



GOVERNING COUNCIL 38th SESSION

Port Vila, Vanuatu
21-29 October 2009

AGENDA ITEM	TITLE
10	REGIONAL INSTITUTIONAL FRAMEWORK
10.3	Implementation
10.3.3	Core SOPAC Work Programme – A Division of SPC

Purpose of Paper

To present to Council the implementation plan for the rationalisation of the Core SOPAC Work Programme, as a Division of SPC, based on part c) of the decision of the joint SOPAC, SPC and SPREP governing bodies on the regional institutional framework, as articulated below:

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.

Background and Comments

Following the joint meeting and decision of governing bodies of SOPAC, SPC and SPREP in July 2009, SOPAC and SPC CEOs and Secretariat staff have met to prepare for implementation of that part of the decision part c) (iii) that specifically relates to the core SOPAC work programme as a SOPAC Division of the SPC, with the implementation plan (attached as Annex 1) being a direct response to this joint Councils decision. The essence of this implementation plan was included as Part C of the Pittman et al (2009) report presented to the joint meeting of SOPAC, SPREP and SPC Councils in July 2009.

The key elements of this implementation plan remain valid and provide the necessary guidelines for working toward the ultimate goal of full integration of the core SOPAC core work programme as a Division of SPC in October 2010.

SPC and SOPAC have been collaborating closely, through the establishment of three joint teams, to work on synchronizing and harmonizing Human Resources, Finance and ICT and to address issues relating to these.

Key features and milestones for the implementation are outlined in the table below, with an annotated update of progress, since July 2009, highlighted in italics:

Milestones		Date	Responsibility / Comments
1	Decision on <i>Re-branded organisation or SOPAC as a Division of SPC</i>	7-10 July 2009	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting - <i>Agreed that core SOPAC WP a Division of SPC - achieved</i>
2	Endorsement by PIF Leaders of proposed, new institutional arrangements and implementation plans	5-8 August 2009	Forum Leaders – <i>achieved</i>
3	Final approval SPC	7-13 October 2009	CRGA/Conference– include implementation and timeframe – <i>SPC/ CRGA 39 (09) paper 6.1</i>
4	Final approval SOPAC	22-30 October 2009	SOPAC Council – include implementation and timeframe – <i>AS38/10 (RIF agenda)</i>
5	Earliest commencement date	1 January 2010	SOPAC Division can be established at this date but it will: <ul style="list-style-type: none"> • Maintain its work programme and budget formats and practices for 2010 • Maintain its financial and corporate systems and ICT backbone • Maintain its current SOPAC / Fiji Campus – <i>confirmed</i>

cont	Milestones	Date	Responsibility / Comments
6	Appointment of new Director	1 May 2010	The special Session of SOPAC Council approved recruitment of the Director of the new SOPAC Division of SPC, under SPC's recruitment process. The SPC DG will chair the selection panel which will involve at least 3 members of SOPAC. New Director for the Division in position by February 2010. – on track
7	SOPAC operations	Until October 2010	Use current SOPAC processes, policies and procedures - confirmed
8	Work to harmonise corporate services / financial services / ICT backbone and systems	August 09 – June 2010	Some of the work has already commenced independent of RIF as part of the PIFS-SPC-SOPAC harmonisation initiative of corporate services 3 joint teams have been established for HR, finance and ICT to - underway
9	New Division Strategic Plan	August 09 – August 10	To be presented for approval at the October 2010 SOPAC Meeting and to CRGA – confirmed
10	SPC annual work plan and budget format	August 2010	Proposed workplan and budget of SOPAC Division for CY2011 presented for endorsement at the October 2010 SOPAC Meeting and to CRGA – confirmed SOPAC 2010 summary budget included in SPC "green" budget book - achieved
11	Legal status of SOPAC	October 2010	To be decided at October 2010 SOPAC Meeting, with implementation to commence from October 2010 – confirmed and on track
12	SOPAC Division using all SPC systems	1 January 2011	All systems fully harmonised by December 2010 - on track

In addition the independent financial implications report of KPMG (2009) highlights various costs that will be required for implementation and additional resources of USD 239 700 will need to be secured (refer Annex 2).

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 proposed, new SOPAC (science and technology) Division will be circulated to Council.

Recommendation

With respect to the core SOPAC Work Programme, Council is requested to:

- Consider and approve the implementation plan for the transfer of the Core SOPAC Work Programme into a SOPAC (science and technology) Division of the SPC, acknowledging that additional resources will be required for effective implementation toward full integration in October 2010.
- Consider passing a resolution providing for the drafting of a legal agreement between SOPAC and SPC governing the transfer of Core SOPAC Work Programme into the SPC.

Annex A – Implementation Plan for Core SOPAC Work Programme as a SOPAC
(Science and Technology) Division of the SPC

Regional Institutional Framework (RIF)
Rationalisation of SOPAC core Functions as a SOPAC Division of the SPC

Implementation Schedule
Rationalisation of SOPAC Core Functions (Recommendation (c) – part thereof)

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Note – This implementation schedule has been adapted from findings and recommendations contained within the independent consultancy reports of Pittman, Bennett and Howorth (June 2009); Latu (June 2009); KPMG (June 2009)

PART I - Background and Issues

Background

The Pacific Islands Forum in 2005 adopted the Pacific Plan to strengthen and deepen regional cooperation and integration. Subsequently Leaders agreed that a regional institutional framework (RIF) that is appropriate to the development of the Pacific Plan be established.

These specific decisions (refer Annex 1) led to considerable work being undertaken by SOPAC, SPREP and the SPC, which culminated in an historic joint meeting of the governing bodies of SOPAC, SPC and SPREP to decide on new, regional institutional arrangements.

Joint Governing Bodies of SOPAC, SPC and SPREP Decision

The following is the decision of the governing bodies of SOPAC, SPC and SPREP, with respect to SOPAC's core work programme:

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.

Implementation Schedule

This implementation schedule responds directly to that part of the decision of the governing bodies of SOPAC, SPC and SPREP **part c (iii)**, with respect to SOPAC's core work programme. It excludes those specific functions identified under parts **a), b) and part c) (ii)**, which are included under separate implementation schedules (refer AS38/10.3.1 (ICT); AS38/10.3.2 (Energy); AS38/10.3.4 (functions to SPREP)).

This implementation schedule has been adapted from findings and recommendations contained within the institutional, legal and financial independent consultancy reports of Pittman, Bennett and Howorth (June 2009); Latu (June 2009); KPMG (June 2009), as well as from discussions between the CEOs and Secretariats of SPC and SOPAC since the joint decisions of the governing bodies of SOPAC, SPREP and SPC in July 2009.

Part III.C of Pittman, Bennett and Howorth (2009) highlighted issues, key milestones, decision points, timeframes and importantly risks to the continuity, quality and improvement of regional service delivery and these remain relevant and are considerations within this implementation schedule.

It is worth noting that Pittman et al considered this option to be feasible and they state that the:

“SOPAC/ SPC option is administratively more straight forward, provides the opportunity for developing linkages and strengthening existing synergies between SOPAC and SPC’s mandated areas, and involves less risk to maintaining the integrity of current SOPAC service delivery during implementation.”

Issues

The following issues are recognised as key to full and effective implementation and these are addressed in this implementation schedule and will be monitored during the process of transition of the SOPAC core into the SPC as a new (science and technology) Division.

- Potential for improved service delivery and particularly in respect of timely and effective response to emerging issues
- Avoid diminution of SOPAC functions
- Institutional strengthening and governance
- Decision making role of the current SOPAC Governing Council
- Executive Management
- Change management
- Risk management
- Timeframes
- Legal implications and issues
- Donor requirements
- Financial implications
- Administrative implications
- Location and accommodation
- Corporate services (Information and communications systems, including library)

PART II – Key Parameters for Implementation

Baseline at 2009

The following are total budgets, staff numbers, levels of support from the top four donors and membership contributions to the overall budget, for SPC and SOPAC in 2009, which are key in respect of ensuring sustainability and avoiding diminution of SOPAC functions and services.

	SPC	SOPAC
Current Annual Budget (USD millions)	89.05	17.19
Staff	368	110
Top 4 Donors	Australia 35% Global Fund 20% New Zealand 10% European Union 8%	European Union 63% Australia 14% GEF – UNDP 12% New Zealand 8%
Membership Contributions (USD millions) (% of Total Budget)	11.13 (12.5%)	0.761 (4.4%)

Guiding Principles

The following guiding principles included within the various decisions taken by the SOPAC Council and the CRGA of SPC prevails for the implementation of transferring the core SOPAC work programme into the SPC. These include:

- Transparency and timeliness with respect to the process, and effective involvement of stakeholders.
- Cost effectiveness.
- Synergies and linkages between programmes.
- Optimising delivery and sustainable continuation of regional services.
- Strengthening organisational capacities.
- Maintaining the integrity of the applied science and technical services.
- A mechanism that will enable the benefits of STAR to be continued and encouraged.

In addition to these guiding principles from the governing bodies stated above the following principles would underpin the implementation of the decision relating to RIF, by PIF Leaders and the governing bodies of SOPAC and SPC:

- a. The new institutional arrangements and implementation plans, with implementation to commence immediately after the Governing Council meetings and no later than 1 January 2010.

- b. The strategic and decision-making role of the SOPAC Council on strategic plan, programme prioritisation and work programmes will be retained by the successor arrangement to the SOPAC Council.
- c. The operational support provided to SOPAC by SPC after the merger should be simple and efficient.
- d. Management of staff contracts must be a priority during and after the transition phase to becoming a Division of the SPC.
- e. The establishment of SOPAC core work programme as a Division of SPC must not in anyway undermine or diminish SOPAC's functions and capacity to deliver services to its members. On the contrary, the rationalisation must demonstrate added value to better delivery of services to members.

STAR

Throughout all discussions relating to RIF there has been strong desire of the region to retain the Science Technology and Resources (STAR) Network¹ of SOPAC. Both SPC and SPREP Secretariats acknowledge the important scientific and advisory role that STAR provides on a “no fee for service” basis to SOPAC Council and wish to ensure that this service is maintained and expanded under any new governance arrangement. Potential back-to-back meetings of the various divisions of the SPC, for example between the SOPAC Division and the Heads of Fisheries that meet to guide and determine the strategic priorities of the Marine Division of SPC will provide an opportunity to both divisions for STAR engagement.

Consequently high priority needs to be given to encouraging STAR to align itself with the governance arrangements of SPC and of the SOPAC Division of the SPC, with the SPC Director General indicating an intention to attend the STAR Session and its business meeting that will discuss the RIF and the “future of STAR”. The STAR Session is to be convened in Port Vila Vanuatu in the margins of the 38th SOPAC Governing Council Session, from 21 to 24 October 2009. The STAR Chair will provide a report of the STAR Session to AS38 of the Council.

Bilingual Policy of the SPC

As a result of SPC's bilingual policy additional resources will need to be identified to ensure that costs for interpretation and translation services of selected meetings and written materials for the SOPAC Division are covered.

Timeframe

The core of SOPAC's work programme as a new “SOPAC” Division of the SPC could be established from January 2010 (refer Annex 2). The financial and work programme functions (annual work plan and budget) would, for the Calendar year

¹ STAR was founded in 1984 as a vehicle to assist the international research community to provide advice to SOPAC. One of the great strengths of SOPAC is its ability to mobilise excellent science and bring it to bear so as to address the national needs of SOPAC's island Members. The long-established working relationship between SOPAC and the international research community is a vital element in this endeavour, and one that STAR is charged to nurture.

2010, continue to use the current SOPAC financial management policies, procedures and systems, with a view to full transition being realised and presented for endorsement at the meetings of governing bodies in October 2010. A joint meeting of the governing Councils of SOPAC and SPC in October 2010 will enable governance, legal and strategic planning issues to be addressed and for full integration to occur soon thereafter. Full implementation of the joint Councils decision part c) (iii) could be realised at this juncture, with Councils' endorsement of a fully integrated annual work plan and budget for the SOPAC Division into SPC, for calendar year 2011. A Gantt chart which outlines implementation is included as Annex 3.

Corporate Integration

The necessary work toward full integration of corporate services, including financial, administrative and human resources regulations and practices can be completed relatively quickly, bearing in mind the current alignment between SOPAC and SPC in regard to CROP harmonisation, as well as a current initiative between PIFS, SPC and SOPAC to harmonise their finance and ICT practices and approaches. Therefore, the timeline of October 2010, for full and effective implementation of part c) (iii) is achievable.

Programme Integration

The development of a strategic plan for the SOPAC Division will need to be carried out in late 2009 and the first half of 2010, given that the current SOPAC Strategic Plan ends in 2009. Current SOPAC strategic planning procedures and practices involve active representation and involvement of key stakeholders of members and, executive and staff, which is similar to practices of other Divisions of the SPC.

Since SOPAC processes for delivery of its "core" applied scientific and technical services would be largely maintained, it is envisaged that there would be minimal impact on work programme delivery. Any costs for the strategic planning process could be borne from within the existing SOPAC budget given that the current SOPAC Strategic Plan ends in 2009, as well as from additional resources that would be secured for implementing RIF related initiatives

It would be possible for the new strategic plan (2010-2015) for the SOPAC core work programme as a Division of SPC to be presented for approval at the SOPAC Governing Council Meeting and the CRGA scheduled for October 2010.

Cost Implications

Costs for corporate and programme integration are considered to be minimal, and estimates for these are included in the financial implications report of KPMG (June 2009) with a summary table of costs attached at **Figure 1**. These are also considered under the specific sections that address the corporate elements for harmonisation as well as the process to ensure effective programme integration.

The following table outlines the higher order actions and the possible timeframe for the establishment of SOPAC as a Division of SPC, with the organisational structure of the SPC in 2010 included as Annex 4.

Milestone Table

Milestones		Date	Responsibility / Comments
1	Decision on <i>Re-branded organisation</i> or <i>SOPAC as a Division of SPC</i>	7-10 July 2009	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting - <i>Agreed that core SOPAC WP a Division of SPC - achieved</i>
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6	Appointment of new Director	1 May 2010	The special Session of SOPAC Council approved recruitment of the Director of the new SOPAC Division of SPC, under SPC's recruitment process. The SPC DG will chair the selection panel which will involve at least 3 members of SOPAC. New Director for the Division in position by February 2010. – <i>on track</i>
7	SOPAC operations	Until October 2010	Use current SOPAC processes, policies and procedures - <i>confirmed</i>

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9	New Division Strategic Plan	August 09 – August 10	To be presented for approval at the October 2010 SOPAC Meeting and to CRGA – <i>confirmed</i>
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11	Legal status of SOPAC	October 2010	To be decided at October 2010 SOPAC Meeting, with implementation to commence from October 2010 – <i>confirmed and on track</i>
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Key Risks and Assumptions

The risks associated with the establishment of SOPAC as a Division of SPC are relatively few and should any be realised their impact has been assessed as low.

The risks are outlined in a comprehensive risk matrix with mitigation actions (refer Annex 4 and AS38/10.5). The risk assessment and resulting risk profile (also at Annex 4) are predicated on the assumption that current organisational controls are maintained, current levels of collaboration and cooperation are maintained (and strengthened) and that goodwill, good intent and openness prevails between the two agencies during the implementation phase.

Maintaining communication with all those involved, especially staff and member countries of both organisations will be a key consideration to ensuring that everyone understands and appreciates what steps are being taken towards the integration of SOPAC as Division of SPC and the positive consequences for both organisations, of these steps and actions.

Establishing SOPAC as a Division of SPC is not likely to present major legal risks or implications for the SPC, due to the broad, encompassing developmental mandate and the nature of the Canberra Agreement and this is confirmed in the recent legal opinion commissioned for this recent work of SPC-SOPAC-SPREP and RIF (Heather-Latu, B. June 2009). The proposed, institutional arrangement of SOPAC as a Division of the SPC is also likely to be cost-effective, which apart from improved service delivery is one of the principal underpinnings of the RIF objective. Therefore this proposed arrangement is likely to achieve the objectives of RIF and deliver improved services and benefits to members within an acceptable timeframe and with minimal risk.

Governance

The current governance policies and procedures of SOPAC will remain in the first instance until they are synchronised with that of the SPC and the policy and operational practices of its functional divisions during 2009/2010. However, it is anticipated that they can be sufficiently aligned by January 2010 to allow the core work programme of SOPAC to be recognised as a Division of SPC, with a view to progressing harmonised corporate policy and procedural arrangements during 2010 toward full implementation after October 2010 and certainly by January 2011. The focus would be on achieving best practice when synchronizing the two sets of policies and procedures.

The SOPAC name could be preserved as the title of the new “Applied Science and Technology” or “Applied Geoscience” Division of the SPC, given its established brand recognition and reputation at national, regional and international levels. If deemed appropriate, the SOPAC “brand” could be used and maintained as the initial brand until members are ready to impose or adopt a name change. The earliest and most convenient opportunity for this could be during the process of developing a new strategic plan for the newly established Division, which would commence in earnest in early 2010 and be table for approval in October 2010.

Meetings of Governing Bodies

Following the establishment of the SOPAC Division at SPC the SOPAC Council will need to have a continuing role in making the final legal decisions on the status of SOPAC, under the Letter of Agreement Establishing SOPAC, with respect to dissolution or suspension. This decision could be taken at the October 2010 meeting of the SOPAC Governing Council, following consideration of various policy and budget documents such as the proposed, new (Divisional) strategic plan, (Divisional) governance arrangements and, the annual work plan and budget for the Division for 2010/2011.

The current SOPAC Council will become a more scientific and technical body comprising the CEOs/ Permanent Secretaries / Directors of the Ministries / Departments of Lands & Survey, Minerals (Geology and Mines), Energy & Water Resources, following full establishment of the Division. Such national representation

would be most beneficial in providing the right technical input to guide the Division's strategic programme of work and ensure that the regional services offered by the division remain relevant and of quality and that regional technical services are improved.

The (Divisional) member representatives will continue to oversee, guide, approve and monitor the policy direction, work programme and budget of the SOPAC Division of SPC. Various SPC ministerial meetings and Heads of Departments (such as of Fisheries, Forests and Agriculture, of Health and, Statistics) currently undertake this role for some of the other technical divisions of the SPC. These meet either annually, biennially or triennially. The SPC governing body (Conference and CRGA) in the main receives and considers and, endorses decisions taken by all of the sector decision-making bodies. Opportunities to convene back-to-back meetings with other Divisional meetings will need to be explored to address strengthened synergies and delivery of services between the SOPAC Division and those of already established as well as soon-to-be established divisions within the SPC.

Legal Frameworks

The establishment of a SOPAC Division at SPC should not have any significant legal implications if it is the transfer and rationalisation of SOPAC's core work programme functions and services. Legal issues will arise if it is to be a merger of the two agencies and this is not the intention. However if there were to be a legal impediment, as is the case with SPBEA, the two agencies can rationalise on the basis of the political and policy directives from Forum Leaders and their respective Governing Bodies, with the view to addressing any potential legal matters during the period following rationalisation (refer AS38/10.1).

The *Letter of Agreement Establishing SOPAC* (SOPAC Founding Document) can continue to operate as it stipulates the status, legality and role of the organisation until such time that an amicable agreement between the two governing bodies (CRGA and the SOPAC Governing Council) results in the dissolution or suspension of SOPAC as an organisation. It does not need to be a prerequisite for the core of SOPAC's work programme to become a Division of SPC.

The political and policy decision taken by Forum Leaders already provides a framework that will allow the establishment of the Division at SPC. The legal status of SOPAC vis-à-vis that of SPC can be further addressed following SOPAC's establishment as a Division of SPC, wherein it can be considered at the SOPAC Council meeting of 2010. This will provide sufficient time for the SOPAC Council to observe and consider any potential issues that could arise following the establishment of the SOPAC core work programme as a Division of SPC, for the period leading up to their meeting in 2010, and outline a realistic timeline for addressing the legal procedures that would need to be addressed following their decisions with respect to the legal status of SOPAC.

It appears that the broad mandate of SPC, as it is articulated in the Canberra Agreement, is able to easily accommodate the current mandated responsibilities and

functions that sit within the core SOPAC work programme. Therefore there will not be a need for any amendments to the Canberra Agreement. Due to the size of SPC and the nature of the rationalisation of SOPAC functions into the SPC, that is absorption and the establishment of a Division, there will be limited need for wholesale reforms and indeed limited negative impact to SPC of the establishment of the Division of the core work of SOPAC.

Co-ordination and Direction of Implementation

The relevant factors that need to be considered in the planned SOPAC–SPC merger have been well documented in the decisions by the Forum Leaders and the respective governing bodies of SOPAC, SPC and SPREP. This is enhanced by SPC's current flexible operating structure coupled with proven experience in both hosting as well as absorbing other organisations and programmes resulting from various other regional rationalisation initiatives. Examples of these include:

- a. *FAO/UNDP Regional Forestry Programme* – **institutionalized** into SPC in 1997
- b. *German Pacific Regional Forestry Programme* – **institutionalized** into SPC in 1998
- c. *Regional Maritime Programme* – **Transferred** to SPC from Forum Secretariat in 1998
- d. *EU Pacific Regional Agriculture Programme (PRAP)* – **institutionalized** into SPC regional Agriculture programme in 1999
- e. *Oceania Customs Organisation (OCO)* – established under statute and registered in Fiji with normal diplomatic privileges. It is currently **hosted** by SPC's Suva office. SPC provides administrative, financial and ICT support, but to all intents and purposes, OCO runs its own affairs and is accountable to its own governing body made up of comptrollers or Heads of Customs from the region.
- f. *WorldFish* – this organisation (previously called ICLARM) **was hosted**, until earlier this year, by SPC at its headquarters in Noumea under a similar arrangement to that of OCO.
- g. *Regional Rights Resources Team (RRRT)* – Has become a **programme** of SPC since July 2008. The **management of RRRT remains with the Head of RRRT** and its **governing body (RRRT Board) retains its decision-making role**, which essentially has the same role as sectoral ministerial meetings. The RRRT Board makes decisions on the priorities and work programme. The Head of RRRT has a **functional responsibility to the Director of the Social Resources Division** and **reports to SPC's Deputy Director-General in Suva for the purposes of organisational accountability**.

Change Management Process

As SOPAC's core work programme would be integrated into the SPC as a newly established applied science and technical division, it is expected that change management needs would be relatively limited. Nevertheless, whatever the nature and extent of the change process, it will need to be stepped, sensible, pragmatic and

logically planned. The following elements are deemed necessary to optimise the desired outcome for the establishment of the core work programme of SOPAC as a Division of the SPC.

- a. SPC's DG and SOPAC's Director to provide the leadership in facilitating the change process. *They will be supported by the Senior Change Management Specialist to be located in Noumea, SPC (recruitment process is underway).*
- b. Charge a senior management level 'champion' (from within SPC) and an equivalent level counterpart 'champion' from within SOPAC with the role and responsibilities of change leaders. These change champions will be assisted by staff and Suva-based members from SOPAC and SPC to ensure ownership and commitment to the change processes. *They will be supported by the Senior Change Management Specialist to be located in Noumea, SPC (recruitment process is underway).*
- c. Draw up a mission-critical statement / memorandum of understanding that provides a common vision, clear direction and goals for SOPAC and SPC to effectively implement the new institutional arrangement.
- d. Form a change coalition comprising representatives of staff and Suva-based members from SOPAC and SPC, to assist the nominated change leaders to fully implement the new institutional arrangement.
- e. Develop a detailed implementation plan of actions that address and resolve issues, within realistic timeframes, mindful of the overall implementation timeline of Figure 1.
- f. Communicate the change and merger mission and its progress regularly to key stakeholders (members and staff, and development partners).

Executive Management

The SOPAC Division of the SPC, as with the practice of SPC's other functional Divisions will be headed by a Director, accountable to the Director General. The Director position is a senior member of the SPC executive team.

The Director also reports to the SOPAC Council and will report to the successor body of Council upon full implementation of decision part c) (iii). The Director is tasked and responsible for the management of human and financial resources within the Division and effective delivery of its technical work programme. Reporting arrangements including clear lines of accountabilities and responsibilities, as well as a robust performance management, will be outlined and maintained.

SPC has a highly delegated operation that sees most decision-making responsibilities delegated to Directors of Divisions. In this regard the Director of the SOPAC Division will lead and manage the division and deliver against its work programme and budget, within the framework of its Divisional Strategic Plan. The development of the new, divisional Strategic Plan, in 2009/2010, will be led by and the responsibility of the Director and it will be his/her responsibility to present it to the SOPAC Council and CRGA for its endorsement.

The incumbent SOPAC Director's second three-year contract term ends 1st February 2010. Therefore SPC recruitment and appointment procedures will be applied for the recruitment of the first Director of the SOPAC Division of SPC, with decision making of the appointment resting with the Director General of SPC. A selection panel will comprise Suva-based member representation from SOPAC and SPC and chaired by the Director General of SPC. An appointment could be made as early as February 2010 and will limit as much as possible down-time in the change process, which should commence in after governing bodies meetings in 2009. It will also allow for the new Director to have a central and leadership role in developing the new strategic plan (2010 – 2015) for the Division.

Delivery of Services

SPC's decentralised structure with its headquarters in Noumea, a substantial regional office in Suva and regional offices in Pohnpei State of FSM, Solomon Islands and PNG, as well as plans to establish a presence in the Cook Islands, offers significant opportunities for improved reach and presence of SOPAC services in the region. As an example, SOPAC interventions within the northern Pacific could be easily enhanced through SPC's Pohnpei Office contributing long-term to better outcomes as well as to improved monitoring and evaluation of projects. There would be limited need to relocate SOPAC core work programme services, if any, from its current location. This coupled with the benefits of the SPC's established decentralised presence would be consistent with the principle of the integration being cost effective.

In addition existing collaboration and cooperative initiatives between SOPAC and various divisions of Land Resources, Marine Resources and Health of SPC (as well as the proposed Division of Economic Development), could and should be further strengthened which would contribute to improved regional services for these sectors. The opportunity for joint programming between these and other divisions will need to be consciously pursued and institutionalised across the SPC.

The Strategic Engagement Facility and the Regional Media Centre - are two support service areas of the SPC that do not exist within SOPAC. Therefore opportunities to access these services will need to be explored and costed, with a view to these providing added value to SOPAC products and services to members. A recent independent communication review of SOPAC highlighted the need for greater use of media and external communications in project advocacy. Although conscious efforts to strengthen this have included using the Regional Media Centre of SPC, under recent, specific Community Lifelines Programme activities, there is scope to broaden this engagement to increase the visibility of benefits provided by SOPAC's core functions and services in the immediate future.

Territories of the US, France, New Zealand, UK and the USA - With limited experience in delivery of services to territories of the US (CNMI, American Samoa), France (French Polynesia, New Caledonia and Wallis and Futuna), New Zealand (Tokelau) and the United Kingdom (Pitcairn Islands), who enjoy full member status

of the SPC, a conscious effort to ensure that services can be offered and accessed by these members will need to be addressed. A current SOPAC initiative targeted at addressing disaster risk reduction in some of the Territories (French Polynesia, New Caledonia, Pitcairn Island and Wallis and Futuna) under the Pacific-OCT Global initiative to utilise C-envelope funding resources, provides an immediate and positive opportunity for SOPAC to access translation and interpretation services of SPC; draw upon SPC's extensive, proven experience in service delivery into these territories; and most importantly build a relationship with Pacific OCTs. These factors will enable SOPAC as a Division of the SPC to deliver its technical services into these territories more effectively and provides the current non-full members of SOPAC the opportunity Pacific OCTs to access services when necessary resources are secured. Funding opportunities need to be explored to allow the territories of the USA and New Zealand to access the services of SOPAC Division.

Modalities

The core services of SOPAC and SPC are largely technical in nature. Consequently the technical capacity within the two agencies and the principal mode for delivery of services is more often than not *in-country* and *in-the-field*. Both agencies have long and proven applied scientific and technical experience in land and marine surveys, among other related activities.

In addition both agencies are making more deliberate efforts to address the socio-economic implications of the scientific and technical products, services and solutions that they provide to members to ensure an "outcomes" focus. The aggregation of capacity and a critical mass in environmental and resources economics that is needed to deliver in this area within the agencies will most certainly strengthen methodologies and approaches. With very limited current capacity in the SPC and close to right-sizing for these services in SOPAC serious consideration and commitments organisational wide will need attention during the transition and broader SPC reforms in 2010/2011.

Similar comments apply to the strengthening of GIS and the increasing use of satellite imagery in the creation of natural resource and hazard databases for better management and reducing vulnerability to risk. With growing demand for GIS/RS tools and skills and extremely limited current capacity in SOPAC serious consideration and commitments to meet the internal (SOPAC Division) demands as well as possible organisational wide demand will need careful attention during the transition and broader SPC reforms in 2010/2011.

Strategic Planning and Work Programme

A new Strategic Plan for the newly established SOPAC Division of the SPC will need to be developed. This may have organisation-wide implications for a new 'statement of strategic/corporate intent' for SPC, given the various, other recent rationalisation initiatives involving the SPC. The development of a new Strategic Plan is timely and a requirement for the SOPAC Council given that the current Plan ends in 2009. This

will provide further opportunity to focus and streamline the core work programme of SOPAC as an established Division within SPC as well as explore and optimise synergies with complementary Divisions of the SPC.

The Director of the 'SOPAC' Division will continue to exercise much of the policy and operational authority currently vested in the SOPAC Director. With direct accountability to the Director General, key within the terms of reference of the Division's Director will be:

- i. The development of the SOPAC Division's strategic plan and the annual work plans and budgets to support the delivery against the strategic objectives and outputs that are endorsed by members. *This task will be part of the position description for the Director of the Division (with support from corporate services and planning sections).*
- ii. The SOPAC Council (or its successor, beyond 2010) will be the body that oversees guides and directs the Division's strategic plan and related work plans and budgets. *This strategic guidance and direction provides the necessary support for the Division's efforts to mobilize financial resources to deliver against the mentioned plans.*
- iii. The annual work plan and budget of the SOPAC Division will form part of the overall SPC budget presentation to the SPC governing body (the CRGA) for its endorsement and commitment to help secure additional resources for SPC as a whole.

In keeping with current levels of delegation at SPC the Director of the SOPAC Division will be responsible for:

- i. Approvals for divisional staff attendance to overseas conferences / meetings².
- ii. Approval of expenditure within approved work plan and contingent on availability of resources up to a level of 100,000 CFP units (currently equivalent to approximately FJD\$245,000) per event^{3,4}.
- iii. Operate a 'minor grants' item that enables rapid response to low-cost high priority requests from members that may not be budgeted under normal work programmes.

Enhanced support from SPC systems – The new SOPAC Division would immediately benefit from SPC's current corporate mechanism for initiating and/or raising project or programme funding which will add to the existing capacity and effective fund raising mechanisms that SOPAC has and will, of itself, bring with it.

² Approvals for staff to undertake country missions and related funding commitments from approved budgets are to be made by Programme Managers as currently is the case in SOPAC.

³ The Director of the SOPAC Division may sub-delegate this authority to Programme Managers (current SOPAC terminology)/ Deputy Directors (SPC terminology) subject to pre-determined limitations.

⁴ There is already existing delegations to other levels of the hierarchy below the director as follows; programme managers: 75,000 CFP units (approx. FJD\$180,000), and heads of sections : 30,000 CFP units (approx. FJD\$70,000)

Continued Service Delivery

It is envisaged that the integration of the core work programme of SOPAC into SPC as a newly established division will not adversely impact service delivery. SOPAC processes and budgets would be maintained for the 2009/2010 annual workplan and budget cycle. Long-term closer integration and consideration of delivery modalities, to be considered in earnest from October 2009, should lead to a strengthening of services to existing members (and at a cost to newer members).

For instance scientific assessments could be used to underpin coastal fisheries management while for freshwater (including sanitation and hygiene), these activities could be used to support public health policy development and planning.

Programme Monitoring and Evaluation

The programmes of SOPAC and divisions of SPC are regularly reviewed, monitored and assessed. Approaches and methods will need to be reviewed, with a view to considering and embracing best, cost effective practice from both.

For example, SOPAC has an annual Programme Monitoring and Evaluation Group mechanism (PMEG) that is independent and cost effective, for each of its three technical programme areas. It provides opportunities for members to have an annual independent assessment on reporting and proposed work programme delivery (efficiency, effectiveness and relevance). This allows for regular programme improvements to be implemented.

The rotating, comprehensive reviews and assessments of Divisions and Programmes of, which occur every 3 to 5 years for each Division of the SPC, are equally valid. The systems will need to be compared and the best practice applied throughout the SOPAC Division and the rest of SPC should a case be made to retain both approaches due to their respective merits.

Corporate Services

Both SOPAC and SPC currently have a Corporate Services section, with components of finance, administration, human resources and information/communications/media. It would be desirable that in merging and harmonising corporate services that of the processes and practices of both SPC and SOPAC are compared, with best practice being carried forward as policies and procedures are synchronised and harmonised in preparation for full integration.

SPC and SOPAC have set-up and charged three small working groups to consider: Finance, Human Resources, Administration, IT, Information Management Systems including Library and document management, ICT, Technical Equipment (used in-countries and in-the-field for work programme delivery) and the Electronics & Technical Workshop of SOPAC.

The working groups will develop and address a checklist of issues relevant to their work area and address these within realistic timeframes. These working groups have commenced documenting information as preparation for operationalising the new institutional arrangements. The specialised working groups will look to promote harmonisation with the wider SPC and CROP, and look for efficiencies wherever possible under an existing CROP initiative of PIFS, SOPAC, SPC and SPREP.

Finance

Funding arrangements: Although the funding for SOPAC Divisional activities will be received by SPC it will be reflected under the SOPAC Division and for prudent financial risk management continue to be held in a range of currencies and investment portfolios, to ensure the flexibility of payment as well as optimising fluctuations in exchange rates and any significant devaluations.

Budgeting and cost impacts: SOPAC has a very effective budgeting review process with a number of set milestones in the lead up to final approval of its annual work plan and related budget each year. In the event that SOPAC is established as a division of SPC in January 2010, it will continue to operate its annual work plan and budget for 2009/2010 using current practices and reporting formats, with a view to harmonise policies, processes and practices toward presenting the budget and work plan for 2010/2011 in the SPC format at the meetings of October 2010.

SOPAC funds coming into SPC – SPC operates one main account for all its programmes (its current budget exceeds USD 71 million). Funds are reflected under each division or programme, and divisional directors have management responsibility for their division's funds. In the case of the SOPAC Division, all funds coming in for the SOPAC work programme, including core and non-core (that is programme & extra budget (project)) funds, will be reflected under SOPAC, with the Director of the SOPAC Division having responsibility for their utilisation and management.

Members' Contributions

SOPAC member countries will continue to make their core contributions to SOPAC through SPC following its establishment as a Division of SPC. There will be no increases in the current level of membership contributions from existing SOPAC members as a result of this exercise. It is envisaged that the individual membership contributions paid separately by the member country to each organisation (by SOPAC and SPC focal point ministries) will be combined to reach the new 'total contribution' from each member.

When SPC receives this combined contribution, the total component for the SOPAC Division will be reflected under the SOPAC Division budget for the delivery of core corporate and programme services. Where there are outstanding arrears in contributions SOPAC and SPC will work together during 2010 to try and have these met and cleared by members with arrears.

This will enable a clean balance sheet transfer, with limited issues in respect to handling liabilities during the transfer of assets and liabilities from SOPAC into SPC after October 2010.

All seventeen full members of SOPAC are full members of SPC, with four associate members of SOPAC being full members of SPC. It is a natural progression that current associate members (who are non-members of SOPAC but full members of SPC) may wish to benefit from the types of services SOPAC provides. The options to manage this increase in demand are:

- i. Non-SOPAC member countries / territories who wish to benefit from SOPAC services can contribute to SOPAC's core resources through payment of membership dues; or
- ii. Territories that do not wish to make annual membership contributions can procure the services under a 'pay-for-service' principle when they require specific services as is the current practice with associate members of SOPAC; or
- iii. SOPAC, with support from the SPC executive, will look for additional resources to support the expansion of its work programme to cover new member countries / territories that are currently not full members of SOPAC. *This certainly will be the recommended process for new major project interventions in order to eventually harmonise and be more inclusive and reflective of the broader SPC membership.*

As mentioned earlier SOPAC, in relation to (iii) above, is already committed to support four Pacific Territories through dedicated funding provided by the European Union under the EU EDF 9 C Envelope project.

Programme and Project Funding

SOPAC and SPC currently enjoy programme funding arrangements with Australia and New Zealand. *The European Union (EU) is currently considering the provision of similar programme funding arrangements with the SPC.*

Project funding for SOPAC and SPC come from a range of donor partners (refer Table 1). Although there are differences in the portfolio of donor and development partners which provides potential opportunities for both SOPAC and SPC under the proposed new institutional arrangements, various important donor relationships for SOPAC such as with the EU are strong and proven with the SPC as well. Therefore this would limit any potential risk and impact to the current and "pipeline" initiatives for SOPAC, under the EDF10, as the current arrangements of contribution agreements for implementation of EU funded actions would be retained for SOPAC given the similar "international organisation" status of SOPAC and SPC.

The move from all project to programmatic funding (if successfully trialled) whether in whole or part with the EU would add to long term stability of project outcomes for the region for SPC and for the SOPAC Division of SPC, by natural extension.

Contractual Partner Agreements

Figure 3 outlines the current contract agreements that SOPAC has with various donor and development partners. These agreements will need to be reviewed and contract management discussions to ensure that service delivery is not compromised will need to be addressed as a matter of priority during implementation in 2010.

Figure 3: Current Contract Agreements between SOPAC and its Donor Partners.

Programme	Donor	Project Name	Total Funding Foreign Currency	Total Funding EUR	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		
					Jan-Jun	Jul-Dec																					
CLP	UNDA	Water Demand Management Programme (Phase I and II)	NZD 608,000	598,145																							
	UNDA	Water Quality Management Programme (Phase I and II - in conjunction with WQC)	NZD 708,000	688,502																							
	AusAID	Water Safety Plans - Phase 1 (in conjunction with WQC)	AUD 600,000	776,474																							
	AusAID	Water Safety Plans - Phase 2 (in conjunction with WQC)	AUD 750,000	919,343																							
	UNDP	Sustainable Integrated Water Resources and Wastewater Management in the Pacific Island Countries (IWRM)	USD 1,995,450	3,374,673																							
	UNDP	Pacific Islands Energy Policies and Strategic Action Planning (PEPSAP)	USD 1,511,189	3,011,958																							
	EU	Pacific Hydrological Cycle Observing System (PHOCS)	EUR 3,524,970	7,800,860																							
	CTA	Generating and Disseminating Knowledge on Community Based Processing of Coconut Oil in the Pacific	EUR 194,971	489,544																							
	EU	Pacific SIDS Integrated Water Resources Management Planning Programme (SIDS IWRM)	EUR 3,522,550	6,793,141																							
	CTA	Pacific Energy and Gender (PEG) Network	EUR 202,800	486,161																							
	UNEP	GEF IWRM UNEP	USD 2,287,797	4,294,948																							
	UNDP	GEF IWRM UNDP Sustainable Integrated Water Resources and WQ/USD 6,727,891	USD 6,727,891	12,575,497																							
	EU	E-Parliament Secretariat	EUR 61,800	122,744																							
	EU	ICT Access for the Poor	EUR 910,800	1,194,379																							
CR	AusAID IAP Facility	National Action Plans Development in Member Countries	AUD 2,258,000	2,758,629																							
	TAFIOPDA	Pacific Disaster Risk Management Programme	USD 396,295	722,647																							
	EU	ADP-EU Natural Disaster Facility (NDF)	EUR 1,828,000	4,813,418																							
	EU	EU EDF3 B Envelope	EUR 9,320,000	22,430,806																							
OR	UNESCO	Pacific Islands OODS (PI-OODS)	USD 25,000	126,263																							
	AusAID	GA Tsunami Hazard Assessment Project - Stage II	AUD 389,800	476,630																							
	EU	Establishment of Lagoon Aggregate Dredging Company for Kiribati	EUR 2,288,000	5,284,626																							
	BMET	South Pacific Sea Level and Climate Monitoring Project Phase IV	AUD 1,143,858	1,482,130																							
	EU	EU EDF3 C Envelope	EUR 5,868,100	12,197,990																							
	AusAID	Regional Maritime Boundaries	AUD 942,800	661,937																							
	EU	Deep Sea minerals in the Pacific Islands Region	EUR 4,700,000	11,311,672																							

Conversion rates (2002/09)

NZD	1.0167
AUD	0.6788
USD	0.558
EUR	0.4108

Assets

Both organisations hold significant assets in addition to the office equipment associated with running a Secretariat. SOPAC's assets are in the form of databases, computer and cartographic equipment, land and marine field surveying equipment and sophisticated electronics and general workshop facilities. Some equipment is jointly owned [SOPAC and member country] and maybe located at remote sites. The total value of current fixed asset listing for SOPAC Secretariat is FJD7.4 Million⁵.

SOPAC asset holdings and methods of depreciation and current liabilities. Decision on when assets such as equipment, furniture, computers, scientific and technical equipment should be transferred to SPC accounts will need to be addressed during the detailed planning phase. Corporate Services of both organisations will need to decide on policy and action in relation to this.

Issues ranging from staff regulations and policies; recruitment; management will need to be reviewed and a plan to address these comprehensively will need to be developed during 2010 and in advance of the SOPAC Council and CRGA meetings in October 2010.

It is not unreasonable to suggest that these matters could be addressed during 2010 with a view to transfer at the time of full integration after October 2010.

Human Resources

The **Performance Management System** (PMS) established within the two agencies will need to be reviewed and harmonised. PMS systems were introduced into CROP agencies in 2001 as part of CROP harmonisation in respect of Remuneration. Consideration will be given to ensuring that any new PMS methodology is both simple to administer and yet thorough in respect of addressing performance related results and competencies.

Issues ranging from staff regulations and policies, recruitment and management practices by SOPAC and SPC will need to be reviewed and a plan to address these comprehensively will need to be developed during 2010, in advance of the SOPAC Council and CRGA meetings in October 2010. It is anticipated that the alignment of these can be carried out without any detriment to budgets and programme delivery by early 2010 toward full implementation and harmonisation from January 2010.

Recruitment policies including REM for the whole of CROP are presently undergoing a process of review and harmonisation. It is unlikely that a new methodology for remuneration will be considered until late 2010.

⁵ Building replacement costs FJD 1.8m; Field and Marine survey equipment replacement costs FJD 4.0m; and, Office Equipment, furniture & fittings replacement costs FJD 1.6m.

Staff Development

Staff development goals and related plans should be linked to the achievement of the organisations goals. These will be stipulated in the new Strategic Plan for the SOPAC Division of SPC and as well to help address any interim change management issues. The professional cadre will be recruited with the requisite professional (mindful of the scientific and technical specialist) skills. The new division will provide the opportunity to adopt best practice for staff management to ensure a well rounded approach to delivery of applied scientific and technical services to member countries and territories.

Staff Contracts

Both SOPAC and SPC are members of the CROP remuneration processes thus the establishment of SOPAC as a division of SPC will provide opportunities for increased synergies between the two agencies in particular in relation to their respective staff regulations, terms and conditions document and mutual obligations and rights of SOPAC and SPC and their respective employees. As both SOPAC and SPC apply virtually the same terms and conditions of service these could be harmonised without too much difficulty.

Staff Appointment: A seamless corporate mechanism for staff recruitment and appointments will need to be documented and established. This would need to draw from best practice and it is likely that recruitment and appointment processes of both agencies will be reviewed to reach the agreed protocol. It is envisaged that the director for the SOPAC Division, or his or her nominated alternate, will Chair the selection process for most / all staff appointments within the division and then make recommendations on appointments to the Director-General.

The SOPAC Division of SPC will honour the terms and conditions of existing contracts of staff currently employed by SOPAC, including right of contract renewal. All new contracts for the Division, from January 2010, will follow the SPC agreed terms and conditions for remuneration of staff that they employ.

Communication and Information Services

Communications

The established communication links between SPC Headquarters and their regional offices via **video conferencing** facilities is a cost effective mechanism that would assist in communications with field parties as well as member states.

As already mentioned the **Regional Media Centre** of the SPC will also provide added benefits to the ability of SOPAC to improve its communication and outreach with members and other stakeholders and in the long-term these will lead to better communication of outputs and ultimately development outcomes.

Library

Both SOPAC and SPC have extensive scientific and technical collections of publications, charts and maps, which are held in their respective libraries. This function will need to be reviewed and the most effective arrangement reached to ensure improved access to information by all stakeholders and to include the expansion of the present SOPAC virtual library.

Information Management

In addition to the large holdings and collections of scientific and technical publications, charts and maps in the libraries of SPC and SOPAC, significant quantities of data and information are also held. This may include data of a confidential nature held on behalf of states (such as Pacific Islands Regional Maritime Boundaries Information System – PIRMBIS). There may also be proprietary software that would also need to be maintained (such as MarZone). This function will need to be reviewed and the most effective arrangement reached to ensure improved access to information by all stakeholders.

In addition the opportunities presented, under PRISM and its further expansion to include scientific data from the current SOPAC databases would need to be reviewed. There is also the scope of assimilation of natural resource data (held by SOPAC) with those held by SPC to help develop a better regional atlas for decision making.

Editorial & Publications

SOPAC and SPC have extensive scientific and technical capacity in the area of both editorial and publication. This function will need to be reviewed and the most effective arrangement reached to ensure that editorial products and services are provided to all stakeholders.

Translation

The SPC has an established capacity of translation and interpretation services. It will be necessary to cost translation and interpretation requirements for at least the Divisional meeting of Heads of Land, Survey, Geology & Mines and, Water and Energy Resources as these would be additional to current practice of SOPAC. Translation of technical and scientific reports (at least to abstract level) may also be a requirement.

The services provided by the SPC in respect to translation and interpretation become immediately relevant and of benefit for the current Pacific OCT initiative for Disaster Risk Reduction that SOPAC is implementing (inception phase now underway) for which necessary resources have been allocated.

Priorities and Sequencing

The immediate priority is for the governing bodies of SOPAC and SPC to agree to when SOPAC will become a Division of the SPC. This could occur as early as January 2010 with a view to working on the administrative and financial arrangements to harmonise and synchronise policies and practices. While harmonization and synchronization is underway SOPAC would maintain its current modus operandi and practices. Migration to best practice of various corporate policies, procedures and services would be completed for integration immediately after October 2010.

Legal elements would be addressed during 2010 with a view to ensuring that the constitution (that is to prepare for decisions and outline implications for the dissolution or suspension of SOPAC), as well as contract management matters such as agreements with donors and with staff. The latter would need to be varied and harmonized, respectively and a report to members provided in October 2010.

As soon as practicable the process to develop the 1st Strategic Plan of the SOPAC Division would commence and it is envisaged that preparatory work can commence from October 2009 with planning and related consultations to commence in earnest in early 2010. This would entail strategic planning for the “core” work programme of SOPAC and how it relates to other divisions and core functions of the SPC as well as other stakeholders.

Anticipated Savings and Costs

The financial implications of anticipated savings and costs are included in the report of KPMG, with specific cost implications identified for the institutional arrangement SOPAC’s core work programme to be established as a Division of the SPC (KPMG, June 2009).

It is anticipated that there will be eventual cost savings due to streamlining of some of the executive management functions of SOPAC such as re-designation and re-sizing of some of the following positions: Director, deputy Director, Manager Corporate Services and Programme Manager positions; in addition to dispensing of some of the mentioned positions. Some corporate support services and functions may eventually be centralized and harmonized during and after 2010.

Annexes 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.

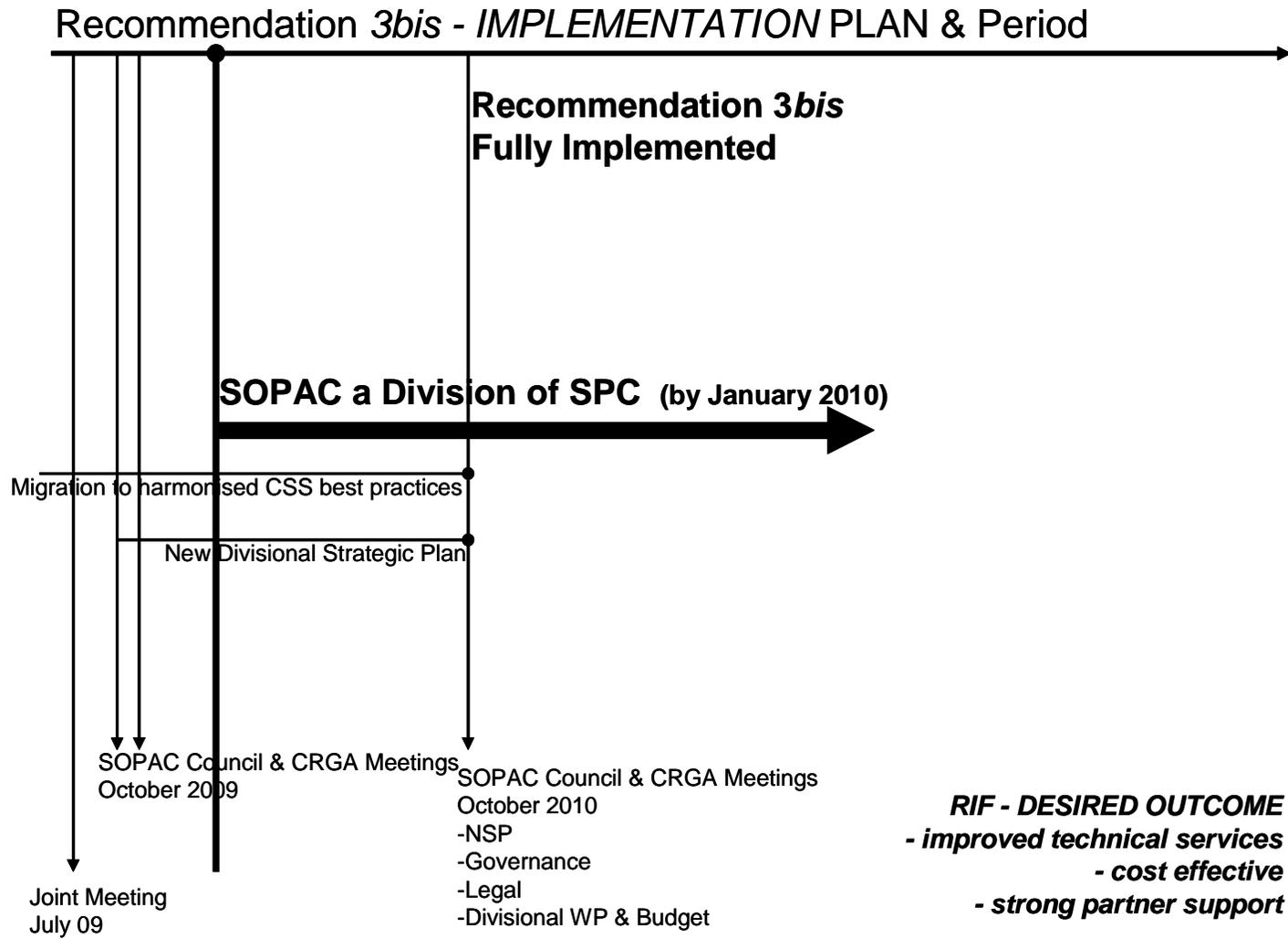
b) With respect to the Energy Programme of SOPAC, the joint meeting of the governing bodies:

- (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 Diagrammatic Representation of Process



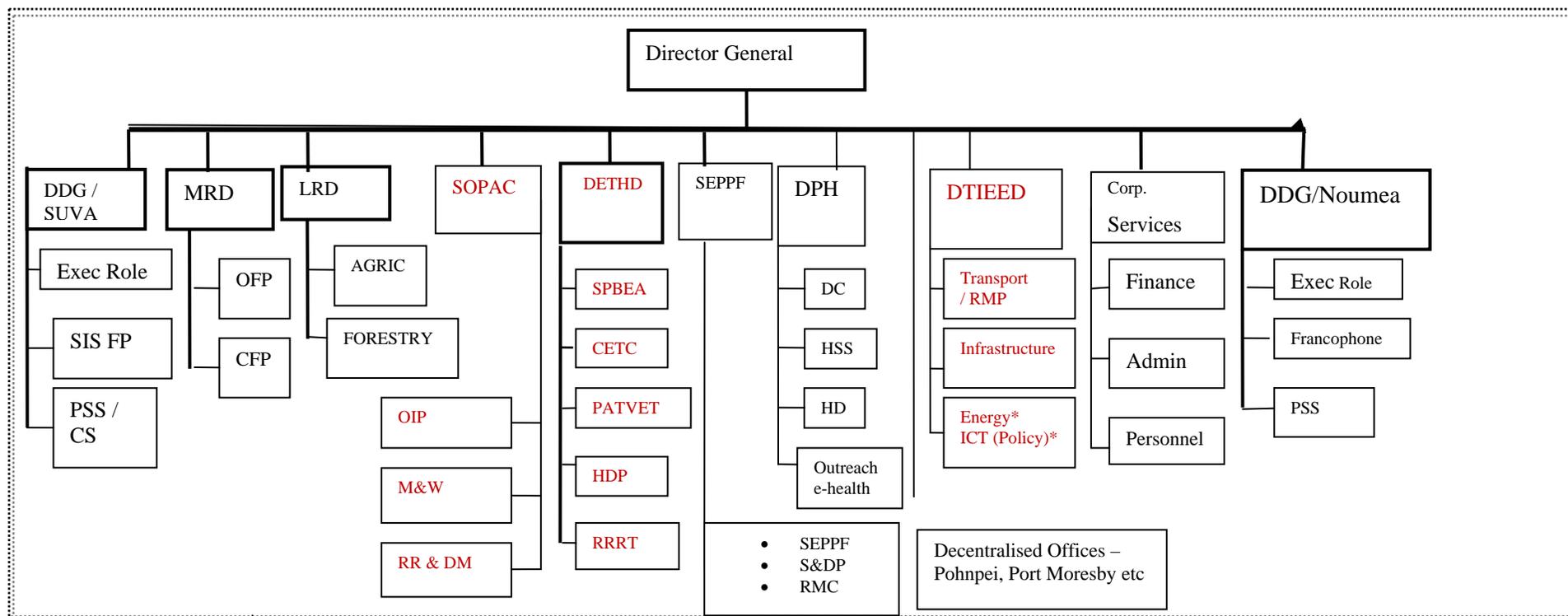
Annex 3 Timeframe Gantt Chart

SOPAC Core Work Programme Established as a Division of the SPC

Recommendation 3bis: IMPLEMENTATION PLAN: ISSUES AND MILESTONES

	Dates (if known)	2009			2010			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4
Preparatory Governance 2009								
CEO Papers To Members/Consultancy finished	11/06/2009							
Joint GCs Meeting of SPC/SPREP/SOPAC- Approve Way Forward	07/07/09 - 08/07/09							
Special Session of SOPAC- Commit to way forward	09/07/2009							
Special Session of SPC- Commit to way forward	09/07/2009							
SPC and SOPAC nominate Change Leaders	11/07/09 ongoing							
CRGA approves SOPAC "core" to be Established as a Division January 2010	09/10/2009 - 13/10/09							
SOPAC GC Port Vila Approves 2010 WP&B	22/10/2009 - 29/10/09							
SOPAC approves SOPAC "core" to be Established as a Division January 2010	22/10/2009 - 29/10/09							
Executive Management								
Division Director appointed	Mar-10							
Corporate and Work Programme 2010 -2011								
New Division structure developed	Jan-10							
Change Leaders establishes Change Coalition and issue specific working groups	29/10/2009 ongoing							
MoU drafted which guides the change process								
Finance, Staffing and Administrative Regulations harmonised								
New Strategic Plan Developed								
Governance from October 2010								
JGC Meeting of SOPAC and SPC (New Caledonia)	Oct-10							
SOPAC GC and CRGA Approve 2011 WP&B (NC)	Oct-10							
SOPAC GC and CRGA Endorse New Strategic Plan for the Division	Oct-10							
SOPAC GC consider Article 16 of SOPAC Agreement (dissolve/suspend)	Oct-10							

Annex 4 Proposed Organisational Structure of the SPC in January 2010



OIP	Oceans & Islands programme	RR&DM	Community Risk Programme	M&W	Water of Community Lifelines and Minerals
CFP	Coastal Fisheries Programme	MRD	Marine Resources Division	SIS FP	Small Island States Focal Point
Francoph FP	Francophone Focal Point	OFP	Oceanic Fisheries Division	SRD	Social Resources Division
HDP	Human Development Programme	PHP	Public Health Programme	S&DP	Statistics & Demography Programme
LRD	Land Resources Division	PSS	Programme Support Services	S.E. Unit	Strategic Engagement Facility
RMC	Regional Media Centre	DTIEED	Directorate of Transport, Infrastructure, Energy & Economic Development	DC	Disease control (CDs / NCDs / emerging diseases)
HSS	Health Systems Strengthening	HD	Health determinants	SEPPF	Strategic engagement, policy & planning facility
DETHD	Directorate of Education, Training and Human Development	SEPPF	Strategic Engagement, planning and policy Facility	(?)	Depending on SOPAC-SPC-SPREP rationalisation whether it comes to SPC or goes to SPREP

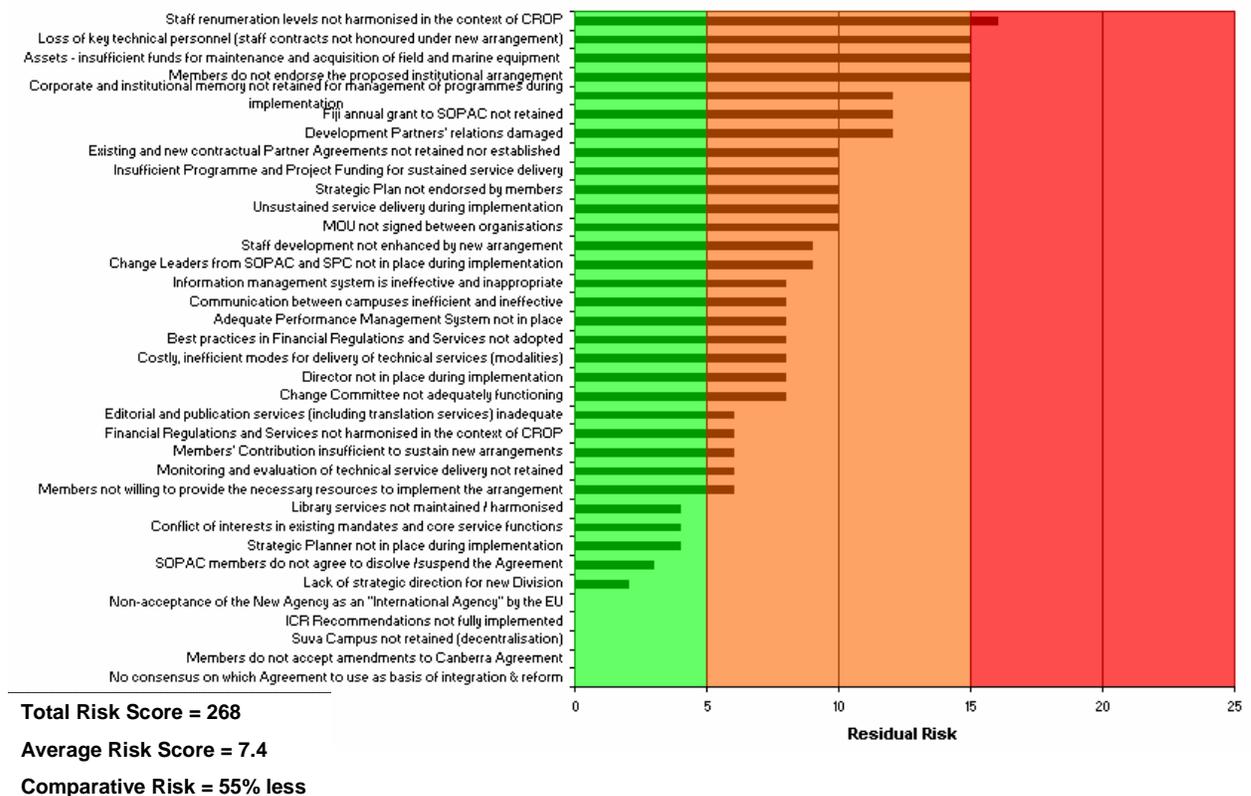
Annex 5 Risk Matrix and Risk Profile

Risks Assessment of all of the risks identified for implementation of the institutional arrangement establishing SOPAC's core work programme as a Division of the SPC

Risk Assessment Matrix for SOPAC Core Work Programme Established as a Division of SPC							
#	Category	Risk Description	RI	L	RR		
1	Inception	MOU not signed between organisations	5	2	10	RI	Risk Impact
2	Governing Councils	Members do not endorse the proposed institutional arrangement	5	3	15	L	Likelihood of Occurrence
3		Members not willing to provide the necessary resources to implement the arrangement	3	2	6	RR	Residual Risk
4	Legal Frameworks	No consensus on which Agreement to use as basis of integration & reform	0	0	0		
5		Members do not accept amendments to Canberra Agreement	0	0	0		
6		SOPAC members do not agree to dissolve /suspend the Agreement	3	1	3		
7	Coordination & Direction of Implementation	Change Committee not adequately functioning	4	2	8		
8		Lack of strategic direction for new Division	2	1	2		
9		Unsustained service delivery during implementation	5	2	10		
10	Executive Management	Director not in place during implementation	4	2	8		
11		Change Leaders from SOPAC and SPC not in place during implementation	3	3	9		
12	Delivery of Services	Suva Campus not retained (decentralisation)	5	0	0		
13		Costly, inefficient modes for delivery of technical services (modalities)	4	2	8		
14		Development Partners' relations damaged	4	3	12		
15	Strategic Planning and Programming	Strategic Planner not in place during implementation	2	2	4		
16		Strategic Plan not endorsed by members	5	2	10		
17		Monitoring and evaluation of technical service delivery not retained	3	2	6		
18		Conflict of interests in existing mandates and core service functions	2	2	4		
19		ICR Recommendations not fully implemented	0	0	0		
20		Non-acceptance of the New Agency as an "International Agency" by the EU	0	0	0		
21	Finance	Members' Contribution insufficient to sustain new arrangements	3	2	6		
22		Fiji annual grant to SOPAC not retained	3	4	12		
23		Insufficient Programme and Project Funding for sustained service delivery	5	2	10		
24		Existing and new contractual Partner Agreements not retained nor established	5	2	10		
25		Financial Regulations and Services not harmonised in the context of CROP	3	2	6		
26		Best practices in Financial Regulations and Services not adopted	4	2	8		
27		Assets - insufficient funds for maintenance and acquisition of field and marine equipment	5	3	15		

Risk Profile

SOPAC Core as a Division of SPC



The top five risks in ascending order, with residual risk ratings of between 12 and 16, for this institutional arrangement are:

- Human Resources - **Staff remuneration levels not harmonised in the context of CROP (16)**
- Governing Councils - **Members do not endorse the proposed institutional arrangement (15)**
- Finance - **Assets - insufficient funds for maintenance and acquisition of field and marine equipment (15)**
- Human Resources - **Loss of key technical personnel (staff contracts not honoured under new arrangement) (15)**
- Human resources - **Corporate and institutional memory not retained for management of programmes during implementation (12)**
- Delivery of Services - **Development Partners' relations damaged (12)**
- Finance - **Fiji annual grant to SOPAC not retained (12)**

Mitigation strategies will need to be developed to ensure that these risks are minimised and not realised during implementation toward the proposed institutional arrangement of establishing the core of SOPAC's work programme as a Division of the SPC (refer AS38/10.5)