

Commonwealth Secretariat
Extraordinary Meeting of the Board of Governors
Marlborough House, Wednesday 7 December 2016

Summary and Decisions

Agenda Item 1: Opening Remarks by the Chair

1. The Chair, HE Winnie Kiap, High Commissioner for Papua New Guinea, welcomed Governors to the meeting. The full text of her remarks is included as Annex 1.
2. The agenda was adopted as circulated in the room.

Agenda Item 2: Report of the Executive Committee Chair (BG2(16/17)1)

3. The Deputy High Commissioner for Malta delivered the Executive Committee (ExCo) Chair's report on behalf of his High Commissioner. The full text of statement is included as Annex 2.
4. The Chair thanked ExCo for its work.
5. One member asked for further information about the predicted shortfall in CFTC funding. The Secretary-General (S-G) said her observations would address this matter.
6. The Board noted the ExCo Chair's report and endorsed its recommendations.

Agenda Item 3: Observations by the Secretary-General

7. The Secretary-General (S-G) made her opening observations, which are included as Annex 3.
8. During her observations the S-G asked DSG Dunn to provide an update on the financial situation as at 5 December 2016. The Secretariat informed that on ComSec contributions, 78% had been received for 2016/17. 32 members (62%) had not paid their 2016/17 contributions, 18 members (35%) had not paid their 2015/16 contributions and 2 members were in breach of the Abuja Guidelines for arrears.
9. The CFTC situation was more pressing, as there was a forecast reduction of £6m in pledges for 2016/17. Additionally, £8m was conditional on a performance agreement, of which only £4m was included in the revised budget of £10m. The biggest donor to CFTC was also proposing that its future contributions be limited to 30% of the total CFTC budget in 2017/18 and 25% in 2018/19. To date, only £4.5m in CFTC pledges had been received, however only £600,000 of that had actually been paid. This included an additional £1.8m in pledges and £200,000 in payment since the November ExCo meeting. 31 members (60%) had not pledged for 2016/17, 12 members (23%) had not paid their 2015/16 pledges and 10 members were in breach of the Abuja guidelines for not pledging. The Secretariat proposed to cover the £6m reduction by reallocating funds from designated reserves and making cuts to the programme budget. However, a £1.4m funding gap remained. The very early estimate for the 2017/18 CFTC budget was just over £9m.

10. The CYP fund remained almost the same as it was in November, with only an additional amount of £31,000 received. There was still a gap of £2.2m or nearly 80% of the Fund.
11. The Secretariat's cash position was precarious and despite some receipts, it was in the same situation as it was a month ago. It needed to meet its overheads, which would be challenging if payments from members were not received. By June 2017, the Secretariat would have only £5.5m across all funds for the start of the next financial year.
12. Members thanked the S-G for her update. They also thanked DSG Dunn for his contributions to the Secretariat following the S-G's announcement that he would be departing in December, with Sir Simon Gass to carry out his duties as Acting COO.
13. Members welcomed the S-G's offer to present proposals on new budgeting arrangements and an update on the funding situation to ExCo at its next meeting in February, noting that the current financial arrangement was unsustainable. Members expressed concern about the inherent risk generated by the CFTC Fund being voluntary.
14. One member asked about the process for recovering arrears from members that owe contributions. Other members said that non-payment of contributions may indicate discontent with the Secretariat. The Secretariat said that it had a systematic way of reminding members about pledges, including tabling updates at every ExCo meeting. Abuja Guidelines applied once members did not contribute for a certain period of time, with many members currently in breach. The more fundamental issue was that the Secretariat used indicative pledges based on historical trends to set its budget.
15. Some members noted that the financial situation was even more dire than it was at the Board meeting in October and the ExCo meeting in November. They said it was important that restructuring proceeded in a timely manner.
16. One member noted that two of the Secretariat's largest costs, as presented to ExCo in November, were travel and staff expenses. It suggested a 10% cut to all staff salaries be considered. The S-G thanked the member for its proposal but noted that all staff had contracts that they were entitled to see fulfilled. She reminded that changes to the travel policy had already been introduced.
17. One member noted the need for clarity in assessing the financial situation and stressed the Board's role in providing oversight and due diligence.
18. Members expressed support for finalising the reforms so the Secretariat could begin to look ahead to CHOGM 2018 in the UK. Some members suggested the Secretariat look at the operations of other international organisations. Others said it was important to define the Commonwealth's identity. Some members said there was confusion between reform required due to the financial situation and the reform required ahead of the new Strategic Plan.
19. One member proposed that the Secretariat's transition team incorporate a regionally representative group of High Commissioners, invited to participate by the S-G, who would consider both the short-term transition and long term solutions to the financial situation. Some members noted that the Executive Committee was already a representative group of the Board, and additional mechanisms were not required. These members also noted that the Board's role was oversight and not micro-management. The proposal did not enjoy consensus and was withdrawn.
20. The S-G said she was confident that every member state was committed to the Commonwealth, as demonstrated through their voluntary decision to stay

together as a family. She was absolutely committed to getting through this troubling time. She would be calling on the talent of High Commissioners around the table to support the high quality service she hoped they could deliver together. The Secretariat was in a financially weaker position than it had been in October, and reality was that the Secretariat could not afford to maintain its current senior level structure. She hoped that some senior posts could be reinstated when the budget was available. Partnerships were going to be critical to allow the Secretariat to continue working on the areas important to members. She hoped that a lean and efficient Secretariat would be able to deliver any programme on budget, and that it would be seen as an ideal partner.

21. The Chair thanked colleagues for the exhaustive discussion on the financial situation and reform needed. The Board agreed with the S-G's reform proposals, including that a transition team was required and that the Board should be kept informed. The Secretariat was directed to take immediate action on reducing costs to ensure that as much money as possible was available to continue with Strategic Plan programmes. The Secretariat was also directed to actively follow up with members on their pledges and further contributions. Finally, the Board asked the S-G to submit new budgeting and funding proposals and an update on the financial situation to ExCo and to the Board's next meeting.

Agenda Item 4: Matters Arising from the Previous Meeting (BG2(16/17)2)

22. The Secretariat presented the paper, which set out the matters arising from the annual Board meeting on 10 October 2016, as well as the Executive Committee meeting held on 15 November 2016 at the request of the Board. One member said it appreciated the Secretariat's good work. The Board noted the Secretariat's update.

Agenda Item 5: Commonwealth Secretariat's Draft Strategic Plan 2017/18 - 2020/21 (BG2(16/17)3)

23. The S-G introduced the agenda item, informing that changes had been made to the priority outcome areas based on feedback received from ExCo. In particular, based on members' comments, a cross-cutting outcome on small states has been included. Additionally, outcome 1.4 had been revised to link the Secretariat's efforts in preventing violent extremism to the long standing support for civil paths to peace, and the reference to global carbon emissions had been removed from 5.1.
24. The Secretariat reminded members of the history of the 2013/14 - 2016/17 Strategic Plan. The next Strategic Plan would be shorter and smarter, incorporating lessons learned. All documentation used to inform the process would be shared on 15 December, including the meta-evaluation and Strategic Plan evaluation. Two informal Board meetings were proposed to be held in January, with an updated draft presented to ExCo for recommendation to the Board on 23 February. The Strategic Results Framework and Delivery Plan would then be developed accordingly. The Secretariat also provided an update on its Programme Management Information System (PMIS). The S-G added that she hoped to have a direct correlation between each element of the delivery plan and its cost.
25. Members thanked the Secretariat for its work on the Strategic Plan, its efforts to develop the PMIS dashboard, and for its consultative approach, including

incorporating feedback from ExCo. Some members encouraged the Secretariat to continue to consult extensively both formally and informally.

26. One member proposed merging Pillars 1 and 2. The S-G said that there was no dispute that everything within the two pillars should be undertaken. However, the Secretariat was looking to create directorates under the five Ps to ensure that its work aligned with national development plans which linked to the SDGs.
27. Members suggested informal consultations with groups and were of the view that Boards briefings were not needed before the ExCo's consideration of the final draft of the Strategic Plan.
28. One member said partnerships needed to be about more than just consultation, and include engagement with Commonwealth organisations, regional organisations and UN specialised agencies.
29. Some members said that the Secretariat should maintain a focus on small states. One member said there should be a balance maintained between development and democracy issues, as development was particularly important to small states. The S-G said that the Commonwealth was an organisation primarily made up of small states and therefore everything that it did was going to have an impact on small states.
30. One member said that it was prepared to support the Strategic Plan, but underscored the importance of the delivery plan and results framework, as the combination of documents would provide the holistic picture. It was emphasised that the delivery plan has to be approved by the Board.
31. One member asked about the reasoning for using the term 'preventing violent extremism' rather than the internationally-accepted 'countering violent extremism' in 1.4, noting the latter was more acceptable. The S-G said the Secretariat would consider this proposal but that it planned to undertake broader, cross-cutting work on the prevention of violent extremism as well.
32. One member preferred using lower case when referring to civil paths to peace, to reflect the programme in its entirety rather than the decade-old document that had been surpassed by international developments.
33. The Chair said that members' comments would be taken into consideration by the Secretariat. A revised draft would be presented to ExCo in February. The Plan would then be presented to the Board in an extraordinary meeting after the ExCo's review and recommendation for approval.

Agenda Item 6: Any Other Business

34. One member suggested that the seating plan be amended regularly, as occurs in other international organisations. The S-G proposed that country nameplates be placed outside the room, with members placing them wherever they wished for each meeting.
35. The Chair announced that she had a letter from the Chair of the Audit Committee (Annex 4), which highlighted the financial position of the Secretariat, the importance of maintaining a strong control environment in the absence of the position of DSG Corporate, and the flow of information to minimise reputational risk. The Chair noted that the contents of the letter were administrative, but she was sharing it with the Board as it was the second letter she had received. The Chair noted that some of the issues raised had been addressed by the proposals on the structure and Strategic Plan put forward by the S-G. The Chair asked that the S-G, who she noted had also received a copy of the letter, keep the Board apprised of other actions taken over time.

36. One member noted this was the last Board meeting for the High Commissioner of Seychelles, thanking her for her contributions and wishing her well for the future. The Chair also thanked the High Commissioner for her contribution. The High Commissioner thanked colleagues for their comments and wished the S-G, her team and Governors well with the new Strategic Plan and CHOGM 2018.
37. The Chair also farewelled the High Commissioner of Swaziland, and representatives from Australia, the UK and Nigeria. She thanked DSG Dunn for his contribution to the Secretariat and wished him the best. She welcomed Sir Simon Gass to the Secretariat's team. In closing, she thanked the S-G and her team for their good work.
38. The S-G informed that she had already been approached by the incoming administration following the recent election in the Gambia, which had expressed interest in returning to the Commonwealth.

Decisions and Matters Arising

Agenda Item 1: Opening Remarks by the Chair

1. No matters arose.

Agenda Item 2: Report of the Executive Committee Chair (BG2(16/17)1)

2. The Board noted the ExCo Chair's report and endorsed its recommendations.

Agenda Item 3: Observations by the Secretary-General

3. Members thanked DSG Dunn for his contributions to the Secretariat following the S-G's announcement that he would be departing in December, with Sir Simon Gass to carry out his duties as Acting COO.
4. The Board agreed with the S-G's reform proposals, including that a transition team was required and that the Board should be kept informed. The Secretariat was directed to take immediate action on reducing costs to ensure that as much money as possible was available to continue with Strategic Plan programmes. The Secretariat was also directed to actively follow up with members on their pledges and further contributions. Finally, the Board asked the S-G to submit new budgeting and funding proposals and an update on the financial situation to ExCo and to the Board's next meeting.

Agenda Item 4: Matters Arising from the Previous Meeting (BG2(16/17)2)

5. The Board noted the Secretariat's update.

Agenda Item 5: Commonwealth Secretariat's Draft Strategic Plan 2017/18 - 2020/21 (BG2(16/17)3)

6. All documentation used to inform the planning process was would be shared on 15 December, including the meta-evaluation and Strategic Plan evaluation. Two informal Board meetings were proposed to be held in January, with an updated draft presented to ExCo for recommendation to the Board on 23 February. The Strategic Results Framework and Delivery Plan would then be developed accordingly.
7. Members suggested informal consultations with groups and were of the view that Boards briefings were not needed before the ExCo's consideration of the final draft of the Strategic Plan.
8. The Chair said that members' comments would be taken into consideration by the Secretariat. A revised draft would be presented to ExCo in February. The Plan would then be presented to the Board in an extraordinary meeting after the ExCo's review and recommendation for approval.

Agenda Item 6: Any Other Business

9. One member suggested that the seating plan be amended regularly, as occurs in other international organisations. The S-G proposed that country nameplates be placed outside the room, with members placing them wherever they wished for each meeting.

Opening Remarks by the Chair

H.E. Winnie Kiap

High Commissioner of Papua New Guinea

**Extraordinary Meeting of the Board of Governors
Commonwealth Secretariat**

7 December 2016

1. Excellencies, Secretary-General, colleagues.
2. Good morning. It is my pleasure to welcome you all to this extraordinary meeting of the Board of Governors of the Commonwealth Secretariat. I am pleased to see that so many of you are able to be here today. I think the sector that is part of the Pacific delegation, our four members from Brussels who were unable to make it.
3. This extraordinary meeting was first flagged in our Annual Board Meeting as an opportunity for us to consider the Secretariat's draft Strategic Plan for 2017/18 - 2020/21. We will be considering this draft as planned later today.
4. You will recall that at our last extraordinary Board Meeting on 10 October, we decided to refer the matter of the Secretariat's reform, including its financial situation and its new Strategic Plan, to the Executive Committee for further consideration and advice. You will have received the written report of the ExCo Chair among today's papers, and we will hear an oral overview of the Committee's advice to the Board shortly.
5. While our agenda today is short, the matters we are considering are very important for the future of the Secretariat. I look forward to your usual and full cooperation today to proceed in a timely and efficient manner. Because the timing is short, we should all be strategic in our thinking in what we are going to say, however everyone should feel free to speak.
6. Before we proceed with today's meeting, you will notice that a revised agenda is in your place. The matters for consideration have not changed, but the order has been slightly amended. I would like to propose the revised provisional agenda for adoption. It has so been adopted.
7. Lastly, in line with the revised agenda, I would now like to invite the Deputy High Commissioner for Malta to deliver the ExCo Chair's Report on behalf of High Commissioner Hamilton of Malta.

**Report of the Executive Committee Chair
Extraordinary Meeting of the Board of Governors
Commonwealth Secretariat**

7 December 2016

1. Thank you, Chair.
2. Unfortunately, my High Commissioner, the ExCo Chair, is not able to be with us today to present this report in person. However, I am honoured to present it on his behalf.
3. Governors may recall that at the 10 October Extraordinary Board meeting, the progress on the Secretariat's reforms and the Strategic Plan were considered. In that meeting, the Secretary-General had laid out her plan for reform, including restructuring and adjustment to make the Commonwealth Secretariat a lean, efficient and delivery-focused organisation.
4. We may recall, it was agreed in that meeting that reform is needed and it has to be undertaken quickly. Also, in that meeting, the Board requested the Executive Committee to consider the Secretariat's reform, including the difficult financial situation and the new Strategic Plan, and provide guidance to the Board on both matters in its next extraordinary meeting.
5. I am pleased to report that an extraordinary meeting of ExCo was convened on 15 November. As requested by the Board, the Secretariat circulated papers to all Governors, and non-ExCo members were invited to observe the meeting. The Chair was pleased that a number of you were able to join the meeting on that day.
6. In her opening remarks, the Secretary-General informed that she had commissioned a full review of the Secretariat to understand its challenges, and to prepare herself for the changes needed to make the organisation lean, efficient and effective. She reminded ExCo members that she considered reform to be an open and iterative process, and the findings of the external consultant were shared with Governors through a series of reports.
7. The Secretary-General concluded by informing ExCo that the Secretariat would be drafting a Strategic Plan for the Board's guidance and approval. During the transition phase from November 2016 until 30 June 2017, the Secretariat would continue to work on consolidating its precarious financial position, and initiate restructuring and other adjustments that need to be made on urgent basis.
8. In our meeting of 15 November, we considered the Secretariat's financial position. The Secretariat gave a detailed presentation on this issue, which enabled ExCo to understand the grave reality and the difficult financial circumstances in which the Secretariat is currently operating. I believe, all Governors had a chance to look at that presentation and I hope you share the sentiment of the ExCo. The Secretariat is in a precarious position and in a dire need to an urgent action.
9. The Committee generally supported the savings measures proposed by the Secretariat to ameliorate the situation, including a moratorium on recruitment, slower release of funds, and intensive scrutiny and actual and

planned expenditure by all managers. It also supported the Secretariat's efforts to work with members to secure pledges and payments. Members proposed a number of suggestions including adjusting programme expenditure in line with available funds, broadening the Secretariat's funding base, and adopting new transparency measures.

10. The next item considered by the Committee was the development of the Strategic Plan. The Secretariat gave a comprehensive presentation on the development of the Plan, and the Committee considered four documents.
11. Comments and feedback were provided to the Secretariat. Some members asked for clarity around the division between core, planned and possible priorities. Others noted that certain areas appeared to have less prominence in the proposed outcomes matrix, such as small states.
12. The Chair was pleased to see the draft Strategic Plan was circulated on 25 November as promised by the Secretariat in the ExCo meeting. This draft incorporates comments from ExCo as well as the feedback provided by members after the meeting. It is before us for consideration today.
13. Before I close, you may recall that the Secretary-General had invited the Board Chair and the ExCo Chair, as well as all other Governors, to visit her residence, which has unfortunately been the focus of a few newspapers. My High Commissioner took the opportunity to visit following her kind invitation. We know that it is a very modest, 5-storey house. He could see that it definitely needed maintenance. He could also verify that minimal touches have been done to it and the maintenance undertaken to the property has not made it 'a den of luxury'. Also, he is of the opinion that it is 'totally inappropriate' for the press to be given access and a tour of Hill Street. The residence has a diplomatic status and enjoys diplomatic immunity. I understand the High Commissioner of Samoa, His Excellency Dr. Luteru, has also visited the Secretary-General's residence and his conclusions are similar. The ExCo Chair encourages colleagues to visit Secretary-General's residence themselves and report to their respective capitals accordingly. After all, this is the property of the whole organisation to which all member states are contributing.
14. At the end, the Chair would like to thank the Board of Governors for trusting ExCo to look into these matters. We are confident that the Secretariat is moving forward swiftly adjust to the new financial reality we hope for progress on the development of the new Strategic Plan. We would like to thank all members of the Executive Committee for their time, cooperation, and the work done on these important matters.
15. Thank you, Madam Chair.

**Observations to the Board of Governors of the Commonwealth Secretariat
by Commonwealth Secretary-General**

**The Rt Hon Patricia Scotland QC
7 October 2016**

- Members of the Board will know that last week the DfID Multilateral Aid Review scored the Commonwealth Secretariat poorly compared with a range of aid agencies, indicating that we were underperforming and needed to reform if DfID were to continue its funding. I note that all the evidence upon which they rely was gathered by and before November 2015 last year, therefore even before I was selected as Secretary-General.
- It is right to say the criticism was harsh. Adversely comparing the Commonwealth Secretariat, which has an income - as all members know - of around or less than 50m with other international organisations which hold billions in resources, and I think that comparison is a very difficult one - especially since our mission as a Secretariat, as the Commonwealth, goes much wider than development assistance. I think it's right to say that even in that report, there's acknowledgement of some excellent practice, some good practice, some adequate practice, and some areas where it is poor. So if one looks at the review of 2013 and looks at the review of 2015, I think it is very important for the Board to recognise that there have been improvements in performance. The work undertaken by the Secretariat under the previous Secretary-General with the Board did have the effect of improving certain things, though we have a way to go.
- And we can be proud of much of our work. For example:
 - Our debt management system is used by 65 - mainly small - countries around the world and is of real value.
 - Our work in helping small states demarcate their ocean boundaries and then develop strategies to exploit their maritime resources, is actually unique. Nobody else is doing that.
 - We help our member states prepare for Universal Periodic Reviews by UN Human Rights Council. It is a sensitive area but a practical way to advance human rights.

The fact that Commonwealth is not seen as carrying an agenda or wanting to make headlines means our Election Monitoring can be hard-hitting where needed, and is really high quality. Everyone is acknowledging that.
 - And we expect our new arrangement to help small states access climate change finance will be a big contribution to building their resilience.

- All this has historically been done for less than £50m and the prospect we now face is having to do all of this on a budget which is potentially less than £40m. So it is a real challenge.
- We need to be honest with ourselves and say that DfID is not completely wrong. We do need to continue to reform the Secretariat. Inevitably, given our tiny budget we are unable to make a big impact in every area where member states - and CHOGM - want us to work. We need, therefore, to be selective, focussing on what we do best. That means working where:
 - Commonwealth neutrality allows us to work on sometimes sensitive issues in support of Commonwealth values; and where
 - We can use our technical knowledge to build frameworks and models which benefit a range of member states and can be tailored to their needs and their capacities.
- At the same time, every country will recognise that we need to support an agenda which respects the key priorities of all groups of member states.
- We also need to be better at evaluating and accounting for what we do. We have made good progress with introduction of Results-Based Management but we need a laser-like focus on achieving and accounting for outcomes, not outputs. I know that that's not always easy given small scale of our Technical Assistance programme but basically, we have no choice.
- And we need more modern finance and human resource processes - and a sharper focus on asking all staff to manage themselves and their teams with a modern level of leadership and talent management.
- Finally, we have to be much better at telling our story - too much of our good work goes unreported and unremarked while every negative gets amplified. Some members around the Board may know that this week, I was privileged to be asked to present the Romanes Lecture in Oxford. I think I was only the sixth woman to be asked to do that since 1892 when Gladstone gave the first lecture. I chose to talk about the Commonwealth, the beauty of it, the unique nature of it, and the value that it has, not just intrinsically but has had through history and the fact that our future is just as important, if not more important than our past and there are great things still for us to do.

So I am proud of the Commonwealth Secretariat and proud of what we have achieved historically and proud of what we will together achieve in the future, if we choose now to bind ourselves together to get through what is a difficult period but what I believe is manageable. But none of us can pretend we do not have a long way to go.

Financial Position

- There is another reason why we must reform. On 10 October I reported to the Board on the very serious financial position I had inherited. The Executive Committee also discussed the position, as you've now heard from our colleague from Malta, on 15 November. Can I just convey to the Chair of

the Executive Committee how grateful I am for his hard work and diligence, particularly bearing in mind that I know he's not well and we send him our very best wishes. You will have heard the Chair's report of the position in which we found ourselves at the Executive Committee meeting. Even since October, the financial position has deteriorated. And I have to say, by the two-month delay in being able to reduce our staff levels. I think I was brutally frank with colleagues on 10 October as to what that delay might do to our finances and I absolutely respect the Board's decision to put this matter back to the Executive Committee. But I think it's only right that we acknowledge that that decision had consequences.

- I will now ask Gary Dunn to explain the financial situation.

[DSG Dunn introduces financial slides]

- I hope colleagues understand the severity of our current financial position. On 10 October, I had, I hope, made clear that we had a choice; that if we were going to make retrenchment in terms of employees we could pay wages or we could pay to let people go but we couldn't do both. As you therefore I hope now appreciate, the situation is critical. I believe that we should be able to make it through this financial year if we stop all CFTC activity which is not already contractually committed or which would pose a reputational risk to the Commonwealth if we did not proceed; so those were the two sorts of work that we could continue. But this would also depend on member states meeting their pledges and paying sums owed to the Secretariat in a timely way. If we do not receive those payments, those difficulties will not abate.
- The financial year 2017/18 will be much harder since we will not have access to the CFTC reserves that we are using this year. We will be heavily dependent on whether countries maintain their present levels of funding. I hope colleagues will have noted that that our largest contributor has now said publicly that the Secretariat and the CFTC are unsustainably reliant on UK funds. And under any foreseeable circumstances we will operate with a smaller staff and with reduced activity. It is right that some of our most innovative and creative work is dependent on that CFTC budget, so basically everyone in DSG Maharaj's shop is paid for by CFTC.
- So this poses a challenge to me and my team. We recognise that it will be increasingly difficult to attract large funding which is not tied to particular activity. We will be more coherent in offering both governmental and non-governmental development partners specific programmes and projects to fund. We must also be clearer about our evaluation, transparency and our governance arrangements.
- If we are to do well, it also poses a challenge to the member states and their willingness to find both assessed and voluntary funding to keep the Secretariat as an effective and valued partner. We all understand that for everyone, these are tight, fiscally difficult situations to face - and we are conscious of that. The Secretariat, however, I think, can be an extremely effective and valued partner if we undertake the reforms that we are proposing. Frankly, I do not think that CFTC is sustainable on the current

method of financing. I intend to make proposals on this to February's Executive Committee. I take very much into account the comments that were made around the table at the Executive Committee meeting and on 10 October, that a number of countries would find it easier to have one fund. I don't know how we're going to manage that but we will make proposals to take that forward.

Change Programme

- All this means that we in the Secretariat will embark on a substantial change programme to make us leaner and more efficient. We have discussed aspects of this in previous meetings.
- I therefore need to move to a structure that is more consistent with the resources that we have and that we reasonably anticipate will be made available. In considering how to do this, I have listened carefully to everything you have told me, including the need to keep the transition team to a minimum of external experts.
- I am therefore proposing that we not disestablish the posts of DSG at this time, notwithstanding the fact that the reality is that we cannot afford them at the moment, but we ensure that the reform takes root and that we have the resources to make a decision in the not too distant future and certainly before CHOGM. In the transition period we will need specialist help in finance, human resources, and perhaps IT - albeit not full time. If this change is going to be real, we're going to have to have the most acute expertise to help us to shape a modern, light and cheaper process because at the moment, our financial and other processes are heavily dependent on paper and heavily dependent on people who work extremely hard, but getting the figures out is a real challenge. So that in the transition period; the specialists, I hope, will make a huge difference but we need a position of COO at a level below DSG, which would be useful in coordinating the Corporate side of the organisation. I hope to persuade some member states to fund these posts; we need that money to modernise. I hope it's clear that that money can't come out of the money that we already have because we won't be able to do it.
- Of the existing DSGs, Gary Dunn will leave us before Christmas and I would like to take this opportunity to pay tribute to the extraordinary contribution he has made to the Secretariat over the last two and a half years. The transition has been difficult and I would like particularly to praise and give thanks to Gary for the period that we have just gone through where we have all been working extraordinarily long and difficult hours to try to make these figures come together. So thank you very much for that, Gary. I hope that in his place I can ask Sir Simon Gass to stand in as Acting COO until we can run a competitive recruitment. I would like members of the Board to also take into account that we have to do this and we have to do this now. Normal recruitment processes, as we're all aware of, can take some considerable time and time right now is of the essence. Simon has been helping us for the last month as an unpaid adviser, totally pro bono. I thank him very much for that and I hope that we will, through the budget that I hope we will get, be able to do something better.

- I will also need to make significant reductions in staff levels through a mixture of attrition, that's natural wastage, people whose contracts I won't be able to renew, and some early departures. I expect this to be of the order of 15%. If we had done this in October we could have found, I hoped, the necessary funding. Now, two months later, I will need to seek some extraordinary voluntary contributions from some member states. Otherwise, even staff reductions may prove unaffordable. I feel very keenly the need to pay people's wages. I understand how worried so many of my staff have been and I have been worried with and for them in terms of being in a position where I won't be able to pay wages and neither will I be able to pay redundancies either. That's a very daunting prospect.
- In reducing both activity and staffing I will be determined to keep our most valuable and impactful activity. But it will mean doing less in areas such as Health and Education where I am unconvinced that the Secretariat's small resources make us competitive with specialist and much better-funded organisations. But, we are going to have to find ways of doing work which so many of our members value.
- I understand that High Commissioners will be concerned about the position we are in. I will continue to be fully transparent with the Board and the Executive Committee and I am of course accountable to Heads of State and Government.
- There is one more reason why we need to move quickly. The British Government will host when our Heads of State and Government meet in the UK in Spring 2018; CHOGM will take place here, less than 18 months away.
- All CHOGMs are important but a meeting held in the capital of the Commonwealth's largest contributor will be expected to deliver big results in the interests of all our member states.
- The Secretariat needs to be a key catalyst and deliverer of CHOGM. That will not happen if we do not complete our change programme quickly or, for that matter, if our funding dries up.
- I see CHOGM in the UK as a huge opportunity for the Secretariat to showcase its value and convince funding partners that we can offer a unique, high quality service, which is incredibly valuable and valued to all our member states but enables others to benefit also.
- We need to move and we need to move quickly. I hope that I will be able to persuade the Board that you can support me in this approach and deliver high quality for the people of our countries for whom we care. There's almost now 2.4 billion of them and that's our responsibility. I am determined to do everything I can to ensure that the Board members around this table no longer feel anything other than innate pride for being part of the Commonwealth and pride in everything the Secretariat does.

Her Excellency Ms Winnie A Kiap,
Chairman of the Board of Governors,
The Commonwealth Secretariat,
Marlborough House,
Pall Mall.

2 December 2016

Your Excellency,

Commonwealth Secretariat Audit Committee - financial management and internal control considerations

Thank you for your time over the last few weeks, during which you and I have had several interactions, both on the telephone and by email, to discuss certain internal control and risk management matters pertaining to the Commonwealth Secretariat (“the Secretariat”) which the Audit Committee (“AC”) has been focussing on as we carry out our role under our Terms of Reference (“ToR”).

I thought it would be valuable if I followed up those interactions with this letter to summarise the matters which the AC would like you to bring to the attention of the Board of Governors (“the Board”), for its consideration at the meeting next week.

Consistent with the ToR of the AC, I have addressed this letter to you as Chairman of the Board, as the AC is appointed by the Board.

(1) The financial position of the Secretariat

Over the last few years, and in particular at the three quarterly AC meetings in the 2016 calendar year to date, the AC has been informed, by relevant members of the Secretariat’s senior management, that the Secretariat (like several organisations of its nature and, indeed, many public and private sector organisations which are facing challenging financial conditions/circumstances), has taken and is taking mitigating management actions to address such challenges (to ensure that the Secretariat can continue to operate in a robust manner as a going concern). We would be grateful for confirmation that this position remains unchanged.

This information is important for us as we engage with the Secretariat’s External Auditors to finalise the annual financial statements for the financial year ended 30 June 2016.

(2) The plans for reorganisation and maintenance of a strong and empowered control function

We understand that the Board is contemplating an organisational restructuring of the Secretariat. We are keen to obtain assurance that the proposed structural reorganisation will lead to the continued development, and embedding, of a strong financial management culture, and robust internal controls, within the Secretariat. It is of particular importance to us as an AC that there exists, within the restructured organisation, an empowered, independent control function.

Ideally, we would like to have sight of the proposed reorganisation plans, before final approval, so as to be able to engage with the Board, if necessary, in order to ensure that the requisite strong internal control function will be maintained following the reorganisation.

(3) Departure of Deputy Secretary General – Corporate, and maintenance of a strong control environment within the Secretariat

We were informed on 1 December 2016 that the Deputy Secretary General - Corporate will be leaving the Secretariat on 16 December 2016. We are concerned that it appears that Mr Dunn will be leaving before an appropriate successor has been identified and appointed, thereby preventing an effective handover process from taking place. We are keen to get assurance that proper arrangements will remain in place to ensure that strong financial controls continue to operate. We would also like to be reassured that whatever position replaces that of the Deputy Secretary General – Corporate will have the necessary powers and authority to ensure that the Secretariat continues to have a strong, independent financial control culture and effective organisational structure.

(4) Flow of information from the AC to the Board

While very good progress has been made over the last few years in strengthening the internal controls within the Secretariat, as evidenced by the trends disclosed in the Internal Audit reports and External Audit management letters, one area where we believe there is room for improvement is the need for a regular and formal flow of information from the AC to the Board.

In particular, we are concerned that the minutes of the AC meetings do not appear to be flowing through to the Board in a regular or timely manner. We are keen to ensure that information from the AC flows freely to the Board.

(5) Adherence to Procurement policies and procedures

We would like confirmation from the Board that waivers of the procurement procedures and guidelines will be kept to an absolute minimum going forward.

(6) Minimisation of potential reputational risk

As an overarching comment, the AC feels it is extremely important that the Secretariat ensures that it avoids doing anything that could cause damage to its reputation and which in any way could impact negatively on the willingness of countries/organisations to make their annual contributions to the Secretariat.

We would appreciate it if the above issues could be raised at the Board's meeting next week.

Yours sincerely,

Bruce Freer,
Chairman of the Audit Committee

Cc: His Excellency Mr Norman Hamilton, Chairman of the Executive Committee, The Commonwealth Secretariat

The Rt Honourable Patricia Scotland QC, Secretary General, The Commonwealth Secretariat



The Commonwealth

Commonwealth Secretariat
Extraordinary Meeting of the Board of Governors
Marlborough House, Wednesday 7 December 2016

BG2(16/17)
Provisional Agenda

1. Opening Remarks by the Chair
2. Report of the Executive Committee Chair **(BG2(16/17)1)**
3. Observations by the Secretary-General
4. Matters Arising from the Previous Meeting **(BG2(16/17)2)**
5. Commonwealth Secretariat's Draft Strategic Plan 2017/18 - 2020/21
(BG2(16/17)3)
6. Any Other Business

**EXTRAORDINARY MEETING OF THE
COMMONWEALTH SECRETARIAT BOARD OF GOVERNORS**

**7 December 2016
Main Conference Room, Marlborough House**

ATTENDANCE LIST

MEMBER STATE	NAME AND DESIGNATION
ANTIGUA AND BARBUDA	Ms Althea Vanderpoole Banahene, Acting High Commissioner
AUSTRALIA	HE Alexander Downer, High Commissioner Mr Andrew Todd, Deputy High Commissioner Mr Duncan Howitt, Political Officer
BAHAMAS	HE Eldred E. Bethel, High Commissioner Mr Wilfred Adderley II, Second Secretary
BANGLADESH	HE Md. Nazmul Quaunine, High Commissioner Mr Md. Mahbur Rahman, Third Secretary
BARBADOS	HE Guy Hewitt, High Commissioner
BELIZE	Ms Laura Frampton, First Secretary
BOTSWANA	Ms Bihela Sekare, Second Secretary
BRUNEI DARUSSALAM	HE Major General (Rtd) Dato Hg Aminuddin, High Commissioner Ms Sukarseh Siti Nur Alifah Kamis, Third Secretary
CAMEROON	Mr Joel Nguenkam, Acting High Commissioner
CANADA	Mr Alan Kessel, Deputy High Commissioner Ms Sonya Thissen, Minister-Counsellor Ms Elizabeth Stephen, Political Officer
CYRPUS	Mr Andreas Eliades, Counsellor
DOMINICA	<i>Apologies</i>
FIJI	
GHANA	
GRENADA	
GUYANA	
INDIA	Mr Dinesh Patnaik, Deputy High Commissioner Ms Madhu Sethi, First Secretary
JAMAICA	Ms Carol Lee-Lea, Counsellor
KENYA	HE Lazarus Ombai Amayo, High Commissioner Mr Fredrick Kidali, Minister Counsellor
KIRIBATI	
LESOTHO	Mr Mosele Majoro, Chargé d'Affaires

MALAWI	Mr Quent Kalichero, Deputy High Commissioner
MALAYSIA	Mr Riedzal Abdul Malek, Counsellor
MALTA	HE Mario Buttigieg, Deputy High Commissioner Mr Karl Matthew Xuereb, First Secretary
MAURITIUS	Mr Khemraj Jingree, First Secretary
MOZAMBIQUE	HE Filipe Chidumo, High Commissioner Mr Omar Remane, Minister Counsellor
NAMIBIA	HE Steve V. Katjiuando, High Commissioner Mr Erastus N. Hailwa, Second Secretary
NAURU	
NEW ZEALAND	HE Rt Hon Sir Lockwood Smith, High Commissioner Ms Laura Crone, Second Secretary
NIGERIA	Mr Audu A. Kadiri, Minister(Political) Mr Ibrahim Bala, Minister-Counsellor
PAKISTAN	HE Syed Ibne Abbas, High Commissioner Mr Zahid Hafeez Chaudhri, Minister (Political)
PAPUA NEW GUINEA (CHAIR)	HE Winnie Kiap, High Commissioner Mr Nasser Tamei, First Secretary
RWANDA	HE Yamina Karitanyi, High Commissioner
ST. KITTS AND NEVIS (VICE-CHAIR)	Mr Eustace T. Wallace, Counsellor
ST LUCIA	
ST VINCENTS AND THE GRENADINES	HE Cenio Lewis, High Commissioner
SAMOA	HE Fatumanava Dr Pa'olelei H Luteru, High Commissioner
SEYCHELLES	HE Marie-Pierre Lloyd, High Commissioner
SIERRA LEONE	Ms Sia A. Tejan, Counsellor
SINGAPORE	HE Foo Chia Hsia, High Commissioner Ms Cheryl Toh, First Secretary
SOLOMON ISLANDS	
SOUTH AFRICA	HE Thembinkosi Obed Mlaba, High Commissioner Mr Peace Kennedy, Counsellor
SRI LANKA	Ms Poornima Gunasekera, Second Secretary
SWAZILAND	HE Dumsile Sukati, High Commissioner
TANZANIA	Ms Rose Kitandula, Counsellor
TONGA	
TRINIDAD & TOBAGO	
TUVALU	
UGANDA	Mr Godfrey Kwoba, Counsellor

UNITED KINGDOM	Mr Tim Cole, Commonwealth Envoy, FCO Mr Steve Askham, Commonwealth Team, FCO Ms Louise Ellis, Commonwealth Team, FCO Ms Donna Pankhurst, Commonwealth Team, FCO Mr Steve Hillier, DFID
VANUATU	
ZAMBIA	HE Muyeba S. Chikonde, High Commissioner Ms Mukela Mutukusa, Counsellor

COMMONWEALTH SECRETARIAT

The Rt. Hon. Patricia Scotland, QC, Secretary-General	Ekpen Omonbude, ONR
Lolita Applewhaite, Chief of Staff, SGO	Paulo Kautoke, TRD
Gary Dunn, Deputy Secretary-General	Pauline Campbell, TAU
Josephine Ojiambo, Deputy Secretary-General	Justin Pettit, HRU
Nabeel Goheer, Secretary to the Governing Boards	Michael Adenuga, Legal Counsel
Sir Simon Gass, SGO	Lauren Stasinowsky, SPED
Barnie Choudhury, COM	Norma MacIsaac, SPED
Neil Ford, COM	Bernard Tsehlo, SPED
Simon Gimson, POL	Emily Rhoades, SPED
Paula Harris, CSD	Shadman Chowdhury, SPED
Kimberly Cliff, CSD	Amy Ingham, SPED
Katalaina Sapolu, ROL	Evelyn Pedersen, SPED
Katherine Ellis, YTH	Marilyn Benjamin, SGO
Pamella McLaren, DMU	Joanne Canty, SGO
Joan Nwasike, HRD	Tsung-Ping Chung, SGO
Joanna Nurse, HEU	Amelia Siamomua, CSSA
Reginald Darius, EPD	