

**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<sup>st</sup> July 2009**

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## Purpose

This joint paper by the CEOs of SPREP, SOPAC and SPC presents to the joint meeting of the governing bodies of SPREP, SOPAC and SPC the outcome of the work carried out by the three CEOs to define the proposed new regional institutional arrangements that result from the decision by Forum leaders and endorsed by the respective governing bodies to rationalise SOPAC services into SPC and SPREP.

## Introduction

The paper comprises four parts:

PART 1 outlines the rationale for this initiative under the Regional Institutional Framework (RIF) and the approach taken to complete the necessary work to define and assess the proposed new regional institutional arrangements.

PART 2 provides updates on implementation plans for Recommendations 1 and 2 related to proposed, new institutional arrangements for ICT and the Regional Energy Sector, respectively. It discusses the parameters within which the detailed implementation plans will be developed and presented for final endorsement by the respective governing bodies in their September / October 2009 meetings to ensure implementation by January 2010.

PART 3 provides updates on implementation plans for Recommendation 3 related to the proposed, possible institutional arrangements for the core of SOPAC's work programme into SPREP. It highlights the practical challenges with their original recommendation leading to the consultants being asked to also develop implementation plans for the alternate institutional arrangement discussed in their Part 1 report. It summarises the comparative assessment of the institutional arrangements discussed by independent consultants in Part 1 of their report. It also introduces a third possible institutional arrangement (the 'preferred SPREP option') and includes the Executive Summary and key findings and conclusions from legal and financial analyses also commissioned jointly by the three CEOs. Treated under this part are the details of the 'preferred SPREP option' (Annex VI) and the comparative and due diligence analysis conducted by SOPAC to identify which of the arrangements would best deliver against the RIF objectives to provide the optimum operative environment that would prevent the diminution of SOPAC services and has the potential to deliver the highest impact of benefits to members (Annex VII). This section discusses the respective implementation plans.

PART 4 summarises the key discussion points from the various assessments that have been completed to date, and recommends for consideration by SOPAC, SPC and SPREP members new institutional arrangements and related implementation schedules.

## PART 1 - RATIONALE

Decisions<sup>1</sup> on the *Regional Institutional Framework (RIF)* were taken by the Pacific Islands Forum Leaders (October 2007 in Vava'u, Tonga and August 2008 in Alofi, Niue) and the Governing body meetings of SPREP (September 2008 in Pohnpei, FSM), SPC (October 2007 and 2008 in Noumea, New Caledonia) and SOPAC (November 2007 in Tonga and October 2008 in Funafuti, Tuvalu). Refer to Annex I for abovementioned governing body and Forum leaders' decisions.

To carry forward the decisions by Forum leaders and their respective governing bodies the CEOs of SPREP, SOPAC and SPC **agreed that**, the new institutional arrangement would (i)

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<sup>1</sup>: Refer Annex 1 for decisions of SPREP and SOPAC Governing Councils and the SPC CRGA & Conference

achieve the most optimum rationalisation of SOPAC programmes into SPC and SPREP and (ii) ensure the best possible arrangement that would provide the most benefit and maximum impact for Members.

They also agreed that these new arrangements would need to be analysed further and validated through a jointly commissioned, single independent Consultancy, to determine which programmes of SOPAC would best go to either SPC or SPREP based on the parameters and guiding principles agreed to by the three governing bodies.

### ***Proposed Institutional Arrangements***

The CEOs commenced extensive consultations immediately following the meetings of their respective governing bodies in November 2008. The consultations were guided by the decisions of the Forum leaders and the SOPAC Council in relation to how the programmes of SOPAC should be rationalised, as well as by the guiding principles agreed to by the three governing bodies<sup>2</sup>. The CEOs agreed that the following arrangements would be further analysed, assessed and validated through an independent Consultancy.

- a. The ICT-Outreach component of SOPAC work programme to be absorbed and coordinated by SPC, with the Consultancy to analyse and recommend the best option;
- b. The Energy component of the SOPAC work programme to be absorbed and coordinated by SPC or SPREP, with the Consultancy to analyse and recommend the best option; and
- c. The balance of SOPAC's functions, comprising the 'core work programme' and including Community Risk, Water and Ocean and Islands be coordinated by SPREP or SPC with the consultancy to analyse and recommend the best option.

### ***Guiding Principles***

The following guiding principles agreed to by the Forum Leaders and the three governing bodies provided the parameters for the consultancy.

- 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.
- No substantive diminution of SOPAC Services

### ***Independent Consultancy***

A two-part consultancy was commissioned in early 2009. The purpose of Part One was to analyse, assess and validate a new regional institutional arrangement to rationalise SOPAC's work programme proposed by the CEOs and to recommend the best arrangement noting that the SOPAC work programme must continue to deliver effective solutions desired by member countries. Part Two was to consider the practical implications, including administrative, programmatic, and other issues relevant to the proposed new arrangements and assist the CEOs to develop implementation plans to be presented to a joint meeting of the three governing bodies and the Forum leaders in 2009 (refer Annex III). Two additional and very specific consultancies were also commissioned to assess the legal (refer Annex IV) and the financial (refer Annex V)

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<sup>2</sup> It must also be noted that various, numerous consultations were held in 2008 such as four meetings of the SOPAC-Committee Council-of-the-Whole (SCW); and, trilateral meetings of CEOs and also of Senior Programme staff of SPC, SOPAC and SPREP.

implications of the proposed new arrangements.

In undertaking their work the consultants were guided by the following additional decisions by the SOPAC Council:

- Rationalisation should not subject the SOPAC current work programme to fragmentation;
- The excellent science being mobilised through the STAR network must be retained as a highly valued resource for the region; and

The following decisions and expectations of Forum leaders and all the governing bodies:

- The rationalisation of SOPAC core functions into SPC and/or SPREP, should occur without any substantive diminution in SOPAC function, rather, rationalisation should result in improved service delivery;
- All work to define the new institutional arrangements, as well as plans for implementing those arrangements, will be finalised and jointly agreed by the CEOs of the relevant organisations for presentation to Leaders at their 2009 meeting;
- The representatives on the Governing Councils of the SPC, SOPAC, SPREP and SPBEA in 2009 (and prior to the Leaders' meeting) to take all the final decisions on the new institutional arrangements and implementation plans, with implementation to commence immediately after the Governing Council meetings and no later than 1 January 2010.

### **Outcome of Part 1 Consultancy**

The Final Part One Report (refer Annex III) made the following recommendations for the new institutional arrangements which were considered by and generally agreed to by the CEOs.

- i. **ICT** - The ICT-Outreach component be coordinated and absorbed by SPC.
- ii. **Energy** - The CROP lead organisation coordination role for the Pacific energy sector and petroleum advisory services be transferred to SPC. The components of renewable energy, energy efficiency and energy conservation<sup>3</sup> be integrated into a new environment and resource management organisation
- iii. **The rest of the SOPAC Programme of work** - A re-branded regional environment and resource management organisation (notionally called the "Pacific Environment Resources Commission") be established by integration of the 'core' functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR)

Through a Memorandum of Agreement (MoA), dated 7<sup>th</sup> May 2009 (refer Annex II), the CEOs agreed on how to take forward the implementation plans for each of the recommendations as follows. In relation to:

#### **Recommendation 1**

It was agreed that the CEOs of SOPAC and SPC would work bilaterally to develop an implementation plan that ensures the transfer of ICT-Outreach work takes place as soon as practicable, and is presented to the July Meeting.

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<sup>3</sup> Noting the role of other CROP Organisations who have mandated responsibilities within the Pacific energy sector

## **Recommendation 2**

The CEOs of SPC, SOPAC and SPREP work trilaterally to develop an implementation plan that incorporates the decision of the recent Pacific Energy Ministers Meeting in Tonga (April 22- - 24, 2009) which concluded 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.*
- *in this context it was noted 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.*

The decision by the regions Ministers of Energy (refer Annex I) superseded and improved on the recommendation by the consultants in Part One of their report (included in Annex III).

## **Recommendation 3**

The CEOs of SOPAC and SPREP work bilaterally to develop an implementation plan to establish a rebranded regional environment and resource management organisation, taking into account the recommendations of the SPREP independent corporate review. It was further agreed that the consultants would focus the second part of their consultancy in assisting the two CEOs develop the implementation plan.

## **PART 2 – UPDATES ON IMPLEMENTATION PLANS FOR RECOMMENDATIONS 1 AND 2**

### **Recommendation 1 – ICT Outreach programme of SOPAC.**

It is agreed that the ICT Outreach programme of SOPAC will be integrated into the Digital Strategy component of the new division of Economic Development, Energy, Transport, Infrastructure and Communication of SPC from January 2010. SOPAC and SPC will jointly work on the details of the structure and service delivery modality and will present this to the respective governing bodies meeting in October 2009 for their final approval.

The GIS and remote sensing functions that constitute an integral part of the core scientific work of SOPAC will transfer together with the rest of the SOPAC Core work programme to SPREP or SPC depending on the decision on recommendation 3

### **Recommendation 2 - as modified by the decision of Pacific Ministers of Energy in April 2009**

The Pacific Energy Ministers:

- a. Agreed 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.

- c. 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.
- d. 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
- e. 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.
- f. Encouraged the necessary actions that would facilitate investment in sustainable renewable energy technologies and in energy efficiency and energy conservation initiatives

The Energy Ministers endorsed the Energy Officials' recommendations in relation to the role and responsibility of the lead coordination energy agency to include:

- i. Overall responsibility for analysis of trends, issues and challenges, and identification of opportunities for effective regional engagement (national, regional and international). This includes:
  - a. Proactive social, economic and policy research and analysis on key energy issues (petroleum/liquid fuels, transportation, renewable energy, efficiency/conservation, energy infrastructure, electric power) and provide policy responses and strategic solutions [to CROP agencies, PICTs, donors) to inform their own decision-making processes;
  - b. Establishment and facilitation of mechanisms to actively involve key 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; and
  - c. Functioning as the Pacific focal point for development partner interaction, including coordination of resource mobilisation and allocation for the effective delivery of regional energy services;
- ii. Establishment of a senior position, not dependent on project funding, to facilitate regional energy sector coordination to improve and maintain the profile of energy;
- iii. Development and sustenance of a comprehensive, up-to-date, coordinated and shared approach to energy sector data collection, analysis and dissemination and a common Internet-based energy data and information system;
- iv. Coordination of development of a joint, regional prioritised energy sector work-plan with an appropriate monitoring and evaluation (M&E) framework, involving stakeholders to effectively implement the regional energy policy and plan.<sup>4</sup>

In addition the Ministers also endorsed the broad roles of those implementing organisations/partners working with the lead energy agency including:

- SPREP will continue to implement specific climate change related renewable energy initiatives;
- Pacific Power Association (PPA) will continue its work in the power sector;
- USP will continue in the undefined energy areas in which it is involved;<sup>5</sup>

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<sup>4</sup> Implicitly this must include refinement and regular updating of the *Pacific Islands Energy Policy and related Action Plan* incorporating clear prioritisation of activities with quantified outcomes and end-dates where practical and an M&E mechanism. Any revised PIEP and PIESAP would also include to the extent practical the Pacific Island countries and territories. The joint work plan would include at a minimum the energy-related activities of SPC, PIFS, SPREP and PPA. To the extent practical it would include other CROP agencies (e.g. USP) and regional energy programmes (e.g. IUCN).

- SPC will be responsible for petroleum after this is transferred from the PIFS; and
- “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”.

In keeping with the agreement by Energy ministers that the ‘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 the 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, the lead agency and coordination role of the of the SOPAC Energy programme will be integrated into the new division of Economic Development, Energy, Transport, Infrastructure, and Communication of SPC from January 2010.

Consultation has commenced between SPC, SOPAC, SPREP and PPA and the following key principles relating to energy have been discussed:

- Co-location of regional energy implementing agencies. In-principle agreement has been reached between the four key institutions dealing with the bulk of the regional energy sector delivery to members to co-locate under one roof, but retaining the unique characteristics of each agency.
- Developing one overarching regional energy strategy underpinned by a single multi-agency work plan, an integrated financing mechanism and one monitoring & evaluation framework.
- Establishment of a governance framework involving key stakeholders (similar to that which has been established for the SPC HIV/AIDS Pacific Response Fund) to ensure that resources flowing into the regional energy sector are allocated and managed in a transparent manner.

The full details of implementing this decision will be developed further with the detailed implementation plans to be presented to the respective meetings of the governing bodies of SOPAC, SPREP and SPC in September and October 2009. PPA would also need to table proposed new arrangements at its next Annual Conference for its decision.

### **PART 3 – UPDATES ON IMPLEMENTATION PLANS FOR RECOMMENDATION 3**

In their Part 1 report, the Consultants had considered and analysed two possible institutional arrangements for the SOPAC Core work programme:

- i. the establishment of a re-branded regional environment and resource management organisation (notionally called the “Pacific Environment Resources Commission”) be established by integration of the ‘core’ functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR); and
- ii. the establishment of the SOPAC core work programme as a Division of SPC.

The consultants had recommended the re-branded option as their preferred institutional arrangement on the grounds that it provided a rare, if not unique opportunity to significantly

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<sup>5</sup> This presumably refers to formal degree-level training in energy, short-term training, occasional consultancies, and applied research in (and demonstrations of) renewable energy technologies.

reform the regional profile for the environment and sustainable management of natural resources. By comparison, they concluded that the relocation of SOPAC functions as a division of SPC, whilst “doable” would not meet the full intent of the RIF rationalization process, that is, significant reform and improvement of service delivery to members particularly in regard to the environment and resources management and, in their view, is not the recommended option.

Upon receipt of the first report from consultants, the CEOs agreed that the establishment of a rebranded regional organisation offered a rare and unique opportunity an opportunity for major regional reform which would:

- Bring together the two major regional environment and natural resources management work programmes currently in SOPAC and SPREP.
- Adopt and enhance best practices currently being offered by these two regional organisations.
- Provide the opportunity at the national level to consider needs and means to facilitate and strengthen environment and natural resources management for sustainable development.
- Provide the opportunity to strengthen the global visibility of the Pacific Islands Countries and Territories commitment to sustainable management of their environment and natural resources, and the pivotal role their regional organisations play in supporting that commitment into the future.

The first three points above would result from significant reform of the current regional institutional arrangements, whilst the last one from rebranding the current institutional arrangements.

### **Understanding the ‘intent’ of Recommendation 3**

To achieve the potential behind the vision of the recommendation by the consultants, it is important to first establish the intent of Recommendation 3 because it provided the basis for both the perceived benefits as well as the agreement between the three CEOs. This was clarified formally by the team leader of consultancy team to the CEOs of SOPAC and SPREP on 28<sup>th</sup> April 2009 as follows:

“The intent of Rec 3 is to build a new organisation to service the region in environment and natural resource management. It is not about one organisation absorbing another. Hence, the most significant risk is if the two organisations do not or cannot reach agreement on the intent and the approach needed to take this forward to implementation. Therefore, while it provides an opportunity for the region, it does require significant planning and consultation with members”<sup>6</sup>

This understanding of the intent of Recommendation 3 is embodied in the MoA signed by the three CEOs on 7<sup>th</sup> May 2009.

### **Developing the implementation plan for Recommendation 3 – Part TWO of Consultants Report**

The consultants believe the recommendation is fully compliant with the original intent of the RIF as determined by the Leaders, which is to reform the regional organisation architecture to effectively deliver on the Pacific Plan and improve service delivery to Members. Nonetheless,

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<sup>6</sup> Clarification received from the Team Leader of Review team on 28<sup>th</sup> April 2009



the consultants recognise that the recommendation goes beyond the literal interpretation of the Leaders' decisions in their 2007 and 2008 Communiqués since it requires the establishment of a rebranded organisation through integrating the core work programmes of both SPREP and SOPAC into a reformed and rebranded organisation notionally called the "Pacific Environment Resources Commission. The consultants also recognise the depth of input needed from both organisations and their members if such change is to be successfully implemented and effectively managed for improved outcomes.

The consultants highlighted that the original recommendation for a rebranded agency was based on an assessment of work programme synergies at the institutional level, rather than a detailed assessment of the feasibility of the proposed reform of SOPAC and SPREP. In the process of developing an implementation plan, the level of risks and issues became apparent. Accordingly, the consultants were tasked to also assess the processes required for implementation of the alternate option which had been identified in their Part 1 report - i.e. that the core work programme of SOPAC established as a Division within the SPC.

Their Part Two report therefore presents an assessment of the two options for rationalisation of SOPAC core programmes in terms of issues, key milestones, decision points, timeframes and importantly risks to the continuity, quality and improvement of regional service delivery.

*In their Part Two report the consultants consider both options are feasible and conclude as follows<sup>7</sup>.*

- The SOPAC / SPREP option presents the region with an opportunity for substantial reform of regional services in the environment and resource management sectors. In essence this option intends to generate a single, reformed, rebranded organisation which incorporates the services of both SPREP and SOPAC. As this is not a simple incorporation of one into another, this option will require more resources, and commitment to ownership and governance by the Members, and is considered to involve more risks. The implementation plan for this institutional arrangement is the subject of Part B of the Consultant's Part 2 Report.
- The SOPAC/ SPC option is administratively 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. The implementation plan for this institutional arrangement is the subject of Part C of the Consultant's Part 2 Report.

*The main features of the SOPAC/SPREP rebranded institutional arrangement are summarized as follows (Refer to Part B of the Consultant's Part 2 Report for details – included in Annex III):*

- the core work programme of SOPAC and the work programme of SPREP would be integrated with each other as equal partners without one agency absorbing the other,
- the integration process would take a period of two years during which time the two organisations would:
  - retain their separate status and implement their own existing work plans, while working together to develop the details of the integration between the two agencies focussing on harmonising corporate services, finance and IT-based systems;

- develop a new strategic plan for the rebranded organisation and a new organisational structure and development of a single work plan that would be implemented from January 2012;
- retain their separate CEOs but be assisted in planning the integration process by the appointment of a CEO for the re-branded organisation as change manager to coordinate the change management process;
- the governance arrangements and legal issues in relation to the SPREP treaty and its mandate and the SOPAC Agreement would be addressed during the first year of the integration with the view to have final decisions on these during the September / October 2010 Meetings of the respective governing bodies which would meet back-to-back;
- full integration between the two agencies resulting in a re-branded organisation would take place in January 2012.

Table 1 below shows the milestones for the realisation of the re-branded organisation.

**Table 1 - Milestones for the Rebranded organisation (from consultant's Part 2 report)**

	Milestones	Date	Responsibility / Comments
1	Decision on reformed, rebranded organisation or SOPAC as a Division of SPC	7 – 10 <sup>th</sup> July 09	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting SPREP Director Appointment
2	Endorsement by PIF Leaders	5 – 8 <sup>th</sup> August 2009	Forum Leaders
3	Final approval SPREP	1 - 4 <sup>th</sup> September 2009	SPREP Council – include timeframe SPREP Director in position.
4	Final approval SOPAC	19 – 30 <sup>th</sup> October 2009	SOPAC Council – include timeframe and SOPAC Director appointment.
5	MOU signed between SOPAC and SPREP	By 1 <sup>st</sup> January 2010	SOPAC and SPREP to : <ul style="list-style-type: none"> <li>● Maintain separate work programmes and budget formats for 2010 -2011</li> <li>● Maintain financial and corporate systems for 2010 and migrate to harmonised systems by 2011.</li> </ul>
6	Appointment of new CEO (change manager) of rebranded organisation to lead and manage the reform	1 <sup>st</sup> January 2010.	Will requires clarification of reporting / line of responsibility for position during the integration period.
7	Arrival of new SOPAC Director. 2 year appointment	Within 1 <sup>st</sup> quarter 2010	New Director selected and in position by February 2010
8	SOPAC and SPREP operations	July 2009 – 31 Dec 2011	Continue to use current SOPAC and SPREP processes, policies and procedures
9	Work to harmonise corporate support services and systems	August 09 – Oct 2010	Some of the work has already commence independent of RIF
10	Strategic Planning processes	August 09 – Sept 2011	New Strategic Plan to be presented for approval at the Sept/ Oct 2011 joint SOPAC and SPREP meeting

	Milestones	Date	Responsibility / Comments
11	New organisational Structure. One budget and work programme format	January 2010 – Sept 2011	To be presented for approval to Sept 2011 joint SOPAC and SPREP Meeting
12	New reformed, rebranded Organisation launched with single work plan and budget	Approved Sept 2011 1 <sup>st</sup> Jan 2012	Joint Prep Com Meeting Sept 2011 Reformed, rebranded organisation established and commences operations on or before January 2012
13	Legal agreement on reformed organisation	Sept 2011	Joint Prep Com Meeting consider and approve amendments of the legal agreement in Sept/Oct 2011
14	Reformed organisation fully operational	1 <sup>st</sup> January 2012	All systems harmonised by December 2011
15	Legal status of SOPAC	1 <sup>st</sup> Jan 2012	SOPAC Council Meeting to decide on legal status at Sept 2011 SOPAC Meeting

*The main features of the SOPAC core work programme as a division of SPC are summarized as follows (Refer to Part C of the Consultant's Part 2 Report for details):*

- the SOPAC core work programme would be rationalised as a 'Geosciences division of SPC from January 2010, (noting that the ICT outreach and the Energy programmes of SOPAC have been rationalised under separate institutional arrangements and are to be absorbed into a different division of SPC);
- during 2010 SOPAC would:
  - retain its financial operating system with work during this year focussed on harmonising SOPAC's & SPC's financial systems , procedures, manuals etc for a full harmonised system operational by January 2011;
  - adopt SPC's personnel system from January 2010 to facilitate transfer of staff contracts and new appointments under the SPC system by January 2010;
  - synchronise its IT-based systems with SPC's system;
- appoint early in 2010 a Director of the new SOPAC Geosciences division to lead and manage the new division in the same manner as other divisional directors of SPC;
- ensure that the governance arrangements and legal issues in relation to the Canberra Agreement and Tahiti Nui Declaration and the SOPAC Agreement are addressed during 2010 with the view to have final decisions on these during the September / October 2010 meeting of the respective governing bodies which would meet back-to-back;
- ensure that rationalisation of SOPAC core work programme occurs in January 2010 with full harmonisation of all systems by January 2011.

Table 2 below shows the milestones for the realisation of SOPAC core work programme as a Geoscience Division of the SPC.

**Table 2: Milestones for the SOPAC core work programme as a division of SPC, (from consultant's Part 2 report)**

Milestones	Date	Responsibility / Comments
1 Decision on Re-branded organisation or SOPAC as a Division of SPC	7-10 July 2009	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting

Milestones		Date	Responsibility / Comments
2	Endorsement by PIF Leaders of proposed, new institutional arrangements and implementation plans	5-8 August 2009	Forum Leaders
3	Final approval SPC	7-13 October 2009	CRGA/Conference – include implementation and timeframe
4	Final approval SOPAC	22-30 October 2009	SOPAC Council – include implementation and timeframe
5	Earliest commencement date	1 January 2010	SOPAC Division can be established at this date but: <ul style="list-style-type: none"> <li>• Maintains its work programme and budget formats and practices for 2010</li> <li>• Maintains its financial and corporate systems and ICT backbone</li> <li>• Maintains its current SOPAC / Fiji Campus</li> </ul>
6	Appointment of new Director	1 May 2010	Following establishment of a SOPAC Division at SPC, the appointing authority for the Director transfers to DG of SPC. Therefore: <ul style="list-style-type: none"> <li>• The Director position can be advertised in January 2010 (or earliest October 2009 at the time of the SOPAC Governing Council meeting)</li> <li>• Recruitment and selection process occur in February/March 2010 (or last quarter of 2009)</li> <li>• Selection panel can include 3 members of SOPAC Council and 2 from SPC including the DG who would Chair the process</li> <li>• New Director can be in position by April/ May 2010 (or earliest February 2010)</li> </ul>
7	SOPAC operations	Until October 2010	Use current SOPAC processes, policies and procedures
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
9	New Division Strategic Plan	August 09 – August 10	To be presented for approval at the October 2010 SOPAC Meeting and to CRGA
10	SPC annual work plan and budget format	August 2010	Proposed work plan and budget of SOPAC Division for CY2011 presented for endorsement at the October 2010 SOPAC Meeting and to CRGA
11	Legal status of SOPAC	October 2010	To be decided at October 2010 SOPAC Meeting, with implementation to commence from October 2010
12	SOPAC Division fully using SPC processes	1 January 2011	All systems fully harmonised by December 2010

On 12<sup>th</sup> June the CEO of SPREP informed the CEOs of SOPAC and SPC of its preference for an alternative institutional arrangement that varies from the arrangement proposed by the consultants. The SPREP preferred institutional arrangement modifies the re-branded option as proposed by the consultants. The rationale was to ensure the institutional arrangement complies with the literal meaning of the Forum leaders' decision – rationalisation of SOPAC programmes into SPC and SPREP. Furthermore, it seeks to highlight SPREPs position and understanding on the intent of Recommendation 3 in relation to the establishment of a re-branded regional organisation. There are therefore three institutional arrangements. The written concept of the 'SPREP preferred' arrangement was received by the CEOs of SOPAC and SPC on Monday 22<sup>nd</sup> June and is attached as Annex VI to this joint paper.

The main features of the SPREP preferred option are summarised as follows:

- that the SOPAC core work programme would be absorbed into SPREP under its current mandate and treaty;
- that the absorption of SOPAC's core functions would take place from January 2010 with SOPAC coming under SPREP direct management from that date;
- that the Director of SOPAC position would be terminated upon completion of current Director's tenure and a Deputy Director would take over the management role of the SOPAC core work programme, answerable to the SPREP Director;
- that the SPREP Council would endorse timelines for absorption of SOPAC core work programme in September 2009
- that the SOPAC Council would endorse timeline for absorption of core SOPAC work programme into SPREP in October 2009 and agree to a dissolution notice of SOPAC and the transfer of SOPAC assets to SPREP by January 2010;
- that a new strategic plan and organisational structure would be approved by a special SPREP Council meeting in March 2011;
- that both offices of SPREP supported by a joint treasury from January 2010 would work to harmonise all corporate, financial, IT-base systems taking place during 2010;
- that a reformed organisation with one consolidated structure, strategic plan, work plan and budget would be fully operational by March 2011.

Table 3 below shows the milestones for the realisation of the SPREP preferred option

**Table 3: Milestones for the realisation of the 'SPREP preferred option' (from SPREP perspective paper – Annex VI)**

	<b>Milestones</b>	<b>Date</b>	<b>Responsibility / Comments</b>
1	Decision on reformed organisation or SOPAC as a Division of SPC	6 – 10 <sup>th</sup> July 09	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP Meeting SPREP Director Appointment
2	Endorsement by PIF Leaders	5 – 8 <sup>th</sup> August 09	Forum Leaders
3	Final approval SPREP	4 – 8 <sup>th</sup> September 09	SPREP Council to endorse: <ul style="list-style-type: none"> <li>• milestones and timeframe</li> <li>• SOPAC functions merged with SPREP effective 01/01/10</li> <li>• SOPAC assets transferred to SPREP effective 01/01/10</li> </ul>

	<b>Milestones</b>	<b>Date</b>	<b>Responsibility / Comments</b>
4	Final approval SOPAC	19 <sup>th</sup> – 30 <sup>th</sup> October 09	SOPAC Council to endorse: <ul style="list-style-type: none"> <li>• milestones and timeframe</li> <li>• SOPAC functions merged with SPREP effective 01/01/10</li> <li>• SOPAC assets transferred to SPREP effective 01/01/10</li> <li>• Notice for SOPAC Council dissolution</li> <li>• Treatment of SOPAC Director position post-January 2010</li> </ul>
5	Earliest commencement date	1 <sup>st</sup> January 2010	SOPAC functions rationalized into SPREP but: <ul style="list-style-type: none"> <li>• Maintain separate work programmes and budget formats for 2010 &amp; 2011</li> <li>• Maintain separate financial and corporate systems for 2010 and 2011</li> </ul>
6	Appointment of Change Management Adviser and Strategic Planner	1 <sup>st</sup> January 2010	SPREP CEO to make appointment with funding to be provided by donors
7	SOPAC and SPREP operations	July 2009 – 31 Dec 2011	Continue to use current SOPAC and SPREP processes, policies and procedures
8	Work to harmonise corporate support services and systems	August 09 – Aug 2011	Some of the work has already commenced independent of RIF
9	Joint SPREP/SOPAC Meeting	October 2010	Joint Meeting to consider draft Strategic Plan and draft reformed organizational structure and proposed organizational name change; and to approve any amendments to SPREP Agreement; and ratify SOPAC Council dissolution
10	Strategic Planning process	August 09 – Mar 2011	New Strategic Plan to be presented for approval at a Special SPREP Council in March 2011
11	Reformed organisational Structure	January 2010 – Mar 2011	To be presented for approval by a Special SPREP Council in March 2011
12	Consolidated budget and work programme	March – Oct 2011	To be presented for approval by SPREP Council in October 2011
13	Reformed organisation fully operational	March 2011	All systems harmonised by December 2011

### **Comparative Analysis of the *three* institutional arrangements**

In developing their Part 2 report on implementation plans for the two possible institutional arrangements discussed in their Part 1 report the consultants highlighted the potential benefits, risks and other issues and challenges that would require attention by the CEOs as well as the respective governing bodies to realise the benefits inherent in each arrangement.

Table 4 below (organisations at a glance) provided by the consultants in their Part 2 report show a macro-level comparison of SPC, SOPAC and SPREP.

**Table 4: Organisations – at a Glance**

	SPC	SOPAC	SPREP
Current Annual Budget (USD millions)	\$ 89.05	\$ 17.19	\$ 7.65
Staff	368	110	65
Top 4 Donors	Aust 35% Global Fund 20% NZ 10% EU 8%	EU 63% Aust 14% GEF – UNDP 12% NZ 8%	GEF 20 % Australia 15 % NZ12 % EU 2%
Membership Contributions (USD millions)	\$11.13 (12.5%)	\$0.761 (4.4%)	\$1.2 (15.6%)

Table 5 below provides a summary of a comprehensive comparative analysis of the two options of a rebranded regional organisation and the SOPAC core work programme as a division of SPC, as originally recommended by independent consultants. The assessment was developed by the primary consultants (Pittman, Howorth and Bennett, 2009) and was included in Part 2 of their report. An equivalent comparative analysis of the SPREP preferred option could not be compiled by the consultants as it was only shared in late June. However, the CEOs agreed that a column be added for purposes of comparison with the details provided by SPREP..

**Table 5 - Comparative Assessment of the two possible institutional arrangements for the core work programme of SOPAC into either SPREP or SPC**

Issue	SPREP		SPC
	Reformed SPREP to comply with Forum leaders' decision (preferred SPREP Option)	Reformed Rebranded Organisation in line with that recommended by the consultants	SOPAC Core work programme as a division of SPC
Implementation plan Prepared by	SPREP	Consultants with CEOs of SOPAC and SPREP	Consultants with CEOs of SOPAC and SPC
Implementation Schedule	2010	Transition period of 2 years	2010
1. Potential for improved service delivery, particularly capacity to respond to new and emerging issues.	Opportunity of integrated programme solutions across almost all of SPREP and SOPAC mandated areas. Close complementarity of mandates, functions and objectives on environment and natural resources. SPREP will need to consider revised core functions (as recommended by the ICR and adopted by the SPREP council in 2008) in addition to the synergistic functions that will be required as a result of a SPREP-SOPAC merger.	Opportunity of integrated programme solutions across almost all of SPREP and SOPAC mandated areas. Close complementarity of mandates, functions and objectives on environment and natural resources. SPREP will need to consider revised core functions (as recommended by the ICR and adopted by the SPREP council in 2008) in addition to the synergistic functions that will be required as a result of a SPREP-SOPAC merger.	SPC has a much wider mandate; there are opportunities for cross divisional programme synergies to be improved, particularly with technical divisions. There are already established partnerships and ongoing joint work programme. These could be further developed and enhanced
2. Change management required	A relatively significant reform process requiring substantial change management. Resources and appropriate time frame required to support change management process.	Feasible but complex. Substantial reform process requiring substantial leadership and change management. If not managed well, high risk that sub-optimal outcomes will result. Resources, including executive leadership, and appropriate time frame required to support change management process.	Feasible. Process will require some thoughtful management, but anticipated to be simpler and administratively more straight-forward. Will still require support of a change manager. Established partnerships and ongoing joint work programme. These could be further developed and enhanced.
2. Change management required	Short term risks to continuity and integrity of programmatic service delivery needs to be mitigated through the adoption of revised governance and management structures at both Secretariat and Council level to support the	Feasible but complex. Substantial reform process requiring substantial leadership and change management. If not managed well, high risk that sub-optimal outcomes will result. Resources, including executive	Feasible. Process will require some thoughtful management, but anticipated to be simpler and administratively more straight forward. Will still require support of a change manager.



	development of a regionally responsive rebranded and reformed organization.	leadership, and appropriate time frame required to support change management process.	
3. Risks	Corporate services harmonised by 31 December 2010. Reformed organisation fully operational by 31 December 2011 However, whilst the reformed organization could become fully operational by March 2011 (if mandated by Leaders), there would be considerable implications on resources (including staff time) that could ultimately affect the quality of service delivery to Members during the reform period.	Number of high level risks related to ownership / governance by Members; and collaboration between secretariats; which if not mitigated will have high negative impact for regional service delivery.	Limited risks involved, SPC is large and has experience and capacity in absorbing/merging of programmes and organisations. Major risk is that as SPC becomes a larger organisation requires very high calibre (rare) management at senior executive levels. <sup>8</sup>
4. Timeframes	2010	Corporate services harmonised by 31 December 2010. Reformed, rebranded organisation fully operational by 31 December 2011.	SOPAC operating as a Division of SPC by 1 January 2010. Full SPC programme integration continues through 2010.
5. Financial considerations <sup>9</sup> (The Finance Consultants Report was not available at the time this report was required to be submitted. An addendum is anticipated once the Finance Report is received)	Suva – current SOPAC campus retained Apia – SPREP campus retained and becomes headquarters of reformed organisation.	TBA	TBA
6. Location	SOPAC annual work plan and budget maintained until 31 Dec 2011. Staff commitment to reform	Suva – current SOPAC campus retained Apia – SPREP campus retained and	Suva- current SOPAC campus retained as part of SPC Nabua.

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<sup>8</sup> This challenge of providing good leadership is faced by all PROs regardless of size.

<sup>9</sup> all three arrangements are based on the retention of SOPAC services in Suva

	process required.	recommended to become headquarters of reformed, rebranded organisation.	
7. Diminution of SOPAC functions	<p>Presents opportunity to address SPREP ICR recommendations within the wider regional reform process.</p> <p>An assessment of core functions of SPREP (as required by the ICR) would need to reflect the objectives of a reformed rebranded organisation taking into account the mandate and programmatic objectives of the current SOPAC.</p>	<p>SOPAC annual work plan and budget maintained until 31 Dec 2011. Risk to ongoing work programme delivery as a result of significant staff time committed to reform process.</p>	<p>Limited risk to ongoing SOPAC work programme as staff time for reform process not expected to be as demanding as for Option 1. Maintain the SOPAC 'brand'.</p> <p>Need to ensure SOPAC retains sufficient funding under SPC budget allocation processes to maintain Core programme in the future.</p>
8. Institutional Strengthening and Governance	<p>Need to ensure reformed organisation meets all donor requirements.</p> <p>Given SOPAC and EU strong partnership, EU requirements warrant particular emphasis to ensure continued benefit from EU Contribution Agreements. The reformed organisation will need to ensure that its institutional arrangements are best practice.</p>	<p>Presents opportunity to address SPREP ICR recommendations within the wider regional reform process.</p> <p>An assessment of core functions of SPREP (as required by the ICR) would need to reflect the objectives of a reformed rebranded organisation taking into account the mandate and programmatic objectives of the current SOPAC.</p> <p>The reformed, rebranded organisation will require strong management and corporate services.</p>	<p>SPC is a large organisation, and has been expanding in recent years. Currently merging with SPBEA and RRRT. New Division for Energy, Infrastructure, ICT &amp; Transport being established.</p> <p>Additional staff and functions of SOPAC will place increased pressures on management and corporate services of SPC. However the new SOPAC Division would be comparable to the size (staff and budget) of other established divisions of the SPC.</p>
9. Donor Requirements, including EU Institutional Assessment.	<p>Need to maintain effective senior management for not only programme delivery, but leadership will also be critical for the reform process.</p> <p>Appropriate institutional management structure needs to be in place for the transitional process and for the reformed organisation</p>	<p>Need to ensure reformed, rebranded organisation meets all donor requirements.</p> <p>Given SOPAC and EU strong partnership, EU requirements warrant particular emphasis to ensure continued benefit from EU Contribution Agreements. The reformed, rebranded organisation will need to ensure that its institutional arrangements are best practice.</p>	<p>With respect to the EU, SPC and SOPAC have a similar status.</p>

<p>10. Executive Management</p>	<p>SPREP Agreement does not require amending. Passage of appropriate resolutions by SPREP Council is required to endorse the merger of the SPREP and SOPAC functions as well as the name change.</p> <p>SOPAC agreement will need to be terminated and, thus, the SOPAC Council dissolved.</p>	<p>Need to maintain effective senior management for not only programme delivery, but leadership will also be critical for the reform process.</p> <p>Incoming SOPAC and SPREP Directors to be appointed for duration of reform process.</p> <p>\</p> <p>New job description and new appointment of CEO of the reformed, rebranded organisation made as early as practicable, as the new CEO will in fact become the dedicated change manager.</p> <p>Appropriate institutional management structure needs to be in place for the transitional process and for the new, reformed, rebranded organisation</p>	<p>Need to maintain effective senior management for programme delivery. Recruitment of SOPAC Director as SPC Division Director early 2010.</p> <p>Change Leaders nominated from within the senior ranks of SPC and SOPAC management, to champion the change process.</p>
<p>11. Legal Issues</p>	<p>SOPAC Council integrated with SPREP Council after October 2010</p>	<p>Revised SPREP Agreement required which requires agreement by all members.</p> <p>SOPAC agreement will need to be dissolved.</p>	<p>Requires variation to both SPC and SPREP Agreements, but should be less cumbersome than process required for variation to the SPREP treaty.</p> <p>SOPAC agreement will need to be dissolved.</p> <p>Does not of itself result in the rationalization of SOPAC functions and work programmes but is a complete transfer</p>

			of an unchanged SOPAC to another agency <sup>10</sup>
12. Decision making role for current Governing Bodies	<p>Establishment of best practice across corporate service areas by September 2010.</p> <p>SPREP and SOPAC to retain current corporate area responsibilities until reforms and restructuring are endorsed.</p> <p>Ultimately CROP harmonised systems.</p>	<p>New governance structure required to be established after September 2011.</p>	<p>Role of SOPAC Governing Council decisions to be sustained as a Heads of Division meeting.</p>
13. Corporate Services	<p>Merger of information systems required. Adoption of best practice.</p> <p>Requirement to increase / upgrade to accommodate staff numbers commensurate with increased services and decentralised campuses</p>	<p>Establishment of best practice across corporate service areas by September 2010.</p> <p>SPREP and SOPAC to retain current corporate area responsibilities until reforms and restructuring are endorsed.</p> <p>Ultimately CROP harmonised systems.</p>	<p>SOPAC to retain current corporate area responsibilities until harmonised with SPC processes by June 2010. Ultimately CROP harmonised systems.</p>
14. Information and communication systems, including library.	<p>Opportunity of integrated programme solutions across almost all of SPREP and SOPAC mandated areas. Close complementarity of mandates, functions and objectives on environment and natural resources. SPREP will need to consider revised core functions (as recommended by the ICR and adopted by the SPREP council in 2008) in addition to the synergistic functions that will be required as a result of a SPREP-SOPAC merger.</p>	<p>Merger of information systems required. Adoption of best practice.</p> <p>Requirement to increase / upgrade to accommodate staff numbers commensurate with increased services and decentralised campuses</p>	<p>Transfer and merge with SPC.</p>

<sup>10</sup> This division only deals with SOPAC core work programme. Two other programmes of SOPAC – IT and Energy are transferred under recommendations 1 & 2 to a separate division of SPC – the division of Economic development, Energy, Transport, Infrastructure and Communication.

## Outcome of the Legal and Financial Analysis

The CEOs jointly commissioned two other specific consultancies to assist them analyse the legal and financial issues associated with each of the possible institutional arrangements and where appropriate provide advice on how to address these.

### i. Legal Consultancy

The legal analysis was undertaken by Brenda Heather-Latu, legal consultant of Latu, Ey & Clark Lawyers of Apia, Samoa.

The principal purpose for the legal consultancy was to assist the CEOs of SOPAC, SPREP and SPC to identify the legal aspects of any proposed institutional arrangements (or any of its aspects) and provide a critical assessment of the available legal options of any proposed institutional arrangements (or any aspects of those arrangements) which will achieve the most optimum rationalization of SOPAC programmes

The legal consultant's report has been circulated to members Friday 26<sup>th</sup> June 2009 and Monday 29<sup>th</sup> June and is annexed to this paper as Annex IV).

For ease of reference the Executive Summary of the legal consultant's report is included in the text box below.

#### **Executive Summary from the Legal Consultant Report**

In 2007 and 2008 the Leaders of the Pacific Forum countries agreed to rationalize the functions of SOPAC with the work programs of SPC and SPREP and directed the heads of the three regional organizations to present the new institutional arrangements and implementation plans to the 2009 annual Forum meeting.

At the beginning of 2009 in the course of progressing the Leaders directives, the three CEOs commissioned a Consultancy to 'analyse, asses and validate' their proposed arrangements to rationalize the SOPAC work programme'.

As an outcome of the resulting Consultancy report (submitted in draft form and in then in separate Parts in April and May 2009), the three CEOs have agreed to progress and develop implementation plans in respect of two options presented by the Consultants which are:

1. **The establishment of a rebranded regional environment and resource management organisation;** and
2. The establishment of SOPAC as a division of SPC.

In the first week of June 2009, the CEOs confirmed the second option to involve the incorporation of most of the SOPAC work programmes with SPC (with three components being transferred to SPREP) and for these functions and work programmes to be established as a specific division of SPC.

So Option 2. as proposed is :

## 2. The establishment of the SOPAC work programmes as a division of SPC.

In assessing the two options according to legal principles, it is clear that:

- Both options are capable of implementation under the SOPAC, SPREP and SPC governing agreements themselves or in accordance with the Law of Treaties;
- Either option will require the approval of the member countries who are parties to the respective SOPAC, SPREP and SPC agreements 'the Agreements';
- Such approval must be sought through the prescribed process which is particular to each body. This will require the passage of resolutions which are agreed to by the governing bodies and where necessary a treaty change which will require formal ratification by all parties to such treaty;
- The transfer of work programmes to either SPREP or SPC which are identified as being within the particular organizations existing mandate can be made effective through the passage of an ordinary resolution by the governing council of the respective organization, without the need for a formal amendment to the respective treaty documents.
- The transfer of all SOPAC work programmes away from the SOPAC organization will however require the termination of the SOPAC Agreement insofar as the principal effect of the transfer of all activities renders the treaty body (which is the Commission) with no practical and the treaty without any purpose. The suspension of the Commission may also be possible;
- Implementation of either option will also require the approval by the governing bodies of detailed and comprehensive implementation plans and transitional arrangements.

In assessing the risks associated with the two options, the following are identified:

- The support of member countries on the governing bodies is critical to the success of a particular option and the opposition of one party to any of the resolutions which give effect to either option will prevent the progress of such option to implementation (although SPC does not require unanimous support as is required by SOPAC and SPREP);
- The support of the Forum Leaders is critical to the success of any proposed options given the number of Forum Island countries who are members of the governing bodies;
- Option 1 (as presented by the Consultants) is not in strict accordance with the Forum Leaders decisions in 2007 and 2008 requiring the rationalization of SOPAC functions into SPREP and requires further approval by the Forum Leaders. A further decision will be required which supersedes and replaces the earlier directives from the Leaders in terms of the rationalization of SOPAC and its functions;
- A slight alteration to the details of Option 1 could however result in a more practical approach to implementation which focuses on the existing mandate of SPREP.

In respect of **Option 1**;

- Both SOPAC and SPREP governing council's will be required to pass resolutions in order to implement the recommendation;
- The preferred and most effective path for implementation is to facilitate the transfer of SOPAC work programmes into SPREP using the organisation's current mandate, resolve to change the name of the organization and schedule a process for review whilst or after the work programmes have been transferred.
- The recommendation requires an initial merger of the existing work programmes of both organizations and the conduct of a complex reform process to guide the reformation of a new body;
- The option in the form proposed by the Consultants does not itself lead to the rationalization of SOPAC functions but submits both organizations to a further process of review and reform aimed to be effective by the end of 2011;
- The change of name and incorporation of SOPAC work programmes into SPREP is capable of implementation without the need for an amendment to the SPREP treaty.

In respect of **Option 2**;

- The transfer of work programmes and the establishment of a new division can be implemented by a decision of the Conference of SPC and would not ordinarily require any amendment to the Canberra Agreement;
- This recommendation proposes the rationalization of SOPAC functions and work programmes through their transfer to SPC (in large part) with three components of the work programme transferred to SPREP;
- This option satisfies the part of the Leaders decision which requires that there not be a substantive diminution in SOPAC functions as a result of rationalization.

### **Conclusions**

The two options which have proposed are capable of implementation through the operational and administrative transfer of actual work programmes from SOPAC to either SPC or SPREP or both.

The broad mandates of both organizations are cast in suitably broad terms (in the case of SPC) and ranges over a widely defined category of responsibility (as in the case of SPREP) so as to provide a basis to support the use of either option to fulfil the objectives of the RIF Process and the Leaders intentions in making their 2007 and 2008 decisions, subject to final determination by the respective governing councils.

## **ii. Financial Consultancy**

The financial consultancy was undertaken by KPMG of Suva, Fiji.

The principle objectives of this financial consultancy were:

- i. To provide an assessment of the cost of implementing the proposed changes and then the ongoing costs of doing business under the two options;
- ii. To provide an evaluation of both the monetary and non-monetary costs of both the options along the parameters as defined in the Terms of Reference (TOR);
- iii. To clearly articulate assumptions made in the assessment and an assessment of relevant risks;
- iv. To differentiate between one off costs and potential additional on- going costs; and
- v. To identify any potential costs that are unable to be determined at this stage and identify any additional information that would be required to estimate such costs.

The financial consultants were provided with the two implementation plans (Part B and Part C of the main consultant's Part 2 report) from which to base their analysis. They also consulted with the three CEOs and corporate services staff from all three agencies.

The consultants were also asked to analyse the financial implications of the SPREP preferred option that was first discussed by the CEOs on 12<sup>th</sup> June and provided in written form on 22<sup>nd</sup> June 2009 with the final version received on 25<sup>th</sup> June 2009.

Table 6 below provides a summary of the cost implications for the two arrangements discussed by the main consultants in their Part 2 report, which forms the basis of the KPMG analysis and assessment (refer Annex V).

Table 6: Summary of the cost implications of each option for rationalising SOPAC core work programme

TOR	Category	Option 1 Reformed regional organisation		Option 2 SOPAC core as a Division of SPC
		Scenario 1 SPREP to align with SOPAC remuneration) USD	Scenario 2 SOPAC to align with SPREP remuneration USD	USD
<b>“One-off” costs</b>				
(i)	Governance	173,000	173,000	12,000
(ii)	Staffing related costs	-	-	-
(iii)	Revised organisation structures	17,000	17,000	6,000
(iv)	Change management and strategic planning	584,000	584,000	25,000
(v)	Impact on donor agreements	37,800 Refer to note 1 at the end of this table for further comments	37,800 Refer to note 1 at the end of this table	Expect this to be minimal as both organisations currently have contribution agreement
(vi)	Impact on systems	559,700	559,700	184,100
(vii)	Aligning finance, administration and reporting practices	33,600	33,600	12,600
(viii)	‘one-off’ cost versus ‘recurrent costs’	Not applicable Information is provided in this table.	Not applicable Information is provided in this table.	Not applicable Information is provided in this table.
(ix)	Transfer of assets and liabilities	-	-	-
(x)	Possible relocation or retention of SOPAC Suva campus	No relocation of SOPAC is occurring	No relocation of SOPAC is occurring	No relocation of SOPAC is occurring
	<b>Total – “one-off” costs</b>	<b>1,405,100</b>	<b>1,405,100</b>	<b>239,700</b>



TOR	Category	Option 1 Reformed regional organisation		Option 2 SOPAC core as a Division of SPC
		Scenario 1 SPREP to align with SOPAC remuneration) USD	Scenario 2 SOPAC to align with SPREP remuneration USD	USD
<b>“Recurrent” cost/(savings)</b>				
(i)	Governance	-	-	-
(ii)	Staffing related costs	279,000	(297,000)	(289,000)
(iii)	Revised organisation structures	(106,000)	(106,000)	(161,000)
(iv)	Change management and strategic planning	Costs covered during transition period	Costs covered during transition period	Costs covered during transition period
(v)	Impact on donor agreements	Refer to note 1 at the end of this table	Refer to note 1 at the end of this table	Expect this to be minimal as both organisations currently have contribution agreement
(vi)	Impact on systems	52,700	52,700	(11,300)
(vii)	Aligning finance, administration and reporting practices	Costs covered during transition period	Costs covered during transition period	Costs covered during transition period
(viii)	‘one-off’ cost versus ‘recurrent costs’	Covered in this table	Covered in this table	Covered in this table
(ix)	Transfer of assets and liabilities	-	-	-
(x)	Possible relocation or retention of SOPAC Suva campus	No relocation of SOPAC is occurring	No relocation of SOPAC is occurring	No relocation of SOPAC is occurring
	<b>Total – “recurrent costs” / (savings)</b>	<b>225,700</b>	<b>(350,300)</b>	<b>(461,300)</b>

(Figures in brackets denote potential savings.)

**Note 1 (of KPMG report)**

We note that the above table does not include the following possible costs relating to the donor agreements under Option 1 (in the event that SPREP is not successful with the EU institutional assessment):

- The worst case scenario is the possibility of SOPAC losing its remaining EU programme contracts which spans several years. The value of the contracts amounts to USD 26,300,000. The quantum of future EU funding contracts cannot be substantiated at this stage.
- Cost implications if the current Financing Agreements with SOPAC are changed to Service Agreements under the rebranded organisation. This will significantly increase the cost of program implementation. This change will be more onerous and will bring in different processes such as the 'rule of origin' which would affect areas such as human resource recruitment and procurement. The total financial implications cannot be quantified at this stage.

### **Due Diligence Analysis**

As the head of the agency that is being rationalised into two others, the CEO of SOPAC has the duty of care to conduct due diligence on the various institutional arrangements proposed for the rationalisation of SOPAC services on behalf of the SOPAC Council. The SOPAC Council in accepting the challenge of the RIF reform at its 2007 and 2008 meetings also decided that SOPAC programmes must not be fragmented and that as much as possible should be kept together to continue to deliver integrated applied scientific solutions.

SOPAC has conducted a due diligence analysis on both institutional arrangements discussed by the consultants and only brief analysis on the preferred SPREP option to establish which of the three institutional arrangements would (i) best fulfil the RIF objectives; (ii) offer the least risk for SOPAC programmes or couched in other terms, offer the most optimum opportunity for SOPAC core work programme to deliver services in a sustainable manner, and (iii) provide the highest impact and potential benefits to members.

This analysis is attached as Annex VII to this paper.

### **PART 4 – DISCUSSIONS & CONCLUSIONS**

In implementing the decision by Forum leaders and their respective governing bodies to rationalize SOPAC programmes into SPC and SPREP the CEOs agreed to commission an independent consultancy to analyse, review and / or validate their proposal for the new institutional arrangement to realise the rationalisation sought by Forum leaders and supported by their respective governing bodies. In so doing, 3 revised regional institutional frameworks may be considered.

The *ICT Outreach programme of SOPAC* to be integrated into the Digital Strategy component of the new division of Economic Development, Energy, Transport, Infrastructure and Communication of SPC from January 2010. The GIS and remote sensing functions that constitute an integral part of the core scientific work of SOPAC will transfer together with the rest of the SOPAC Core work programme to SPREP or SPC from January 2010 depending on the final decision on recommendation 3.

The *Energy programme of SOPAC* to be integrated into the new division of Economic Development, Energy, Transport, Infrastructure, and Communication of SPC from January 2010. The Ministers of Energy in their meeting in April 2009 in Tonga 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 emphasising the 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

PART 2 of this paper discusses these two separate aspects of rationalisation of SOPAC programmes. The full detail of each programme integration will be developed further to be presented to the respective meetings of the governing bodies of SOPAC, SPREP, SPC, and PPA in September and October 2009.

*In relation to the balance of the SOPAC Core work programme two possible arrangements were discussed in the consultants' Part 1 report as follows:*

- i. the establishment of a re-branded regional environment and resource management organisation (notionally called the "Pacific Environment Resources Commission") be established by integration of the 'core' functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR); and
- ii. the establishment of the SOPAC core work programme as a Division of SPC.

The consultants recommended the re-branded regional environment and resource management organisation as the one which in their view holds the most potential to bring about major regional reform.

In the Executive Summary of their Part 2 report, the consultants noted that 'the original recommendation was based on an assessment of work programme synergies at the institutional level, rather than a detailed assessment of the feasibility of the proposed reform of SOPAC and SPREP. In the process of developing an implementation plan, the level of risks and issues became clearer, and the consultants were then tasked to also assess the processes required for implementation of an alternate option which had been identified in their Part One Report. That option was for the core work programme of SOPAC to be established as a Division within the SPC'.

The consultants consider both options are feasible and conclude as follows.

- The SOPAC / SPREP option presents the region with an opportunity for substantial reform of regional services in the environment and resource management sectors. In essence this option intends to generate a single, reformed, rebranded organisation which incorporates the services of both SPREP and SOPAC. As this is not a simple incorporation of one into another, this option will require more resources, and commitment to ownership and governance by the Members, and is considered to involve more risks.
- 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.

A third option, noted in this paper as the ‘preferred SPREP option’ proposes SPREP as the potential receiving agency of the SOPAC core work programme is a modification to the version proposed and developed by the consultants.

This option involves the absorption of SOPAC core work programme into SPREP as of January 2010 as opposed to the integration of the work programmes of the two agencies over a two year transition period.

*The Legal Assessment* concluded that both institutional arrangements discussed by the consultants in their Part 1 and Part 2 reports are capable of implementation through the operational and administrative transfer of actual work programmes from SOPAC to either SPC or SPREP or both. Concerning the actual transfer of SOPAC programmes the legal consultant concluded that:

- In the case of the SOPAC/SPREP option, both SOPAC and SPREP governing Councils will be required to pass resolutions in order to implement the recommendation.
- In the case of the SOPAC core work programme becoming a division of SPC, the transfer of work programmes and the establishment of a new division can be implemented by a decision of the Conference of SPC and would not ordinarily require any amendment to the Canberra Agreement.

The *financial analysis* which included a brief assessment of the financial implications for the ‘preferred SPREP option’ indicated there is a higher ‘one-off’ cost for both the consultants’ recommended rebranded option (Table 7) and the preferred SPREP option (Table 8). Scenario 2 of Option 1, modified Option 1 and Option 2 indicate savings on recurrent budget.

Table 7 Summary of the cost implications for option 1 of rationalising SOPAC core work programme

Category	Option 1 (Rebranded regional organisation) (USD)		Option 2 (USD)
	Scenario 1 SPREP to align with SOPAC remuneration	Scenario 2 SOPAC to align with SPREP remuneration	
Total – “one-off” costs	1,405,100	1,405,100	239,700
Total – “recurrent costs” / (savings)	225,700	(350,300)	(461,300)

Table 8: Summary of the cost implications for modified option 1 of rationalising SOPAC core work programme

Category	Modified Option 1 (SPREP preferred option) USD		Option 2
	Scenario 1 SPREP to align with SOPAC remuneration	Scenario 2 SOPAC to align with SPREP remuneration	
Total – “one-off” costs	1,153,100	1,153,100	239,700
Total – “recurrent costs” / (savings)	225,700	(350,300)	(461,300)

The *due diligence analysis conducted by SOPAC* on all three institutional arrangements concluded that if the region was looking for an arrangement that, best responds to the RIF objective; provides the most optimum operational platform for the SOPAC core work programme to continue to deliver without substantial diminution of its technical and scientific services to members, and provides the most optimum benefits to members, then having the SOPAC core work programme of SPC is the best institutional arrangement is attached as Annex VII to this paper.

## CONCLUSION

Three possible institutional arrangements have been discussed in Part 3 and much of Part 4 of this paper in respect to the core work programme of SOPAC.

These are:

- i. the establishment of a re-branded regional environment and resource management organisation (notionally called the “Pacific Environment Resources Commission”) be established by integration of the ‘core’ functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR), with a 2 year transition time frame.
- ii. the absorption of the SOPAC core work programme into SPREP by January 2010.
- iii. the rationalisation of the SOPAC core work programme into SPC by January 2010.

A series of analyses including that of the principal consultants, the legal consultant, the financial consultant and the due diligence analysis of the respective institutional arrangements have been concluded and we have drawn upon the main findings and conclusions of these analysis in this joint paper.

In the conclusion of their executive summary of their Part 2 report, the consultants made the following points:

**“If** the Members are committed to the change process in terms of taking ownership and providing governance, **and** if the secretariats can work together collaboratively, the consultants consider that the SPREP/ SOPAC option provides an opportunity for rationalisation and significant regional reform, and is compliant with the Leaders intent of the RIF. There are risks associated with this option that will need to be carefully managed if the potential benefits to the region are to be realised.

The question for the region is whether Members are willing to accept and commit to the challenge presented and identify and provide the resources needed in terms of time and funding for its implementation. Without this commitment by the Members, the option of SOPAC as a new division of SPC is the correct way forward”.

## RECOMMENDATIONS

Having reached this point and following extensive analysis of issues and extremely intensive consultations between the three CEOs and their respective senior management staff and assisted through extensive analytical work carried out by consultants on their behalf, the three CEOs put before the joint meeting of the governing bodies of the three agencies the following recommendations for members' consideration:

**a) *With respect to the ICT outreach programme of SOPAC, the joint meeting of the governing bodies is requested to:***

- (i) endorse the integration of the ICT Outreach programme of SOPAC into the Digital Strategy component of the new division of Economic Development, Energy, Transport, Infrastructure and Communication of SPC from January 2010,*
- (ii) note that the details of implementation will be presented to the respective governing body meetings of SPC and SOPAC in October 2009.*
- (iii) note further that the GIS and remote sensing functions constitutes an integral part of the core scientific work of SOPAC and will transfer together with the rest of the SOPAC core work programme to SPREP or SPC from January 2010 depending on the decision on Part c below.*

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

- (i) endorse the decision taken by the Pacific Energy Ministers in Tonga in April 2009 in which they:*
  - 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 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

- (ii) note that the details of implementation will be presented to the respective governing body meetings of SPREP in September and SOPAC and SPC in October 2009.*

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

- i. *note that three options for the new institutional arrangement resulting from the rationalisation of the SOPAC work programmes to SPC and SPREP are considered as follows*

- the establishment of a re-branded regional environment and resource management organisation (notionally called the “Pacific Environment Resources Commission”) be established by integration of the ‘core’ functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR)
  - the absorption of the SOPAC core work programme into SPREP by January 2010; or
  - the rationalisation of the SOPAC core work programme into SPC. by January 2010.
- ii. *note* that ‘the SOPAC / SPREP option presents the region with an opportunity for substantial reform of regional services in the environment and resource management sectors. In essence this option intends to generate a single, reformed, rebranded organisation which incorporates the services of both SPREP and SOPAC. As this is not a simple incorporation of one into another, this option will require more resources, and commitment to ownership and governance by the Members, and is considered to involve more risks’<sup>11</sup>
  - iii. *note* also that the preferred SPREP option will also have to address key institutional, programmatic and financial challenges to ensure no diminution of services should this option be considered,
  - iv. *note further* that the rationalisation of SOPAC core work programme as a division of SPC ‘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’<sup>12</sup>.
  - v. *note especially* the:
    - a. legal implications for each of the proposed institutional arrangements,
    - b. the financial implications for each of the proposed arrangements
    - c. the real practical challenges related to SOPAC’s major donors and the impact on such funding with each of the proposed arrangements,
    - d. the real challenges of diminution of services with each of the proposed arrangements,
    - e. the concluding points by the principle consultants on what is required from the membership to make each of the proposed arrangements successful;
  - vi. consider each of the three proposed arrangements presented above, decide on the most optimum arrangement that would satisfy the RIF objective; whilst at the same time ensuring no diminution of services; cost-effective delivery of

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<sup>11</sup> from executive summary of the Consultant’s Part 2 report

<sup>12</sup> from executive summary of the Consultant’s Part 2 report

services and good impact on members to be provided to Forum Leaders at their meeting in August 2009, and

- vii. instruct the CEOs to proceed with detailed implementation plans for consideration by the respective governing body meetings later in 2009.



## Annex 1

### Attachment 1 – Decisions of PIFS, SPREP, SPC and SOPAC relating to the Regional Institutional Framework

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#### I) Pacific Islands Forum (PIF)

Forum Leaders met in Niue in August 2008 and in paragraph 20 of their 2008 Communiqué articulated their recommendations in respect of the regional institutional framework review.

Leaders:

- a. **recalled** their 2007 decision on the rationalisation of SOPAC functions into SPC and SPREP, without any substantive diminution in SOPAC functions, and the merger of South Pacific Board for Educational Assessment (SPBEA) with SPC;
- b. **expected** that all work to define the new institutional arrangements, as well as plans for implementing those arrangements, will be finalised and jointly agreed by the CEOs of the relevant agencies for presentation to Leaders at the 2009 Leaders' meeting; and
- c. **directed** their representatives on the Governing Councils of the SPC, SOPAC, SPREP and SPBEA in 2009 (and prior to the Leaders' meeting) to take all the final decisions on the new institutional arrangements and implementation plans, with implementation to commence immediately after the Governing Council meetings and no later than 1 January 2010.

#### II) Pacific Regional Environment Programme (SPREP)

The SPREP Council met in the Federated States of Micronesia in September 2008 and considered both the 2007 Pacific Island Forum Leaders' Communiqué, Para. 19b and the 2008 Pacific Island Forums Leaders' Communiqué Paragraph 20; and at the 19SM Informal Session on 7 September 2008 decided as articulated below.

*Decision by the 19SM on the Regional Institutional Framework (RIF)*

The Meeting:

**Considered** the information provided on the RIF review and its reports took into account the 2007 and 2008 Forum Leaders' decisions on the RIF review (outlined above);

**Considered** the opportunities to strengthen the region's environment organisation that would be provided by rationalization of SOPAC functions, in whole or part, into SPREP;

**Recognised** the need to consider the legal, financial, administrative, and programmatic implications for absorbing SOPAC and/or its functions, in whole or in part, within SPREP,

**Directed** the Director of SPREP to engage collaboratively with the CEOs of SOPAC and SPC immediately following the 2008 SOPAC Council Meeting to determine and jointly identify proposed institutional arrangements based on an analysis of:

- a. synergies and linkages between programs
- b. optimising service delivery
- c. organisational capacities
- d. maintaining the integrity of the applied science and technical services

**Directed** that the Director of SPREP, in collaboration with the CEOs of SOPAC and SPC, jointly commission an independent analysis of the legal, financial, administrative, and programmatic implications of their proposed institutional arrangements

**Directed** the Director of SPREP to propose to the other CEOs that the proposed institutional arrangements and analysis of implications are circulated to all member focal points of SPREP, SPC and SOPAC with an invitation for a representative from each Member country to attend a meeting of all countries and territories for consideration by May 2009;

**Directed**, subject to the guidance of the above-referenced meeting, the Director of SPREP to work collaboratively with the CEOs of SOPAC and SPC to finalise and jointly recommend

new institutional arrangements and implementation plans, to be provided to Members by July 2009, for consideration and decision by their respective Governing Bodies in 2009;

**Agreed** that the SPREP Meeting meet to consider the institutional arrangements and implementation plan recommended by three CEOs before the next Pacific Islands Forum Leaders' meeting in 2009;

**Directed** the Director of SPREP in his deliberations on new institutional arrangements to take account of the ICR recommendations and implementation;

Directed the Director of SPREP to propose to the other CEOs to provide a joint quarterly update on progress and to seek and share the views of, and give due consideration to, all members of SPREP, SPC and SOPAC.

### **III) The Pacific Community (SPC)**

The CRGA of SPC met in New Caledonia in October 2008 and noted the excellent progress achieved during 2008 in responding to the Regional Institutional Framework review and decisions related to rationalising the activities of regional organisations;

Noted that the CEOs of SPC and SPBEA have agreed on the process for developing an implementation plan for the merger between the two organisations;

Endorsed and adopted the approach agreed by the SPREP meeting with regard to the RIF process; and

Directed the Director-General to implement the decision of CRGA38 as set out in Annex 3 of SPC/CRGA 38 (08)/Paper 4.2/Addendum

Decision by the CRGA38 on the Regional Institutional Framework (RIF)

1. At its 38th meeting held in Noumea, New Caledonia from 13th to 16th October 2008:

- Recalling the decision made by the 5th Conference of the Pacific Community on the RIF in Apia in November 2007,
- Noting the decision by the SPREP meeting at its recent meeting on the RIF,
- Wishing to establish one mechanism between SPC, SPREP and SOPAC to respond to the RIF review PIF Leaders' decision on the regional institutional arrangements
- Noting that the SOPAC Governing Council will meet after CRGA,

2. CRGA:

- a. Endorsed the process contained in the SPREP decision,
- b. Added three more parameters to the analysis proposed in the SPREP decision, including two that were approved by the 5th Conference of the Pacific Community in Apia in 2007.

3. CRGA also:

**Directed** the Director General of SPC to engage collaboratively with the CEOs of SOPAC and SPREP immediately following the 2008 SOPAC Council Meeting to determine and jointly identify the new proposed institutional arrangements based on:

- a. transparency and timeliness with respect to the process, and effective involvement of stakeholders
- b. cost effectiveness, and
- c. analysis of the core function of each SOPAC programme to assess whether it is primarily (a) an environmental programme or (b) an economic development programme
- d. synergies and linkages between programs
- e. optimising service delivery
- f. organisational capacities
- g. maintaining the integrity of the applied science and technical services

**Directed** that the Director General of SPC, in collaboration with the CEOs of SOPAC and SPREP, jointly commission an independent analysis of the legal, financial, administrative, and programmatic implications of the proposed new institutional arrangements;

*Directed* the Director General of SPC to propose to the other CEOs that the proposed institutional arrangements and analysis of implications are circulated to all member focal points of SPREP, SPC and SOPAC with an invitation for a representative from each Member country to attend a meeting of all countries and territories for consideration by May 2009;

*Directed*, subject to the guidance of the above-referenced meeting, the Director General of SPC to work collaboratively with the CEOs of SOPAC and SPREP to finalise and jointly recommend new institutional arrangements and implementation plans, to be provided to Members by July 2009, for consideration and decision by their respective Governing Bodies in 2009;

*Agreed* that the 39th meeting of the CRGA and the 6th Conference of the Pacific Community in 2009 will consider the institutional arrangements and implementation plan recommended by three CEOs before the next Pacific Islands Forum Leaders' meeting in 2009;

*Directed* the Director General of SPC to propose to the other CEOs to provide a joint quarterly update on progress and to seek and share the views of, and give due consideration to, all members of SPREP, SPC and SOPAC.

*Noted* the instruction by the SPREP meeting to the Director of SPREP in his deliberations on the new institutional arrangements to take account of the ICR recommendations and implementation; and

*Agreed* that an independent external consultancy would be commissioned and if necessary, to assist the three CEOs to achieve the objective of paragraph 3 (a) additional resources would need to be sought.

4. To ensure the three governing bodies and their respective CEOs work together using one mechanism, CRGA requested the Chairperson of CRGA38 to write to respective Chairpersons of the SPREP meeting and the SOPAC Council to inform them that CRGA has endorsed the process contained in the SPREP decision as outlined above.

#### **SOPAC 2008 RIF Decision**

[AS37 Item 10.1]

Council commended the work of its Committee during the year, to provide a positive and timely response to the challenge outlined in the 2007 Forum Communiqué;

SOPAC Council:

- 1) took into account the 2007 and 2008 Forum Communiqués relating to the RIF Review.
- 2) took into account the 2008 SPREP Council and Pacific Community CRGA decisions on the RIF.
- 3) recognised the need to ensure a cautious approach is adopted when considering the legal, financial, administrative, and programmatic implications for rationalising SOPAC functions into SPREP and SPC.
- 4) requested the Director of SOPAC to engage collaboratively with the CEOs of SPREP and SPC immediately following the 2008 SOPAC Council Meeting to determine and jointly identify proposed institutional arrangements based on an analysis of:
  - (a) transparency and timeliness with respect to the process, and effective involvement of stakeholders.
  - (b) cost effectiveness.
  - (c) analysis of the core function of each SOPAC programme to assess whether it is primarily (a) an environmental programme or (b) an economic development programme.
  - (d) synergies and linkages between programmes.
  - (e) optimizing delivery and sustainable continuation of regional services.
  - (f) strengthening organizational capacities.
  - (g) maintaining the integrity of the applied science and technical services.
  - (h) a mechanism that will enable the benefits of STAR to be continued.

- 5) requested the Director of SOPAC to work with the other CEOs to provide joint, formal quarterly updates on progress and to seek and share the views of, and give due consideration to all members of SPREP, SPC and SOPAC.
- 6) encouraged the Director of SOPAC to provide regular briefings to members with Suva-based representation, as well as regular email updates to all members.
- 7) requested the Director of SOPAC in collaboration with the CEOs of SPREP and SPC, jointly commission an independent analysis of the legal, financial, administrative and programmatic implications of their proposed institutional arrangements, avoiding duplication of work already undertaken.
- 8) requested the Director of SOPAC to work with the other CEOs to ensure that the proposed institutional arrangements and analysis of implications are circulated to all member focal points of SPREP, SPC and SOPAC with an invitation for a representative from each Member country to attend a meeting of all countries and territories for consideration by May 2009.
- 9) requested, subject to the guidance of the above-referenced meeting, the Director of SOPAC to work collaboratively with the CEOs of SPREP and SPC to finalise and jointly recommend new institutional arrangements and implementation plans, to be provided to Members by July 2009, for consideration and decision by their respective Governing Bodies in 2009.
- 10) agreed that it will meet to consider the institutional arrangements and implementation plan recommended by the three CEOs before the next Pacific Islands Forum Leaders meeting in 2009.
- 11) Agreed that an independent external consultancy may be commissioned and if necessary, to assist the three CEOs to achieve the objective of paragraph 4 acknowledging that additional resources would be sought.
- 12) noted the instruction by the SPREP meeting to the Director of SPREP in his deliberations on the new institutional arrangements to take account of the ICR recommendations and implementation.
- 13) to immediately respond by writing to the Forum Chair, Chairs of SPC and SPREP governing bodies, Chair of STAR, donor partners and key stakeholders advising of the outcomes of its consideration of the issue at the 2008 Council Meeting.

## **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, 23<sup>rd</sup> to 24<sup>th</sup> 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.

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 20<sup>th</sup> to 23<sup>rd</sup>. 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.
6. 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.