



GOVERNING COUNCIL 38th SESSION

Port Vila, Vanuatu
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AGENDA ITEM	TITLE
10	REGIONAL INSTITUTIONAL FRAMEWORK
10.3	Implementation
10.3.2	Energy

Purpose of Paper

To present to Council the implementation plan for the rationalisation of the Energy Programme of SOPAC into SPC, based on part b) of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework, as articulated below:

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.*

Background and Comments

Following the joint meeting and decision of governing bodies of SOPAC, SPC and SPREP in July 2009, SOPAC and SPC, in consultation with SPREP and PPA, have worked closely together to draft an implementation plan for the integration of the Energy Programme of SOPAC into the proposed, new *Division of Economic Development Division (DED)* of the SPC in direct response to parts b) (i) a; b), b (ii) and b) (iii) of the joint Councils' decision.

Key features of the DED and its Regional Energy Sector Programme are outlined below, with more detailed information to be found in the implementation plan which is attached as Annex 1.

- The shape and direction of the regional energy programme is clearly articulated in the region's Energy Ministers in their Ministerial Declaration and Communiqué of April 2009 as follows: '*(a) that regional and donor coordination 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 it was 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*', and this has been reflected in the joint decision of Councils.
- The new DED will be based in Suva, Fiji and brings together four key drivers for economic development and growth (energy, transport, infrastructure and communications/ICT) (refer Annex 2 for proposed organizational chart).
- SPC intends for the DED to be operational by January 2010.
- The DED will be headed by a Director supported from core SPC resources, with the regional energy sector programme to be headed up by a Deputy Director who will also be supported from core SPC resources, which demonstrates SPC's commitment to invest in the sustained leadership, planning and coordination of this important sector at the regional level.
- Initially, SOPAC's energy programme which includes the petroleum advisory function (originally with PIFS), will form the bulk of the SPC programme and will shift from its current location at SOPAC to SPC's Nabua premises as soon as practicable in 2010.
- From January 2010, SPC will assume the role of lead coordination agency in the regional energy sector, while recognising that there are many important stakeholders involved in aspects of the actual delivery of energy services to members such as SPREP, PPA, USP and the IUCN.
- The key role of the lead coordination agency for the regional energy sector is that of providing leadership for, and improving the profile of energy as a key priority sector in the Pacific islands region. In this regard the lead coordination agency will have the following responsibilities:
 - Establish a dedicated long-term senior position in the organisation with funding that is not dependent on project funding to effectively facilitate regional energy sector coordination to raise and maintain the profile of energy at all levels.
 - Overall responsibility for analysis of trends in the energy sector, issues and challenges, and identify opportunities for strategic engagement by the region at national, regional and the international levels.
 - Proactively undertake social, economic and policy research and analysis on the energy sector (petroleum, transportation, renewable energy, energy efficiency and energy conservation, energy infrastructure, power) and provide policy responses and strategic solutions to members and key stakeholders, to inform their own decision-making processes.
 - Coordinate the development of a joint, regional energy sector work-plan with an appropriate M&E and prioritised framework that involves all stakeholders to effectively implement the regional energy policy and plan.
 - Develop and sustain a comprehensive, coordinated and shared approach to data collection, analysis and dissemination in the energy sector.
 - Develop and sustain a common energy data and information system.

- Focal point for development partner interaction and coordinate resource mobilisation and allocation for the delivery of regional energy services.
 - Establish and facilitate mechanisms that will involve key energy stakeholders in strategic analysis of emerging challenges and opportunities, as well as the oversight, decision-making and/or management of issues in or affecting the energy sector.
- The key to being able to deliver on the expectations of Energy Ministers and Forum Leaders will be founded on the ability of the regional energy sector programme to support the five main areas of the sector, being:
 - Energy policy, planning, legislation and regulation
 - Petroleum (procurement, transport, storage and pricing mechanisms)
 - Power generation/electric utilities (urban and rural)
 - Renewable energy production
 - Energy efficiency and conservation
- It is acknowledged that much of the actual work needs to occur at national level. In order to support this it is crucial that the lead coordination agency has a dedicated pool of senior experts to cover each of these areas. These experts would lead research and analysis and provide direct advice to members.
- There is the potential that with co-location of regional agencies and the 'many agencies, one team approach' advocated in this new partnership, the lead agency may not need to invest in all five areas. However, it is crucial in our view that we invest upfront in bringing together senior experts in energy policy and planning; energy efficiency; petroleum advisory services; renewable energy; energy economics; energy regulation; and institutional aspects of the energy sector. This capacity will make up a core-funded pool that will be supplemented by resources from other partners and special projects to be implemented in and for the sector.
- An important initiative agreed to by the major stakeholders in the regional energy sector programme is the need for co-location of expertise in one office, namely SPC's premises in Nabua. If agreed and implemented, this will mean that PPA, SPREP's renewable energy project PIGGAREP and the SPC/SOPAC energy programme will operate from the same office while retaining their specific agency status. This initiative will give credence to the 'many agencies, one team' approach that underpins an important dimension of the "energy alliance" for strengthened partnership in delivering against the region's energy sector.
- Establishment of a "Pacific Energy Alliance" comprising an open-ended partnership of various key stakeholders such as international and regional intergovernmental and non-government organisations, governments and national institutions, donors and the private sector will seek to strengthen regional and donor coordination of energy. The principle purpose of the Pacific Energy Alliance will be to foster and encourage improved cooperation and collaboration between partners in their efforts to support Pacific Island countries and territories to effectively deliver against national and regional priorities. It is envisaged that partners within the Pacific Energy Alliance will work together to develop joint work programmes, budgeting and implementation arrangements.
- Additional resources will be required to enhance benefits to members from the regional energy, transport and communication/ICT sector programmes.

In relation to part b) (iii) of the joint decisions, CRGA and Conference of the SPC will be considering the implementation plan for the proposed new arrangements in early October 2009. The decisions relating to the Energy Programme of SOPAC and the proposed, new DED will be circulated to Council.

Recommendation

With respect to the Energy Programme of SOPAC, Council is requested to:

- Consider and approve the implementation plan for the transfer of the energy programme's functions of SOPAC into the Division of Economic Development of the SPC, acknowledging that additional resources will be required to enhance benefits to members from the regional energy, transport and communication/ICT sector programmes.
- Consider passing a resolution providing for the drafting of a legal agreement between SOPAC and SPC governing the transfer of the Energy Programme of SOPAC to SPC.

Annex 1 – Implementation Plan for Energy

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Annex 2 – *Pacific Energy Ministers Meeting – Communiqué*, Nuku'alofa, Kingdom of Tonga, 23-24 April 2009.

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Annex 4 – Current Staff, Positions and Alignment with the proposed, New SPC Division of Economic Development (DED).

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Regional Institutional Framework (RIF) **Rationalisation of SOPAC Functions into SPREP and SPC**

Implementation Schedule

Rationalisation of SOPAC Energy Programme (Recommendation (b))

Background

This paper outlines the proposed schedule to implement that part of the summary of decisions of the joint meeting¹ of the governing bodies of SOPAC, SPC and SPREP relating to the Energy Programme of SOPAC.

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; and*
- (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.*

This implementation schedule is Therefore tabled for consideration and finalisation by the governing bodies of SOPAC, SPC and SPREP at their meetings in October (SPC and SOPAC) and November (SPREP) 2009.

Objectives

This implementation schedule addresses the essential elements required to effectively operationalise the abovementioned decision by outlining the:

1. Necessary core structure and skills mix for delivering a robust comprehensive suite of regional energy services into member countries and territories. *This acknowledges that the SPC will lead and coordinate the regional energy programme and that it will sit within the soon-to-be established Division of Economic Development comprising Energy, Transport, Infrastructure and Communication.*
2. Open-ended “Pacific Energy Alliance” that will be established to ensure a more effective facilitation and coordination environment to support key energy stakeholders (such as members of PICTs, implementing agencies and development partners) to achieve greater impacts and outcomes in the energy sector. This

¹ The joint meeting of governing bodies of SPC, SOPAC and SPREP was held on 7 and 8 July 2009 to decide on the new regional institutional arrangements in respect of the rationalisation of SOPAC functions into SPC and SPREP.

acknowledges the call by Pacific Energy Ministers in their 2009 Communiqué that regional and donor coordination and delivery of services PICTs (will need to) be strengthened and delivered through one agency and through one regional energy programme (refer Annex 2).

This implementation schedule should be read and considered in concert with decisions of Pacific Energy Ministers (April 2009)², the Joint Meeting of Governing Councils of SOPAC, SPREP and SPC (July 2009)³ related to the RIF initiative concerning the rationalisation of SOPAC functions into SPREP and SPC, and decisions of the 40th Pacific Islands Forum (Cairns, August 2009)⁴ in respect of RIF and energy.

Regional Energy Programme

Decisions of the Joint Meeting of the Governing Councils of SOPAC, SPREP and SPC; the PEMM2009 and the Pacific Islands Forum Communiqué in Cairns are consistent, in respect of the rationalisation of regional energy functions of SOPAC into SPC and the need for a strong, single regional energy programme.

In order to address and meet the likely future demand for regional energy services from PICTs, and based upon energy, among other key sectors, being a critical imperative for sustainable development, SPC has outlined an intent to establish a new *Economic Development, Energy, Transport, Infrastructure and Communication* Division. Figure 1 outlines the structure of the core component of a regional energy programme and key positions that are deemed necessary to meet the current and future needs for the region.

The proposed, core regional energy programme structure reflects the five key areas within the sector, as follows: (i) Energy Policy / Planning / Legislation / Regulation; (ii) Petroleum; (iii) Power / Utility Sector; (iv) Renewable Energy; and, (v) Energy Efficiency and Conservation.

The technical positions comprising the core regional energy programme are deemed necessary to maintain delivery of essential services to members. Ideally the core regional energy programme should be funded from the core budget or from budget/programme support of the SPC, with augmentation from specific project interventions that address energy priorities at regional and national levels.

² *Pacific Energy Ministers Meeting – Communiqué*, Nuku'alofa, Kingdom of Tonga, 23-24 April 2009. Refer Annex 2; and, *Regional Energy Officials Meeting – REM2009*, Outcomes, 20-22 April, Nuku'alofa, Kingdom of Tonga. Refer Annex 3.

³ Implementing the decision by Forum leaders and the respective governing bodies of SOPAC, SPREP and SPC on the rationalisation of SOPAC programmes into SPC and SPREP, a joint paper by CEOs of SOPAC, SPREP and SPC, 1 July 2009 (37 pgs); and, 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 (3 pgs). Refer Annex 1

⁴ *Communiqué of the 40th Pacific Islands Forum*, Cairns, Australia, 5-6 August 2009. Refer Annex 5 – Section relevant to the Regional Institutional Framework

**Proposed Core Energy Sector Structure as part of SPC's
Division of Economic Development, Energy, Transport,
Infrastructure and Communication**

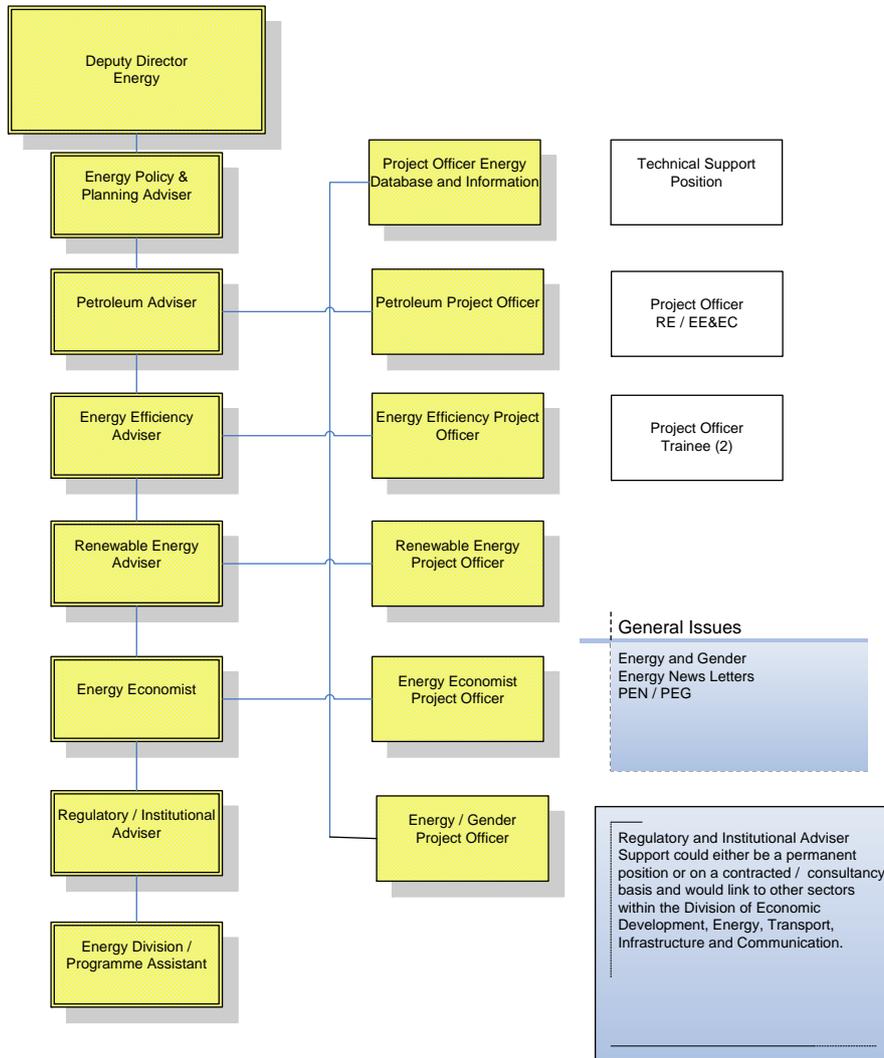


FIGURE 1

Alignment of Initiatives within a Regional Energy Programme

In recognising the importance of energy for sustainable development and the evident need for a robust core regional energy programme, the need to establish a mechanism that facilitates better regional and donor coordination and increased collaborative and cooperative efforts in respect of implementation has also been identified. It is envisaged that these elements will result in a stronger regional energy sector and will lead to improvements in the delivery of energy services to member countries and territories. The concept of **a single energy agency and one programme with existing energy programmes being co-located** has been mooted and needs to be seriously considered in efforts to improve efficiencies and delivery of regional energy services.

Figure 2 provides an overview of the proposed core energy programme structure, within the soon to be established *Economic Development, Energy, Transport, Infrastructure and Communication Division* of the SPC, and its alignment and relationship with energy initiatives and programmes of other development partners and key stakeholders.

Proposed Core Energy Programme Structure and Other Energy Programme, Partners and Stakeholders

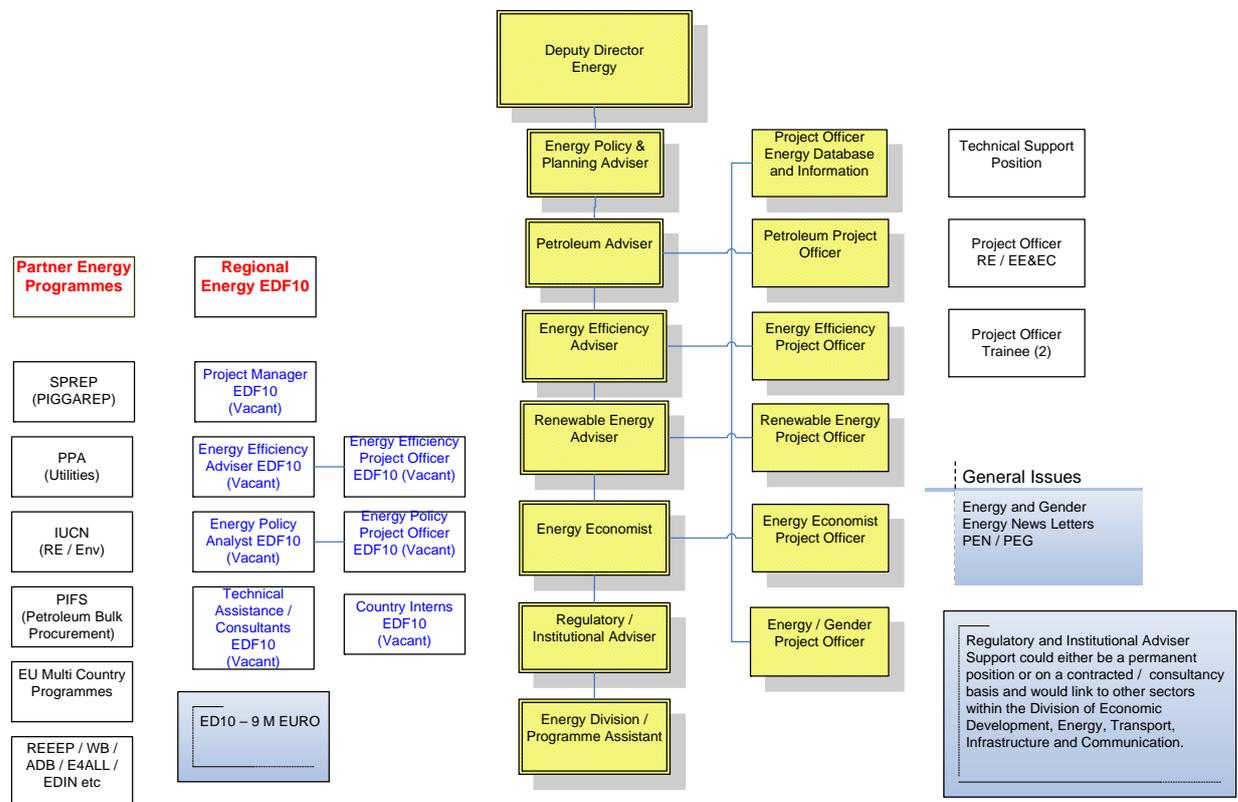


FIGURE 2

Due to the complexity and cross cutting nature of energy, various key partners and stakeholders will continue to play critical, important and complementary roles in respect of supporting PICTs to address their energy priorities. This is illustrated in Figure 3 in so far as the various roles and responsibilities of two other CROP agencies that have lead coordination responsibilities in the power sector (PPA) and in climate change (SPREP).

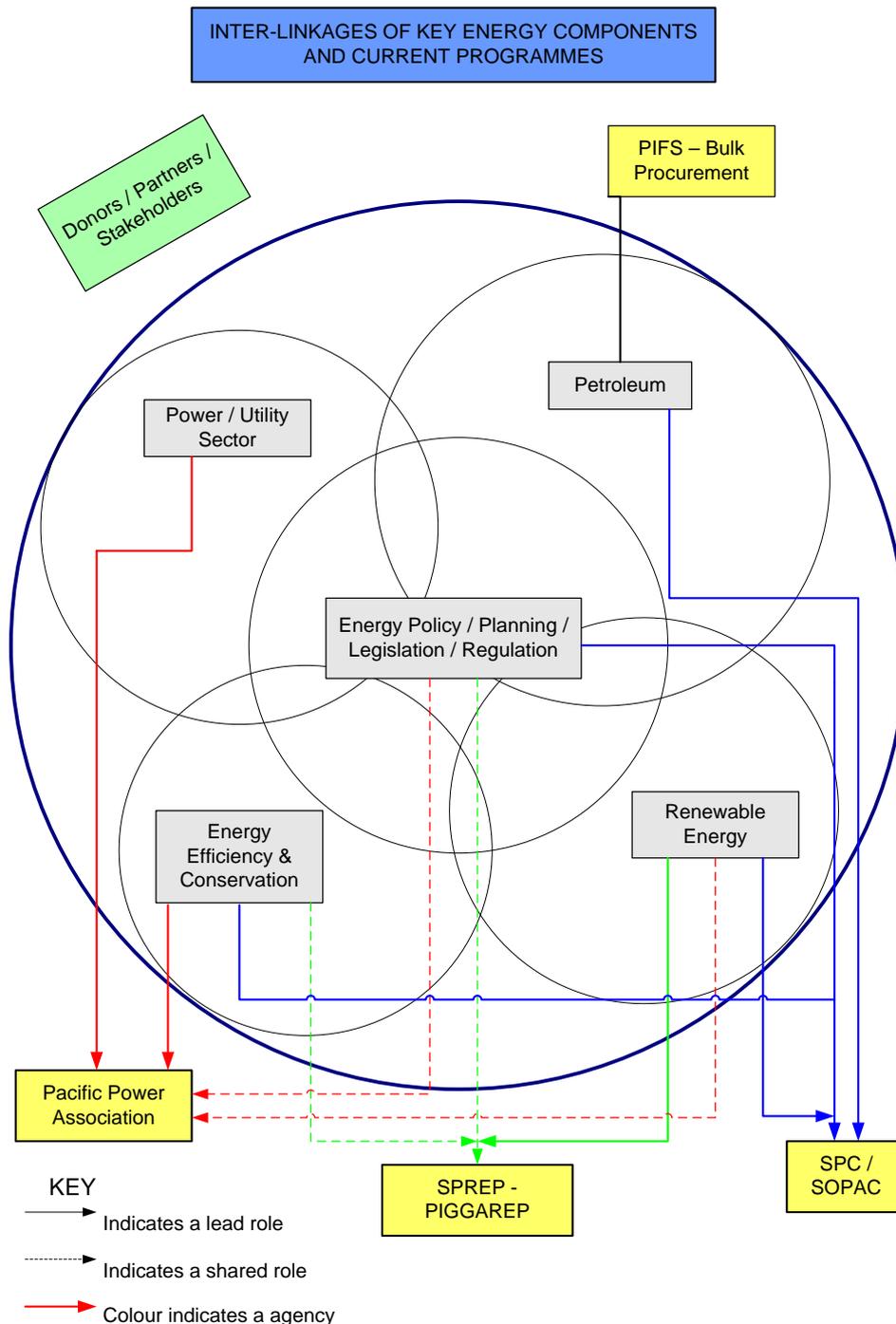


FIGURE 3

Pacific Energy Alliance

Establishment of a “Pacific Energy Alliance” comprising an open-ended partnership of various key stakeholders such as international and regional intergovernmental and non-government organisations, governments and national institutions, donors and the private sector will seek to strengthen regional and donor coordination of energy. The principle purpose of the Pacific Energy Alliance will be to foster and encourage improved cooperation and collaboration between partners in their efforts to support Pacific Island countries and territories to effectively deliver against national and regional priorities. It is envisaged that partners within the Pacific Energy Alliance will work together to develop joint work programmes, budgeting and implementation arrangements.

The Pacific Energy Alliance responds to Chapter 1 of the Pacific Islands Energy Policy (PIEP) – which makes specific policy references to *Regional Energy Sector Coordination (refer to Box 1 below)*; and will also address the principal rationale and objectives of the RIF for more cost effective, improved services delivered to PICTs.

“The goal for regional energy sector co-ordination is (a) cooperative approach to energy sector co-ordination that maximises the impact of regional resources and capabilities.

Policies:

- 1.1 Co-ordinate regional energy sector activities of regional organisations, associations, private sector, non-state actors and development partners through the CROP-EWG.
- 1.2 Mobilise development assistance and financing from international and multilateral development partners and the private sector, for the implementation on national and regional energy strategies.”

Box 1 – Reference to regional energy sector coordination in Chapter 1 of the PIEP.

An illustration of the broad architecture of the proposed Pacific Energy Alliance is outlined in Figure 4, with more details of its specific functions and operational arrangements to be elaborated at a later date through consultation with the key stakeholders of the Pacific Energy Alliance itself. Outside of the critical coordination function of the Pacific Energy Alliance it is envisaged that the Pacific Energy Alliance will become the mechanism for the mobilisation of resources that will be required to progress that part of the development agenda relating to energy.

The inaugural meeting of the Pacific Energy Alliance is planned to be convened in early 2010. Although the mechanism will be non-binding and open-ended, it will be guided by a Charter to be developed by the founding members and it will support and assist the promotion of energy and improved energy service delivery within the Pacific region to the benefit of Pacific Island Countries and Territories.

There are examples of well established, effective regional partnership mechanisms where approaches and lessons can be drawn upon. Examples include the Partnership for HIV-AIDS, the Pacific Water Partnership and the Pacific Disaster Risk Management Partnership Network.

“PACIFIC ENERGY ALLIANCE”

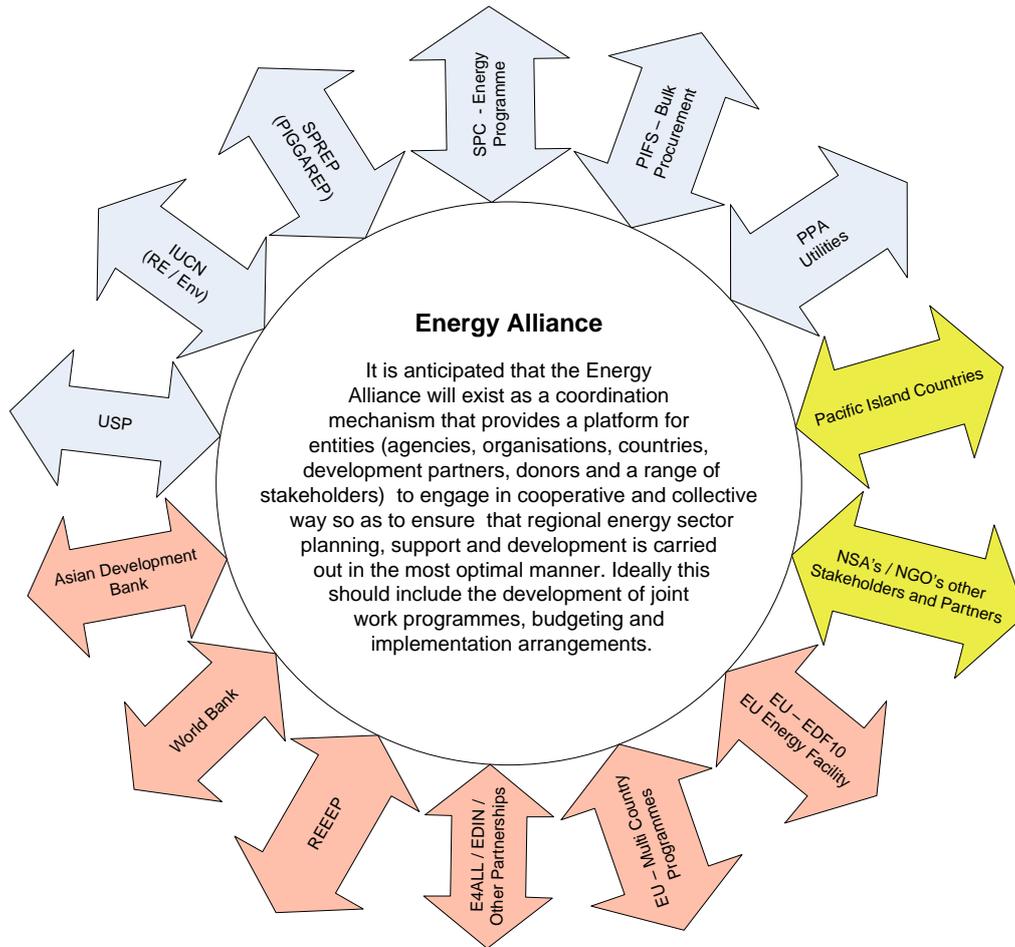


FIGURE 4

Administrative and Financial Matters

Administrative

It is desirable and imperative that the transfer of the SOPAC core energy component into the planned new SPC Division of Economic Development, Energy, Transport, Infrastructure and Communications (EDETIC), be as seamless as possible. This is important since there are a number of energy sector initiatives being implemented, under development or submitted for funding such as initiatives relating to energy and gender, and the EC-funded regional EDF10 energy proposal. Providing effective services to the countries requires a minimum 'critical mass' of technical skills and experience. The SOPAC Energy Section is currently at a minimum effective operating size. However, notwithstanding it does contain a critical level of corporate memory and knowledge of the energy sector in the region for which some continuity is recommended to ensure, at the very least, that there is no loss in momentum of the current level of service delivery.

In this regard and consistent with arrangements for the core sciences and technologies components of SOPAC, which will become a new science and technology division of the SPC, it is anticipated that current incumbents delivering SOPAC Energy functions will be transferred directly into the new - EDETIC Division of the SPC on the basis of existing individual contract arrangements. Details of staff and contract dates are provided in Annex 4. How these positions align with the proposed new energy structure is shown in Figure 1. Provision has also been made for an secretarial support position for the sub-Division of energy.

Following the establishment of the core energy programme at SPC, the proposed "Pacific Energy Alliance" should be developed in detail and established as soon as practicable, with more detailed planning towards this end envisaged to commence during the latter part of 2009.

Financial

It is anticipated that remaining SOPAC Energy Sector funding will shift to SPC. Most of these funds are already committed to ongoing activities or the provision of services. Every effort will be made for the provision of other energy funds previously available to SOPAC. By early 2010, trilateral (SPC, NZ, Australia) work programme and budget discussions should be well underway to formalise energy budget allocations and the financial process to avoid cuts in staffing and services.

The desirable size and composition of SPC's core energy staffing is elaborated in Figure 1. There is a need to identify additional funding of about FJD one million annually at least four (4) of these positions: i) Deputy Director of the Energy Division, ii) Energy Policy / Planning Adviser, iii) Petroleum Adviser, and iv) Energy Economist, where this would cover annual salary and their operational costs. It is assumed that the Regulatory / Institutional Adviser or advice could be provided on a part time basis through an appropriate mechanism although a funding allocation and operational budget would be required for this position. Dependant on demand from countries this regulatory institutional advice is estimated to require an additional FJD 0.3 million per annum.

The "Pacific Energy Alliance" will also require financing. The World Bank, ADB, EU, UNDP and a number of other donors and stakeholders have been meeting regularly

as the *PIC Energy Development Partner Working Group (EDPWG)* in Sydney Australia to discuss and coordinate their Pacific energy activities, with the current Chair for that coordination mechanism being the WB. Following discussions during the REM/PEMM2009 in Tonga the mentioned development partners indicated that where possible subsequent meetings could be aligned with other regional meetings and convened in the Pacific. In the June EDPWG Meeting it was minuted that the EDPWG will hold one meeting a year in Suva and one meeting a year to coincide with a regional energy meeting. In the interim period between now and early 2010 whence SPC assumes CROP leadership for energy, there should be discussions with the Chair of the EDPWG regarding their views, support/commitment for the proposed “Pacific Energy Alliance” as their membership will be key to its effectiveness.

The Pacific Islands Forum Leaders in their 2009 Forum Communiqué “welcomed the offer from the Government of Australia to convene an early meeting of officials, initially within the framework of the Pacific Regional Infrastructure Facility, to identify options for scaled-up, better-coordinated financing for clean and affordable energy in the region. They further agreed that action to scale up financing for clean and affordable energy should be discussed during a special meeting of Forum Energy Ministers and that progress with resource mobilisation and activity identification should be reported back to the 2010 Forum”. Arrangements in regard to the timing, venue and funding for the meeting still remain to be confirmed, however the mechanism and its establishment will be a critical milestone in implementing the rationalisation of energy functions into the SPC and the improvement of services to members as a result of this.

ANNEX 1.

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.

ANNEX 2 – PACIFIC ENERGY MINISTERS MEETING 2009 – COMMUNIQUE

2009 Pacific Energy Ministers Communiqué

Nuku'alofa, Kingdom of Tonga, 23-24 April 2009

Preamble

The Second Pacific Energy Ministers was held in Nuku'alofa, Kingdom of Tonga, 23rd to 24th April 2009.

Energy Ministers from the following countries attended: Australia*, Cook Islands, Federated States of Micronesia, Republic of the Fiji Islands, Republic of Kiribati*, Republic of the Marshall Islands*, Nauru, New Zealand, Niue, Palau, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu and the Republic of Vanuatu.

* Nominated Delegate representing the Minister.

Ministers considered that the key actions included in the Pacific Energy Ministers Communiqué (PEMM2007) still remained valid. In noting this, agreed that delivery against these key action areas had been satisfactory and recommended that the PEMM2007 continue to be delivered against by respective CROP Agencies and in parallel with their own energy sector initiatives.

Ministers considered and endorsed the outcomes from the Regional Officials Meeting held from 20th to 23rd. Appreciating that delivery still continues against the PEMM2007 Communiqué. Ministers identified five key (priority) areas for action.

Key priority action areas:

1. Ministers in noting the progress in the implementation of the Regional Institutional Framework (RIF) and the implications on energy recommended and agreed to the following:
 - a) that regional and donor coordination 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 it was 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.
2. Ministers underlined the need to strengthen human capacity development initiatives to support national and regional energy programmes including gender mainstreaming; and further noted on going need to focus on development of apprentice schemes for power utilities and alternative energy technologies.

3. Ministers expressed the need to review and as appropriate strengthen national capacity in energy data and information gathering and collation, management, dissemination and, analysis on economics, social and environment to better inform national and regional energy planning and policy choices where this should be incorporated into the one energy agency.
4. Ministers acknowledged progress in the implementation of the regional bulk fuel procurement initiative and called upon CROP agencies to continue to support PICs to move the initiative to implementation.
5. Ministers encouraged the necessary actions that would facilitate investment in sustainable renewable energy technologies and in energy efficiency and energy conservation initiatives.

Ministers in highlighting these five key priority areas acknowledged that all Pacific island countries are individual and unique in their own respect and accepted that the other outcome areas as recommended to the Ministers be individually assessed on a case by case basis as countries deemed necessary and on the availability of human and financial resources.

ANNEX 3

Outcomes from the Energy Officials Meeting – REM2009

Regional Energy Officials Meeting 2009 Outcomes

20-22 April, Nuku`alofa, Kingdom of Tonga

Energy Officials draw particular attention to item 15 and its implications to the delivery of regional energy activities in the future.

1. In noting the progress made toward implementing actions under the PEMM 2007 Communiqué, energy officials acknowledged the capacity and resource constraints of CROP and national agencies to effectively meet all the commitments identified by Ministers.
2. Energy Officials also noted that the implementation of some priority areas take longer than the period between REMs and therefore a number of activities within the 2007 PEMM Communiqué are work in progress and will continue to be implemented in parallel with any other priority areas identified during the REM 2009.
3. Energy Officials recommended that future Communiqué key action areas should be targeted and achievable, with realistic timeframes, prioritisation, and quantified progress reporting by member countries and CROP agencies, to ensure effective support is provided.
4. Energy Officials urged the CROP to improve internal coordination, cooperation and collaboration mechanisms, and for the Energy Working Group to establish formal links with the Donor Working Group and other development partners and, to work together actively with national agencies and governments to set priorities and secure necessary additional resources to address national needs.
5. Energy Officials expressed the need to review and as appropriate strengthen national capacity in energy data and information gathering and collation, management, dissemination and, analysis on economics, social and environment to better inform national and regional energy planning and policy choices.
6. Energy Officials emphasised the need for national energy policy and action plans, and regulatory frameworks to: incorporate priorities; to be flexible and create space for private sector participation; to include economic analysis of options and

funding requirements and responsibilities; to safe guard the environment and livelihoods; and to encourage investment in maintaining ecosystem services that support energy development; in order to ensure that energy initiatives are progressed and national energy targets are realised.

7. Energy Officials acknowledged the need to review the Pacific Islands Energy Policy and its associated action plan, as time and resources allow.
8. Energy Officials endorsed the Pacific Energy and Gender Strategic Action Plan 2009-2014 and recommended that gender be mainstreamed into national and regional energy initiatives.
9. Energy Officials acknowledged progress in the implementation of the regional bulk fuel procurement initiative and called upon CROP agencies to continue to support PICs to move the initiative to implementation inline with the Leaders decision. Energy Officials also noted with interest best practice case studies on rationalisation of petroleum supply and distribution, cost savings achieved, and indicated the need to address the disposal of waste oil.
10. Energy Officials stressed the need for appropriate policies, incentives and programmes to improve energy efficiency and conservation, including focus on minimum energy performance standards and labelling.
11. Energy Officials underlined the need to strengthen human capacity development initiatives to support national and regional energy programmes, and especially to improve the performance of power utilities to be on going and focus on the development of apprentice schemes.
12. Energy Officials encouraged PICs to set voluntary renewable energy and energy efficiency targets consistent with their national development plans and priorities and, share experiences and expertise particularly, on emerging opportunities and lessons learned, including in relation to innovative financing models.
13. Energy Officials acknowledged the Year of Climate Change – 2009, and encouraged national and regional agencies including the CROP EWG to strengthen interactions with climate change discussions, negotiations and processes such as the Pacific Climate Change Roundtable and its mitigation working group.
14. Energy Officials encouraged support to the development of biofuels production and use where economically viable, and acknowledge the need to consider energy and agriculture impacts (particularly food security), as well as the assessment of impacts on the environment.

15. Noted the presentation of the 3 CEOs (SPC, SOPAC and SPREP) on the implementation of the Regional Institutional Framework as it relates to the energy sector and welcomed the directions proposed in paragraphs 10, 14 and 16 of the paper REM09 7.2.

Role of lead agency for coordinating the regional energy sector (SPC)

Paragraph 10 of REM09 7.2

The key role of the lead coordination agency for the regional energy sector is that of providing leadership for, and improving the profile of energy as a key priority sector in the Pacific islands region. In this regard the lead coordination agency will have the following responsibilities:

- i. Establish a dedicated long-term senior position in the organisation with funding that is not dependent on project funding to effectively facilitate regional energy sector coordination to raise and maintain the profile of energy at all levels.
- ii. Overall responsibility for analysis of trends in the energy sector, issues and challenges, and identify opportunities for strategic engagement by the region at national, regional and the international levels.
- iii. Proactively undertake social, economic and policy research and analysis on the energy sector (petroleum, transportation, renewable energy, energy efficiency and energy conservation, energy infrastructure, power) and provide policy responses and strategic solutions to members and key stakeholders, to inform their own decision-making processes.
- iv. Coordinate the development of a joint, regional energy sector work-plan with an appropriate M&E and prioritised framework that involves all stakeholders to effectively implement the regional energy policy and plan.
- v. Develop and sustain a comprehensive, coordinated and shared approach to data collection, analysis and dissemination in the energy sector.
- vi. Develop and sustain a common energy data and information system.
- vii. Focal point for development partner interaction and coordinate resource mobilisation and allocation for the delivery of regional energy services.
- viii. Establish and facilitate mechanisms that will involve key energy stakeholders in strategic analysis of emerging challenges and opportunities, as well as the oversight, decision-making and / or management of issues in or affecting the energy sector.

Role of implementing organisations and partners

Paragraph 14 of paper REM09 7.2

In this regard:

- a. the new environment and resource management organisation (resulting from the integration of the SPREP and SOPAC programmes), as a key stakeholder within the regional energy sector and its programme of work, would implement actions related to renewable energy, energy efficiency and energy conservation. It will also contribute to research and policy work in these areas.
- b. PPA will continue its work in the power sector
- c. USP will continue its work on the areas it is involved in on the energy sector
- d. SPC will implement actions in the petroleum area when petroleum functions transfer from PIFS to SPC
- e. Other key stakeholders involved in implementing energy solutions in the region will continue their roles and will actively participate in the improved coordination and implementation of priorities in the regional energy sector.

Taking the coordination mechanism further

Paragraph 15 of REM09 7.2

Cognisant of this issue the CEOs are exploring the option of possibly 'co-locating' the various components of their energy programmes in one location to enhance coordination, service delivery and a 'one-team' approach. Each agency that is co-located will retain its own organisational identity and integrity in the team.

ANNEX 4**CURRENT STAFF, POSITIONS AND ALIGNMENT WITH
THE PROPOSED NEW SPC ENERGY STRUCTURE**

Position	Incumbent	Contract End Date	Equivalent / Respective Position in SPC
Manager CLP / Energy	Paul Fairbairn	28/02/2010	Nil / Deputy Director Energy
Snr Energy Adviser	Rupeni Mario	18-04-2011	Energy Efficiency Adviser
Snr Project Officer	Arieta Gonelevu	01-05-2011	Renewable Energy Adviser
Project Officer Energy	Frank Vukikiomoala	05-03-2012	Project Officer Energy Data / Info
Project Officer Petroleum	Shakil Kumar	13-07-2012	Project Officer Petroleum
Project Officer Resource Economist	Reshika Singh	09-03-2012	Project Officer Energy Economist
Project Office Energy	Ivan Krishna	29-09-2010	Project Officer RE / EE&EC
Energy Support Officer	Atishma V Lal	31-12-2011	Project Officer Trainee
Prgm Assistant Community Lifelines	Pooja Pal	01-05-2012	Energy Division Prgm Assistant
Energy Trainee	Hefford Panapio – Solomon Islands	Dec 2009	Energy Trainee
Energy Trainee	Deveraux Talagi - Niue	Dec 2009	Energy Trainee

ANNEX 5

Extract from the Final Communiqué of 40th Pacific Islands Forum, Cairns and the Cairns Compact.

PIFS(09)12

FORTIETH PACIFIC ISLANDS FORUM
CAIRNS, AUSTRALIA
5 - 6 AUGUST 2009

FORUM COMMUNIQUÉ

Bulk Procurement of Petroleum

13. Leaders noted that since their last meeting in 2008 in Niue, significant progress have been made in the implementation of the bulk procurement of petroleum initiative. Leaders welcomed the signing by the Governments of the Cook Islands, Nauru, Tuvalu and Niue of a government-to-government memorandum of understanding (MOU), which outlined the responsibilities of Forum members who sign up to this initiative under the auspices of the Pacific Petroleum Project. Leaders further noted that the Governments of Tonga, Solomon Islands and the Republic of the Marshall Islands have expressed their intention to sign the MOU. To ensure that the benefits of the initiative are maximised, Leaders strongly encouraged as many Forum members as possible to sign up. Leaders expressed their appreciation to the Government of New Zealand for its assistance in facilitating the meeting of national petroleum authorities, CROP agencies, sectors experts and industry in October 2008.

14. Leaders reaffirmed that energy remains one of the region's key priorities, and urged members to remain vigilant in the face of growing world oil prices, not least given the potential to place pressure on scarce national resources and budgets as a result of poorly secured energy supply. Leaders welcomed the launching of the Phase One of the Pacific Petroleum Project in June 2009, and urged Forum members to lend their support to the Project to ensure its success, while maintaining a whole-of-region position on such matters.

Renewable Energy

35. Leaders observed that renewable energy offers the promise of cost-effective, reliable energy services to rural households and will provide a contribution to global greenhouse gas mitigation efforts. Now is the time, with appropriate technology and expanding carbon markets, to drive the development of projects to bring to reality the promise of renewable solutions to the region's energy needs.

36. Leaders acknowledged the role that renewable energy targets can play in driving the transition of national energy sectors to a low carbon future. Leaders commended the initiatives of Tonga and Tuvalu in incorporating renewable energy targets into national energy strategies.

37. Leaders welcomed the offer from the Government of Australia to convene an early meeting of officials, initially within the framework of the Pacific Regional Infrastructure Facility, to identify options for scaled-up, better-coordinated financing for clean and affordable energy in the region. They further agreed that action to scale up financing for clean and affordable energy should be discussed during a special meeting of Forum Energy Ministers and that progress with resource mobilisation and activity identification should be reported back to the 2010 Forum.

38. Leaders also welcomed the pledge by the Australian Government that it would provide funding of at least \$25 million over four years for initiatives in clean and affordable energy in the Pacific region.

Regional Institutional Framework

39. Following the Leaders' decisions taken in Niue in 2008, the respective Governing Councils of the Secretariat of the Pacific Community (SPC), Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC) and the Secretariat for the Pacific Regional Environment Programme (SPREP), including the South Pacific Board for Educational Assessment (SPBEA), they met to finalise decisions on new institutional arrangements and rationalisation of programmes and services of their respective organisations, effective from 1 January 2010.

40. Leaders noted and welcomed the decisions of the respective Governing Councils of the SPC, SOPAC and SPREP, including the SPBEA, in respect of the new institutional arrangements and implementation plans for their respective organisations, to be become effective from 1 January 2010. Leaders commended the work and contribution of the respective CEO's of the regional organisations in this regard, under the chairmanship of the Pacific Islands Forum Secretary General.

41. These decisions are attached as ANNEX D.

Smaller Island States Leaders' Summit

73. Leaders noted the outcomes of the Smaller Island States Leaders' Summit in particular issues relating to the SIS Unit, bulk procurement initiatives, shipping services, Temporary Movement of Natural Persons (TMNP), renewable energy, and climate change, including the *Majuro Declaration on Climate Change*.

ANNEX C

Recommendations for Progressing the Pacific Plan

iv. expediting the implementation of the 2009 Pacific Energy Ministers' decisions and, in particular, the five key areas highlighted by these Ministers to achieve greater energy security across the Pacific;

ANNEX D

SPC-SOPAC-SPREP/RIF (01) Summary of decisions
ORIGINAL: ENGLISH

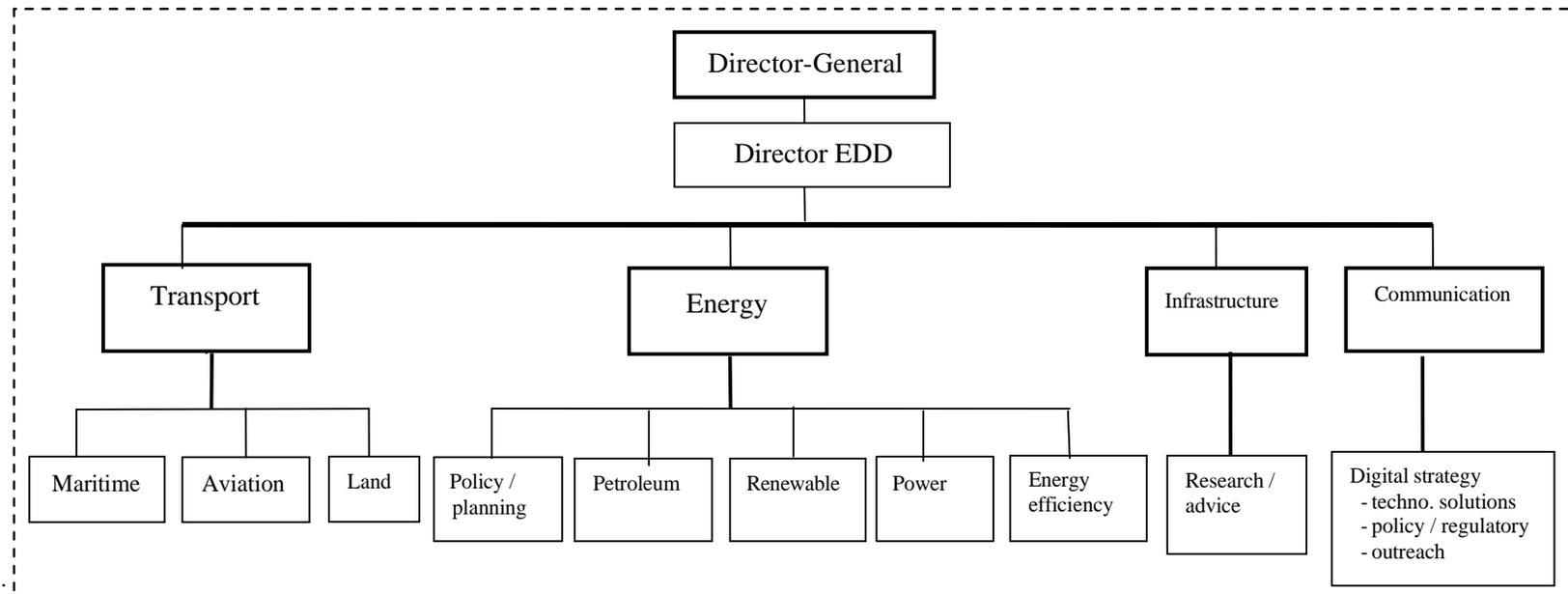
JOINT MEETING OF SOPAC, SPC AND SPREP GOVERNING BODIES
ON THE REGIONAL INSTITUTIONAL FRAMEWORK (RIF)
(Tradewinds Convention Centre, Suva, Fiji, 7-8 July 2009)

SUMMARY OF DECISIONS

These are the same decisions as included in **ANNEX 1** (above)

ANNEX 2 – Proposed Organizational chart for DED and its Energy Programme (after SPC/CRGA 39(09)/ Paper 6.1)

ANNEX 3 – PROPOSED STRUCTURE OF ECONOMIC DEVELOPMENT DIVISION (EDD) OF SPC



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