

Implementing the decisions of the Pacific Islands Forum Leaders on the Rationalisation of SOPAC Functions into SPREP and SPC

focusing on

the Rationalization of SOPAC Core Work Programme into SPREP

The SPREP perspective

1. Executive Summary

- 1.1 SPREP endorses the Regional Institutional Framework reform process called for by Forum Leaders as providing a timely and unique opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources that will result in enhanced service delivery to Members.
- 1.2 Further, SPREP agrees, in principle, with Recommendation 3 of the RIF Consultancy report that calls for *establishment of a re-branded regional organization through the integration of core functions of SPREP and SOPAC*. However, SPREP considers that, while such integration would entail significant changes to the current program structures of both SPREP and SOPAC, this process should be undertaken within the context of the existing SPREP treaty and mandate. This approach is necessary to ensure that implementation of Recommendation 3 is brought in line with the Leaders mandate.
- 1.3 SPREP proposes, under Recommendation 3, that the functions of SPREP and SOPAC be merged within the context of the existing SPREP Treaty and Mandate. This would entail dissolution of SOPAC as a stand-alone organization and significant reform of SPREP as it currently stands. The existing organization (SPREP) would provide the necessary structure to facilitate the transition phase during which SPREP and SOPAC programmes will be integrated to form the reformed organization.
- 1.4 Effective management and leadership during the transition phase is recognized as imperative and SPREP is confident that the combined leadership of SPREP and SOPAC management, supported by well-chosen change specialists, will ensure a smooth transition.
- 1.5 Under this scenario, SPREP proposes that implementation of this reform process could begin by January 2010 through the incorporation (merger) of the SOPAC work programs into SPREP, while a strategic planning process is set in motion, under the overall administration and leadership of a transitional executive management structure that ensures the reformed organization becomes fully operational by March 2011.
- 1.6 The Joint Meeting of the Governing Bodies of SPREP, SOPAC and SPC and the Special Sessions of the SPREP and SOPAC Councils in July 2009 will need to consider and agree to a number of key issues and milestones relating to the proposed regional institutional arrangements and related implementation plans to be recommended for the Forum Leaders endorsement in August. These key issues and milestones are highlighted in this paper.

2. Introduction

- 2.1 This paper has been prepared by the SPREP Secretariat to provide the Joint Meeting of the Governing Bodies of SPREP, SOPAC and SPC and the Special Sessions of each Governing Council in July 2009 with information to assist in making recommendations relating to the Forum Leaders decision on the RIF for the Leaders endorsement in August 2009. It therefore presents some key issues and recommendations for consideration at these July meetings.
- 2.2 The paper sets out the SPREP Secretariat's perspective and proposals for the rationalization of SOPAC core functions into SPREP. In particular, the paper seeks to clarify SPREP's position and understanding on the intent of Recommendation 3 in the RIF Consultancy Part One Report relating to the establishment of a re-branded regional organization through the integration of core functions of SPREP and SOPAC.
- 2.3 The paper also highlights the opportunities for an improved regional environment and natural resource organization that can be forged by the rationalization of relevant functions of SOPAC into SPREP to facilitate enhanced service delivery to Members. In doing so, the paper demonstrates that the SPREP/SOPAC rationalization option (as opposed to the SPC/SOPAC option) provides a unique opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources, which is in-keeping with the Leaders call for reform of the regional institutional framework.
- 2.4 Finally, the paper identifies some key milestones and the timeframe within which key issues should be achieved to ensure that the rationalization of the SOPAC core work programme into SPREP is achieved by March 2011. It highlights critical elements of the implementation process where there is a major divergence of views from the SOPAC proposals outlined in the RIF Consultancy Part Two Report.

3. SPREP Perspective on Recommendation 3 of the RIF Consultancy Report

- 3.1 There are two main components in Recommendation 3 of the RIF Consultancy Report that present the fundamental differences or divergence of views between SPREP and SOPAC on their intent which, in turn, determines the process for implementing Recommendation 3. These relate to the establishment of a new re-branded regional organization and the integration of core functions of SPREP and SOPAC. A summary of the key recommendations of the RIF Consultancy and key issues arising from the trilateral consultations among the 3 CEOs is attached as **Annex 1**.
- 3.2 In respect of Recommendation 3, SPREP recognizes the need to integrate the relevant functions of SPREP and SOPAC. However, this integration (or rationalization) process, in SPREP's view, should be undertaken within the context of the existing mandate of SPREP, which is sufficiently broad enough to incorporate the core functions of SOPAC, and furthermore it is in line with the Forum Leaders decision on RIF. That is, there would be significant changes to the current program structure of the SPREP Secretariat to facilitate the integration of SOPAC functions with SPREP. Other likely changes envisaged during this reform process relate to the core functions and governance arrangements. Instituting any of these changes however would need to be made in the context of the current SPREP treaty and mandate.

- 3.3 The notion of establishing a new and re-branded regional organization implies the dismantling of both SOPAC and SPREP and the creation of a new organization. SPREP recognizes the need to re-name SPREP to better reflect the objectives of the reformed organization taking into account the mandate and programmatic objectives of the current SOPAC. However, as noted above, the integration (or rationalization) process would need to be undertaken in the context of the existing SPREP organization and mandate.
- 3.4 It has also been clarified in an independent legal opinion that the implementation plan (Option 1) developed by the RIF Consultancy for realizing Recommendation 3 is not in strict accordance with the Forum Leaders decision on RIF. and concludes therefore that maintaining Option 1 will require a further decision by Leaders which supersedes or replaces their earlier RIF directives of 2007 and 2008. The variation to Option 1 as proposed by SPREP is to avoid this scenario occurring where Leaders are asked to reconsider their earlier RIF directives and to come up with new decisions. This variation to Option 1 implementation is also consistent with the legal assessment where it concludes that a slight alteration to the details of Option 1 could result in a more practical approach to implementation which focuses on the existing mandate of SPREP. This has been SPREP's principal concern throughout the RIF consultations, and therefore the implementation options being proposed in this paper are, in SPREP's view, consistent with the Leaders mandate.

4. Case for Rationalization of SOPAC core functions into SPREP

- 4.1 The Secretariat continues to maintain its position during these RIF consultations that the rationalization of SOPAC core functions into SPREP provides an opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources which, in turn, should result in enhanced service delivery to Members and, thereby, fulfilling the Leaders call for reform of the regional institutional framework.
- 4.2 In support of this position the Secretariat prepared and submitted to the RIF Consultancy a paper entitled "SPREP and SOPAC: Implementing the RIF. A Case for Integration – Opportunities and Issues". That paper sets out SPREP's position on the issues and opportunities for an improved regional environment and resource management organization that can be forged by "integrating" relevant and complementary functions of SOPAC and SPREP. In doing so it proposes significant changes to the structure of the Secretariat to facilitate improved service delivery to members. However, it was not the intention of that paper to suggest in any way that the rationalization of SOPAC functions into SPREP meant a dismantling of the current SPREP entity and replacing it with a new or re-branded regional organization.
- 4.3 SOPAC's mandate as reflected in its work program is founded in environmental non-living natural resource management considerations that directly or indirectly lead to economic development opportunities. Most of SOPAC's programs deal with environmental geoscience and sustainable development issues. The RIF Consultancy agrees with the view that SOPAC's work program is predominantly environmental, rather than economic development, within the framework of the three pillars of sustainable development.
- 4.4 It is clear in the SPREP submission and which is supported by the Part One Report of the RIF Consultancy that the mandates, functions and objectives of SOPAC and SPREP are closely complementary in their focus on environment, natural resources, and sustainable development. The

consultants and the CEOs also recognize that the maintenance of the artificial divide between 'environment' and 'sustainable management of resources' is no longer viable; and that a more holistic approach involving mainstreaming of environmental and natural resource use management into broader policy is essential for promoting and realizing sustainable development.

- 4.5 SPREP recognizes that there are applied geoscience technical skills and methodologies within the SOPAC programs that would strengthen SPREP's work to conserve, manage and sustainably utilize the region's environment and natural resources. Conversely, the technical, policy and planning skills and in-country delivery support work of SPREP would strengthen many of the programs of work undertaken by SOPAC. Existing SPREP/SOPAC collaboration on a number of program initiatives highlights the increasing synergy and the relevance of combining geophysical and environmental objectives and approaches in a holistic manner. In analyzing the perceived linkages of SPREP's work program with that of SOPAC in the SPREP submission to the RIF Consultancy, it demonstrates an almost 100% "high" compatibility.
- 4.6 SPREP/SOPAC integration would therefore assist in the overall effectiveness of SPREP's work through increased capacity in service delivery of pragmatic, data based approaches integrated with resource economic assessments to ensure solutions are not only technically feasible but are appropriate in the context of the socio-economic conditions. This collaboration would also increase the baseline data to guide adaptation responses, and the dissemination of appropriate tools to guide adaptation and/or resource use solutions.
- 4.7 Improved service delivery would also be enhanced by supporting and strengthening the governance approach in program delivery, by enhancing institutional coordination in government, which is currently a major challenge, especially where integration of project based methods is needed to be transferred into national institutional practice post-project.
- 4.8 For example, on the issue of climate change, there would be additional strengths in integrating with SOPAC because the implementation of SPREP and SOPAC activities, particularly the demonstration sites will face similar challenges and an integrated approach will enable adaptive processes and allow lessons learned to be more effectively incorporated. Overall, a combined SPREP/SOPAC approach will enhance the application of climate information to cope with climate variability and change, and change the paradigm for dealing with island vulnerability from reactive responses to also include proactive adaptation. A diagrammatic representation of an example of integrated solution showing how the relevant scientific and technical work outputs of SOPAC could be combined with SPREP's policy role in support of ensuring effective Member participation at the international UNFCCC negotiations is attached as **Annex 2**.
- 4.9 The rationalization of SOPAC core work programs into SPREP would offer Members an opportunity for improved service delivery and 'added value' in the context of mainstreaming environment into development planning processes. To do so, it is essential that the Secretariat's role is science-based, and that it has the in-house capacity to assist countries with high quality technical advice, and to undertake the regional level environmental monitoring that is part of its mandate.
- 4.10 In order for effective rationalization of SOPAC functions into SPREP to occur, and to provide for enhanced service delivery to Members, it will be necessary for SPREP to restructure its programs and the Secretariat organizational

structure. This will require considerable thought and input from stakeholders, including Members, as part of the strategic planning and program integration process outlined later on in this paper.

- 4.11 It is clear from the foregoing analysis and which is re-affirmed in the RIF Consultancy report that the rationalization of SOPAC core functions into SPREP provides an opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources which, in turn, should result in enhanced service delivery to Members and, thereby, fulfilling the Leaders call for reform of the regional institutional framework.

5. Implementation of rationalization of SOPAC core work program into SPREP

- 5.1 The relevant factors and principles that guide the planned SPREP/SOPAC rationalization process have been well documented in the decisions by the Forum Leaders and the respective governing bodies of SOPAC, SPC and SPREP and these are also covered in Part One Report of the RIF Consultancy. This section articulates SPREP's perspectives and proposals on the process for implementing the rationalization of SOPAC functions into SPREP, focusing on key elements (milestones, timeline, process or approaches) where there is divergence of views from Option 1 as outlined in Part Two of the Consultants Report.

Key Milestones and Timeframe

- 5.2 There has been some discussion of completing all merger activities by the end of 2010 in order to implement the Forum Leaders' 2007 and 2008 decisions. However, the important point in the 2008 decision was that implementation is to "*commence immediately after the Governing Council meetings and no later than 1 January 2010*". Also, that rationalisation of SOPAC functions into SPC and SPREP should occur "*without any substantive diminution in SOPAC functions*". In order to comply with the Leaders' directive that there should be no substantive diminution in SOPAC functions, and therefore service delivery to Members, the timeframe to complete the implementation of the merger needs to be well-considered. The SPREP Secretariat views an end-2010 target for completion of all merger activities whilst doable will have considerable implications for program delivery for the following reasons:

- Such a timeframe would have major repercussions on SPREP and SOPAC work programmes and commitments to Members and donors. Although it is proposed to engage strategic planning and change management advisers to assist the secretariats of SPREP and SOPAC to complete essential strategic planning and organisational restructuring this will still have a significant impact on programme delivery. Programme staff of both organisations will need to engage in the process to varying degrees. Experience in the preparatory stages undertaken so far has shown that considerable staff time is required. If the strategic planning process was compressed into 12 months in 2010 the impact on service delivery by both SPREP and SOPAC programmes would be considerable – perhaps as much as 40% reduction in services to Members, and certainly high staff time costs that would need to be added to the cost of the overall process.
- Concomitantly, contractual commitments to donors to implement projects would be jeopardized in both SPREP and SOPAC programmes, including major EU-funded projects in the latter case.

- The needed changeover to a single financial management system would need to take longer in any case, in order to set up a properly functioning system with adequately trained staff.
- 5.3 Therefore SPREP proposes to commence implementing the rationalization process by having SOPAC functions rationalized into (or merged with) SPREP by January 2010. This could be accomplished by passage of resolution by SOPAC Council in October 2009 of the rationalization (or incorporation) of SOPAC work programs into SPREP and transfer of assets and liabilities to be effective January 2010. The SPREP Meeting will also need to pass a similar resolution in its September 2009 meeting. This approach is consistent with the independent legal assessment and meets the Forum Leaders mandate. Thus the Leaders' directive that implementation will commence no later than 1 January 2010 will be achieved.
 - 5.4 Once the merger of functions of SOPAC with SPREP comes into effect, and in line with SPREP's position that the rationalization of SOPAC functions is undertaken within the current SPREP treaty and mandate, a transitional executive management structure will be established and come into force on 1st January 2010 that will be responsible for providing overall governance for the now expanded SPREP organization. This transitional executive management structure will comprise the current senior management teams of SPREP and SOPAC and be accountable to the SPREP CEO. Programme delivery however will continue unchanged in 2010 until March 2011 while programmatic harmonization and migration of corporate support services (to include finance, administration, human resources, ICT) is completed.
 - 5.5 The development of a new strategic plan and a reformed organisational structure will be required before full programme integration can be achieved. This will require significant additional resources, staff time and commitment from Members and staff of both organisations. It will also require support from donor partners.
 - 5.6 Formal meetings of the two Governing Councils will be required to endorse various policy and governance changes, including a decision on an appropriate organization name. The annual sessions in 2009 and 2010 of both governing bodies and the SPREP Council in 2011 will be required to consider and endorse the agreed key milestones.
 - 5.7 The reformed organisation could be fully operational by March 2011. However, the rationalization process would have started in January 2010 with the incorporation of SOPAC work programs into SPREP and a transfer of assets and liabilities, and with a transitional executive management structure in place to provide oversight and guidance to the RIF implementation process.
 - 5.8 Specifically the following could be envisaged :
 - a. *Work programme and budget* – SOPAC will retain its existing work programme and budget formats for Calendar years 2010 and 2011 with a view to integrating its annual work plan and budget into the consolidated reformed SPREP work plan and budget for Calendar year 2012.
 - b. *Synchronization of Financial Regulations, Policies and Rules and Accounting Software Systems* – work on this can commence soon after a decision is reached with the aim to have it fully operational and synchronized for Calendar year 2012.
 - c. *Synchronization of Staff Regulations, Policies and Rules* – As with (b) work on this can commence soon after a decision is reached with the aim to have any new contracts signed from January 2010 mindful of

respective application of CROP agency level agreements relating to CROP Remuneration.

- d. *Synchronization of IT systems* – work on this can commence soon after a decision is reached with the aim to have it fully operational and synchronized for Calendar year 2012.
- e. *Strategic Planning Process* – work on this can commence soon after a decision is reached and, with the guidance of a Strategic Planner and Change Management Adviser to be appointed, a new strategic plan and a reformed organizational structure shall be in place by March 2011.

5.9 A detailed implementation Gantt Chart is attached as **Annex 3**. The key milestones and timeframe are summarized and presented in **Table 1**, details of which are discussed in the ensuing sections.

Table 1: Milestones and Timeframe

	Milestones	Date	Responsibility / Comments
1	Decision on reformed organisation or SOPAC as a Division of SPC	6 – 10 th 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 th August 09	Forum Leaders
3	Final approval SPREP	4 – 8 th September 09	SPREP Council to endorse: <ul style="list-style-type: none"> • milestones and timeframe • SOPAC functions merged with SPREP effective 01/01/10 • SOPAC assets & liabilities transferred to SPREP effective 01/01/10
4	Final approval SOPAC	19 th – 30 th October 09	SOPAC Council to endorse: <ul style="list-style-type: none"> • milestones and timeframe • SOPAC functions merged with SPREP effective 01/01/10 • SOPAC assets & liabilities transferred to SPREP effective 01/01/10 • Notice for SOPAC Council dissolution • Treatment of SOPAC Director position post-January 2010
5	Earliest commencement date	1 st January 2010	SOPAC functions rationalized into SPREP but it will: <ul style="list-style-type: none"> • Maintain separate work programmes and budget formats for 2010 & 2011 • Maintain separate financial and corporate systems for 2010 and 2011
6	Appointment of Change Management Adviser and Strategic Planner	1 st 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 March 2011

Governance

- 5.10 **SOPAC Council.** In line with the Forum Leaders decision on RIF and as re-affirmed by the independent legal opinion, the rationalization of SOPAC functions into SPREP will ultimately mean that at some point SOPAC organization (and thus the SOPAC Council) will be dissolved. To ensure the proposed timeframe for RIF implementation is achieved, a resolution recommending the dissolution of the SOPAC Council will need to be tabled and approved at the October 2009 SOPAC Council meeting. Either the SOPAC Council could meet again say in October 2010 to ratify the termination of the SOPAC Agreement, or the delegates attending the SPREP Council Meeting in October 2010 could be re-constituted briefly as the SOPAC Council solely to pass any required resolution or ratification of the SOPAC Agreement.
- 5.11 **National Focal Points.** To ensure continuity and participation of the current members of SOPAC Council in the governance of the reformed regional organization following the SOPAC Council dissolution, it is proposed that the composition of the national focal point systems for SPREP be expanded to include at least two operational focal points (one each for SPREP and SOPAC) besides the political focal point. This means that the current national representatives to SOPAC Council will still have a role in the governance and decision-making of the reformed organization by virtue of their capacity as national operational focal points.
- 5.12 **Governing Council Meetings.** In anticipation of the passage of a motion to dissolve the SOPAC Council at its October 2008 annual session, as well as endorsement of resolutions for the incorporation (or merger) of SOPAC work programs with SPREP and transfer of assets, the SOPAC Council may be required to meet again 12 months later to ratify the dissolution resolution. It is proposed therefore that a Joint Meeting of SPREP and SOPAC Councils be convened in October 2010 to review progress and provide guidance on the RIF implementation. The SOPAC Council will also have the opportunity at this session to ratify the dissolution resolution and, thus, making that dissolution effective. A Special 'SPREP' Council is proposed to be convened in March 2011 to consider and approve the new Strategic Plan and the reformed organizational structure, followed by the regular annual SPREP Meeting in October 2011 that will consider and approve the consolidated work program and budget for 2012 in time for the reformed regional organization to become fully operational in January 2012. It is to be noted that even though the

SOPAC Council may have ceased to exist following its dissolution in late 2010, their national representatives to SOPAC Council would still be able to participate at the reformed regional governing council meetings by virtue of their being one of the designated national operational focal points to this reformed organization.

5.13 **Legal Frameworks.** The independent legal opinion has concluded that implementing the rationalization of SOPAC functions into SPREP will require the following actions:

- passage of ordinary resolutions by both SPREP and SOPAC Councils in order to effect:
 - i. the incorporation (merger) of SOPAC work programs into SPREP using SPREP's current mandate
 - ii. a change to the name of the organization
 - iii. schedule a process for further review and reform aimed to be effective by end of 2011
- the transfer of SOPAC functions away from the SOPAC organization will require the termination of the SOPAC Agreement

5.14 The legal opinion further concludes that the existing mandate of SPREP is broad enough to incorporate the SOPAC functions and that the change of name and incorporation of SOPAC work programs into SPREP do not require amendments to the SPREP Agreement. However, during the process of implementing the program integration and putting in place the necessary governance arrangements for the reformed organization, the SPREP Agreement will need to be reviewed to ensure consistency with current and future strategic (work programme) objectives, priorities and actions, governance arrangements and international and regional best practice. Any need for amendments to the SPREP Agreement that may be identified during this reform period could be considered at the Joint Meeting in October 2010, the Special SPREP Council in March 2011, or the regular SPREP Meeting in October 2011.

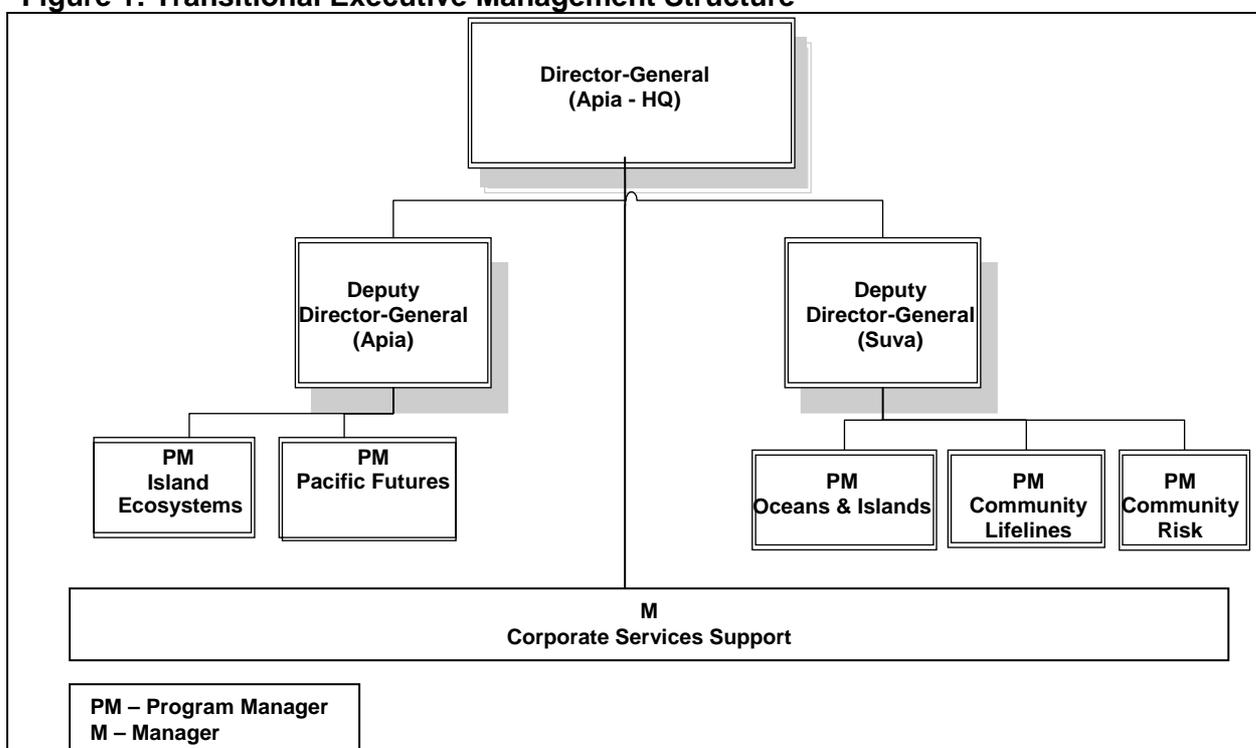
5.15 The SPREP and SOPAC Councils will need to consider and pass appropriate resolutions for the name change, incorporation of SOPAC work programs into SPREP and the schedule for the review and reform process at their September and October 2009 annual sessions respectively. The SOPAC Council will also need to put into motion the process for the termination of the SOPAC Agreement through the initial passage of an appropriate resolution to terminate the SOPAC Agreement at that October annual session.

5.16 **Coordination and Direction of Implementation.** Part Two Report of the RIF Consultancy proposes the establishment of a Joint Steering Committee comprising of a sub committee of the SPREP and SOPAC Councils. The Joint Steering Committee would be established in late July 2009, following endorsement by the July Meetings. The key role of the Committee is to provide oversight of the implementation, ensuring quality, timeliness, direction, and adequate consultation throughout the process.

5.17 In response to SPREP ICR recommendation relating to closer engagement of Members in determining priorities of SPREP, the Secretariat is proposing the establishment of a Chair's Advisory Committee (CAC) comprising of selected Members to provide a continuing forum for Members feedback on the Secretariat's work program and activities. Members may want to consider the merits of re-constituting the CAC to also take on the role of the RIF Steering Committee rather than having two separate sub-committees of SPREP Council established and operating concurrently.

- 5.18 SPREP acknowledges the important scientific and advisory role that SOPAC/STAR provides on a “no fee for service” basis to SOPAC Council and wishes to ensure that this service is maintained and expanded to cover aspects such as climate change, biodiversity and ecosystems studies.
- 5.19 **Executive Management.** Once the SOPAC work programs are incorporated into SPREP on 1st January 2010, SOPAC will come under the overall management of SPREP. It is proposed that a transitional executive management structure be established immediately following the merger of SOPAC functions into SPREP to provide overall management of the now expanded SPREP. The transitional executive management structure will consist of the current senior management teams of SPREP and SOPAC that includes the deputy director and the three program manager positions of SOPAC along with the deputy director and two program manager positions of SPREP with one corporate services manager under the overall direction and leadership of the SPREP CEO position – refer to **Figure 1**. This transitional executive management structure will continue until the strategic planning process and organizational structure of the reformed organization is complete and the new management structure is in place by end of 2011.

Figure 1: Transitional Executive Management Structure



- 5.20 In line with the proposed name change for the reformed organization, which is likely to be a “Commission” instead of a “program”, the titles of the CEO and deputy directors will also need to be changed to Director-General and Deputy Director-General respectively.
- 5.21 There are a number of executive and senior management positions in both SOPAC and SPREP Secretariats which are currently vacant, or will become vacant within the next year. In particular, the SPREP Director is currently vacant and the SOPAC Director’s second 3-year term will be completed in January 2010. Recruitment for the SPREP Director position is underway and the appointment is anticipated at the July 2009 Special Session of SPREP Council. The duration of the SPREP Director appointment is expected for the standard contract of three years.

- 5.22 During the course of the RIF consultations there was some discussion of the skills and background for the SPREP Director position, (head of a regional organisation with a programme budget of USD7 million and 60 – 70 staff based in one location), being significantly different to the skills required to establish and lead a major reformed regional organisation with some 200 staff, a budget of approximately USD 25 million, and with staff and programmes in two locations. It is proposed therefore that a new Terms of Reference for the CEO of the reformed organization be developed for the approval of the SPREP Council in October 2010 so as to allow for the advertisement and recruitment of the incumbent to be in post by early 2012.
- 5.23 For the SOPAC Director position, the incumbent's current second 3-year term is coming to an end in January 2010. This provides a timely opportunity for SOPAC to come under the SPREP management and, therefore, the SOPAC Director position could become redundant once the SOPAC functions are rationalized into SPREP on 1st January 2010. The SOPAC Council in its October 2009 annual meeting will therefore need to consider the options available to it regarding the future role of the SOPAC Director position in the post-reformed SPREP organization.
- 5.24 For the duration of the reform process, the current SOPAC deputy director position (or a senior program manager) will be designated overall responsibility for the day to day administration and delivery of the SOPAC work program and services to the region.
- 5.25 In Part Two Report of the RIF Consultancy, it is suggested that a new CEO position be established for the reformed organization providing strategic direction through the reform implementation working directly with the two existing CEO positions. It is SPREP's view that this new CEO position is neither necessary nor the most cost effective use of resources. A process for the recruitment of the CEO position of the reformed organization is outlined in para 5.22 above.
- 5.26 **Decentralization.** The SPREP ICR recommends consideration of decentralisation of activities across the region. The SOPAC rationalization presents the opportunity to address that recommendation. In that regard, there is considerable value in retaining the SOPAC Fiji campus. Retaining the Suva campus has several benefits including the ease of coordination and interaction with the various regional business conducted in Suva. This would also be consistent with the principle of the rationalization being cost effective by reducing the immediate need for costs associated with transfer of staff and equipment. Substantive relocation from Suva is not proposed as the costs would be substantial.
- 5.27 Currently SPREP has a host-government agreement with Government of Samoa; SOPAC does not have a formal host agreement with the Fiji Government. The rationalization provides a timely opportunity to review the agreement with Samoa, and ensure an agreement is put in place with Fiji.

Strategic Planning and Work Program

- 5.28 **New Strategic Plan.** Fundamental to the rationalization process for the reformed SPREP organisation is the need for the development of a new Strategic Plan, before an organisational structure for the reformed organization can be determined. Such a Strategic Plan will require significant preparatory work, time, financial and in-kind resources and commitment by Secretariat staff. The process would also require active participation and ownership from the Members.

- 5.29 In addition a Strategic Planner Adviser with experience and/or understanding of key strategic issues in relation to natural resources and environment management will be required to support the development of the new Strategic Plan. The Strategic Planning Adviser could be contracted for discrete periods linked to the strategic planning process. The strategic planner could also be a resource person to the RIF Steering Committee.
- 5.30 This reform provides an opportunity to ensure best practice in strategic planning. Importantly this rationalization option provides a timely opportunity for the reformed organization and its Members to identify and address the significant new and emerging environment and resource management issues confronting the region.
- 5.31 To progress the strategic planning process a joint programming working group will be established in July 2009. This working group will look at synergies and links across the two work programmes to consider how the two organisations could work together now and in the future. The group will also consider the merits of developing small work area clusters, for example under water and climate, disaster risk reduction and climate change adaptation. These small work area clusters will discuss how to take collaboration forward, different approaches, and opportunities to absorb best practice in delivery. The work of these groups will feed into and inform the strategic planning process.
- 5.32 The draft strategic plan and draft organizational structure will be presented for discussion by the Joint Meeting of Councils in October 2010 with a view to have them finalized for approval at the Special SPREP Council in March 2011.

Corporate Services

- 5.33 Both SOPAC and SPREP currently have a Corporate Services section, with components of finance, administration, human resources and information/communications/media. There is a need to ensure that in merging these services best practice prevails and policies and procedures are harmonised and documented.
- 5.34 Under the Joint Steering Committee a number of small specialised working groups consisting of Secretariat staff will be established to consider: Finance, Human Resources, Administration, IT, Information Management Systems including Library and document management, ICT, and technical equipment (used in-country and in-the-field, for work programme delivery).
- 5.35 The specialised working groups would be tasked to develop a checklist of issues relevant to their work area. These groups would provide detailed information into the planning process. Specifically they will:
- Identify what currently exists in each organisation
 - How / what needs to be improved
 - What is best practice (take into account scale, future needs, membership)
 - How to implement / way forward, including costs and timeframes, presented as options to the CEO for agreement (prioritised and resources allocated).
- 5.36 The working groups will look to promote harmonisation with the wider CROP, and look for efficiencies wherever possible. These groups will provide a guide to how the reformed organisation will function in future and will take into account specific recommendations and aspects of the SPREP ICR.

- 5.37 The working groups have already been identified and work initiated pending the July Meetings endorsement and establishment of the RIF Steering Committee.
- 5.38 The rest of the details for each of the Corporate Services components basically follow that which is addressed in Part Two Report of the RIF Consultancy.

6. Issues and Risks

- 6.1 Throughout the RIF consultations a number of key issues have been identified by SOPAC and the RIF Consultancy as, in their viewpoint, posing potential significant risks to the successful implementation of the SPREP/SOPAC rationalization option. The RIF Consultancy developed a detailed risk matrix which highlights the key concerns and potential impacts if these risks are realized. SOPAC also developed its own risk matrix, which presents the SPREP/SOPAC option in a most high risk. It is the Secretariat's view that some of these issues and the associated level of risk are somewhat misplaced or artificially inflated; while the rest of them would need to be carefully managed in such a way that they do not undermine or derail the RIF implementation process. Some of the key issues are briefly addressed in this section.
- 6.2 ***SPREP Independent Corporate Review (ICR)***. The ICR raises some issues that are relevant to the RIF process, particularly the need to redefine the core role, functions and responsibilities of SPREP. As mandated by the 19th SPREP Meeting (SM19) and as presented in the two progress reports circulated to Members, the Secretariat has already begun to address and implement the ICR recommendations. The work to address and implement the ICR recommendations is ongoing and would have continued to progress with its implementation irrespective of the RIF. However, SPREP sees the RIF review process as providing an added opportunity to address certain issues raised in the ICR.
- 6.3 The Forum Leaders directive that RIF implementation should not result in any significant reduction in SOPAC's functions and the SM19 directive that the integrity of the applied science and technical functions of SOPAC be maintained, provide an added opportunity for SPREP to carefully consider and improve upon the implementation of ICR recommendations relating to the core functions of SPREP. In recent years SPREP has moved more towards a policy advisory role in support of Members rather than an applied scientific technical focus, which was more the case in the early years of SPREP's existence in Noumea and Apia. However, it is essential that the Secretariat's advisory role is science-based and technically focused, and that it has the in-house capacity to assist countries with high quality technical advice, and to undertake regional level environmental monitoring that is part of its mandate under the SPREP Agreement. The ICR also suggests that the Secretariat should not deliver specific capacity enhancement services but focus more on a facilitating and advisory role. Again, with the SOPAC rationalization process, implementation of this ICR recommendation will need to be considered more closely given the scientific and technical services nature of SOPAC work programs.
- 6.4 The Secretariat has already started work on identifying a proposed outline of core functions for SPREP and a set of criteria and mechanism for prioritizing work program activities. A draft paper on these issues has been circulated to Members for their input and feedback before these issues are formally raised and discussed at the SPREP Meeting (SM20) in September 2009. Depending on the RIF outcome and final decisions to be taken by Forum Leaders in

August, the RIF implications on the ICR (as noted in the preceding paragraph) would then need to be factored into the discussions of the ICR implementation by the SM20. In particular, the SPREP core business will need to reflect the objectives of the reformed SPREP taking into account the mandate and programmatic objectives of the current SOPAC, and should be addressed as part of the strategic planning process.

- 6.5 **EU Audit.** The EU has recently undertaken a procedural compliance audit of SPREP to assess compatibility of systems and processes and the final report is awaited. SOPAC is asserting that if SPREP does not meet the EU requirements, then the EU investments in SOPAC program initiatives would be jeopardized should the SPREP/SOPAC rationalization goes ahead. This assertion in the Secretariat's view is unfounded.
- 6.6 Notwithstanding the outcome of the final EU audit report which is yet to be received, even an unfavorable assessment of SPREP does not mean that the EU investments (current or forthcoming) it manages will be rescinded. SPREP will need to adopt and comply with the EU rules and procedures for managing the EU investments. SPREP has already informed SOPAC and the RIF Consultancy that pending receipt of the EU assessment the Secretariat would adopt EU-compliant procedures and best practices, including those of SOPAC that meet EU requirements.
- 6.7 **Legal issues.** The report of the independent legal consultancy concludes that the policy Option 1 under consideration by the CEOs for implementing the rationalization of SOPAC functions is not in strict accordance with the Forum Leaders directives, both in terms of process and timeline. In respect of the SPREP/SOPAC merger (i.e. Option 1), it concludes that the option 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. It notes, however, that the change in name and incorporation (or rationalization) of SOPAC work programs into SPREP is capable of implementation without the need to for an amendment to the SPREP Agreement.
- 6.8 The SPREP Secretariat has throughout the RIF consultations process maintained the view that Option 1 under consideration by the CEOs does not conform to the Leaders mandate, which has now been supported and confirmed by the legal opinion. The legal opinion has further noted that a slight alteration to the details of Option 1 could result in a more practical and effective approach to implementation which focuses on the existing mandate of SPREP. The Secretariat has developed its own implementation plan for realizing Recommendation 3 which is consistent with the legal opinion. Since the SPREP implementation plan has not been included in the RIF Consultancy Part Two Report, one of the reasons for this paper is to articulate SPREP's version of the implementation plan for realizing Recommendation 3.
- 6.9 There are other issues and potential risks relating to governance and institutional arrangements that have been identified in the RIF consultations. SPREP recognizes that any significant institutional reform will involve change and risks that need to be managed, rather than simply avoiding reform. Every effort needs to be made to eliminate and manage risks through appropriate transitional arrangements in order to achieve long term benefits for Members through rationalization of functions of SOPAC into SPREP.
- 6.10 **Financial Issues.** The independent assessment of the financial implications of the two options concludes that the cost implications between the two options are comparable. This is due in large part to the fact that under both options the SOPAC Suva campus will be retained. In terms of "one-off" costs,

the only major cost differential relates to change management and strategic planning as well as governance, which combined to give an overall net cost differential of about \$1 million. In terms of “recurrent” costs, there could be some cost differential related to staffing costs in the order of \$270,000 if SPREP remuneration were to align with SOPAC levels. However, if SOPAC were to align with SPREP remuneration, the savings expected to be accrued (to the same magnitude) would roughly equate with SPC’s. For any major institutional reform, there are likely to be some significant cost implications associated with its implementation and the SOPAC rationalization reform process is no different. It is reasonable to conclude therefore that neither implementation option has the advantage over the other if the comparison of the preferred option is made solely on the principle of cost effectiveness.

7. Conclusion

- 7.1 SPREP considers the RIF reform process through the rationalization (or integration) of SOPAC functions into SPREP as providing a timely and unique opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources that should result in enhanced service delivery to Members and, thereby, fulfilling the Leaders call for reform of the regional institutional framework.
- 7.2 In summary, SPREP proposes that this integration process be undertaken within the context of the existing SPREP treaty and mandate. It would entail significant changes to the current program structure of the Secretariat to facilitate the integration of SOPAC functions with SPREP, and the designation of an appropriate new name for the reformed organization.
- 7.3 Implementation of this process could begin by January 2010 through the incorporation of the SOPAC work programs into SPREP, while a strategic planning process is set in motion, under the overall administration and leadership of an integrated executive management structure that should ensure the reformed organization become fully operational by March 2011.
- 7.4 The Joint Meeting of the Governing Bodies of SPREP, SOPAC and SPC and the Special Sessions of the SPREP and SOPAC Councils in July 2009 will need to consider and agree to a number of key issues and milestones relating to the proposed regional institutional arrangements and related implementation plans to be recommended for the Forum Leaders endorsement in August. These key issues and milestones have been highlighted in this paper.

Background and Issues Arising from the RIF Consultations Process

1. The Forum Leaders in 2008 agreed to “the need to rationalize the functions of SOPAC with the work programs of SPC and SPREP with the view to absorbing those functions of SOPAC into SPC and SPREP”. In 2008, the Forum Leaders:
 - **recalled** their 2007 decision on the rationalisation of SOPAC functions into SPC and SPREP, without any substantive diminution in SOPAC functions;
 - **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
 - **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.
2. The SPREP Governing Council at its 19th meeting (SM19) in 2008 considered the opportunities to strengthen the region’s environmental organization through the rationalization of SOPAC functions into SPREP and, thus, outlined some broad principles to guide the RIF process and mandated the Director to work with the CEOs of SOPAC and SPC to arrive at a workable solution for the implementation of the Forum Leaders decision on the RIF. The subsequent meetings of the Governing Bodies of SOPAC and SPC also provided similar direction and guidance on the RIF process to their respective CEOs.
3. Trilateral Meetings between the three CEOs and in some instances involving the program managers and staff, which began in 2008, became more frequent in early 2009. To assist the CEOs with this process, an independent RIF Consultancy was jointly commissioned to analyse and validate the new regional institutional arrangements and related implementation plans as proposed by the CEOs.
4. In Part One of the RIF Consultancy Report, the consultants propose three main recommendations:

Recommendation 1: The ICT-Outreach component that relates to the digital strategy be absorbed by SPC. The GIS and Remote Sensing functions that constitute an integral part of the core scientific work of SOPAC be transferred together with the rest of the SOPAC Core work programme to SPREP.

Recommendation 2: The CROP lead organization 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 be integrated into a new environment and resource management organization.

Recommendation 3: A re-branded regional environment and resource management organisation (potentially called the “Pacific Environment Resource 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).

5. In arriving at Recommendation 3, the consultants assessed two options submitted by SPREP and SPC for the rationalization of the SOPAC core work program:

Option 1: A re-branded regional environment and resource management organization through integration of SOPAC and SPREP

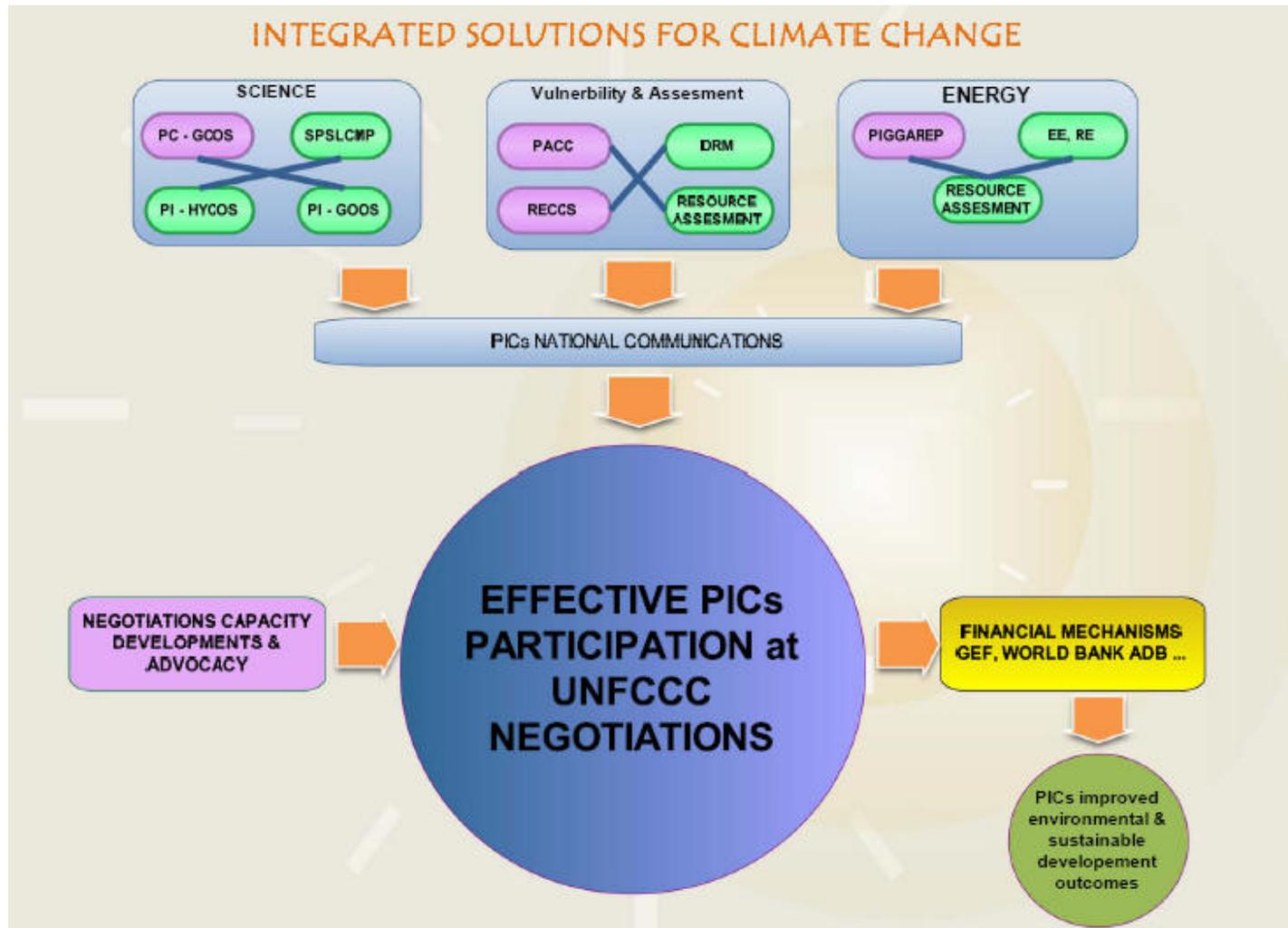
Option 2: SOPAC “core” work program established as a new Division of SPC

6. The consultants concluded that the relocation of SOPAC core work program as a Division of SPC, would not meet the full intent of the RIF rationalization process, that is, it would not result in significant reform and improvement of service delivery to Members. The consultants concluded therefore that the integration of the SOPAC and SPREP work programs, which offers complementary and synergistic environmental programs, would provide opportunities to improve service delivery to Members.
7. The CEOs recognize that it is a timely and rare, if not unique, opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources. Recommendation 3 articulates the necessary action required to take full advantage of this opportunity, the outcome of which will be improved service delivery to Members. This significant reform is in-keeping with the Leaders call for reform of the regional institutional framework.
8. However, in the course of developing the implementation plans under Option 1 for realizing Recommendation 3, the CEOs began to have divergence of views on certain key milestones, approaches and timeframe. This problem arises because of the different interpretations on the language employed in Recommendation 3 pertaining to the notion of “integration” of the functions of SPREP and SOPAC, which in turn determines the underlying approaches used by either organization to develop their respective implementation plans and timeframes.
9. SOPAC views the integration process as a new and re-branded regional organization being formed out of the merging of the core functions of SOPAC and SPREP with a new mandate and having its own treaty, strategic plan, organizational structure and staffing, and governance arrangements. Both organizations will continue to deliver their work programs while the integration planning process is undertaken. It therefore envisages under this implementation scenario that it would take about at least two years for these new institutional arrangements to be worked out and put in place. In other words, under this implementation plan scenario the new and re-branded regional organization is not established any earlier than the year 2012, and no tangible merger activity takes place prior to that time.

10. SPREP, on the other hand, while it recognizes and accepts that there would be significant changes to the current structure of the Secretariat to facilitate the rationalization of SOPAC functions, it sees this “integration” process being undertaken within the context of the existing SPREP organization and mandate. Obviously, there would be a need to review and propose amendments to the SPREP legal agreement to account for any required changes to the mandate, core functions, name or governance arrangements for the reformed organization. In essence, SPREP would be seen as the “receiving” organization whilst SOPAC is the “sending” or “migrating” organization. In terms of timeline, it is the Secretariat view that the rationalization process could start by January 2010 beginning with the merger of functions at the onset and followed by the corporate and program integration being phased-in over 2010 and 2011, so that the reformed organization would be fully operational in March 2011.
11. The SPREP Acting CEO agreement to Recommendation 3 in Part One Report was based on two premises: First, the ‘rebranding’ of the reformed regional environment and resource management organization is an acknowledgment of the need to re-name SPREP in order to better reflect the SOPAC functions and mandate being rationalized into SPREP. Second, the ‘integration’ of functions of SOPAC and SPREP is an acknowledgment of the need to institute significant adjustments to the existing organizational structure of SPREP Secretariat in order to realize fully the benefits accrued from the integration of complementary functions and objectives of the two organizations and, thus, facilitate the provision of enhanced service delivery to Members. The SOPAC rationalization process envisioned by SPREP therefore is not to establish a new regional organization, but rather to reform the existing SPREP to accommodate SOPAC functions and mandate.
12. It is the SPREP Secretariat view that the approach and timeline proposed under this implementation plan option (details of which are elaborated more fully in the body of this paper) is both achievable and consistent with the Forum Leaders decision on the RIF. It is noted here (but elaborated in the main paper) that an independent legal opinion jointly commissioned by the CEOs concludes that the SPREP/SOPAC option, being the one proposed by SOPAC (as described briefly in para 8 above) – is not strictly in accordance with the Forum Leaders decisions both in terms of the process for implementing the rationalization of SOPAC functions and timeline.
13. The consultants were initially tasked to focus in Part Two of their report on developing an implementation plan for Recommendation 3. However, the CEOs subsequently agreed to task the consultants to also consider the alternate option addressed in Part One Report. That option being the establishment of the SOPAC core work program as a Division of SPC (i.e. Option 2). The idea was that following the development of the implementation plans for both options, the CEOs would then consider and endorse one option for presentation to the Joint Meeting.
14. In the ensuing work on the development of these implementation plans, it became apparent to SPREP that the focus in draft Part Two Report was now significantly shifting from building a “business case” for the rationalization of SOPAC work program into SPREP towards the establishment of the SOPAC work program as a Division of SPC. The arguments and language employed in draft Part Two Report were being framed in such a way that the SPREP/SOPAC option is too complex and involves high risk; whereas the

SPC/SOPAC option is most straightforward and therefore involves low risk. Furthermore, and of great concern to the SRPEP Secretariat, was that none of the Secretariat's comments and counter-arguments submitted on these issues were reflected in the subsequent revised version of draft Part Two Report. Therefore that report does not fully capture or accurately reflect SPREP's views.

15. This paper has been prepared therefore to clarify the Secretariat's view on the SOPAC rationalization process and to lay out its perspective and proposals on how this process is going to be implemented, which is in line with both the Leaders and SM19 directives on RIF implementation.



INTEGRATION OF SOPAC WITH SPREP

Annex 3

IMPLEMENTATION PLAN: ISSUES AND MILESTONES

	Dates (if known)	2009			2010				2011				2012			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Governance																
Joint GCs Meeting of SPC/SPREP/SOPAC- Approve Way Forward	6-10 July 2009		x													
Leaders' decision endorsing merger	August-09			x												
SPREP/SOPAC JGC Steering Committee Established	November-09			x												
SOPAC Council endorses merger of SOPAC functions and assets with SPREP	22-29 Oct 2009			x												
SOPAC Council tables motion to dissolve SOPAC	22-29 Oct 2009			x												
Process to recruit change manager and strategic planner commences	November-09															
Merger of SOPAC commences under SPREP Treaty	January-10				x											
Integrated management commences	January-10				x											
Change Manager and Strategic Planner recruited	January-10				x											
Joint Governing Council meeting of SPREP and SOPAC	October-10							x								
SOPAC Council dissolution in effect	October-10							x								
Agreement on national focal points	October-10							x								
Corporate, Admin, Finance																
Working groups activated	Nov-09			x												
Corporate, Admin, Finance integration commenced	Jan-10				x											
Finance procedures aligned with EU standards	Feb-10				x											
Integration of financial systems commenced	Mar-10				x											
Agreement on financial contributions of members	Oct-10							x								
Financial system integrated	Dec-10							x								
Corp services structure finalised (IT, Fin, HR, Library, Communications)	Dec-10							x								
One finance system in place	Dec-11													x		
Programme Integration and Revised Structure																
Joint programming process commences (annual work plan, proposals, etc)	Nov-09				x											
Strategic planning process commences	Jan-10				x											
Joint management planning retreat	Jan-10				x											
Joint country strategy missions with SOPAC and SPREP commence	Jun-10					x										
Draft Strategic Plan presented (key parameters, etc)	Oct-10							x								
Draft Organisation Structure presented	Oct-10							x								
Strategic planning process completed	Jan-11								x							
Special session to approve SP, Org Structure	Mar-11								x							
Consolidated 2012 WP&B presented	Oct-11													x		

**Transitional
Organisation
Executive Structure**