



GOVERNING COUNCIL 38th SESSION

Port Vila, Vanuatu
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AGENDA ITEM	TITLE
10	REGIONAL INSTITUTIONAL FRAMEWORK
10.2	Financial and Administrative Matters

Purpose of Paper

To present to Council the range of financial and administrative matters that will need to be considered during implementation of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework (refer Annex 1). This paper focuses on administrative matters and does not purport to cover the legal aspects of each of these transactions, which will need to be separately addressed and considered.

Background and Comments

The paper will be treated in two parts, with Part I to consider those financial and administrative matters related to the transfer of SOPAC functions identified for transfer to the SPC and Part II to consider those financial and administrative matters related to the SOPAC functions identified for transfer to SPREP.

Part I – Financial and Administrative Matters for transfer of functions to SPC

Parts (a) and (b) of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework relate to the ICT Outreach Programme and Energy Programme. Implementation schedules for both programmes are presented as AS38/10.3.1 and AS38/10.3.2, respectively and both reflect the intent of the SPC to establish a new Division of Economic Development (DED) to which these programmes will belong. DED will also include SPC's existing maritime transport and communications functions, as well as transport, infrastructure, ICT and petroleum functions that are to be transferred from the Pacific Islands Forum Secretariat.

Part (c) of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework relate to the remaining functions of the core SOPAC work programme. The implementation plan is tabled under AS38/10.3.3 and reflects the decision for transfer to SPC as a SOPAC (science and technology) Division, with implementation to commence from January 2010.

Council will note that a provisional SOPAC annual work plan and budget for 2009/2010 has been prepared for consideration and endorsement under AS38/13.2. It includes activities for all SOPAC functions that will need to be fully integrated into the SPC from October 2010. In preparation for effective implementation from January 2010, SOPAC and SPC have worked toward reflecting SOPAC's annual work plan and budget in the *green budget book* of the SPC.

The intention is that SOPAC will maintain its financial autonomy (that is its FMS and its chart of accounts) and will continue to use its financial regulations and rules of procedure, until directed by Council, and not earlier than approval of the SOPAC (science and technology) Division's work plan and budget for 2010/2011. The provisional 2010/2011 work plan and budget will respond to

the proposed Strategic Plan for the SOPAC Division, to be developed in 2010 and, to be presented as part of the SPC annual work plan and budget to the CRGA in October 2010. It is envisaged that in advance of October 2010 all of the necessary steps to migrate SOPAC from its current financial management system to that used by the SPC will have been completed. Additional financial resources will need to be identified to implement this crucial component for RIF implementation.

From early 2010, the Director General of SPC should have involvement in the work programme, budget and other activities of SOPAC relating to those SOPAC functions to be transferred to the SPC. Although it would not be required, this role could be formalised through appointment of the SPC Director General to a position with SOPAC. In the event a formal transfer of this legal authority to SPC of those accountabilities for the Commission that are currently vested with the Director of SOPAC is contemplated, this would require at minimum a formal legal agreement between SOPAC and SPC, and an amendment of the SOPAC Constitution, which could be proposed in advance of October 2010. In the meantime, at an operational level, the Director General of SPC could work in close cooperation with the anticipated Director of the new SOPAC Division, to ensure continued effective operational delivery. It will be the responsibility of the Divisional Director to work with key stakeholders to develop a Divisional Strategic Plan, convene a "Heads of Geoscience"/SOPAC meeting, in advance of the CRGA, that will consider among other technical and policy matters the Division's Strategic Plan and the related annual work plan and budget 2010/2011, for final endorsement of the CRGA.

It is envisaged that similar strategic planning and programming processes will occur over 2010 for the DED and a Strategic Plan and related annual work plan and budget for this division will be tabled for CRGA endorsement in October 2010. Given the way in which SOPAC's annual work plan and budget is organised it is envisaged that related financial and administrative arrangements will come into full effect after October 2010. The SPC commitment to fund the Deputy Director – Energy position from its core is a positive gesture for ensuring a stronger regional energy programme beyond 2010.

In so far as administrative elements are concerned, the intention is that SOPAC will maintain its administrative autonomy until legal requirements are met and such time as the various administrative functions are specifically addressed and harmonised/synchronised, where this is necessary and based on "best practice".

On this front, discussions relating to human resources management have already commenced. There is suggestion that SOPAC staff employment contracts could be replaced by new SPC employment contracts on 1st January 2010. The proposed SPC contracts would include the existing employment terms and conditions of SOPAC, with any professional staff appointments into the Geoscience Division after 1st January 2010 being subject to SPC terms and conditions. However, it is SOPAC's understanding that these will not be too dissimilar from January 2010 given SPC's implementation of 2008 CROP decisions on remuneration in early 2010. SPC will need to manage how they treat employment contracts for locally recruited staff positions (at the time of writing this is unclear as SPC are still in discussions with the Host Government - Fiji). Given that SOPAC will retain its financial and administrative autonomy until alignment of such functions are ready for full integration into SPC from October 2010, it may be prudent to delay the formal changes in staff employment contractual agreements until then, and have these agreements approved as part of the final implementation agreements. This will ensure that the management and disbursement of extra budgetary funds against contract agreements with various donors are not compromised in advance of legal consent being provided.

There will be financial and administrative dimensions for Council to consider in respect of the legal process that will be required, which may include dissolution, suspension or amendments to the SOPAC Constitution,. Elements of this have been outlined under AS38/10.1.

Part II – Financial and Administrative Matters for transfer of functions to SPREP

Suva

Friday, 2 October 2009

Parts (b) and (c) of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework make specific reference to those functions to be transferred to SPREP. These include the:

- (1) Pacific Islands Global Ocean Observing System
- (2) Islands Climate Update
- (3) Climate and Meteorological Database and,
- (4) (Component of the energy sector relating to) Monitoring and evaluation of greenhouse gases and the clean development mechanism (CDM)

Subject to legal requirements, the transfer of the functional areas should be reasonably straightforward from a financial and administrative perspective.

Financial and contractual matters are only specific to the transfer of functions associated with the Pacific Islands Global Ocean Observing System (PI-GOOS). These are being discussed with development/donor partners that support PI-GOOS. For example, recruitment of a PI-GOOS coordinator awaits discussions between SPREP, PI-GOOS partners and SOPAC; following satisfactory discussions between the parties and necessary documentation, PI-GOOS funds and assets will be ready for transfer to SPREP.

The design and development of the next phase of the *Island Climate Update* initiative or a much improved derivative, has commenced. This opportunity provides SPREP an open canvas to create an initiative that will improve delivery of services of current, critical climate and meteorology information to members. SPREP will be able to strengthen the islands climate update function along with continued maintenance and strengthening of the climate and meteorological database (that will also be transferred to SPREP). These functions are mutually reinforcing, with both being built into SPREP's broader and complementary Climate Change Programme.

In so far as the component of the energy sector relating to monitoring and evaluation of greenhouse gases and the clean development mechanism (CDM) SOPAC's current energy programme does not have financial resources allocated against these. The work programme and administrative requirement will be to ensure that any data and information relating to these mentioned functional areas are transferred to SPREP. These functions will undoubtedly be the subject of more detailed discussions during the establishment of a single regional energy programme and the establishment and strengthening of the "Energy Alliance".

Recommendation

For those SOPAC functions to be transferred to SPC, Council is requested to:

- Note that during the transition toward best financial and administrative practice, SOPAC will maintain its financial and administrative autonomy, at least until October 2010.
- Consider passing a resolution providing for the drafting of a legal agreement between SOPAC and SPC that outlines either the administrative alignment of SPC and SOPAC, or the anticipated formal transfer of accountability currently vested with the Director of SOPAC to the Director General of the SPC, for the work programme, budget and other activities of the Commission, which could also form the basis for an amendment to the SOPAC Constitution to be circulated to Council no later than July 2010.

For those SOPAC functions to be transferred to SPREP, Council is requested to:

- Acknowledge that these are reasonably straightforward from a financial and administrative perspective and task the Secretariat to work closely with SPREP to ensure that the functions identified are prepared for transfer from January 2010 as

expeditiously as possible.

- Consider passing a resolution providing for the drafting of a legal agreement between SOPAC and SPREP governing these functions.

Annex 1 – Decision of the Joint Meeting of SOPAC, SPC and SPREP Governing Bodies on the Regional Institutional Framework (RIF)

SPC-SOPAC-SPREP/RIF (01)

Summary of decisions
ORIGINAL: ENGLISH**JOINT MEETING OF SOPAC, SPC AND SPREP GOVERNING BODIES
ON THE REGIONAL INSTITUTIONAL FRAMEWORK (RIF)**
(Tradewinds Convention Centre, Suva, Fiji, 7-8 July 2009)**SUMMARY OF DECISIONS**

1. The governing bodies of the Pacific Islands Applied Geoscience Commission (SOPAC), the Pacific Community (SPC), and the Pacific Regional Environment Programme (SPREP) met together under the chairmanship of the Secretary General of the Pacific Islands Forum Secretariat to consider options for new institutional arrangements for their organisations. The meeting was an historic occasion, being the first time that such a joint meeting has been held. Work on the reform of the current Regional Institutional Framework (RIF) has been carried out in response to the decision of Pacific Islands Forum Leaders and the previous decisions of the three governing bodies that SOPAC programmes and services should be rationalised into SPC and SPREP. As a result, the CEOs of SOPAC, SPC and SPREP, with the support of their staff, have undertaken extensive consultation to develop options for such a rationalisation and have commissioned reports from independent consultants on the financial, legal and operational implications of various options. An overriding consideration of these consultations has been the need to avoid fragmentation or diminution of SOPAC's core services, which are highly valued by its members, and to ensure that the region benefits from enhanced synergies and efficiencies as a result of the rationalisation, in accordance with the objectives of the RIF process and the wishes of Forum leaders. After extensive deliberation of the options *and associated implementation plans* presented, the joint meeting of the governing bodies of SOPAC, SPC and SPREP agreed on the following decisions. These decisions will be provided to Forum Leaders through the Pacific Plan Action Committee.

DECISIONS***a) With respect to the ICT Outreach Programme of SOPAC, the joint meeting of the governing bodies:***

- (i)* endorsed the integration of the ICT Outreach Programme of SOPAC into the Digital Strategy component of the proposed, new division of Economic Development, Energy, Transport, Infrastructure and Communication of SPC from January 2010;
- (ii)* noted that the final implementation plan will be presented to the meetings of the respective governing bodies of SPC and SOPAC in October 2009; and
- (iii)* noted further that the GIS and remote sensing functions constitute an integral part of the core scientific work of SOPAC and will transfer to SPC from January 2010.

b) With respect to the Energy Programme of SOPAC, the joint meeting of the governing bodies:

- (i)* endorsed the decision taken by Pacific Energy Ministers in Tonga in April 2009 in which *Energy Ministers:*
 - a. agreed that regional and donor coordination and delivery of energy services to Pacific Island countries be strengthened and delivered through one energy agency and through one programme contributing to the development of a stronger energy sector and improved service to member countries; and
 - b. in this context, noted that there was a need to ensure that energy policy and climate change policy remained separate, where environmental aspects are managed by SPREP and energy sector activities by SPC so as to ensure that the socio-economic aspects of energy were adequately addressed;
- (ii)* recognised the interrelationship and links between energy and climate change and the need to address energy policy in relation to climate change as an integral part of the final implementation plan for rationalisation of the energy programme of SOPAC;
- (iii)* noted that this plan will be presented for consideration to the meetings of the governing body of SPREP in September and of SOPAC and SPC in October 2009 to enable implementation from January 2010.

c) With respect to the balance of the SOPAC core work programme, the joint meeting of the governing bodies:

- (i)* welcomed the commitment by members to strengthen SPREP as the region's lead environmental agency, including through support for the implementation of the approved decisions relating to the independent corporate review of SPREP;
- (ii)* agreed that the following specific SOPAC functions be transferred to SPREP *from January 2010*: the Pacific Islands Global Ocean Observing System, the Islands Climate Update, the Climate and Meteorological Database, and the component of the energy sector relating to monitoring and evaluation of greenhouse gases and the clean development mechanism (CDM);
- (iii)* agreed that the remaining functions of SOPAC be transferred to SPC as a new geoscience division from January 2010 based on the final implementation plan to be presented to and considered by the governing bodies of SOPAC and SPC in October 2009;
- (iv)* encouraged SPREP and SPC to optimise linkages between their work programmes and activities in the area of environment to strengthen service delivery and coordination; and
- (v)* agreed that progress with the transfer of SOPAC functions be reported to the annual meetings of the governing bodies and Pacific Plan Action Committee.