

SOPAC

GOVERNING COUNCIL

30th ANNUAL SESSION
(Majuro, Marshall Islands, 17th – 24th October, 2001)

Agenda Item	10	:	ESTABLISHMENT AND ADMINISTRATION
Title	10.3	:	SPC-SOPAC Integration Study

Purpose of paper

This paper endeavors to explore concerns and issues raised by SPC and SOPAC members with regard to the concept of integration of the two regional technical organisations at, or since, the discussions at CRGA 30 and SOPAC's 29th Council meeting.

It also provides options for the governing councils to consider in planning the next steps with regard to the issue of integration and, more broadly, the general SOPAC – SPC relationship. It therefore takes into account requests that mechanisms other than integration be studied that may offer similar synergies of 'close co-operation and co-ordination'.

The paper is structured in two parts. The first part focuses on member concerns and issues, which are clustered under a number of headings. The second part discusses options for the way forward.

Background

In 2000, both Governing Councils received and discussed a study prepared by two independent consultants, Messer's. Philipp Muller and Savenaca Siwatibau. Members expressed their appreciation to the Study Team for the quality of their work. Nevertheless, most members felt that both additional time and analysis were required to study this important and complex issue. They directed the Chief Executive Officers to work together to address the concerns raised and to seek additional views from members in developing the current paper.

MEMBER CONCERNS AND ISSUES

- **Financial Issues.**

Concerns have been raised about the accuracy of the **savings estimates** that the consultancy report contained. Any such estimates include a margin of error and the natural tendency is to overstate savings and underestimate costs. While still confirming the broad magnitude of the possible savings, the two Secretariats now estimate the total amount of net savings at approximately FJD 480,000 per annum (slightly less than the consultants' estimate of FJD 515,000). It should be noted that this figure is based on co-location (re: Pacific Village). The consultants may have been overly optimistic in assessing the savings that could be realised prior to co-location. Following further analysis by the Secretariats, it would appear more prudent to reduce these expected savings to FJD 335,000 p.a. (assuming that the two present Suva sites are retained). Members may therefore note the Secretariats' view that a larger portion of the total

projected net savings would depend on the materialisation of the Pacific Village. At the same time, FJD 335,000 per annum remains a very significant amount that would help in further strengthening the work programmes.

The study report noted a perception that there was a concern with regard to **SOPAC's financial situation**. It reported that "To date SOPAC has attracted adequate funding but there is some concern about its financial viability in the long term". While it is impossible to be definitive about the long-term financial viability of SOPAC, the same argument could be applied to all other regional organisations that rely on donor funding for their programmes. SOPAC has been able to secure increasing funding for its work, including from donors new to the region. It is currently, like SPC, in good financial health.

Some members raised a concern about the **ability to attract funding**. More specifically, they suggested that a merged organisation might not be able to attract as much funding as the two organisations currently do separately. The study team had raised this issue with a wide range of donor partners, none of whom was reported to consider this a major risk. Some donors believed that a larger organisation would allow for an even greater professionalisation of marketing efforts, which they believed to be an asset in an increasingly competitive environment. However, the risk does remain a concern for some members so in the way forward the Secretariats are proposing a way to test the claim whether the two organisations can attract joint funding.

- **Pacific Village**

Funding has yet to be secured for the Pacific Village. While past Fiji Governments have stated their strong commitment to the project and have been actively exploring financing options, one cannot assume the same degree of support from a new government or realistically expect the project to be completed in the next two to three years. As the study report has shown, integration could proceed without physical co-location (members may wish to note that USP and SPC work very effectively from two and more locations). Sharing the same roof, however, does of course facilitate and encourage collaboration and synergies and it was the Pacific Village project that provided the impetus to study the integration concept.

- **Effectiveness**

Some members expressed concerns about the **integrity of SOPAC programmes**. Specifically, they feared that the quality of SOPAC programmes might be compromised if SOPAC and SPC were merged into one organisation, in particular if SOPAC were to become a division of SPC, as suggested by the report. The Secretariats have carefully considered this concern but believe professional executive management and governance oversight would provide the necessary safeguards. The successful integration of additional programmes (e.g. disaster management, forestry, maritime) into SPC and SOPAC would appear to demonstrate that the commitment and necessary mechanisms exist that did not undermine both the integrity and effectiveness of these programmes in both organisations.

Members have asked whether integration would not result in a **dilution of SOPAC services**. SOPAC has a more limited membership than SPC. Following integration, that membership base would expand, with the current technical programmes of SOPAC expected to extend their services accordingly. Thus integration would bring the risk of spreading resources more thinly, thereby diluting the volume and effectiveness of services to current SOPAC members. The consultants considered a number of possible solutions to this anticipated problem. One possibility was that PICTs who were not members of SOPAC could be asked to raise their contributions to the integrated

organisation, so that each contributed an amount equal to that which comparable countries were paying to SOPAC. For each PICT this approach would have the same outcome as if it were to join SOPAC on an individual basis. The consultancy study noted that the amounts involved were not large (small islands states currently pay an annual contribution of approximately FJD 12,000 to SOPAC, equivalent to about CFP units 7,000) and concluded that that it would be more effective to address the issue of equity in a different context and exercise such as the determination of membership contributions which are reviewed at regular intervals. Other possible solutions that the consultants highlighted included increased funding for SOPAC programmes through additional donor funding and/or use of part of the savings generated by integration. Since the study was conducted, it has also been suggested that the larger membership base could assist in diversifying funding sources.

POSSIBLE WAYS FORWARD

There are three options that members may wish to consider:

Option 1 Decide now to proceed with a merger of the two technical organisations.

Option 2 Direct the Secretariat(s) to continue to explore and implement mechanisms other than integration that may offer similar synergies of 'close co-operation and co-ordination' with a view to re-examining the integration concept at an appropriate later stage (e.g. when the Pacific Village project is complete). Some of the areas of synergy are discussed under paragraph 18 of this paper.

Option 3 Decide now to reject the proposal to merge SPC and SOPAC altogether.

The Secretariats' views. Without in any way wanting to prejudge the conclusions of the governing bodies or individual members, the two Secretariats believe that the majority of members see integration as a worthwhile proposal that does - on balance - have significant advantages. However, based on the feedback received, it also appears that integration, as proposed by the consultants, is a concept whose time has not quite come yet. Option 1 would therefore probably not be appropriate at this stage. However, in the event that the Governing Bodies did decide to proceed with the merger now, the appropriate procedural steps are outlined in great detail in the consultancy report.

Option 3, that is to recommend rejecting the integration concept outright, is thinkable but has not been proposed by any of the members during the whole consultation process. Neither Secretariat believes that it would be of any help at this stage. On the contrary, the option would likely undermine current and planned collaborative efforts.

Option 2 appears to be the best way forward for the Secretariats which are firmly committed to achieving closer collaboration between the two agencies. It is the option that both Secretariats have agreed to recommend to their respective governing bodies. Practical steps towards implementing Option 2 are described later in this paper.

Members may wish to note that some joint operational activities are already underway, through the CROP mechanism, the SPREP-SOPAC-SPC tripartite colloquia and the day-to-day collaboration between the Executives and the technical programme staff of both organisations. Option 2 takes into account views expressed by members that integration should most usefully and naturally follow a gradual process of ever closer collaboration between the two organisations in areas such as staff training, senior management retreats, project design and joint project implementation.

Current Collaborative Initiatives. Highlights of some of the recent initiatives taken by SPC and SOPAC (outside of the CROP mechanism) that have led to closer coordination and cooperation between the two organisations include the following:

- The SPC-SOPAC-SPREP colloquium, held in Fiji in April 2000, that agreed on lead agency designation for specific programme areas that fall within the work programmes of the three agencies, i.e. energy.
- The SPC-SOPAC jointly-sponsored Regional energy meeting, held in Tarawa in October 2000, to finalise the regional submission for CSD8.
- The environmental health study, conducted jointly by SPC-SOPAC, done in March 2001.
- The First Pacific Regional Information and Communication Technology workshop, co-sponsored by SPC-SOPAC, in Noumea in August 2001, to produce a regional ICT policy and strategic plan.

In recent years, the two organisations have taken advantage of opportunities to capitalise on potential synergies among the technical programmes and have focussed on the efficient use of current resources in the collaborative activities, particularly in the programme areas of energy and Information Technology.

Focus on new/potential areas. There is considerable scope for closer cooperation among the other technical programmes as well, taking full advantage of their technical capacity to provide inputs to the other's projects or programmes – i.e. GIS/remote sensing. The Secretariats have agreed to collaborate further on the proposed Environmental Health initiative, and pursue joint activities in Fisheries and coastal management in addressing total eco-system marine management.

Co-location of the two organisations in the proposed "Pacific Village" remains high on the agenda for both SPC and SOPAC, and will be pursued with the new government in Fiji immediately following the August 2001 elections.

Throughout the year, the two organisations have met formally and informally to explore other specific operational areas that can be shared and better coordinated, and have identified the following:

- Staff training – A project management workshop provided by AusAID is being planned for October 2001 to involve project officers from both SPC and SOPAC. Additional joint staff development opportunities will also be organised by the two agencies.
- Media services – The facilities of the SPC Regional Media Centre will be made available to SOPAC for its publishing needs.
- ComET link – SOPAC will be linked to the ComET communications system of the SPC to enable cheaper access to the Internet.
- A joint SPC-SOPAC library.
- Joint tenders for corporate services such as travel, insurance and supplies.

The two secretariats will continue to work closely together in the coming years to progress the joint activities, and ensure that their respective annual work plans reflect the identified areas of collaboration.

Recommendations

That the governing councils of SOPAC and SPC consider the issue of integration of the two organisations, taking into account the views of members and the secretariats, which appear

to support Option 2 as contained in this paper. It is recommended that the governing councils approve Option 2:

Option 2: Direct the Secretariat(s) to continue to explore and implement mechanisms other than integration that may offer similar synergies of 'close co-operation and co-ordination' with a view to re-examining the integration concept at an appropriate stage (e.g. when the Pacific Village project is complete).

The governing councils may also wish to acknowledge the excellent work undertaken by Messers. Philipp Muller and Savenaca Siwatibau in conducting the integration study exercise, and request the two secretariats to report regularly on the progress of their increased collaboration as part of the annual reports of the chief executives.