming to SPREP is directed to support the priorities of Pacific island members.

4. SPREP's growth has resulted from increasing levels of support from donors and partners, reflecting increasing confidence in the management and direction of SPREP. While this increase is most welcome, the level of core funding has remained static over the last 10 years as shown below.

Budget Progression from 2002 to 2012



5. Core funding largely comprises support from membership fees from SPREP members. This is important as core funding is required to cover the basic operational expenses at SPREP including financial management, human resource management, and other essential core services from the Corporate Services Division. The fact that core support has not increased limits the ability of SPREP to support programme in delivery in member countries. Another aspect of the increased operational costs, however, are the overall market conditions in which SPREP is operating. It is noted that inflation has also affected the costs in real terms of services provided to member countries.

6. The importance of core funding was identified as a major issue in the 2008 Independent Review of SPREP¹ which noted the need for adequate support from Member Countries through membership contributions to enable it to fulfill its objectives effectively. In particular the ICR noted: *"In order to increase ownership of SPREP by its members, and accountability to them, a substantial portion of its core business activities of SPREP should be funded by its members"*. In considering the ICR Report, the 2008 SPREP Meeting decided that: *"SPREP Members reaffirm the need for a regional environmental agency and also their commitment to adequately manage and fund the agency"*. Unfortunately the level of membership contributions have not matched the recommendations from the ICR or from SPREP Members at the 2008 Meeting. In fact membership contributions have remained unchanged since 2004 and since that time the costs associated with delivery of services has risen appreciably

7. An additional factor impacting on the core budget of SPREP has been the late or non-payment of membership fees which has severely impacted on the ability of SPREP to function and deliver core services to its members. This situation is detailed in paper 7.1 to the 2012 SPREP Meeting

¹ Adopted by the 2008 SPREP Meeting

8. Increasing Member country contributions has been identified as a clear means of increasing the sense of country ownership in SPREP- at the present time, assessed Member contributions for Pacific island Countries and territories stand at either \$10 184 or \$20 360. These are small amounts relative to the direct and indirect benefits of SPREP membership, including the direct financial support provided as detailed in paper 5.1 and 5.2 to the 2012 SPREP Meeting.

9. In view of the above factors the Secretariat respectfully suggests that Members consider the issue of membership fees to ensure that SPREP can continue to provide the necessary services and support to its members. A specific increase of 20% is recommended by the Secretariat for consideration by SPREP members. . The proposed increase will translate into an average of about US \$2,037 for a small Island State and US \$4,072 for other PICs, in addition to the current contribution.

Recommendation

10. The Meeting is invited to:

- **Note** the importance of core funding for the continued viability of SPREP and also the fact that SPREP membership fees have remained unchanged since 2004; and
- **Approve** a 20% increase in membership contributions to be effective on 1 January 2013.