

# SOPAC

## GOVERNING COUNCIL 35<sup>th</sup> SESSION

Honiara, Solomon Islands

20-28 September 2006

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AGENDA ITEM	TITLE
10	INSTITUTIONAL ARRANGEMENTS
10.1	Regional Institutional Framework Review report

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### Purpose of Paper

To brief Council on the findings of the Regional Institutional Framework Review (refer Annex I).

### Background

The Eminent Persons' Group Review of the Pacific Islands Forum of April 2004 makes reference to amongst other recommendations the call to develop the *Pacific Plan* and to assess options and provide a strategy for deeper and broader regional cooperation (refer Annex 2).

Since, the *Pacific Plan* has been developed and received Pacific Leaders endorsement in Port Moresby in October 2005. Strategic objective 15 and initiative 15.2 of the Pacific Plan identifies for implementation for the first three years (2006-2008):

*Increased Pacific and international partnerships to support regionalism (Strategic Objective 15) and Develop and implement a regional institutional framework or architecture that is appropriate for the new forms of regionalism in the Pacific and the implementation of the Plan (Initiative 15.2).*

The milestone for Initiative 15.2 being to prepare a:

*Proposal for the consideration of the 2006 Forum meeting using recommendations from the regional institutional context analysis, Strengthening Regional Management<sup>1</sup> and the Pacific Plan as a basis.*

In addition Leaders made special reference to this in the *Kalibobo Roadmap on the Pacific Plan* that they endorsed in Madang on 26<sup>th</sup> October 2005:

*Given the central role of regional organizations, a regional institutional framework that is appropriate to the development of the Pacific Plan will be established. A progress report on this will be provided to the 2006 Forum. Relationships with Pacific territories, NSAs, civil society organisations will be strengthened, and an annual outcomes-oriented process with non-state representatives from the business sector, academia, media and civil society organisations will be established to provide a platform for a wider debate and feedback to the Leaders through the Secretary General.*

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<sup>1</sup> A V Hughes August 2005. Strengthening Regional Management: A Review of the Architecture for Regional Co-operation in the Pacific.

The Regional Institutional Framework Review report uses the *Strengthening Regional Management* August 2005 report of AV Hughes (refer Annex 3) and the *Pacific Plan* as a basis.

In addition to the Regional Institutional Framework Review report additional, relevant documents comprising (i) the KPMG report commissioned by the management of PIFS to assist in developing a financial model which analyses the cost structure of the corporate services divisions and executive management divisions of the five CROP agencies, to aid in identifying areas where cost savings may be achieved in certain areas of the organisations (Annex 4) and (ii) a list of the individuals, organisations, countries and territories that were consulted by the Regional Institutional Framework Review Team (Annex 5), are attached.

### **Comments**

The Regional Institutional Framework Review report was presented at the *Pacific Plan Action Committee* Meeting of 24<sup>th</sup> and 25<sup>th</sup> August 2006 in Nadi, Fiji by members of the Regional Institutional Framework Review Team. The Pacific Plan Action Committee (PPAC) discussed the Regional Institutional Framework Review report noting that it was being submitted to Leaders for their consideration and decision at their October 2006 Forum. PPAC also noted that the Report will be further discussed at the Forum Officials Committee and other CROP governing bodies meetings.

### **Recommendations**

Council note the Regional Institutional Framework Review report and the presentation given by a member of the Regional Institutional Framework Review Team.

**ANNEX 1**

**Regional Institutional Framework Review report (August 2006)**

# Reforming the Pacific Regional Institutional Framework

August 2006

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## **Acknowledgements**

The preparation of this report would not have been possible without the generous assistance, openness and close cooperation of the representatives of countries, territories and organisations of the Pacific region and beyond with whom we spoke. We thank them most sincerely for their help.

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## **Executive summary and recommendations**

The report on a new regional institutional framework was commissioned by the Pacific Plan Action Committee (PPAC). The aim in doing so was to present the report to Pacific Islands Forum Leaders at their October 2006 meeting, after PPAC had considered it in August 2006 in Nadi, Fiji Islands.

In this report, the project team proposes significant changes to existing regional institutional arrangements. Through these changes, it envisages the creation of a framework that will facilitate further development, implementation and monitoring of the Pacific Plan. Forum Leaders agreed that “given the central role of regional organisations, a regional institutions framework that is appropriate to the development of the Pacific Plan will be established”.

Forum Leaders also considered stronger relationships with the Pacific territories to be essential. The team trusts that the proposed framework will also assist in advancing the needs of the countries and territories of the region in pursuit of a broader vision, which is similar across the range of regional organisations. Forum Leaders have set out such a vision for the Pacific Islands Forum and the vision statements of other regional organisations endorsed by their members including the territories have much in common with it.

The regional organisations under discussion are the agencies represented on the Council of Regional Organisations in the Pacific (CROP):

- Fiji School of Medicine (FSM)
- Forum Fisheries Agency (FFA)
- Pacific Islands Forum Secretariat (PIFS)
- Pacific Islands Development Programme (PIDP)
- Secretariat of the Pacific Community (SPC)
- Secretariat of the Pacific Regional Environment Agency (SPREP)
- South Pacific Applied Geoscience Commission (SOPAC)
- South Pacific Board for Educational Assessment (SPBEA)
- South Pacific Tourism Organisation (SPTO)
- The University of the South Pacific (USP)

The terms of reference for this project place it clearly in the context of a September 2005 report on the regional institutional framework, written by consultant Mr Tony Hughes. The project team asks readers to consider its own conclusions and findings in light of this earlier work.

In his report, Mr Hughes identified a number of limitations on the effective operation of the current regional institutional framework. He considered that the regional architecture represented a collection of institutions and relationships that had evolved over time in an uncoordinated fashion. His view was that the institutional framework needed change to overcome coordination weaknesses and, more generally, to improve effectiveness and efficiency. His major recommendation was to consolidate the main regional organisations into a single “Pacific Commission”. He also made recommendations as to how to streamline operations if the current institutional framework was retained.

At the time, the Hughes report was criticised for an apparent lack of regional consultation in developing it and, more substantially, for fundamental problems with the proposed organisational

structure itself. It was felt that the proposed dual governance arrangements were unworkable because one governing body would be subservient to the other on the key matters of approving budgets and appointing a Chief Executive Officer. As a result, according to this line of reasoning, decision-making would be unequal and the status of territories, France and the United States of America as full members of the Pacific Community and other regional organisations would be jeopardised.

Following consideration of the Hughes report, PPAC decided to explore further the ideas in the report and in particular to receive the views of member countries. To this end, it developed terms of reference that required the project team to “canvas and synthesise stakeholders’ views, including those of the Forum, CROP governing bodies and members, and CROP organisations”.

The project team travelled widely around and beyond the Pacific during June and July 2006. It carried out consultations in all 26 member countries and territories of Pacific regional organisations, as well as with a substantial number of development partners and other stakeholders. The views of those consulted are reflected closely in the recommendations of this report. On many issues, the perspective was the same throughout the region.

Based on its analysis of the feedback it has received, the project team accepts some but not all of the Hughes report’s assessments. Specifically, it agrees with the earlier assessment that current inter-agency coordination through CROP is insufficient and that significant institutional change rather than “tinkering” is required.

Consultation did produce positive feedback in regard to the existing agencies. That is, the team found among stakeholders a general satisfaction with the services of regional organisations and a view that most of these organisations had significantly improved the quality of their assistance in recent years. Some stakeholders put current concerns in perspective by pointing out that other international agencies and bilateral donors suffer from similar or greater coordination problems, which they are now trying to address through initiatives on donor harmonisation and coordination.

On the other hand, few stakeholders suggested that making no change is a real option for the Pacific region. To the contrary, most saw the present exercise as a welcome and timely opportunity to provide the region with a best-practice institutional framework that is highly effective and efficient in serving the interests of its members.

The team concurs with the view held by most stakeholders that the proposal to create a single organisation out of the major regional organisations is unworkable. It therefore proposes the alternative of a three-pillared regional institutional framework. In this framework, the Pacific Islands Forum and its secretariat would remain essentially unchanged (some functions of the FFA would be assimilated) but PIFS’ core business would be more clearly defined, the other major technical agencies would be folded into one secretariat under the governance of the existing Pacific Community and the academic and training institutions would form a third pillar.

In this report, the team makes a number of recommendations about how the concept of a merged technical agency could be taken forward. By integrating many of the current regional programmes into one agency, the proposed structure would significantly strengthen the effectiveness of regional collaboration and coordination. Importantly, this concept would allow the non-Forum members to maintain their equal decision-making role within the new organisation.

Further, the team is convinced that a clearer role for PIFS is essential in order to achieve a more effective regional institutional framework. To this end, it suggests an institutional strengthening initiative. Such a project would more clearly define the core business of PIFS (the team is providing a broad recommendation in this regard) and the set of core capacities that the organisation needs to fulfil its critical key role in the region. Non-core activities should be divested from PIFS to the Pacific Community Secretariat or other agencies as appropriate.

The team is of the view that governance and management arrangements of the academic and training institutions that are current members of CROP – FSM, PIDP and USP – should not be changed as part of the proposed institutional reform process. While the team is aware that the recent FSM review recommended that FSM and USP merge, it considers that this suggestion is best considered by the councils of these two institutions.

Separate sets of recommendations of this report relate to coordination issues within the proposed new regional institutional framework and to change management matters.

## ***Recommendations***

### ***Overall institutional arrangements***

1. Existing CROP agencies should be reorganised in a regional institutional framework that is based on three pillars:
  - a. a political and general policy institution – the Pacific Islands Forum and its secretariat;
  - b. a sector-focused technical institution – the Pacific Community and its secretariat; and
  - c. academic and training organisations, namely the Fiji School of Medicine, the Pacific Islands Development Programme and The University of the South Pacific.
2. The Pacific Islands Forum Secretariat should, within two years, assimilate the current functions of the Forum Fisheries Agency that relate to political and international legal issues and negotiations.
3. The Pacific Community Secretariat should, within two years, integrate the current work programmes of SOPAC, SPBEA, SPC and SPREP along with FFA’s technical functions, in particular its fishery development work.
4. SPTO should be integrated into the Pacific Community Secretariat if and when membership issues are addressed in a way that makes its integration feasible and desirable.
5. Governance and management arrangements of the academic and training institutions that are current members of CROP – FSM, PIDP and USP – should not be changed as part of the proposed institutional reform process.

### ***The Pacific Community and its secretariat***

6. The governance arrangements and legal framework for the new organisation should be provided by the existing Pacific Community, which is a non-political institution, has the widest membership coverage of all regional arrangements and provides for equal participation by independent states and territories.

7. The administrative arm of the new organisation should be known as the Pacific Community Secretariat or some similar name. It should be headed by a Director-General.
8. The headquarters of the organisation should be in Noumea, the current seat of the Pacific Community.
9. In support of regionalism, the specialised functions of the agencies to be consolidated into the new organisation should continue to be performed from their present locations: Apia, Honiara, Noumea, Pohnpei and Suva.
10. The Fiji Government should, as a matter of urgency, pursue the project to construct a “Pacific Village” in Suva to house the various Suva-based regional programmes of the new organisation.

### ***The Pacific Islands Forum and its secretariat***

11. The Pacific Islands Forum should remain the pre-eminent political organisation and the political voice of the independent states of the region.
12. The role of PIFS should be to:
  - support the Forum and associated Forum ministerial meetings and processes; and
  - provide specialised policy support and assistance to Forum member governments in its areas of core expertise.
13. The capacity of PIFS should be further strengthened by:
  - a clear definition of its core business;
  - the development of a set of key competencies required for this core business; and
  - a divesting of current activities that may be categorised as non-core business, based on the results of the work recommended above.
14. The identified group of FFA’s current activities should be integrated within the existing organisational framework of PIFS.

### ***Coordination issues***

15. The nexus between regional and national initiatives should be strengthened by establishing offices of the regional organisations or placing staff members in each member country and each member territory.
16. Formal institutional linkages between the two main organisations of the region should be maintained through the Secretary General of the Pacific Islands Forum and the Director-General of the Pacific Community Secretariat.

### ***Change management***

17. The Pacific Community Secretariat structure should be in place by the beginning of 2009, following a transition period of no more than two years. The present technical agencies would lose their separate identities and become components of the new organisation on 1 January 2009.

18. The transition to the new structure should be managed by a Transition Task Force made up of representatives chosen on a subregional basis from among member states and territories, heads of the organisations to be consolidated, PIFS and a task force leader.
19. The Transition Task Force should be headed by a full-time task force leader from outside the current regional organisations. The task force leader should be a skilled change manager and negotiator, have organisational development expertise, and be knowledgeable about the Pacific region and its institutions. He or she should be chosen by the Transition Task Force and report to it.
20. The Secretary General of PIFS should select an advisory group to assist with the proposed institutional strengthening initiative (see recommendation 13).

# 1 The consultations

Consultation has been at the heart of the process of reviewing the Pacific regional institutional framework. The project team held some 100 meetings throughout the Pacific Islands region and beyond during June and July 2006. Project team members visited senior representatives – including some heads of government and administrations – of all the countries and territories belonging to regional organisations in the Pacific, as well as United Nations agencies, non-governmental organisations (NGOs) and other bodies. Despite the number and diversity of the countries, territories and organisations consulted for this review, many of their opinions contained common strands of thought. This congruity was evident in both people’s assessments of the current Pacific regional institutional framework and their ideas for reform. It helped to validate the conclusions and recommendations reached by the project team.

Widely shared views that emerged from the consultations are summarised below. To keep the focus on the ideas rather than on those who put them forward, the points are presented thematically and are not attributed to particular people or countries. It should be noted that these observations do not necessarily represent the views of the project team; the conclusions, however, are the team’s own.

## 1.1 *Effectiveness of interagency cooperation and collaboration*

The major reservations expressed about Pacific regionalism related less to the work of regional organisations than to the regional architecture in which those organisations currently operate.

Some aspects of the current framework were considered positive. According to those consulted, the CROP coordinating mechanism – including the various thematic CROP working groups – has carried out useful work in some significant areas, notably in developing a regional ocean policy and in harmonising terms of conditions of employment for member agencies. Some stakeholders also put current concerns in perspective by pointing out that other international agencies and bilateral donors suffer from similar or greater coordination problems, which they are now trying to address through initiatives on donor harmonisation and coordination.

On the other hand, those consulted were strongly of the view that at present there are fundamental barriers to more effective cooperation among regional organisations. One reason given for the existence of these barriers was that the organisations have been set up at different times and with different objectives, with the result that they are not all pursuing a broader and shared vision for the region. Each of the regional organisations is autonomous and answerable to its own governing council.

Although organisations were established to respond to different specific needs, mandate “creep” has set in, leading to perceptions of overlaps between the agencies. Examples given include the area of fishery development (SPC and FFA), sector-specific environment issues (SPREP and FFA, SPC for marine-related matters; SPREP and SOPAC for energy), information technology and GIS (SOPAC and SPC).

PIFS was seen as overlapping with essentially all other major CROP agencies because of its recent interest and development of some expertise in areas traditionally covered by them. A common view was that PIFS needs to stay focused on clearly defined core functions rather than involving itself in technical programme delivery that could result in overlap and confusion. Most people interviewed had a much clearer understanding of the mandate of the other agencies than of PIFS’ core business.

Donor partners remarked that this expansion of mandates is possibly partly driven by competition for their funding. A number of them commented that it is difficult at times to know which Pacific agency they should deal with on which subject and noted that the current confusion and uncertainty about overlapping mandates seriously limits effective regional management.

Some stakeholders used the example of Pacific Plan's implementation matrix to demonstrate this lack of clear responsibility. Most initiatives showed more than one implementing or collaborating agency and often more than one lead agency.

To address concerns of overlapping mandates, interagency areas of activity were adjusted significantly in the mid 1990s; at that time, efforts were made to refocus the work of PIFS by transferring its programmes to other agencies. More recently and at the end of a large energy project that it was implementing, SPC's remaining energy programme activities were transferred to SOPAC, which also had an energy section. Notably, though, these useful adjustments were, respectively, the result of an external review and an initiative of the two CEOs rather than the outcome of a CROP process as such.

A number of those consulted said they felt the CROP coordinating mechanism has taken on the characteristics of an institution rather than a process and has developed a "personality" that was neither intended by its founders nor needed now.

The team found a general belief among those consulted that the regional institutional architecture could and should be reformed to provide better coordination and, as a consequence, more responsive and better services to members. "Tinkering" with existing institutional arrangements was not considered an acceptable proposition.

The team concurs with this view, which Mr Hughes also expressed in his report. It further notes that the current CROP mechanism has had ample time to demonstrate its strengths and weaknesses. While the team believes that stronger leadership and stronger commitment to addressing difficult and sometimes sensitive issues would have assisted CROP in achieving its stated goals, it considers that the current coordination mechanism has intrinsic weaknesses that render it no longer suitable.

## **1.2 Regional and national disconnect**

A consistent perception among those consulted was that there is a "disconnect" between national and regional processes. Views on this topic were expressed strongly.

Some stakeholders at the national level expressed concerns that regional processes tend to drive rather than reflect national concerns – and often reflect the views of major donors. Others considered that some regional processes are having little direct impact on the lives of people in member countries and territories. In contrast, sector-focused technical programmes (for instance, in agriculture) were generally seen as "making a difference" in a positive way.

Smaller countries spoke of regional organisations "bulldozing" their members into supporting particular positions. PIFS' policy and "coordination" function, in the view of some agencies, has evolved into a "control" function. Another perception was that regional organisations sometimes adopt an advocacy role – speaking "for the region" – when members have not properly endorsed the views expressed. There was a feeling that unless there is a clear mandate for advocacy, regional agencies should focus on research, policy support to members and the implementation of programmes.

On the other hand, countries spoke positively of the policy support from regional organisations that has aimed to enable them to manage the demands of increasingly complex international and regional arrangements. The well-coordinated preparations for the World Summit on Sustainable Development some years ago are one such positive example; the regional MDG report is another.

Many of those consulted said national mechanisms often lack the capacity to respond to regional activities adequately or absorb the assistance available. Smaller countries particularly argued that, although it has been acknowledged in the region that they should receive special treatment, this principle is not reflected in their everyday dealings with regional organisations. The issue is also addressed in the latest Pacific Plan Report (draft July 2006), albeit somewhat vaguely, in its support for the establishment of “national policies and mechanisms for regionalism as the most critical element in ensuring that the best possible connections are made between national priorities and regional decisions and resource allocations”.

Ultimately, to be effective, most assistance available at regional level requires members to be committed and to have sufficient capacity at national level. For example, in making suggestions to improve statistical services, a recent independent review of SPC programmes noted that National Statistics Offices (NSOs):

“... generally have a relatively low status in national public sectors, lack the requisite budgetary resources to undertake core functions, lack trained demographers and personnel, and often do not interact effectively with key national stakeholders, especially Finance and Planning Ministries, or with key producers of statistics in the areas of health, education and labour. National governments must raise the profile of the NSOs, commit adequate funding to support their functions and take ownership of national project activities supported by the Demography/Population and Statistics Programmes if the activities of the Programmes are to be effective in addressing their needs and be sustainable in the long term.”

As noted in the previous section, a common theme to emerge from those consulted was that regionalism should exist not for its own sake but as a vehicle for advancing national interests. Clear concerns were expressed that the present regional institutional framework is not advancing those interests well enough. Equally, the team notes that, in identifying shortcomings within regional processes, countries can all too easily avoid acknowledging any weaknesses on their side. They have their responsibilities too. Ultimately any regional organisation, process or framework is only as strong as the commitment of its members.

Subregional mechanisms – for instance, the Micronesian Leaders’ Summit and the Melanesian Spearhead Group – were seen as a useful means of creating an effective linkage between national and regional structures.

In consultations concerning the link between regional and national functions, an important point made was that strengthening the regional architecture should not in any way detract from national sovereignty, nor should national sovereignty be ceded in any way to a regional organisation.

The development of country-specific engagement strategies (to be guided by national development strategies), which has long been a standard programming tool for donors, was also suggested as having great potential for strengthening links between national and regional initiatives. Another suggestion was to place more offices or personnel in member countries and territories (see also section 1.3).

The team concurs with the views of many stakeholders that the nexus between regional and national initiatives needs strengthening.

### **1.3 Centralisation and regionalism**

Some members raised the point that the newer members of regional organisations – who are geographically distant from the perceived centre of the region – find it difficult to access regional organisations and their level of difficulty increases the further they are from the centre. Although offering no precise definition of the geographical divisions involved, in essence the comments reflect a perception of a “north–south” divide within the regional institutional structure. The recent opening of an SPC office in Pohnpei, FSM was seen as a model that could be used in reaching out to members in a proposed new regional architecture.

As discussed in the Hughes report and the recent SPC Corporate Review, many are concerned about the increasing centralisation of regional services and agencies in Fiji Islands. While Fiji has evolved into something of a regional hub and offers logistical advantages, at least for the South Pacific, there is a fear that, in the long run, even greater centralisation could undermine the very concept of Pacific regionalism.

Stakeholders felt that, as a minimum condition, any new institutional framework should not lead to greater centralisation. Rather, the current locations of regional organisations in Apia, Honiara, Noumea and Pohnpei should be maintained.

Another argument was that national capacity could be strengthened if any future consolidated regional organisation had a representative in each member country or territory, similar to the USP approach of having a University Centre in each of its member countries.

### **1.4 Governance issues**

Whereas the main criterion for membership in the Pacific Islands Forum is political independence, the membership of some other regional organisations (namely SOPAC, SPC and SPREP) gives both territories and sovereign states full and equal membership rights and obligations. Stakeholders, in particular those representing territories, stressed that any institutional rearrangement must maintain equal membership terms for territories, France and the United States of America. This point was presented as “non-negotiable”.

Similarly, representatives from the independent states greatly appreciated the opportunity to discuss, at the highest level, sectoral issues with their counterparts from the territories. They saw great value in sharing experiences across the whole Pacific Community and also considered it essential that certain sectoral transboundary issues be coordinated Pacific-wide in the context of equal partnerships.

Also emphasised by stakeholders was that any future governance arrangements must respect and maintain the separation of high-level political processes such as the Forum and the essentially non-political nature of the other agencies, in particular SPC.

## **1.5 Quality of service by regional organisations**

The region has a strong sense of ownership of its institutions. The work of regional institutions was highly valued by those consulted. Their staff were considered competent and committed, and many stakeholders believed that the quality of services has improved significantly over the last 10 years or so.

The Forum was acknowledged both as the foremost political process of the region and as the international voice for Pacific Island states. PIFS was regarded as the appropriate secretariat to that process. Similarly, its support to other Forum ministerial meetings was acknowledged as being very important.

The work of the other regional organisations was highly regarded, and the agencies themselves were seen as accessible, flexible and responsive to the needs of their Pacific members.

Regional organisations, notably PIFS, were identified as lacking in capacity to deliver some services, thereby limiting the opportunity for members to engage constructively with regional processes. While acknowledging the importance of improving the capacity of regional organisations, some asked that this concern should not become the basis for arguing for the creation of a much larger regional bureaucracy. Instead most argued that any new structure should seek to remove existing bureaucratic bottlenecks and provide clearer focus to improve service delivery to members.

## **1.6 Cost savings versus quality of service delivery**

Those consulted held the clear expectation that a reform of the regional institutional framework would lead to significant gains in the efficiency and effectiveness of service delivery. The efficiency argument is supported by the estimates contained in the SOPAC–SPC Integration Study, the Hughes report and the report prepared by accounting firm KPMG in support of the current review.

However, the project team found unanimous support for the view that any reform process should be driven by concerns of effectiveness rather than cost saving. While cost saving was seen as a highly desirable byproduct of reform, no one expressed a wish that it be the principal driver of the reform process, or be given priority to the extent that it reduces donor flows or service delivery. Rather, the goal of any cost-saving measures should be to improve further the quality of service delivery and bring regional services closer to their clients (for example, through establishing country offices or developing country strategies).

It was noted that there is potential for cost saving at the national level as well: under a framework in which regional organisations were easier and quicker to deal with, the countries that worked with them would also save costs directly.

## **2 A new regional institutional framework – the overall institutional arrangements**

There is almost unanimous support for institutional change. This conclusion is supported by the project team's consultations in the 26 member countries and territories of Pacific regional organisations, as well as with a substantial number of development partners and other stakeholders.

Generally those consulted were comfortable with the notion of amalgamation or consolidation of regional functions, provided that the Forum and PIFS retained their current identities, SPC retained its non-political character, and agencies remained in their current locations and with their current areas of specialisation. Those consulted stressed that whatever the structure finally adopted, the regional organisations collectively had to be able to provide strong political coordination and support and to deliver effective technical programmes. To be worthwhile, any new architecture must be more responsive and provide better services to members than the current arrangements allow.

In accordance with the terms of reference for this review, the project team therefore discussed three basic options for a new regional institutional framework.

*Option one* is to retain the current institutional framework while improving efficiency such as through those measures identified in recommendations 1–6 of the Hughes report. Certainly, introducing efficiency measures would improve the functioning of regional agencies to some extent. However, such gains would not overcome the problems of constitutional barriers caused by segmentation, overlap, duplication and lack of coordination created by the current architecture.

As the summary of consultations shows (section 1), most stakeholders share the view that “tinkering” is not a satisfactory option; it will not bring about the level of effectiveness sought both by members requiring help to implement national development plans and by Forum Leaders working to implement the Pacific Plan. Stakeholders generally agree that creating regional architecture of significantly greater efficiency and effectiveness requires more than improved coordination between organisations. More fundamental change is needed to provide the Pacific with a modern best-practice institutional framework that will meet and support the current and emerging challenges and aspirations of Pacific Island countries and territories.

*Option two* involves the creation of a single regional organisation (or, more specifically, a single secretariat expected to serve two institutions, the Pacific Islands Forum and the Pacific Community). As proposed in the Hughes report, the regional organisation created would draw together all the principal CROP agencies (i.e. FFA, PIFS, SOPAC, SPC and SPREP). The single secretariat serving the Pacific Island Forum and the Pacific Community would include special measures “protecting the few areas requiring internal segregation of communications and documentation”. The CEO of the new organisation would be appointed by the Pacific Islands Forum, which would also approve the organisation's work programme and budget.

Few among those consulted supported the concept of a single regional organisation as recommended by Tony Hughes. The project team shares the view that this single-secretariat approach would create significant governance problems and jeopardise the equal decision-making status that non-Forum countries and territories currently enjoy as members of many regional organisations.

Given that option one does not go far enough to ensure substantial improvements in the regional architecture and option two introduces substantial governance problems, the project team puts forward

*option three.* This alternative approach would involve creating a three-pillared regional institutional framework, as outlined below.

### ***A three-pillared institutional framework***

In the proposed framework, regional institutions would be organised under three pillars:

1. The Pacific Islands Forum and its secretariat would remain essentially unchanged (although PIFS would assimilate some functions of the FFA). PIFS' core business, however, would be more clearly defined.
2. The other major technical agencies would be folded into one secretariat under the governance of the existing Pacific Community.
3. The academic and training institutions would form a third pillar.

The team considers that this third option is the best possible model for the region at this particular time. It would lead to more coherent planning and implementation of regional programmes, while keeping political processes separate from non-political ones. It avoids the problems identified with the other options as noted above and is consistent with the priorities, concerns and aims expressed by the large majority of people consulted.

There are other advantages. Internally, a unified structure would assist substantially in overcoming the kinds of coordination problems that agencies currently experience. Many functions – which are likely to include purchasing, finance and information technology – could be centralised, saving costs.

External financial research commissioned by the project team has indicated that the recommended reforms would save initial costs involved in running Pacific regional institutions of up to about USD 6 million. While this figure is broadly in line with the cost saving estimates put forward by the Tony Hughes report, the team believes they are somewhat optimistic. KMPG, the accounting firm contracted to undertake the study, also pointed out that its calculations were based on a number of assumptions that needed further analysis. In the interest of caution surrounding this and other transitional costs yet to be identified, and to ensure that services to members of regional organisations would not be reduced, the team suggests that no more than a USD 3 million saving from the reforms be relied upon.

Engaging with a “one stop shop” for sectoral technical programmes would be easier not only for member countries and territories, but also for countries and agencies outside the region. Donors and other external stakeholders would gain a more unified service from a single regional technical organisation. (Such gains would be maximised, of course, if donors working in the region correspondingly harmonised their approaches to a greater extent.)

Certainly there are some potential disadvantages related to a unified structure, including the following:

- A larger organisation could lead to a bigger bureaucracy for members and others to deal with, slowing down the organisation's decision-making and reducing its responsiveness to need. The use of modern management approaches is an effective way of addressing this risk.
- As some existing agencies (e.g. SOPAC and SPBEA) gain more members, there is a risk that their services may be diluted. To address this concern, access to particular services could be restricted to current members of these organisations until resources allow their extension to newer members.

- Poor leadership of a large agency would have more severe consequences for the region than poor leadership of one of a multitude of smaller organisations. Effective governance mechanisms can manage this risk.

The project team considers that the potential advantages of a unified agency structure outweigh these potential disadvantages. As long as the risks are known and acknowledged, they can be minimised through measures such as those noted above. In essence, what is needed is careful change management and, subsequently, effective governance mechanisms.

The project team considers that this approach would create the framework needed for better delivery of services and, in doing so, would address the current concerns that regional stakeholders have expressed (section 1). Further, it would open the way for greater cooperation in future in working towards the economic growth, sustainable development, good governance and security of the region.

The project team considers that while strengthening the regional institutional architecture is vital, it must be seen as a task concerned with more than simply fixing problems. Specifically, the aim must be to set the stage for a new level of regional cooperation that will give Pacific people the greatest possible opportunities for personal, national and regional development in a demanding global environment. The team trusts that its proposal will provide the foundation for this objective.

## **Recommendations on overall institutional arrangements**

1. Existing CROP agencies should be reorganised in a regional institutional framework that is based on three pillars:
  - a. a political and general policy institution – the Pacific Islands Forum and its secretariat;
  - b. a sector-focused technical institution – the Pacific Community and its secretariat;
  - c. academic and training organisations, namely the Fiji School of Medicine, the Pacific Islands Development Programme and The University of the South Pacific.
2. PIFS should, within two years, assimilate FFA’s current functions that relate to political and international legal issues and negotiations.
3. The Pacific Community Secretariat should, within two years, integrate the current work programmes of SOPAC, SPBEA, SPC and SPREP along with FFA’s technical functions, in particular its fishery development work.
4. SPTO should be integrated into the Pacific Community Secretariat if and when membership issues are addressed in a way that makes its integration feasible and desirable.
5. Governance and management arrangements of the academic and training institutions that are current members of CROP – FSM, PIDP and USP – should not be changed as part of the proposed institutional reform process.

### ***Commentary***

*Recommendation 1a* recognises the clear demand within the Pacific Islands region to retain the political organisation that provides a voice for the region internationally and that functions as a known and credible umbrella for regional action by the leaders of the independent states. There is also wide acceptance that PIFS is the appropriate agency to be providing policy advice and administrative support to Forum Leaders and associated Forum processes.

The implementation of *recommendation 1b* will provide an opportunity to create an effective and efficient organisation that brings together all of the current technical assistance programmes and overcomes many of the constraints (e.g. overlaps, duplication and relative lack of coordination) of the current regional institutional infrastructure.

*Recommendation 1c* (see also *recommendation 5*) recognises that the academic and training functions of the three remaining agencies should remain outside the Pacific Islands Forum Secretariat and the proposed new technical organisation. The practice of “academic freedom” might be seen to be in jeopardy if the region’s academic institutions were to become part of either a political institution or a technical organisation.

The team considers that FFA both delivers technical programmes – akin to those provided by organisations such as SPC – and performs legal/international functions that are closer to the services of PIFS. It would be logical to split these two kinds of functions between, respectively, the new organisation and PIFS (see *recommendations 2 and 3*).

*Recommendation 3* defines which of the current agencies should be incorporated into the new organisation.

As regards SPTO, it is noted that the People’s Republic of China is a member of the organisation. Unlike the other intergovernmental agencies, SPTO also has private sector membership, which sets it somewhat apart from them. The team realises that tourism is crucial to the further development of the region (as does USP, which has a large tourism programme) and acknowledges that it may be desirable to integrate SPTO into the new organisation at an appropriate stage (*recommendation 4*). However, it believes that a merger would need a longer timeframe than that envisaged for the creation of the new technical organisation.

*Recommendation 5* recognises that PIDP, which is based in Hawaii and part of the East–West Center, sits somewhat to one side of the current regional framework. The particular arrangements associated with all three academic institutions are best left undisturbed. FSM and USP have clearly defined academic mandates and are headquartered in the same city, Suva. The two agencies already cooperate closely. It may be that in time USP and FSM might consider amalgamating outside the organisational reform process proposed in this report. The team notes that the recent review of FSM has recommended this merger. In the team’s view this option is a matter for the two agencies and their councils to explore.

### **3 The Pacific Community and its secretariat**

As discussed in section 2, the project team proposes that a new organisation integrate, within two years, the current work programmes of:

- the Secretariat of the Pacific Community;
- the Secretariat of the Pacific Regional Environment Programme;
- the South Pacific Applied Geoscience Commission;
- the South Pacific Board of Educational Assessment; and
- the technical functions of the Forum Fisheries Agency, in particular its fishery development work.

#### **Recommendations on the Pacific Community and its secretariat**

6. The governance arrangements and legal framework for the new organisation should be provided by the existing Pacific Community, which is a non-political institution, has the widest membership coverage of all regional arrangements and provides for equal participation by independent states and territories.
7. The administrative arm of the new organisation should be known as the Pacific Community Secretariat or some similar name. It should be headed by a Director-General.
8. The headquarters of the organisation should be in Noumea, the current seat of the Pacific Community.
9. In support of regionalism, the specialised functions of the agencies to be consolidated into the new organisation should continue to be performed from their present locations: Apia, Honiara, Noumea, Pohnpei and Suva.
10. The Fiji Government should, as a matter of urgency, pursue the project to construct a “Pacific Village” in Suva to house the various Suva-based regional programmes of the new organisation.

#### ***Commentary***

The project team believes that using an existing governance and legal framework offers significant advantages over establishing a new intergovernmental treaty. It proposes that this framework should be the existing Pacific Community (*recommendation 6*), which is a non-political institution, has the widest membership coverage of all current regional arrangements, and provides for equal participation of both independent states and territories.

For the purpose of this report, the team has used the working title of Pacific Community Secretariat to refer to the administrative arm of the institution and to make the link to the governing institution. However, the name should be the subject of further discussion by the proposed Transition Task Force, which would guide the establishment of the new organisation. As befits an organisation with a technical focus, its head should be a “Director-General” (*recommendation 7*).

In line with stakeholders’ comments, the team suggests that the new organisation study and adopt best-practice management approaches that the existing regional organisations are following. Those consulted commended SPC, in particular, for its pragmatic approach and its robust planning, monitoring and evaluation systems, results orientation and high accountability standards. This assessment is shared by representatives of donor agencies and Pacific Island governments and

administrations. SPC was also reviewed very positively in 2005. In addition, the Hughes report noted SPC's modern and easily scalable communication links, which are essential for a decentralised organisation of the kind that the current project team recommends. Mr Hughes also considers that the "management systems in place or being developed at SPC have the potential to support a bigger institution workload than SPC currently undertakes".

Equally, each of the regional technical organisations clearly has areas of strength. Merging these organisations creates an excellent opportunity for the new organisation to build on the strengths of all of them.

Assuming that the Pacific Islands Forum Secretariat will remain in Suva, Fiji Islands, the team believes that the headquarters of the organisation should be in Noumea, the current seat of the Pacific Community (*recommendation 8*). By confirming Noumea as the headquarters for the organisation, the region will send a strong and positive message to both its territory members and its French-speaking members that they are equal partners in the new organisation.

In support of regionalism (see the discussion in section 1.3), the team proposes that the specialised functions of the new agency continue to be performed from their current locations (*recommendation 9*). It notes the opening of new SPC office in Pohnpei, Federated States of Micronesia, which it sees as having the potential to expand greatly and provide easier access to the organisation for its members in the Northern Pacific.

First mooted some 10 years ago, the concept of the "Pacific Village" is concerned with bringing together the Suva-based programmes of SOPAC, SPEA, SPTO and SPC on one site. SOPAC and SPC, in particular, currently operate from cramped offices that are widely considered to be of inappropriate standard. In line with accepted policy, the responsibility for the provision of offices for regional organisations rests with the host government, in this case the Government of Fiji Islands. Fiji has repeatedly confirmed its formal commitment to the Pacific Village; however, progress has been slow, with neither a site nor funding having been secured at the time of writing. The team concurs with the view that progress with the Pacific Village should be a priority (*recommendation 10*) to complement the objectives of the current reassessment of the Pacific's regional institutional framework.

## **4 The Pacific Islands Forum and its secretariat**

The Pacific Islands Forum is the region's first and foremost political regional mechanism. All stakeholders consulted agreed that it must remain the pre-eminent political organisation and the political voice of the independent states of the region.

The Forum and its secretariat, PIFS, were recently reviewed by an Eminent Persons Group. This review also gave birth to the concept of the Pacific Plan and initiated the drafting of the "Agreement establishing the Pacific Islands Forum".

Goals for the Forum recommended by the review were economic growth, sustainable development, good governance and security. These were subsequently endorsed by the Pacific Islands Forum Leaders.

The current project team sees another review of PIFS as outside its terms of reference. However, it is obviously important that all stakeholders have a clear understanding of the role of PIFS, given its crucially important place in the current and any new regional institutional infrastructure.

This report has documented concerns that PIFS is beginning to involve itself (and to develop some expertise) in areas that are more appropriately covered by other regional organisations. For many stakeholders, in particular those in other regional organisations, these concerns have been heightened by the recent restructure of PIFS. The Hughes report commented that "aspects of this recent reorganisation have revived older concerns about functions of the PIFS overlapping with the roles and capabilities of the other ... regional organisations".

While on the one hand concerned about PIFS expanding into non-core areas, on the other hand stakeholders believed that PIFS was not providing the specialised services in the sectors that may be considered its core areas of expertise. They felt Forum member governments need access to even higher-quality advice and assistance at the regional level in areas such as economics and public sector reform. Many of those consulted felt that the region needs strong support and a regional perspective in these areas from one of its own regional organisations to complement the work traditionally done by, say, the Asian Development Bank, the Pacific Financial Technical Assistance Centre or the World Bank, or the bilateral donors. They also suggested that strengthening PIFS in this way would improve its relevance (and perceptions thereof) to challenges at the national level.

Finally, if the proposed regional institutional framework is accepted, much of PIFS' current perceived responsibility for coordination will disappear and adjustments to its current role will be required for this reason alone.

The team concludes that greater clarity about the new role of PIFS is required and recommends that a working group could assist the Secretary General in further defining the organisation's core business. A set of desirable core competencies can be expected to emerge from this process. These should be strengthened and non-core activities divested. The team recommends that this institutional strengthening process be completed before 1 January 2009.

In terms of its general role, it is probably fair to identify two functions. First, PIFS must continue to support the Forum and associated Forum ministerial meetings and processes with high-quality policy

analysis (and general secretariat support). This role is clearly articulated in the “Agreement establishing the Pacific Islands Forum”.<sup>1</sup>

Second, PIFS should provide specialised policy support and assistance to Forum member governments in areas of core expertise, similar to the nature of the services that the other regional agencies provide in their respective areas of expertise.

Regarding required core competencies of PIFS to fulfil this role, the team believes that the following may form a useful starting point for further discussion:

- economic research, analysis and policy development
- human rights
- international relations and law
- governance, in particular political governance
- national planning (for sustainable development)
- public finance management
- public sector policy (including reform management)
- trade facilitation and negotiation
- regional peacekeeping/security coordination

In addition, PIFS will have responsibility for coordinating its activities with the new technical organisation and the academic and training group to ensure that the decisions of Forum Leaders (and ministers), including those contained in the Pacific Plan, are implemented. This area of responsibility is in line with the “Agreement establishing the Pacific Islands Forum”.<sup>2</sup> As the project team interprets it, PIFS will share the coordination responsibility with the other organisations.

### **Recommendations on the Pacific Islands Forum and its secretariat**

11. The Pacific Islands Forum should remain the pre-eminent political organisation and the political voice of the independent states of the region.

12. The role of PIFS should be to:

- support the Forum and associated Forum ministerial meetings and processes; and
- provide specialised policy support and assistance to Forum member governments in its areas of core expertise.

13. The capacity of PIFS should be further strengthened by:

- a clear definition of its core business;
- the development of a set of key competencies required for this core business; and
- a divesting of current activities that may be categorised as non-core business, based on the results of the work recommended above.

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<sup>1</sup> See Article VIII, paragraphs 2 and 6 of the “Agreement establishing the Pacific Islands Forum”.

<sup>2</sup> Ibid, paragraph 4: “The Secretariat shall work in cooperation and coordination with other intergovernmental organisations in the Pacific region, with the aim of ensuring that the most effective use is made of regional resources.”

14. The identified group of FFA's current activities should be integrated within the existing organisational framework of PIFS.

***Commentary***

These recommendations are based on the rationale outlined above. *Recommendation 14* simply clarifies that the FFA activities that PIFS may assimilate should be integrated within the existing organisational PIFS framework.

## 5 Coordination issues

The project team considered two main areas in which the need for coordination will continue: namely, the nexus between national and regional levels, and coordination across the (remaining) regional organisations. The team also focused on regional ministerial meetings as relevant to questions of coordination. Overall, however, it can be expected that the time and energy required to achieve inter-agency cooperation would decrease substantially under the proposed regional institutional framework given the great reduction in the number of agencies and the streamlined structure entailed.

### Recommendations on coordination issues

15. The nexus between regional and national initiatives should be strengthened by establishing offices of the regional organisations or placing staff members in each member country and each member territory.
16. Formal institutional linkages between the two main organisations of the region should be maintained through the Secretary General of the Pacific Islands Forum and the Director-General of the Pacific Community Secretariat.

### *Commentary*

As described in section 1, many stakeholders consulted believed strongly that regional activities should be better integrated with national activities. Section 1 also pointed out that responsibility for improvement in this regard rests both with national governments and regional organisations. The team supports the suggestion that an effective strategy to strengthen the nexus between national and regional activities is to establish a regional office or, where a full-scale and permanent office may not be feasible, to place staff in each member country and each member territory (*recommendation 15*).

The region already has a good-practice example in this regard: USP has been operating University Centres in its member countries for decades. From their beginnings as relatively modest extension centres to assist students with their distance education courses, they have evolved to take on a wider role, helped by better facilities including the university's satellite communications network. Importantly, the University Centres are the conduit for much of the communication between the host countries and the university's main campuses and administration. The team recommends that PIFS and the Pacific Community Secretariat follow this model, appropriately adapted. Significant steps have already been taken; SPC has recently opened another office in the Northern Pacific and PIFS has placed staff in the smaller island states. Both organisations are talking to each other, and with other possible partners, to explore whether they can share staff and facilities and, if so, how.

That regional organisations develop country-specific strategies seems another promising suggestion, which the team supports. A country-specific strategy would place the activities of each regional organisation in the context of the country's own national development strategy. The team notes in this regard that PIFS is already assisting its members with the development of national sustainable development strategies and that SPC has commenced the development of (SPC) country-specific strategies. Each initiative complements the other well. Further, it seems appropriate that PIFS take the lead on the national planning side (see also section 4 for the team's suggestions on the core business of PIFS) and SPC on the development of country-specific engagement strategies (as it is already one of the major implementing agencies).

Even within a streamlined regional institutional framework, there will continue to be a need for coordination between regional organisations – in particular between the two main agencies, PIFS and

the new Pacific Community Secretariat. The so-called CROP mechanism, including the CROP charter, should be replaced by discussions between the CEOs (supported by their respective management teams) that are far less bureaucratic (*recommendation 16*). These discussions would be guided by well-set agendas and agreements would be documented formally. However, the team envisages that the focus of discussions will be on strategic coordination issues at a higher level. There will be no need for either agency to be the permanent chair of these meetings; rather the team proposes that the discussions be held in a spirit of partnership.

Finally in regard to coordination issues, the team offers some suggestions in regard to the servicing of ministerial meetings. This practical concern can be addressed in a straightforward manner, given that the arrangements for most meetings have been in place for many years and are generally considered to be reasonably effective. However, the team anticipates some benefits from formalising the long-term understandings and the associated discussion process. For example, the expected discussion will help to define each agency's core business, in particular that of PIFS.

More significant will be discussions about the efficiency and effectiveness of decision-making processes. On the one hand, such discussions must take account of the concerns raised by many stakeholders about the overloading of regional meeting agendas, in particular the Forum agenda. On the other hand, they must consider that the organisers (and participants) of ministerial meetings have increasingly expected almost every decision to be brought to the attention of Forum Leaders because "the highest-level political support" is perceived to be necessary to "move things". In the team's view, sectoral ministers should be trusted to discuss and follow as appropriate the outcomes of regional ministerial meetings in their own country, either within their own ministry or at the cabinet level. Regional processes should not bypass or substitute for national processes.

While the above position, in the team's view, should be the default, clearly there will continue to be issues that should be brought from sectoral ministerial meetings to the attention of Forum Leaders for discussion and decision. Among them are those issues that will benefit from or, in fact, require a common regional stance for representation at the international level and those issues that require strong, top-level leadership and support across several sectors (i.e. line ministries).

## 6 Change management

In this section, the project team makes a number of proposals regarding change management during the transition to the new institutional framework. As with those in sections 3–5, these recommendations will be relevant if the overall regional arrangements (section 2) are accepted.

### Recommendations on change management

17. The Pacific Community Secretariat structure should be in place by the beginning of 2009, following a transition period of no more than two years. The present technical agencies would lose their separate identities and become components of the new organisation on 1 January 2009.
18. The transition to the new structure should be managed by a Transition Task Force made up of representatives chosen on a subregional basis from among member states and territories, heads of the organisations to be consolidated, PIFS and a task force leader.
19. The Transition Task Force should be headed by a full-time task force leader from outside the current regional organisations. The task force leader should be a skilled change manager and negotiator, have organisational development expertise, and be knowledgeable about the Pacific region and its institutions. He or she should be chosen by the Transition Task Force and report to it.
20. The Secretary General of PIFS should select an advisory group to assist with the proposed institutional strengthening initiative (see recommendation 13).

### *Commentary*

The team believes that a two-year timeframe for the establishment of the new Pacific Community Secretariat is appropriate. While this timeframe may be considered an ambitious target, it appears realistic given the wide support and enthusiasm for real and meaningful change that the team found in the region. The proposed taskforce would study in detail the necessary legal and administrative procedures to follow for the disestablishment of agencies. The team has been advised that these can be expected to be straightforward, essentially requiring governing body decisions to this effect.

Regarding the composition of the task force, the team proposes that a group made up of agency staff and outsiders to the organisations will provide the right mix of in-depth knowledge and objectivity. Concerning the appointment of representatives from member states and territories, the team proposes that the heads of the organisations concerned seek expressions of interests from member countries and territories through formal points of contact and that the Pacific Community formally consider and confirm the task force. The task force should appoint a leader who is assigned on a full-time basis.

The team considers it important that the Secretary General of PIFS too has the support of a group with wide membership to assist him in the proposed institutional strengthening initiative. While the group should not become too large, it seems highly desirable that it include PIFS staff (including non-management staff to ensure ownership of outcomes) and people from outside PIFS who will bring in different perspectives to the process (e.g. people knowledgeable about and sensitive to the needs of the Pacific territories, and staff of other regional organisations).

## Appendix 1: Approach and methodology

### (a) *Background*

1. Achieving the strategic objectives of the Pacific Plan is dependent on a regional institutional framework that is appropriate to its ongoing development and implementation.
2. To examine the optimal regional framework for the Pacific Islands region, the Pacific Plan Task Force commissioned an independent analysis in April 2005. After the consultant, Mr Tony Hughes, conducted the review of the Pacific regional institutional arrangements, he submitted his report, *Strengthening Regional Management: a Review of the Architecture for Regional Co-operation in the Pacific*, to the Task Force for its consideration in September 2005. The Task Force received the report as a consultative draft and agreed to convene a Working Group to explore the ideas expressed in the report and, in particular, to receive the views of member countries of the Pacific Islands Forum.
3. Subsequently the Forum Leaders agreed as follows: “Given the central role of regional organisations, a regional institutional framework that is appropriate to the development of the Pacific Plan will be established. A proposal on this will be provided to the 2006 Forum. Relationships with Pacific territories, non-state actors, civil society and development partners will be strengthened ...”
4. A second decision was to extend membership of the Working Group to all members of CROP organisations. In January 2006 the non-Forum members of the SPC were included in the Working Group and invited to participate in the committee meetings. The Working Group was later renamed the Pacific Plan Action Committee (PPAC).
5. PPAC was tasked with developing an appropriate regional institutional framework through which the Pacific Plan can continue to be developed, implemented and monitored. At its January 2006 meeting, PPAC members agreed to engage the services of a project team, through the Pacific Islands Forum Secretariat, to undertake the work of developing an appropriate regional institutional framework, which would involve extensive consultations with Pacific Island countries and territories, and other stakeholders.
6. It was agreed that the project team would submit a report of its findings and recommendations to PPAC at its August meeting, with an aim of submitting the proposal for consideration by the 2006 Forum and meetings of other CROP governing councils.

### (b) *Terms of reference*

7. The task for the project team was set out as follows:
  - i. Review the current mechanisms that exist, including those of CROP, that could be useful for the development, implementation and monitoring of the Pacific Plan;
  - ii. Canvas and synthesise stakeholders views including those of the Forum, CROP governing bodies and members, and CROP organisations;
  - iii. Examine the recommendations of the consultative draft report “*Strengthening Regional Management: a Review of the Architecture for Regional Co-operation in the Pacific*”
  - iv. Gather additional information as necessary;
  - v. Identify and assess appropriate alternative regional institutional frameworks, including undertaking cost/benefit analysis;
  - vi. Develop and present alternatives to the Pacific Plan Action Committee (PPAC) in August 2006.

**(c) Consultation details**

8. The project team held some 100 meetings during June and July 2006. Team members visited senior representatives, including some heads of governments, of all the member countries and territories of Pacific regional organisations, throughout the Pacific Islands region and beyond. The team also consulted senior management of CROP agencies, as well as representatives of United Nations agencies, non-governmental organisations and other bodies. PIFS facilitated the project team's in-country consultations, providing it with logistical support.

The stakeholders consulted are detailed below.

**i. Member countries and territories of Pacific regional organisations**

American Samoa	New Zealand
Australia	Niue
Commonwealth of the Northern Mariana Islands	Palau
Cook Islands	Papua New Guinea
Federated States of Micronesia	Pitcairn
Fiji	Samoa
France	Solomon Islands
French Polynesia	Tokelau
Guam	Tonga
Kiribati	Tuvalu
Marshall Islands	United States
Nauru	Vanuatu
New Caledonia	Wallis and Futuna

**ii. Pacific regional organisations**

Fiji School of Medicine  
Forum Fisheries Agency  
Pacific Islands Forum Secretariat  
Secretariat of the Pacific Community  
Secretariat of the Pacific Regional Environment Agency  
South Pacific Applied Geoscience Commission  
South Pacific Board for Educational Assessment  
South Pacific Tourism Organisation  
The University of the South Pacific

**iii. Development partners, NGOs and other stakeholders**

Asian Development Bank  
European Union  
Japan  
Pacific Islands Association of NGOs  
Pacific Power Association  
South Pacific Chiefs of Police  
Taiwan  
Timor Leste  
United Nations agencies: UNDP, UNESCO, UNFPA

*(d) The project team*

**Kaliopate Tavola.** Mr Tavola has recently been reappointed Fiji's Minister of Foreign Affairs. He has served as a diplomat for his country for many years, and has represented the region in the international arena, most notably in trade matters. His professional training is in economics.

**Makurita Baaro.** Mrs Baaro is the Chief Secretary to the Government of Kiribati and the former Director of the Pacific Islands Forum Secretariat's Political, International and Legal Affairs Division. She was a member of the SPC review team in 1996.

**Lucy Bogari.** Ms Bogari is Papua New Guinea's Deputy Secretary of Foreign Affairs. Her most recent diplomatic posting was as her country's High Commissioner to New Zealand, the Cook Islands, Samoa and Niue.

**Lourdes Pangelinan.** Ms Pangelinan was, until recently, the Director-General of the Secretariat of the Pacific Community. She held senior positions in the Government of Guam before her service at regional level.

**Adrian Simcock.** Mr Simcock is a former New Zealand diplomat whose most recent posting was as High Commissioner to Fiji, with accreditations to Tuvalu and Nauru. He has also been High Commissioner to the Cook Islands, Samoa and India.

**Epa Tuioti.** Mr Tuioti is a Co-Managing Director of the Samoan consulting firm KVAConsult and a former Samoan Secretary of Finance. He was involved with the Corporate Review of SPC in 2005 and with the AusAID Review of SPREP in 2000.

## Appendix 2: Executive summary of Mr Tony Hughes' report

CONSULTATIVE DRAFT  
Report to the Pacific Islands Forum  
**Strengthening Regional Management**

A Review of the Architecture for Regional Co-operation in the Pacific

A V Hughes  
August 2005

The Pacific Plan is expected to identify practical policies and actions that can be undertaken by members of the Pacific Islands Forum and the Pacific Community acting together in a framework of strengthened regional cooperation. This report addresses critical aspects of the institutional architecture, policy coordination and management of operations constituting regional cooperation in the Pacific.

There are a number of constraints limiting the effectiveness of efforts in regional cooperation in the Pacific. Some of these relate to the condition of existing regional organisations created to foster such cooperation, and the relationships between them. These constraints are addressed in the report.

Other constraints, not addressed but noted as factors strongly conditioning the environment for regional cooperation, include the physical facts of distance, isolation and small country size that characterise the Pacific; the leading role being played by Australia and New Zealand in shaping regional policies and financing regional organisations and activities; the great disparities of size and resource endowment among the island members and sub-regions of the Forum and the Pacific Community; and the range of constitutional status that underscores the need to provide all island members of the Pacific Community with ready access to the opportunities and benefits of regional cooperation.

The condition and capabilities of the main inter-governmental Pacific regional organisations (PROs) are reviewed, and attention is focused on five of them (FFA, PIFS, SOPAC, SPC and SPREP) referred to in the report as the G5, with a view to removing barriers between them and strengthening their collective capacity. The effectiveness of the Council of Regional Organisations of the Pacific (CROP) as an instrument of inter-agency coordination is considered and found unsatisfactory.

A set of proposals is therefore made that would improve the chances of efficient and effective cooperation among the G5 by modifying institutional processes and behaviour without requiring any legal or structural changes. The report considers however that the full potential of the G5 for effective regional operations is unlikely to be realised while they are still legally separate entities, because of the enduring propensity for inter-institutional barriers to survive or be resurrected, for a multitude of reasons arising within or outside the institutions.

A further proposal is therefore made for conversion of the G5 into a Pacific Commission, by amalgamating their operations and funding arrangements under a unified management structure that would internalise and eliminate inter-G5 barriers. The separate (but overlapping) memberships and political character of the Forum and the Pacific Community would be preserved, but they would be served by a unified Secretariat and Directorates forming the Pacific Commission. Over time the Forum and the Community would inevitably move closer together until eventually a form of merger becomes

possible that would be acceptable to all members. This approach is preferred by the report as likely to produce the more efficient and effective arrangements for strengthening regional cooperation.

The steps needed to implement each set of proposals are outlined in the report. Neither is expected to result in an increase in overall operating costs above present G5 levels. A decision would be made by the Forum in 2005 on which approach to adopt, and action to implement it would proceed during 2006-8.

## **II. Recommendations (from sections VII and VIII of the Report)**

- (R1) Agreement should be quickly reached` among the G5 CROP members to reduce the procedural overburden on their efforts to cooperate, simplify the CROP agenda and processes to reflect the substantial differences of interest between the G5 and other CROP members, and reconstitute existing intra-G5 working groups as far as possible *as if there were no institutional barriers between them*.
- (R2) Those G5 PROs that have corporate planning exercises under way now should design their mission statements (or equivalent) for both external and internal use, and state clearly their intention to pursue their corporate goals in close and practical collaboration with other regional organisations.
- (R3) The current reorganisation of PIFS should ensure that:
- a) institutional space is provided between the functions of supporting and servicing the political decision-making role of the Forum, and those of inter-G5 coordination and the delivery of regional outputs for which PIFS is responsible; and
  - b) when other G5 PROs are engaged in activities or have capabilities in areas where PIFS is charged with taking action to achieve Forum goals, PIFS gives priority in its response to collaboration with and use of those activities and capabilities.
- (R4) An inter-G5 working party administratively led by PIFS and with technical support by SPC should be established to examine the feasibility and costs of establishing a unified internal broadband communications system for the G5, and make appropriate recommendations.
- (R5) An inter-G5 working party should be established, administratively led jointly by PIFS and SPC, to examine the feasibility and costs of options for the unification of personnel and accounting systems among the G5, using the unified G5 communications system to be separately proposed, and make appropriate recommendations.
- (R6) An inter-G5 working party should be established, administratively led by PIFS, to examine the feasibility and financial and other benefits of consolidating the procurement arrangements of the G5, and make appropriate recommendations.
- (R7) Decisions on R1-R6 should not be taken before consideration of recommendations R8 and R9 for amalgamation of the G5 PROs to form a Pacific Commission. If those two proposals are accepted, decisions on R1-R6 will not be separately required, and work on those areas will be incorporated into the planning of the amalgamation.
- (R8) The G5 PROs should be amalgamated and converted into a Pacific Commission during 2006-7 on lines described in the report

- (R9) Inter-G5 working groups should now be set up to examine, plan and report on all aspects of the amalgamation and conversion, under the joint supervision of PIFS and SPC

### III. Themes of the Report

1. This report is about the working of a core group of regional organisations in the Pacific and their collective capacity to deliver the regional elements of the forthcoming Pacific Plan. It is about recognising strengths and overcoming weaknesses; removing barriers and releasing potential; and combining central coordination with delegation—while making the most effective use of scarce human and financial resources. The report is about strengthening regional management so as better to achieve regional goals.
2. The ideas involved are simple, and the report is addressed to important persons with many calls on their time. The report concentrates on overall analysis and the arguments of principle supporting its proposals. If the proposals are accepted, those who will have to implement the changes will be responsible for their detailed planning. Implementation will require well-coordinated preparation and execution.
3. The report is a contribution to the process surrounding and supporting development of the Pacific Plan, commissioned by Heads of Governments of the sixteen Pacific Islands Forum member countries in April 2004. The content of the Plan is currently under development by a Forum-wide Task Force of senior officials, assisted by broad-based in-country consultations and overseen by a Core Group of past, present and future Forum chairpersons.
4. The concept of an overall plan for the Pacific was sceptically received in many quarters. The language of the April 2004 declaration and subsequent documentation was criticised as dismissive of political realities and lacking practical substance. The criticism was premature. Part of the problem was the early use of the term ‘Pacific Plan’, as if a workable and technically sound plan had suddenly sprung fully formed from the waves.
5. The Forum’s 2004 pronouncements did not purport to *be* a plan with an implementable statement of issues, goals, resources and activities in a time-frame with targets and performance indicators. They were a call for a regional version of such a plan to be produced, something that would move the region forward on issues and in policy areas where a common interest can be identified and pursued together—recognising that action at regional level will only work if it is directed to goals that embody acknowledged national interests.
6. The forthcoming Pacific Plan is thus best seen as an expression of resolve by Heads of Governments to strengthen cooperation among their countries *in those areas where such cooperation is the best way of achieving national objectives*. Those areas are not static. National objectives change over time, being periodically—in some cases frequently—reviewed and redefined through national political process. The institutional means of acting regionally need to be able to respond flexibly and effectively to expressions of need at national level, while keeping a sense of collective directional stability over the medium term. Implementation of a good regional plan will be based on and reflect national aspirations, but it will also help to shape them by interaction and feedback. Where institutions share ownership, access to resources and accountability they need to be under strong common policy direction and management.

7. What are commonly referred to as the institutions of regional cooperation in the Pacific were not designed as a coherent structure. They were created at different times over several decades in response to different needs, some internal to the Pacific islands, some not. To some extent they were not designed for regional *cooperation* so much as for delivery of external aid on a region-wide basis, for which little substantive interaction among national recipients may be needed. There is currently some uncertainty about what will be required of the Pacific regional organisations (PROs) by the Pacific Plan, and a sense of impending disturbance of existing structures is noticeable. The ToRs for this report have contributed to this by referring to the possibility of ‘significant institutional reform of regional architecture’. That wording has had a formative effect on the report.
8. To the extent that there is a regional architecture in existence, it consists of a frame fitted around a collection of existing institutions and relationships, rather than a deliberate design that shaped the institutions and the way they relate to each other. This report takes on the normal role of the architect, namely that of collecting and assessing information on the foreseeable needs of the client, and designing affordable and efficient structures to meet them - without unnecessarily demolishing what is still of use and value.
9. There are hundreds of regional organisations in the Pacific, with new ones appearing all the time and a smaller number passing away as specific regional needs wax and wane. This report considers the condition of the ten PROs that presently make up the Council of Regional Organisations of the Pacific (CROP). For reasons explained in the report it then concentrates on five of them (FFA, PIFS, SOPAC, SPC and SPREP) which it refers to as the G5.
10. Together the G5 comprise a formidable body of professional and technical expertise, and an extremely valuable collection of knowledge of the Pacific region and its island countries and territories (PICTs). These five high-profile PROs produce a flow of technical information, studies and plans relevant to PICT needs and development issues. Over USD50m of external assistance directed to PICTs is annually handled by and through the G5, and the PICTs’ relations with the rest of the world are partly managed, and substantially influenced, by the G5.
11. The human resources, archives, developmental activities, policy advice, representational functions, information technology, telecommunications and administrative services of the G5 are divided into five legally watertight compartments. The definition and pursuit of five separate sets of institutional goals and the defence (not to say enlargement) of five separate patches of institutional turf, at the same time as simple common-sense requires them to collaborate closely in many of their activities, absorbs substantial amounts of senior management time and leads to some painful contortions.
12. Meanwhile the CROP structure that has evolved since the 1980s, ostensibly to promote cooperation among PROs, has taken to behaving like an institution itself, a super-PRO with its own charter and mandate. Its efforts to achieve inter-PRO cooperation have been cumbersome, time-consuming and excessively formal, consuming a significant amount of expert resources in the process. In an effort to remain small, CROP presents itself as an exclusive club that lesser PROs are not eligible to join. But CROP as such is not directly accountable to anyone, and the lack of machinery for compelling cooperation among its members, particularly among the G5, means that lack of consensus can prolong institutional tussles indefinitely.
13. Recently the most valuable role of CROP has been its spawning of working groups to address specific developmental issues that no single G5 PRO can address successfully on its own. Yet

even here the heavy bureaucratic process apparently required to set up and support CROP Working Groups appears ludicrous compared with the no-fuss, fast-moving cooperation among disciplines possible within an integrated multidisciplinary organisation.

14. Many people working at management level in the G5 recognise these problems and have thought about how to deal with them. Most of the ideas in this report on rationalisation and sharing of services have come from persons inside the PROs, some of whom have already begun low-key discussions among themselves along these lines. Useful observations and suggestions have also come from aid donors and institutions working in the region and dealing with PROs. From those inputs, study of material collected from PROs and more generally, and the writer's observations over a working lifetime in the same broad field as the PROs, two categories of recommendations emerge.
15. The first set of proposals would change the way the G5 behave, without requiring any changes to their constitutional basis or legal personality. These mainly relate to the practical amalgamation of common services in administration, IT/communications and electronic access to archives, joint procurement of big-ticket goods and services, the exercise of greater care not to duplicate or overlap functions, and refocusing of CROP on practical matters. These changes would yield significant savings and improvements in intra-G5 operations and would be worthwhile in any case.
16. That would not, however, overcome the problem of mental barriers related to the separate legal and political personalities and lines of accountability of the G5 institutions, which are described later in the report. Unless this problem is tackled the true development potential of the resources collectively managed by the G5 will not be realised, and inter-G5 boundaries and tensions will continue to hobble efforts at regional cooperation. To get full service-delivery benefit from its high-quality human resources and USD 68m annual funding, the G5 mindset has to change, its bureaucratic model has to be reformed and its operations amalgamated under unified management.
17. To achieve this, the second set of proposals would amalgamate the G5 institutions to form a Pacific Commission, organised into semi-autonomous but centrally accountable service-providing directorates under a single CEO.
18. All issues of cooperation and coordination among the present G5 would be internalised into the corporate planning and management systems of the Commission, where any territorial disputes would become irrelevant and evaporate, or be resolved by an appropriate process managed by the CEO. The directorates would initially be geographically located substantially where the G5 are now. Directorates would organise regular meetings of regional political and technical heads and relevant non-state bodies in their respective fields. Overall funding levels would remain broadly unchanged. Incoming funds would be traced to end-uses as the providers of funds might require, but would otherwise merge into the consolidated fund of the Commission, feeding an integrated programme-based budget.
19. This structure would simultaneously serve both the Forum as the regional council of Heads of Government of independent and self-governing countries, and the Pacific Community as a consultative, deliberative association of all island countries and territories and supportive 'others', including all members of the Forum. The Forum and the Conference of the Pacific Community would continue to meet much as at present, with unchanged powers, but would be served by the single Secretariat at the apex of the Commission. Other G5 memberships would

merge into the Commission structure and eventually fall away by specific acts of self-termination in an appropriate legal form.

20. More detailed proposals for both sets of changes appear in the report. The report concludes that while the first set of changes are worthwhile in themselves, when they are considered in the round they will be seen to result in a half-baked cake. Re-baking a half-baked cake may not be the best way to get a good final product. To realise the full potential of the G5 for cost-effective regional cooperation and practical support for the Pacific Plan within an acceptable time-frame, it may be wiser to adopt the second and more radical set of proposals at the start, setting a clear goal for implementation of the necessary changes within a definite time. Put bluntly, a Pacific Plan of substance will need stronger regional coordination and unified direction of core regional operations, and the best way to get that will be through a Pacific Commission.

**ANNEX 2**

**Eminent Persons' Group Review of the Pacific Islands Forum (April 2004)**

## **The Eminent Persons' Group Review of the Pacific Islands Forum, April 2004**

### **Statement by Rt Hon Sir Julius Chan GCMG, KBE, Chair of the Eminent Persons' Group**

We have approached this Review in the belief that all of us in the Pacific need to remain open to change. We should respect the past, certainly, but must also confidently challenge the present and be well prepared for the future.

We live at a time in which the forces of globalisation are dominant. People and countries are more interconnected than ever before, but differences remain and often we are driven apart by our individual interests. Too often prejudice and greed continue to dominate discussion of the issues – typically difficult and sensitive – that divide rich and poor countries. Problems cannot be solved while these attitudes remain, nor will they be solved by chance or wishful thinking.

The difficulties facing the Pacific can only be overcome through foresight, determination and regional integration, with a view to overcoming tensions and designing effective outcomes. We need a visionary plan for our nations and our region. The needs and desires of Pacific people must lie at its heart.

Let us begin from within. It is time to put aside suspicions and differences by explicitly recognising that we are all – whether from Small Island States or more prosperous Australia and New Zealand – peoples of the region. We are political partners and equal members of the Forum.

Members must build on the successful regional contributions they have already made, while always remembering the need to protect their own national interests and work for the betterment of their own people.

We can be sure that in our fast-changing world there will always be new challenges approaching over the horizon. Nevertheless, sound planning, deep integration and enhanced cooperation will help us successfully meet these, as well as the familiar challenges. In this day and age, not the least of the issues confronting us will centre on security concerns.

If the Pacific Islands Forum consistently develops programmes that benefit future generations in the Pacific, it will win stronger support from all our countries and also promote the creation of a clearer regional vision.

The findings and suggestions in this Review have been distilled by us, but they really belong to the hundreds of people who have shared with us their views of the Forum and the environment in which it operates. We could not have achieved much at all without the full cooperation of Forum Leaders; dialogue partner representatives; member government officials at all levels; representatives of international and regional agencies, Pacific NGOs and other civil society communities; the private sector and Churches. To all of you, we give our heartfelt thanks.

We also wish to acknowledge and thank the members of the Review's Reflection Group, all of them very highly qualified Pacific people, who provided much valuable feedback on our draft. The Review was inspired by an insightful presentation right at the start by the Chair of the Pacific Islands Forum, the New Zealand Prime Minister, Rt Hon Helen Clark. This set the tone for our consultations. We thank the New Zealand Minister of Foreign Affairs and Trade, Hon Phil Goff, and the staff of the Ministry of Foreign Affairs and Trade – including our personal assistants – for their hard work in making the Review possible within a very tight time frame, even after the onslaught of Cyclone Heta.

During our long journey around the member countries of the Forum, Pacific peoples have honoured us with their kindness and hospitality, and we have made many new friends. To all of you, too, our sincere thanks.

No regional agenda can ever be complete in such a fast-changing and challenging global environment. However, we hope the outcome of this Review will be flexible enough to adapt to changing times. For the present, we have tried to suggest a course that we hope will help our Leaders with the challenging task of charting the sometimes unpredictable way ahead.

**Rt Hon Sir Julius Chan, GCMG, KBE , Chair, Eminent Persons' Group  
Pacific Islands Forum Review, March, 2004**

## **Foreword**

We have been asked by the Chair of the Pacific Islands Forum, the New Zealand Prime Minister, Rt Hon Helen Clark, to carry out a Review of the Forum's role, functions and Secretariat. This is the first comprehensive review of the Forum since its inception. It comes as a new Secretary General, Greg Urwin, takes up his position.

Our assignment was summarised in the final communiqué of the 34th Forum meeting in Auckland in 2003. Leaders called for a refreshed mandate and vision – and improved capacity – that would allow the Forum to provide leadership on regional cooperation and integration, and closely reflect the aspirations and needs of Forum members.

This has been a demanding task. In less than a month we talked face-to-face with hundreds of people – regional Leaders, politicians, public servants, Forum Dialogue partners, Church leaders, members of civil society and international and regional agencies – in countries right around the Pacific. We heard a wide range of views, many of them impassioned, about the future of the region and the role of the Forum within it. Many more individuals and agencies sent us their thoughts in writing. We thank them all for their commitment and contributions.

We returned from our consultations weighed down by submissions, papers and our own lengthy notes. From these we have endeavoured to find themes, patterns and common threads that we could synthesise into a set of robust, practical recommendations. If the report that has emerged has one overriding theme, it is the importance of change – not for change's sake, but so that the Pacific Islands Forum remains strong, vital and relevant to the lives and needs of Pacific people.

In some areas we have felt able to make specific recommendations. In others, such as the Pacific Plan, we have highlighted an urgent need for intensive investigation and the continued engagement and support of Forum Leaders.

It has not been possible to incorporate every suggestion we were given, nor to attribute those ideas we have used. We hasten to assure those we have consulted that neither omission implies any disrespect. On the contrary, we are grateful for the quality of the comment and guidance offered to us.

We present our report mindful of its limitations but hopeful that it will provoke new thought about the challenges facing our region and the Forum. We must move forward. We respectfully ask that Leaders consider our recommendations closely. They represent authentic Pacific opinion and, in our view, outline practical steps for the positive development of the region's pre-eminent political grouping.

**Sir Julius Chan, Bob Cotton, Dr Langi Kavaliku, Teburoro Tito, Maiava Iulai Toma  
The Eminent Persons' Group, March 2004**

## **Executive summary**

### **A note on structure**

In this report, consideration of the Pacific Islands Forum flows from observations about the sort of Pacific we might all want to live in. These observations are expressed as a Pacific Vision, which we offer initially on and develop further in the subsequent section entitled **The way forward. The Vision** underpins the key recommendation of this report, the [Pacific Plan](#) for intensified regional cooperation.

Recommendations made early in the Review focus generally on the biggest issues facing the Pacific Islands Forum: its role within the Pacific, the need to preserve relevance through a clearer focus on people, and its key areas of interest.

Later, the Review addresses key questions relating to the Forum's political process – its meetings, and the role of Leaders, the Chair, Ministers and officials. It goes on to make recommendations concerning the Forum's links with other regional agencies through the Council of Regional Organisations in the Pacific (CROP). Finally the Review considers the engine room – the Suva-based Forum Secretariat – and the vital role of the Forum Secretary General.

Appendices are limited to the essentials: the people involved in carrying out the Review and its Terms of Reference.

Recommendations are made in two ways. They are listed in the section [Recommendations in full](#) with page references to their first appearance in the text. They are also listed in numbered form at the end of the section to which they relate.

### **Summary**

The Pacific is facing considerable challenges, both external and home-grown. Overcoming them will require concerted action, not only by national Governments but also at the regional level.

Success will depend on the region having a clear vision of its future and a plan for getting there. This Review proposes both. The Vision acknowledges both Pacific traditions and 21st century realities. It involves a redefinition of the traditional "Pacific Way" of doing things. The plan – named here the Pacific Plan – is intended to build on the generally successful process of regional cooperation that has evolved during the past several decades.

We suggest a range of areas in which early progress might be made, but precisely how far and in which direction the Plan evolves is a question for Leaders. The bottom line is that future inter-country relationships will need to be closer and more mutually supportive if the region is to avoid decline and international marginalisation. Enhanced regional cooperation and integration, and the sharing of resources of governance, are likely to be features of future developments. New thinking about the relationships between sovereign states may hold the key to future sustainability.

The Pacific Islands Forum, as the pre-eminent political grouping of the Pacific region, has a pivotal leadership role in helping to ensure the Pacific Islands community of states survives, prospers and is secure. In order to carry out its role effectively in a fast-changing world, it is imperative that the Forum reconsider its strategic role and way it functions.

We consider that the Vision, mandate and work plan of the Forum should be clearly defined and directly relevant to the lives of Pacific people and their daily concerns. The Forum must be clear about its key priorities, which we assess as economic growth, sustainable development, governance and security. The efforts of the Forum should reflect and be guided by a strong sense of Pacific heritage and cultural identity.

We also consider that the Forum should mainstream the concerns of the vulnerable Small Island States into its work and seek closer engagement with Pacific territories outside the Forum. It must reach out to women and the burgeoning youth population, and engage more closely with regional civil society.

It is not enough that the Forum does these things. It must also be seen to do them, and this has profound implications for the Forum's communications strategy. We suggest this should be enhanced to improve communications among member countries – and between member countries and the Secretariat – and to overcome a lack of regional awareness about the role and work of the Forum.

Forum finances are under considerable pressure as a result of a growing range of activities and an expanding workload. We encourage the Forum Secretariat to exercise good stewardship of existing funds, while recognising that increased resources may be required – particularly given the likely demands of the proposed Pacific Plan. Members must be clear that a large part of the Forum's current financial difficulties are the result of slow payment of dues. In our view, members should be required to complete payment of dues by a certain date each year and it might be appropriate to charge the Secretary General with reporting on a range of measures appropriate to the management of non-payment.

Redefinition of the Forum's strategic role will open the way to simplifying Forum programmes and processes that are currently over-full and insufficiently prioritised. Impossibly long meeting agendas and an overload of paperwork militate against good decision-making. The Leaders' meeting, particularly, needs to be rethought so that more time is spent in discussion and less in "ticking off" large volumes of paperwork provided by Ministers and officials. The key, we believe, lies in tasking the office of the Secretary General with consulting widely to produce a short Retreat agenda, perhaps even focused on a single theme. We also suggest means of condensing the over-full plenary agenda.

It would be helpful to leave more time between the pre-Forum Officials' Committee (FOC) meeting and the Leaders' gathering. A gap of around three weeks would mean Leaders had much more time than at present to consider recommendations.

The Post Forum Dialogue should be enhanced so that both Forum members and representatives of partner countries are able to achieve full value from it.

Ministers could usefully be given more decision-making authority to enable Leaders to focus on issues that require Head of Government attention.

Both the Forum Chair and the Secretary General need to have a clear mandate to take a proactive stance in advancing agreed Forum concerns, particularly in terms of coordinating responses to regional crises and major issues.

While the Council of Regional Organisations in the Pacific (CROP) is a valuable means of ensuring cooperation between regional agencies, we consider that it suffers from a lack of clarity in its structure and management. In particular, we believe the role of the Forum Secretary General as CROP chair needs to be more carefully spelt out. The CROP Charter may need to be reviewed.

The Forum Secretariat is a highly professional body but is overloaded with work – some of which lies outside its core functions. Its role as an agency for policy, coordination and assistance with implementing Leaders’ decisions needs to be restated, and the importance of its task with regard to support for Small Island States re-emphasised.

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We also consider that the Forum should mainstream the concerns of the vulnerable Small Island States into its work and seek closer engagement with Pacific territories outside the Forum. It must reach out to women and the burgeoning youth population, and engage more closely with regional civil society.

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allocation of further Secretariat resources, especially in the increasingly important governance area. The agreement setting up the Secretariat should be redrafted to reflect changing demands and responsibilities.

## Recommendations in full

The recommendations here are listed under the same headings or major sub-headings as in the text. Recommendations are also listed numerically at the end of each section.

**We recommend that Forum Leaders:**

### A Pacific Vision

- Adopt the Vision proposed in this report as a guide to [Forum actions and policies](#).

### The Pacific Plan

**Endorse and lead the development of the Pacific Plan, intended to create stronger and deeper links between the countries of the region. We propose that the Plan should:**

- Assess options and provide a strategy for deeper and broader regional cooperation.
  - Identify the sectors and issues in which the region can gain the most from sharing resources of governance and aligning policies.
  - Provide clear recommendations to Leaders on the sequence and priorities for intensified regional cooperation.
  - Be used as a springboard for stimulating debate on how to shape the region's longer-term future.
  - Be carried out by a Task Force of people from within the region, managed by the Secretary General.
  - Be overseen by an open-ended group of Leaders (perhaps formed around a core group of three, comprising the immediate past, current and incoming chairs).
  - Be started as soon as possible. The Forum Secretariat could be asked to complete an assessment of existing mechanisms and processes for regional cooperation in time for the 2004 Apia Forum, along with draft terms of reference and recommendations from the Secretary General for membership of the Task Force. (see [The Pacific Plan](#))
- **Develop a [digital strategy](#) for the region, based on the 1999 Communications Action Plan.**

### A focus on people

- Endorse our proposal that the maintenance and strengthening of [cultural identity](#) be a core theme for Forum leaders.
- Encourage closer contacts with non-sovereign Pacific territories, through progressively granting them observer status at Leaders' meetings and associated meetings of the Forum Officials Committee. [New criteria for participation](#) should be developed, grounded in the region's interests.
- Encourage the development of [national human rights machinery](#). This might involve engagement with the Asia Pacific Human Rights Forum.
- Address the [low participation of women](#) in all levels of decision-making processes and structures, as well as the reduction and elimination of domestic violence, and the improvement of women's literacy and health status.

- Listen to the needs and aspirations of the burgeoning population of [young people](#) in the region, and recognise the impact of bigger and more youthful populations on the resources required for education and vocational training, healthcare, and job opportunities.
- Strengthen Forum engagement with [civil society](#). The Secretary General could be asked to discuss options for this with representatives of regional civil society. One option could be for civil society to organise a forum just prior to the Leaders' meeting, with a report conveyed to Leaders via the Secretary General.

### Key Forum interests

- Define the [key interests](#) of the Forum as economic growth, sustainable development, governance and security.
- Give the greatest possible support to maintaining and increasing efforts by the Forum Secretariat to enhance the [governance capabilities](#) of Forum members.
- Mandate the Secretary General, in consultation with the Chair, to call a meeting of Leaders or Forum Foreign Ministers in [times of crisis](#) with a view to galvanising regional action.

### Spreading the word

- Task the Secretary General with developing a Forum Secretariat communications and publicity strategy with a view to [strengthening links](#) between the Secretariat and members, and also between the Secretariat and Forum Dialogue partners, and agencies, both regional and international.

### Finance

- Encourage good stewardship of existing funds by the Forum Secretariat, while recognising that the proposed Pacific Plan may impose additional [financial demands](#).

### The Leaders' meeting

- Task the Secretary General or a delegate with [consulting in member capitals](#) several months prior to the annual Leaders' meeting and developing a short Retreat agenda list. We suggest this initiative be adopted immediately.
- Require Ministers and CROP heads to provide only [written reports](#) to Plenary sessions, unless Leaders decide otherwise.
- Retain the system of [annual, alphabetical rotational](#) Leaders' meetings in member countries, with the option of hosting them at the Forum Secretariat headquarters in Suva if requested by the host country.

### The role of the Chair

- Assist the Chair to be proactive in taking a strong regional leadership role in respect of agreed Forum responsibilities and positions, including on the international stage. We suggest that the country acting as [Forum Chair](#) should be responsible for organising a caucus before international meetings to assess common ground among Forum countries.
- Authorise [Secretariat support](#) for the Chair, as and when requested.

### The Post-Forum Dialogue

- Maintain and build on the 2003 precedent of a [post Forum briefing](#) of Dialogue partners by the Chair.
- Revise the [panel system](#) to ensure that panellists are able to concentrate exclusively on the Dialogue process. Panel members should be chosen – on the basis of recommendations from the Secretary General to the Chair – from among Forum Ministers.

### Ministerial meetings

- Mandate Forum [Ministerial meetings](#) with decision-making power on all issues except those where Ministers determine that a decision by Leaders is required. Leaders would of course retain the right to reconsider issues.

### The Forum Officials' Committee (FOC)

- Set a date for the [pre-Forum FOC meeting](#) that is about three weeks before the Leaders' annual August meeting rather than just a few days before as at present.
- Keep in mind the option of holding the [pre-Forum FOC meeting in Suva](#), unless the incoming Chair urges that it be held in the Forum host country.
- Bring forward the [budget-setting FOC meeting](#) so that allocations can be better aligned with tasks set by Leaders.

### The Council of Regional Organisations in the Pacific (CROP)

- Task the Secretary General, in consultation with CROP heads, with ascertaining whether a redrafting of the CROP Charter would help to define more clearly the relationships between CROP agencies, the Forum Secretariat and the Secretary General. The aim of any change would be to ensure that the most [effective use](#) is made of the scarce resources of the region.

### The Forum Secretariat

- Authorise the early appointment of a [second Deputy Secretary General](#) to improve the capacity of the Secretariat and enable the Secretary General to take up a more proactive regional role in support of the Chair.
- Appoint a working group of Forum members to draft a [new agreement](#) that updates and clearly sets down the role, functions and responsibilities of the Secretariat. In particular, the document should emphasise that the primary roles of the Secretariat are policy advice, coordination and assistance in implementing Leaders' decisions, rather than the project implementation and technical assistance functions that it has acquired over the years.
- Task the Secretary General with developing a [corporate plan](#) that identifies the resources and structure necessary to carry out the functions of the Secretariat, as well as ensuring that the Secretariat has effective budget, performance management and corporate planning systems.
- Task the Secretary General with ensuring that the considerable needs of [small island members](#) are mainstreamed into all levels of Secretariat work.
- Enforce the provision that [Secretariat staff](#) be hired for no more than two three-year terms of employment, so that people with skills developed at the Secretariat can use these in the service of their home countries. It may be necessary to offer the Secretary General a transition period in which to apply this provision to current staff.

### The Secretary General

- Encourage the Secretary General to take a [proactive role](#) in setting Forum agendas and coordinating responses by members to regional events, particularly crises. Such action would need to be taken in close consultation with the Chair and within limits set by Leaders.

## Challenges and opportunities

For years, the Pacific was romanticised internationally as a peaceful, content and rather sleepy backwater, somehow removed from – even immune to – the stresses faced by the rest of the developing and post-colonial world. This picture was, of course, a misrepresentation of a diverse, widespread and vibrant region facing unique development challenges.

Now there is a risk that well-publicised problems are giving rise to an equally simplistic but this time negative image: the Pacific as a region of trouble. Glib characterisations such as these do the region no favours.

We know there are major challenges facing us. Globalisation, with its multi-national businesses, trans-national crime, pervasive global popular culture and high rate of change, has put several Pacific countries at great risk. Those same global pressures are also seriously affecting Pacific languages and cultures. Smaller nations, particularly, are finding it increasingly difficult to pass on their traditions and languages to a new generation.

The shrinking world has other negative implications for our region. Geographic isolation is no longer any guarantee of freedom from terrorism, drug and people smuggling, or trans-national organised crime. This sort of activity thrives where governance is weak.

Ease of travel has brought with it serious threats to health, notably HIV/AIDS. Changed patterns of living and an increase in the availability of consumer goods have contributed to an upsurge in “lifestyle” diseases. Diabetes, particularly, is an epidemic within the Pacific.

Many islands are vulnerable to climate change. Natural resources are threatened by over-exploitation. An increasing availability of consumer goods presents new problems in terms of pollution and waste disposal.

As well as the consequences of globalisation there are issues that, to a greater or lesser extent, are particular to the Pacific. Natural resources in most Pacific countries are very limited and natural disasters, particularly cyclones, are an almost annual occurrence. Distances are great, raising the costs of exports, imports and regional travel. Telecommunications and transport infrastructure across the vastness of the Pacific Ocean are generally weak.

Variable standards of governance have produced at their worst instability, violence, corruption and a breakdown of the democratic process. These problems have exacerbated the generally slow pace of economic growth and, in some cases, led to economic decline. Poor governance has a direct impact on the lives of Pacific people. It affects not only their rights as individuals and as communities, but also the delivery of basic services such as health care, education and the management of scarce resources. Improved participation in government processes, particularly by women, is also essential – the Pacific has one of the lowest rates anywhere of women’s representation in government. Addressing governance and security issues with sustained determination may be one of the most significant means of ensuring the relevance of Forum activities to people in the region.

Populations of many Forum countries, especially in Melanesia, are expanding rapidly. In particular, the fast-growing youth population poses major challenges for education, job creation and social well-being.

There is, then, no shortage of challenges. But equally the region has great strengths and problems can be opportunities. Globalisation has delivered the prospect of fast travel, instant communications and access to global information flows. Advances in these areas offer tangible opportunities to the Pacific, a region far away from major world centres. The time has come to take advantage of these developments to build stronger connections with each other and the rest of the world.

Features of the Pacific that some might see as disadvantages – for example, small land mass and isolation – can be seen equally well as advantages; it comes down to a question of perspective. The seafaring peoples of the Pacific see the region not as small islands separated by the vastness of the ocean, but as a bountiful ocean filled with islands.

But the real strength of the region lies in the character of its people, who have demonstrated throughout their history a high level of resourcefulness and resilience. We are well used to surviving, and eventually prospering, in the face of hardship, invasions and natural disasters.

It is our view that the Pacific has much to be thankful for and already has, in the form of its remarkable patterns of regional interaction, a strong foundation on which to build a positive future. Good strategic thinking, planning and cooperation – as are envisaged in the Pacific Plan – along with strong and coordinated regional organisations, will present new opportunities for positive development.

Seizing these will require the energies and knowledge of all people, not just those in positions of power. Women, youth and civil society groupings, particularly, can be integrated more effectively into national and regional decision-making processes. Openness and a free flow of information need to be seen as positive factors, not threats. The role of the news media as an essential check and balance on power needs to be better understood. While some Pacific countries have had a difficult relationship with journalists, experience shows generally that media are better informed and more constructive if valued and drawn closer to political life.

We hope this Review demonstrates that while the Forum has played a pivotal role in the development of the Pacific, its role and functions will need to be rethought if the many expectations now being placed on it are to be realised. Enhanced regional cooperation and pooling of effort is required. Anything less will mean a deepening risk of marginalisation, economic decline, increased insecurity and a more impoverished region.

The Forum must have a clear vision, a strong strategic sense, carefully defined responsibilities and the capacity to achieve these. Above all it must have direct and practical value to the Pacific people it serves.

## **The Way Forward**

### **The Pacific Way**

**Leaders believe the Pacific can, should and will be a region of  
peace, harmony, security and economic prosperity,**

**so that all its people can lead free and worthwhile lives.**

**We treasure the diversity of the Pacific and seek a future in which its cultures and traditions are valued, honoured and developed.**

**We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values, and its defence and promotion of human rights.**

### **Recommendation 1**

The ambitious Vision that we offer Leaders has at its heart the well-tested values of the Pacific Way. In our view this concept or style – which is often mentioned but seldom defined – implies honesty, mutual respect and tolerance. It is based on a recognition and acceptance of differences, but with an underlying awareness of the need to find unity and consensus. The Pacific Way is guided by a sense of justice, compassion, tolerance and understanding. It is about working together. The Pacific Way is one of the region's greatest assets, but the concept must evolve and be reasserted if it is to remain relevant.

The powerful notion of the Pacific Way will need to embrace new ways of thinking and acting. We hope it can denote a style of governance that is respected for its inclusiveness, effectiveness and freedom from corruption. We hope, too, that it can be people-centred and democratic in spirit. It needs to reach into communities and address the issues that are important to them. These include poverty in all its forms, the position of women and youth in society, education, “lifestyle diseases,” and the growing threat of HIV/AIDS. The Pacific Way should deal openly, honestly yet respectfully with problems including failures of governance and corruption.

But however much it evolves to meet the demands of a changing world, The Pacific Way will have at its core one unchanging truth: regional interconnectedness, the idea that there is a Pacific way of doing things that is open to, but different from, the way Americans or Europeans or Asians might do things. It is this idea of a unifying regional consciousness that inspires the Pacific Plan.

### **The Pacific Plan**

The history of the Forum has been one of steadily growing cooperation among the countries of the region. Indeed, the Forum is one of the most successful examples anywhere of countries working together for mutual benefit.

There is growing evidence, however, that current levels of cooperation are not a strong enough force to address the challenges now facing the Pacific. Globalisation and the uncertainties of the international security environment present major challenges. Most Pacific Island countries are small, have limited resources and are distant from major markets. Some exist close to the knife-edge of economic and social viability. Given that a weakness in one country is, in terms of our Vision, a weakness for us all, there is no doubt in our minds that the future prosperity of the region will depend on our acknowledging our inter-connectedness, and finding new and creative means of harnessing our collective capacities. New thinking on the relationships between sovereign states may be required. Where practical and appropriate, the pooling of regional resources in a range of areas of governance would offer improved efficiencies in the delivery of services and economic development.

We propose to Leaders the endorsement of the Pacific Plan to create stronger and deeper links between the countries of the region. The Plan should identify existing areas of inter-country cooperation, including their strengths and weakness. It should then seek to provide clear recommendations to Leaders on a sequence and priorities for intensified regional cooperation. It should identify the sectors and shared concerns where the region might make the most useful gains from sharing resources and aligning policies. Above all, the Plan should be a vehicle for placing the “big idea” of Pacific inter-dependence squarely at the front of the regional political agenda.

With goodwill and commitment, the Pacific Plan could become the overarching strategy for weaving the region closer together. It would be not a “Forum Plan” as such, but an active partnership involving the Pacific in its widest sense, including the whole family of Pacific regional organisations.

The Pacific Plan lies at the heart of this Review. Its success – which will require a major philosophical commitment by all countries – will depend on Leaders accepting the “big idea” and then making an early start on a sequence of practical steps.

While members of our group have clear ideas of their own about how the Plan might advance and precisely what it might consider, it would be inappropriate to present these now. For one thing, the precise content of the plan should be based on comprehensive research and analysis. For another, commissioning this work clearly falls within the mandate of Leaders. We are putting forward an idea and a process, rather than a blueprint.

We ask Leaders not only to endorse the concept of the Pacific Plan, but also to be bold and innovative in pursuing it. Greater sharing of resources is the first step. We hope that Leaders will be prepared to go further, to consider regional integration that runs deeper than that established already under regional trade arrangements. We suggest that it would be timely for Leaders to consider options for future economic and political integration – possibly to develop a model that is unique for the Pacific.

Thinking outside the boundaries of current political and economic realities is difficult and challenging work. This we freely concede. Yet we believe it is essential that we do not shy away from the task. Failure to engage now with the biggest issues facing our region can only limit our choices in the future.

We recommend that the first task to be accomplished in putting the Plan into action should be the creation of a framework for action. It is important for the momentum and profile of the Plan that it take shape quickly, and that some confidence-building gains are made early in its existence. With this in mind we recommend that the Forum Secretariat complete an assessment of existing regional cooperation and integration arrangements in time for the 2004 Apia Forum. Draft terms of reference and recommendations from the Secretary General for membership of a Pacific Plan Task Force should also be presented to Leaders at the Apia Forum. This Task Force would have responsibility for developing the Pacific Plan and would be critical to the success of the proposal. We recommend that Leaders task the Secretary General with managing such a group, working directly to a small but open-ended group of Leaders. It might be appropriate to form the Leaders’ Group around a core of three: the previous, current and incoming chairs.

It is clear that the Pacific Plan would have significant resource implications for the Forum Secretariat, and this issue we consider further in our sections on [Finance](#) and the [Secretariat](#).

We have suggested already that a precise programme of action for the Plan is beyond the scope of this Review. Nevertheless we would be failing in our duty if we did not indicate some specific areas that we consider demand intensified cooperation.

Given the vast expanses of ocean that separate us, and the difficulties of trade and travel within the region, there is little doubt that transport is a prime candidate for prompt action under the Plan. This area is already under investigation through the Regional Transport Study. Its agreed recommendations could be incorporated into the Pacific Plan.

Other areas that would benefit from greater shared effort and the pooling of resources include standards and conformance, quarantine services and customs, increased trade facilitation, judicial and public administration, security and financial systems, processes for meeting international legal demands, regional law enforcement aimed at trans-national crime, and regional representation at international meetings. It might be possible to consider introducing a regional panel of judges, a common list of Pacific prosecutors, a regional shipping registry, a regional financial intelligence unit and intensified training courses for regional managers, administrators and parliamentarians. These are only a few examples of the sorts of resources that might be shared in the Pacific of the future.

We would argue, too, that security must fall within the ambit of the Plan. In the region we have a number of agreements – notably the Honiara, Biketawa and Aitutaki Declarations – providing for regional cooperation on security and law enforcement issues, but there is no clear and efficient mechanism by which their words can be given teeth. We encountered in the countries we visited a strong feeling that government breakdown, insurrection and other emergencies demand rapid and effective engagement. Further, this engagement should involve a wider range of countries than is typically the case. We speculate on neither the possible shape of crisis response machinery nor on its management, but we do believe that consideration of these questions is an essential part of “big picture” regional planning. We note that conflict prevention is an even more important goal than conflict resolution.

The development of a digital strategy would allow huge gains to be made through the countries of the region working more closely together. We regard this as an area requiring urgent, concerted action and so offer some reasonably detailed thoughts.

The regional information technology (IT) infrastructure is limited in its reach and accessibility. Few Pacific people have good access to electronic communication of any type, and those who do face indifferent service and high prices. In a world increasingly divided into the “information rich” and “information poor,” there is a real risk that the Pacific is beginning to slide down the wrong side of the digital divide. That can only lead to marginalisation and isolation, both economically and socially.

Better digital communication offers vast potential for drawing the countries and people of the Pacific closer together, and linking them more firmly to the wider world. It offers a means of harnessing the process of globalisation to our advantage through opening up new forms of economic and social development in which remoteness and small land area are less relevant than is the case now. Improved digital communications would provide opportunities across all sectors and in both urban and rural areas. There would be likely spin-offs in terms of reduced need for business or official travel, and for distance learning education.

Better digital communication within the region would radically improve inter-country consultation on Forum issues, as well as the flow of information in and out of the Forum Secretariat and with other regional organisations.

There are some barriers standing in the way of implementing better digital communications. Problems exist with limited and unequal access to communications technology, high costs of equipment and services, insufficient telecommunications bandwidth, low investment in networks and a limited number of Internet service providers. Regulatory frameworks at the national level

have not kept up with the pace of technological development and in many cases they are outdated and incomplete.

The **1999 Forum Communications Policy Ministerial Meeting** agreed a comprehensive Action Plan, along with a vision for the Pacific Information Economy. This was reaffirmed in 2002, although Ministers noted then that progress had depended on domestic capacities and national priorities.

We recommend that Leaders seek urgent progress on the 1999 Action Plan. This should include, as a first step, a detailed investigation of how closer cooperation at a regional level might further the implementation process [Recommendation 3](#).

The development of a digital strategy should be considered a high priority element of the Pacific Plan.

### **The Pacific Plan at a glance**

- A far-reaching strategy and programme for creating stronger and deeper links between the countries of the region.
- To stimulate consideration of regional integration deeper than that already established under current trade arrangements.
- Based on an assessment of existing regional cooperation and integration arrangements. This could be carried out by the Forum Secretariat and presented to Leaders at the 2004 Apia Forum, along with draft terms of reference and recommendations for membership of a Pacific Plan Task Force.
- To involve the development of proposals for greater cooperation, common structures and pooled resources in a wide range of sectors. These might include transport, information technology, security, standards and conformance, quarantine services, customs, increased trade facilitation, judicial and public administration, security and financial systems, processes for meeting international legal demands, air traffic control, regional law enforcement. Specific innovations might include the introduction of a regional panel of judges, a common list of Pacific prosecutors, a regional shipping registry, a regional financial intelligence unit, and intensified training courses for regional managers, administrators and parliamentarians.
- To include an implementation plan and schedule.
- Driven by a Leaders' Group, possibly formed around a core membership comprising the previous, current and incoming Forum chairs.
- Carried out by a Task Force of people from within the region, managed by the Forum Secretary General.
- Momentum to be created by seeking early gains in the most achievable sectors.
- More complex areas to be considered in time.
- Early consideration to be given to resource issues, both human and financial, to assist the Secretary General in developing the Plan.

### **Recommendations - The way forward - We recommend that Forum Leaders:**

1. Adopt the [Vision](#) proposed in this report as a guide to Forum actions and policies.
2. Endorse and lead the development of the Pacific Plan, intended to create stronger and deeper links between the countries of the region. We propose that the Plan should:

- Assess options and provide a strategy for deeper and broader regional cooperation.
- Identify the sectors and issues in which the region can gain the most from sharing resources of governance and aligning policies.
- Provide clear recommendations to Leaders on the sequence and priorities for intensified regional cooperation.

- Be used as a springboard for stimulating debate on how to shape the region's longer-term future.
- Be carried out by a Task Force of people from within the region, managed by the Secretary General.
- Be overseen by an open-ended group of Leaders (perhaps formed around a core group of three, comprising the immediate past, current and incoming chairs).
- Be started as soon as possible. The Forum Secretariat could be asked to complete an assessment of existing mechanisms and processes for regional cooperation in time for the 2004 Apia Forum, along with draft terms of reference and recommendations from the Secretary General for membership of the Task Force.

3. Develop a digital strategy for the region, based on the 1999 Communications Action Plan.

## **The Role of the Forum**

### **Building on the past**

Since it first met in Wellington in 1971, the Pacific Islands Forum has been a driving force in the development of a Pacific regional consciousness. It has grown steadily in membership and stature, consolidating its position as the pre-eminent political grouping in the region.

Initially the Forum had just seven members who gathered, usually once a year, to discuss regional issues and present collective views to the international community. Through the founding years, economic development was the predominant theme of meetings. One of its earliest goals was the establishment of a Pacific economic union – a vision that remains incomplete, though still a relevant objective.

Now the Forum has 16 members representing all the independent states of the Pacific. Its annual meetings function as Pacific regional summits, attracting media and civil society attention from around the world. Twelve countries or groupings from outside the region – including the US, the EU and China – make the journey to the Forum Chair country each year to attend a Post-Forum Dialogue to share views on regional and international issues of mutual interest. Others are seeking Post-Forum Dialogue membership. The political apparatus of the Forum is supported by a Secretariat employing some 70 staff.

The Forum works closely with a number of other regional agencies. The largest is the Secretariat of the Pacific Community (SPC), a technical development agency that covers all states and territories in the Pacific and predates the Forum. The SPC and nine other regional agencies, including the Forum Secretariat, are linked through the Council of Regional Organisations in the Pacific (CROP), which is chaired by the Forum Secretary General.

It is clear from our consultations around the region that there is an overriding perception among Leaders, Ministers, officials and civil society that the Forum is immensely valuable – essential in fact – to the development and well-being of the Pacific and its peoples. This confidence is well founded. The grouping has galvanised regional will on fisheries cooperation, nuclear issues and climate change.

Step by step, it is moving the Pacific towards more open trade through the Pacific Agreement on Closer Economic Relations (PACER) and the Pacific Island Countries Trade Agreement (PICTA). It has adopted far-reaching measures on regional security and helped restore calm to Bougainville and the Solomon Islands. The Forum Fisheries Agency (FFA), the South Pacific Applied Geoscience Commission (SOPAC) and the stand-alone South Pacific Regional

Environmental Programme (SPREP) – all of which have emerged from Forum initiatives – have successfully harnessed regional energies in resource management and conservation.

These are substantial achievements of which the region can be proud. Perhaps the Forum's most fundamental achievement, though uncelebrated because it has become commonplace, is in facilitating networking across almost all sectors of member country concern. The Forum founders would be gratified to see what their far-sighted initiative has achieved. The task before us now is to re-express the role of the Forum and build on its successes to ensure that it remains valuable and relevant into the 21st century.

## **A focus on people**

In setting out to consider the future role of the Forum, our first task is to establish whom it exists to serve.

The answer has to be "people". The Forum is not immune to the tendency of structures and bureaucracies everywhere to lose touch with their roots. The Forum has to work for the practical and direct benefit of Pacific people. If it does not do this – if it has no real connection with those it seeks to serve – then its value to the region is seriously limited.

Our discussions in the region led us to the view that the Forum needs to develop closer connections with the people of the Pacific if it is to remain truly relevant and useful.

A Forum that serves Pacific people must clearly acknowledge in its work the matters that preoccupy them. The issues that families across the region wrestle with every day – earning an adequate income, and providing their families with a home, health care and educational opportunities – are not necessarily uppermost in the mind of those engaged in regional deliberations. Regional goals of economic growth and sustainable development must be pursued with every awareness and consideration of these fundamental human needs. Furthermore the link between, on the one hand, economic growth and the sustainable development of the community and, on the other, the individual well-being of individuals, needs to be understood and clearly articulated. In considering these issues, the Forum could draw on the resources of universities, policy institutes and think tanks around the region.

**In our view, the areas that deserve immediate attention in this respect are:**

### **(i) Cultural identity**

Our cultures link us with other Pacific peoples, and with our sea, land and ancestors. They stimulate national unity and self-confidence and provide a constantly renewed source of wealth. Our cultures and languages are a major part of who we are. Yet, with each passing year, they are eroded by growing migration, urbanisation and material aspirations, as well as the increasing dominance of mass communications and global popular culture.

This represents an obvious loss – not only to our sense of Pacific identity but also economically. We should not forget that traditional industries create wealth and employment while maintaining and strengthening community relations, particularly in rural areas. Trade in cultural goods has grown immensely over the past two decades but often its present and potential monetary value is unrecognised.

We believe strengthening Pacific cultures and languages in the face of external pressures should be a central concern for Forum Leaders. As we suggest in our proposals on [governance](#), the pursuit of increased democratic representation and more open political processes can be

managed in ways that are entirely consistent with the reinforcement of cultural beliefs and values. Further, it is possible to combine modern economic ideas with traditional and cultural practices to create stronger national economies.

We ask Leaders to endorse our proposal that the maintenance and strengthening of cultural identity be a core theme, and that the work of the SPC in this area is fully supported.

[Recommendation 4.](#)

#### **(ii) Regional inclusiveness**

There is an almost unanimous view in the region that the current Forum membership criterion – independent statehood – is appropriate. The Forum is a government-to-government body and its authority depends on the sovereignty of members.

Nevertheless there is also a strong view that the Forum needs to better connect with Pacific communities that currently do not have a voice in the Forum process. The key omissions are the French and US Pacific territories [Recommendation 5.](#)

Observer status at the Forum for these entities would be a useful step towards enhanced regional inclusiveness and cooperation. We ask Leaders to consider integrating all the French and US territories into the Forum as observers, and to be open to approaches from other non-sovereign Pacific territories. New criteria for participation should be developed, grounded in the region's interests.

#### **(iii) Sub-regional representation**

A number of sub-groups, including Small Island States and the Melanesian Spearhead, have developed within the Forum. These groups have shown that they can strengthen the work of the Forum by progressing issues of particular relevance to their members and by setting standards that other members may wish to adopt.

Our consultations revealed, however, that often Small Island State members are frustrated by a feeling that they cannot fully participate in or benefit from the Forum.

Leaders of small island countries spoke to us about their limited capacity to successfully assimilate and respond to Forum officials' recommendations, the serious difficulties they encounter in implementing Forum measures, the heavy costs they face taking part in Forum activities and the limited support that is available to them from the Secretariat.

We ask Forum Leaders to give urgent attention to the special needs of small island member states. The Forum has an important advocacy role to perform on their behalf.

#### **(iv) Human rights**

The Forum should support the work of members in developing national human rights machinery. As part of this process, those Leaders whose governments are not already engaged with the Asia Pacific Human Rights Forum might consider becoming so. This would draw in practical assistance from the office of the UN High Commissioner for Human Rights [Recommendation 6](#)

#### **(v) Women and gender**

There is a view within the region that Pacific institutions and processes are not as gender sensitive as they should be. Given the changing roles and responsibilities of men and women,

and the increasingly recognised role that women play in society, the Forum needs to acknowledge and encourage the participation of women in decision-making at all levels.

The challenges facing Pacific Island Leaders are to: increase the current low level of participation by women at all levels in decision-making processes and structures; reduce and eliminate domestic violence; put in place programmes to improve the literacy rate of women; and promote and improve the health of women [Recommendation 7](#).

#### **(vi) Youth**

Young people make up an increasingly large proportion of our societies. Around 40 percent of the total Pacific Islands population is under 15 years of age. Each year nearly 200,000 people – nearly the equivalent of the population of Vanuatu, or twice the population of Tonga – are added to the total Pacific population through new births. Each of these children will require education, healthcare and, eventually, job opportunities and basic life skills. If we fail to provide them with these things, the young people who should be our most important resource will become a liability.

We encourage Leaders and our communities to listen to the interests and concerns of our young people, and plan to meet their needs. At stake is not only their future, but also that of all our societies [Recommendation 8](#).

#### **(vii) Civil society**

The global rise of civil society and a strong desire among Pacific NGOs to be more closely involved in regional decision-making have significant implications for the Forum.

Although the Forum is intrinsically a government-to-government process, it is desirable that ways are found to draw on the knowledge, policy views and grass-roots connections that many civil society groups possess. Civil society includes not only NGOs, but also other groupings and institutions with a wealth of expertise that could usefully be better harnessed in the regional decision-making process. At present, civil society input is limited to gatherings at the time of the Forum that lack a formal mechanism for communicating with Leaders, Ministers or officials.

Although civil society representatives are free to liaise with the Forum Secretariat or Chair whenever they wish, we believe it is important that they have the opportunity for a more direct association with the annual Forum meeting. One means of handling this would be for a Pacific Civil Society Forum – organised by representatives of civil society themselves – to be held each year just prior to the Leaders' meeting. This Forum could be structured around themes directly relevant to the Forum agenda, with the Secretary General invited to receive an agreed report for conveying directly to Leaders. We suggest the Secretary General explore options with representatives of regional civil society [Recommendation 9](#).

### **Key Interests**

While accepting that the Forum must be flexible enough in its scope to meet the needs of a diverse membership, we believe it is vital to define clearly its core areas of activity. An excessively broad mandate contributes to crowded meeting agendas, escalating costs, potential duplication of effort, and capacity overload. These problems were repeatedly highlighted during our consultations and are addressed later in the paper.

Our talks around the region showed up some differences in perception of the Forum's primary areas of activity, but certain themes recurred. We were told that the key interests of the Forum should be:

- Economic growth;
- Sustainable development;
- Governance; and
- Security **Recommendation 10**.

These core themes are discussed in greater detail below:

### **(i) Economic growth**

Improvement in the material well-being of Pacific people and the opportunities available to them will depend on expanding opportunities for the generation of increased wealth from the region's natural and human resources.

Sustained economic growth implies both macro- and micro-economic policies that facilitate the creation of businesses and jobs, and also the development of a trading environment that allows equitable access to export markets and lower cost imports. In this area the Forum has been especially active in recent years and we acknowledge the efforts that have been and are being made to strengthen regional trade and economic integration.

Significant progress has been made with PACER, which provides stepping stones to allow Forum island countries gradually to become part of a single regional market and integrated into the international economy. It also usefully establishes a Regional Trade Facilitation Programme. A key first step towards the single market goal is PICTA, a free trade agreement in goods between the Forum island countries. Both agreements have now [entered into force](#).

Service industries such as tourism and professional sports provide substantial opportunities for the region to derive greater benefit from its physical environment and human abilities. It is important that the benefits obtained from providing services in the region and abroad are fairly shared with the smaller island states.

The Forum Economic Ministers' Meeting (FEMM) has an important role to play in spearheading economic reform and regional integration. It is vital that it focus on practical measures to enhance economic governance and development, especially through regional cooperation. The next meeting will provide a timely opportunity for Ministers to review the FEMM's focus and work programme.

### **(ii) Sustainable development**

The greatest risk attached to economic development is that of destroying what one seeks to protect. The Pacific's natural environment is bountiful but fragile. Traditional subsistence approaches to farming and fishing have generally supported sustainability, but pressure from resource use has become intense. Non-sustainable resource use threatens not only the natural resources of the region, but also the livelihoods and traditional way of life of many Pacific people.

Forum countries and CROP agencies have made substantial efforts to ensure that economic development is sustainable. Fishing is a noteworthy example. The Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific will do much to protect the migratory tuna stocks that are so important to many Forum countries.

The voice of Forum countries on responsible use of the world's oceans has made itself heard not only regionally but also internationally. It should be a matter of some pride for Forum island countries that they were instrumental in having the concerns of small island developing states about rising sea levels adopted virtually complete in the plan produced by the 2002 World Summit on Sustainable Development.

We believe the sustainability issue is one in which the Forum has demonstrated impeccable credentials and we urge it to maintain its efforts.

### **(iii) Governance**

The support and promotion of strong national governance is an area of increasing Forum activity. This reflects a growing global and regional focus on issues including political transparency and openness, social justice, human rights, and sound political and economic management. The quality of governance has a significant effect on the well-being of Pacific people, just as it does on others around the world.

Good governance inspires confidence among citizens and partners, both regional and international. In fact, we would argue that observation of the principles of good governance is vital to the future development of the Pacific. The promotion of good governance must be carried out in ways that are meaningful to Pacific societies and people. Often in the Pacific there is tension between inherited political and legal structures and pre-existing cultural traditions. There is a need to work towards achieving a better “fit” between the two in order to achieve more relevant, responsive and accountable patterns of governance.

We recommend that Leaders give the greatest possible support to maintaining and increasing efforts by the Forum Secretariat to enhance the governance capabilities of Forum members.

[Recommendation 11](#). See also with regard to [Small Island States](#) in The Secretariat.

### **(iv) Security**

Trans-national and regional security issues are seen by many in the region as likely to dominate Forum attention for at least the next few years. There is also concern about security at the community level, and work is already underway to address this through the regional policing initiative.

At one level, this reflects global concerns about issues ranging from trans-national crime and terrorist threats to disease pandemics and natural disasters. Security concerns have also arisen as a result of the crises within the Pacific that led to recent regional response agreements such as the Biketawa Declaration.

In our proposals for a Pacific Plan we have suggested that there is considerable scope for enhanced cooperation and a more comprehensive regional approach to shared security interests. In particular, there is widespread agreement that regional effort on trans-national and regional security crises needs to be harnessed effectively. We recommend that the Secretary General be mandated to call, in consultation with the Chair, an early meeting of Forum Leaders, Foreign Ministers or their representatives with a view to galvanising regional action to prevent or respond to a crisis [Recommendation 12](#).

## **The Forum in the world**

When the Forum speaks clearly with one voice, it has a powerful position in the world community. Its large membership guarantees that its presence cannot be overlooked. We have seen evidence of this power in, for instance, the Forum’s substantial influence in Law of the Sea negotiations.

We note the leadership role played in recent years by Forum Chairs – for example, by New Zealand at the recent Commonwealth Heads of Government Meeting (CHOGM) in Nigeria; by Fiji at the World Summit on Sustainable Development in 2002; and by Nauru in New York during the 2001 UN Conference on Children. Forum members hold regular meetings at the United Nations in New York and we commend this initiative.

Routine regional caucusing before significant international meetings would help to ensure that the Forum’s international visibility and influence remains consistently high. Arranging such contact could be the responsibility of the country chairing the Forum see [Recommendation 18](#) and [The role of the Chair](#).

## **Spreading the word**

In this section we have so far considered whom the Forum exists to serve, its key interests and its global role. A related question that should be raised here is how the Forum might better communicate its work to member countries and the wider world.

During our travels around the Pacific we were disappointed to find that many aspects of the work of the Forum were poorly understood outside the central Government and core Ministries of member countries. Even some well placed Ministers and officials suggested they were uncertain about Forum functions and activities. The picture was bleaker still among representatives of civil society and the wider community. Without broad understanding within governments and communities in member countries, the Forum cannot hope to enjoy the support of the people in whose interests it functions.

It is also clear that many Forum members do not have a clear idea of regional initiatives that are being pursued within other Forum countries. This represents another failure of communications.

It is important, therefore, that ways be found to improve the flow of Forum information both within and beyond the region. We ask Leaders to task the Secretary General with developing a wide-ranging Forum communications and publicity strategy aimed at enhancing the flow of information among members, between members and the Secretariat, and with Forum partner countries and agencies [Recommendation 13](#).

## **Finance**

### **(i) The question of resources**

The growing range of Forum activities and its expanding workload have placed serious pressure on financial resources. In recent years increased demands have been met mainly through extra-budgetary contributions from donors.

While the proposals contained in this Review for tightening the focus of Forum work onto areas of core activity may ease some pressures, it is inevitable that the development of the Pacific Plan would produce a whole new range of demands.

Good stewardship will require effective prioritisation and efficient use of existing funds. It would be regrettable, though, if after re-prioritisation of existing funds there were still insufficient resources for the efficient operation of the Forum or the development of a plan that has the potential to bring great benefits to Pacific people. It is likely that a strong Forum Secretariat that is efficient and productive in implementing the Forum mandate will require increased financial resources, and we ask Leaders to give specific attention to this issue [Recommendation 14](#) and [The Secretariat](#). The donor base may need to be expanded and the Secretary General will need to give consideration to this.

It goes almost without saying that the financial well-being of the Forum is heavily reliant on the observation of the highest standards of [financial stewardship and auditing](#).

### **(ii) Member contributions**

It needs to be made very clear that a large part of the financial difficulties suffered by the Forum are the result of members not paying their dues on time.

We believe Leaders must state in unambiguous terms that non-payment of dues will affect the viability of the Secretariat and the services it provides.

It is appropriate that all Forum members be required to complete payment of their dues by 30 June each year, and that the Secretary General be requested to report on a range of measures appropriate to managing continued non-payment. In our view these should contain sanctions that will enable the Forum Secretariat to carry out its work with the anticipated level of funding.

**Recommendations. The role of the Forum. We recommend that Forum Leaders:**

4. Endorse our proposal that the maintenance and strengthening of cultural identity be a core theme for Forum leaders.
5. Encourage closer contacts with non-sovereign Pacific territories, through progressively granting them observer status at Leaders' meetings and associated meetings of the Forum Officials' Committee. New criteria for participation should be developed, grounded in the region's interests.
6. Encourage the development of national human rights machinery. This might involve engagement with the Asia Pacific Human Rights Forum.
7. Address the low participation of women in all levels of decision-making processes and structures, as well as the reduction and elimination of domestic violence, and the improvement of women's literacy and health status.
8. Listen to the needs and aspirations of the burgeoning population of young people in the region, and recognise the impact of bigger and more youthful populations on the resources required for education and vocational training, healthcare, and job opportunities.
9. Strengthen Forum engagement with civil society. The Secretary General could be asked to discuss options for this with representatives of regional civil society. One option could be for civil society to organise a forum just prior to the Leaders' meeting, with a report conveyed to Leaders via the Secretary General.
10. Define the key interests of the Forum as economic growth, sustainable development, governance and security.
11. Give the greatest possible support to maintaining and increasing efforts by the Forum Secretariat to enhance the governance capabilities of Forum members.
12. Mandate the Secretary General, in consultation with the Chair, to call a meeting of Leaders or Forum Foreign Ministers in times of crisis with a view to galvanising regional action.
13. Task the Secretary General with developing a Forum Secretariat communications and publicity strategy with a view to strengthening links between the Secretariat and members, and also between the Secretariat and Forum Dialogue partners and agencies, both regional and international.
14. Encourage good stewardship of existing funds by the Forum Secretariat, while recognising that the proposed Pacific Plan may impose additional financial demands.

**The Leaders' meeting**

Older Pacific Leaders speak fondly of the time when the Forum was a small club in which people knew each other well and could speak as friends on the issues that concerned them.

In recent years this intimacy appears to have diminished. Leaders change more frequently than they used to and there are not the same personal bonds between them. The Forum has become a function of its success, a much larger organisation covering a wider spectrum of sub-regional interests. At the same time, the formal Plenary sessions of Forum Leaders' meetings have become more complex affairs involving long agendas and numerous presentations, reports and briefing papers. Even the informal Retreats – which Leaders generally consider the most valuable part of Forum meetings – are now intensive gatherings compared with their relaxed informality in the early days.

Although we do not want to suggest narrowing the breadth of activities undertaken by the Forum, we believe the Leaders' gathering would be considerably improved by reducing the number of issues considered at both the Retreat and Plenary sessions.

There was a strong perception among those we talked to that Leaders regard their annual meeting as being too driven by officials. Leaders would be assisted if the interval between the Forum Officials' Committee meeting and the Leaders' meeting ([The Forum Officials' Committee](#)) were to be increased. This would allow Leaders more time to digest and formulate responses to the information presented to them.

### **The Retreat**

The Retreat is at the heart of the Forum process. It remains an embodiment of the informal decision-making tradition that characterises both the Forum and the Pacific Way. It should be an opportunity for free and frank discussion – for “building togetherness,” as one of our group put it. In practice, however, both informality and free discussion are limited by the high workload.

Different Forum Chairs have taken different approaches to managing the consideration of issues at the Retreat. We consider that a brief agenda – perhaps two or three “Forum priorities” – is ideal, and this should be prepared in advance of the meeting. The Retreat agenda need not mirror the broader meeting agenda, although some elements might overlap.

In our view, the Secretary General or a senior Secretariat manager should visit all member countries several months before each Leaders' meeting to discuss with Governments possible Retreat agenda items [Recommendation 15](#), as well as seek early notice of issues Leaders may wish to place on the agenda for the Plenary.

A final Retreat agenda draft, reflecting the major concerns of the region, should then be prepared by the Secretary General in consultation with the Chair. Such an agenda might comprise a single major theme. Of course Leaders will raise additional issues and conduct the Retreat in the way that seems most appropriate to them.

### **The Plenary**

At present, the formal Plenary sessions of Leaders' meetings tend to be time-consuming and ritualistic. The agendas prepared by officials are usually extensive and the presentation of Ministerial and CROP agency reports mechanical. While not wishing in any way to diminish the role of Plenary participants, we consider that this pro-forma segment of the meeting should be considerably simplified and shortened.

As a first step towards improving efficiency, we urge Forum officials to minimise as far as reasonably possible the Plenary agenda and the volume of supporting paperwork. The assessment of agenda priorities gained by the Secretary General during visits to member capitals in the months before the Forum meeting should help in this regard.

As a second step, Leaders might consider discussing written Ministerial meeting and CROP agency reports only where they have concerns that they wish to explore. Otherwise the written reports could simply be “received”, thereby saving meeting time [Recommendation 16](#).

For this to succeed, Ministers should have the delegated authority to sign off their own work following consultation with the Secretary General ([Ministerial meetings](#)).

### **Setting the venue**

On this subject there is very little dissent among Pacific Leaders and Ministers. The common view is that rotating Leaders’ meetings alphabetically among all member capitals is an acceptable and valued procedure. Although this sometimes creates heavy financial and logistic demands on the smaller countries, it is an opportunity for them both to showcase their country and emphasise their willingness and ability to shoulder a regional responsibility.

The idea of holding alternate meetings at a central venue, ie. the Forum headquarters in Suva was raised in a few capitals only, and usually without enthusiasm. Although this would produce cost savings and possibly attract higher-level representatives from outside the region to the Post-Forum Dialogue process, it is clear that most members – particularly small countries – fiercely value the opportunity to host the Leaders’ meeting on a rotational basis. It was pointed out that if alternate year meetings were held in Suva, countries would have the prospect of hosting the Forum only once every 32 years. This was not considered attractive.

Nevertheless, it should be made clear to members that no Government need feel embarrassed if it considers itself unable to host the Leaders’ and associated Forum meetings in its own country. Countries in such circumstances could instead host meetings at the Secretariat headquarters in Suva or, following consultations between the Chair, other Leaders and the Secretary General, in another Forum country. [Recommendation 17](#).

### **Recommendations - The Leaders’ Meeting - We recommend that Forum Leaders:**

**15.** Task the Secretary General or a delegate with consulting in member capitals several months prior to the annual Leaders’ meeting and developing a short Retreat agenda list. We suggest this initiative be adopted immediately.

**16.** Require Ministers and CROP heads to provide only written reports to Plenary sessions, unless Leaders decide otherwise.

**17.** Retain the system of annual, alphabetical rotational Leaders’ meetings in member countries, with the option of hosting them at the Forum Secretariat headquarters in Suva if requested by the host country.

### **The role of the Chair**

The Forum Chair – the Head of Government of the host country – plays a vital role in steering the Leaders’ meeting and in setting the agenda for the following year.

The primary job of the Chair is to give political leadership and confidence to the Forum process, including to the Secretariat and the Secretary General. In turn the Secretary General is able to offer a great deal of support and advice to the Chair, and this is to be encouraged.

In general, the Forum has flourished – in terms of both internal direction and external projection – when it has had strong leadership from the Chair. Inevitably the style and quality of leadership will vary according to the personality and style of the incumbent, but it is important for the consistent functioning of the Forum that the status of the office remains high and can be respected by all members.

Leaders consulted for this Review support Forum Chairs taking a more active role in managing the political activity of the Forum, especially as regards speaking on behalf of the Pacific on the international stage [Recommendation 18](#). We propose that the country chairing the Forum, or a nominee, should be responsible for organising a caucus of Forum countries before major international gatherings. This would allow discussion of objectives and cooperation with a view to achieving the best possible outcome for the Pacific region.

Leaders we spoke to would also welcome early contact by the Chair and the Secretary General in helping to set priorities for the [Leaders' meeting](#).

A number of Forum countries have insufficient resources to adequately support their Heads of Government in chairing the Forum. For this reason there is a good case for directing, when necessary, some Secretariat resource towards supporting the Chair [Recommendation 19](#).

#### **Recommendations - The role of the Chair - We recommend that Forum Leaders:**

**18.** Assist the Chair to play a proactive role in taking a strong regional leadership role, in respect of agreed Forum responsibilities and positions, including on the international stage. We suggest that the country acting as Forum Chair should be responsible for organising a caucus before major international meetings to assess common ground among Forum countries.

**19.** Authorise Secretariat support for the Chair, as and when requested.

#### **The Post Forum Dialogue**

The Post Forum Dialogue is an annual opportunity for senior Ministers and officials of 12 countries and groupings from outside the Pacific to meet representatives of the Forum. In theory the Dialogue is an enormously valuable means by which the countries of the Pacific can collectively express their views to a major world audience. In practice its potential has not been realised. There are difficulties in several areas.

While partners value the Dialogue as an opportunity to engage with the Pacific on a collective and bilateral basis, there is a perception within the Forum grouping that some partners attend more from a sense of duty than from any feeling that they or the Pacific will particularly benefit from the contact. There is a strong sense among both Forum members and Dialogue partners that the Dialogue is an awkward set-piece exchange of formal positions, and that freer dialogue, with more open discussion between well-informed and interested parties, needs to be encouraged.

There are also consistent reports that Dialogue partners feel frustrated by a lack of opportunity to talk to Forum Leaders. Most Leaders have left the Leaders' meeting by the time the Dialogue takes place. In this regard, the collective briefing of Dialogue partners by the Forum Chair, Rt Hon Helen Clark, at the 2003 Auckland Leaders' meeting was a positive development to which all partners gave their wholehearted support. We strongly urge that this continue [Recommendation 20](#).

Other criticisms of the current Dialogue process have focused on the Ministerial panel system by which the Forum presents its views to partners. One description referred to these briefings as “bland, boring and incredibly generalised”. It is widely perceived that panel members are often not particularly keen on their task and, in the heat of the meeting, lack the time to become fully familiar with the issues before them.

We consider that the current panel briefing system should be retained as a useful opportunity for exploring bilateral and other issues. However, it should be enhanced to improve quality and the value that can be obtained from it by both Pacific countries and Dialogue partners.

Currently the two Forum panels conducting the Post Forum Dialogue are made up of representatives of the immediate past, present and future Chairs. We propose instead that panel members be Ministers selected each year from around the Forum region and on the basis of their interest in the Post Forum Dialogue. Each year the Secretary General could be asked to identify possible panel members on the basis of regional consultations, and make recommendations to the Forum Chair. The aim should be to give adequate geographical representation and, more particularly, a committed and informed panel. The sole responsibility of these ministerial panel members would be their Post Forum Dialogue duties and they should be supported by the Secretariat in preparing for this specialist role. The system of two panels of three members is logical and we suggest this be retained [Recommendation 21](#).

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To provide a solid basis of discussion at both the Leaders’ and panel briefings, focused agendas for the Post Forum Dialogue meetings should be prepared through the office of the Secretary General well in advance of the annual Forum meeting. This could be done in parallel with agenda preparations for the Leaders’ gathering. It is important that Dialogue Partners, as well as Forum Governments, be consulted in order that the agendas are relevant to all parties.

#### **Recommendations - The Post Forum Dialogue - We recommend that Forum Leaders:**

**20.** Maintain and build on the 2003 precedent of a post-Forum briefing of Dialogue partners by the Chair.

**21.** Revise the panel system to ensure that panelists are able to concentrate exclusively on the Dialogue process. Panel members should be chosen – on the basis of recommendations from the Secretary General to the Chair – from among Forum Ministers.

### **Ministerial meetings**

The frequency of regional Ministerial meetings linked to the Forum has expanded to a point where the capacity of the Secretariat to service them has been placed under serious strain. The quality of Secretariat papers and their timeliness has suffered as a result. We consider, however, that Ministerial meetings are essential to good regional cooperation and we see no good case for reducing their number except in terms of lifting pressure from the Secretariat. We would argue that the appropriate means of managing Secretariat stress is to reorganise and provide greater capacity to the Secretariat.

At present, Forum Ministerial meetings have little formal decision-making authority. Ministerial reports are presented to Leaders at the Plenary in the form of reports requiring formal approval. In our view this is an unnecessarily limiting requirement that fails to make full use of Ministers’ abilities and experience, and adds to the considerable demands already placed on Leaders.

We consider that Ministers – working in close consultation with the Secretary General – should have the delegated authority to make final decisions on issues within their area of responsibility [Recommendation 22](#). This would mean that Ministerial reports to the Plenary would be, in the normal scheme of things, for the information of Leaders rather than for their approval. It is important that Ministers retain the ability to ask for a determination by Leaders if they feel this is necessary.

**Recommendations - Ministerial meetings - We recommend that Forum Leaders:**

22. Mandate Forum Ministerial meetings with decision-making power on all issues except those where Ministers determine that a decision by Leaders is required. Leaders would of course retain the right to reconsider issues.

**The Forum Officials' Committee (FOC)**

Two FOC meetings are held each year: one a policy meeting in the Forum host country a few days before the Forum Leaders' meeting and the other – a budget-setting meeting – at the Forum Secretariat in Suva in November.

There is some concern among Leaders and Ministers that officials are playing too great a role in deciding Forum outcomes. In particular, the pre-Forum FOC meeting is seen as having the potential to “railroad” the Forum Leaders' agenda. This is largely the result of the pre-Forum FOC meeting being held too close to the Leaders' meeting, leaving insufficient time for Leaders to assimilate the documentation surrounding the many complex issues on the Forum agenda.

In our view the pre-Forum FOC meeting should be held earlier than it is at present, perhaps three weeks before the Leaders' meeting [Recommendation 23](#). This would mean separate trips by those officials who attend both the FOC and the Leaders' meeting. We acknowledge that this could be a burden on the funds of small states and an inconvenience for those having to travel long distances, but the likely benefits from Leaders having more time to consider better-produced paperwork would be considerable. The Leaders' meeting would also have a much smaller footprint, with fewer officials needing to return for it than currently stay on from the FOC.

One option would be to hold the pre-Forum FOC meeting at the Forum headquarters in Suva rather than in the Forum host country. However, we accept that many members place high value on hosting the officials' pre-Forum gathering. A compromise that may be acceptable is for the pre-Forum FOC meeting to be held in the Forum host country in cases where this is urged by the incoming chair. Otherwise, the meeting should be held at the Forum headquarters in Suva [Recommendation 24](#).

There would be advantages in holding the budget-setting FOC at an earlier date following the Forum Leaders' meeting. This would allow officials to move quickly to allocate funding according to priorities set by Leaders [Recommendation 25](#).

**Recommendations - The Forum Officials' Committee (FOC). We recommend that Forum leaders:**

23. Set a date for the main FOC meeting that is about three weeks before the Leaders' gathering rather than just a few days before as at present.

24. Keep in mind the option of holding the main FOC meeting in Suva, unless the incoming Chair urges that it be held in the Forum host country.

25. Bring forward the budget-setting FOC meeting so that resources can be better aligned with tasks set by Leaders.

## **The Council of Regional Organisations in the Pacific (CROP)**

The CROP is the umbrella body linking nine Pacific regional organisations with the Forum. It is chaired by the Forum Secretary General.

We consider it a strength of the region that it includes a wide range of regional organisations with different roles and structures. CROP agencies reflect the diversity and rich history of the Pacific. We see no practical value in replacing these agencies with one “super organisation,” as some have suggested.

However, much needs to be done to enhance the formal relationships between the Forum Secretariat and the different CROP agencies to ensure that they can play their respective roles without duplication or omission, and with a sense of common purpose.

An obvious starting point for overcoming misperceptions about roles and responsibilities is to clarify the fundamental relationships involved. It may be that this could be achieved in part by redrafting the current very brief CROP charter and we ask that the Secretary General consider this possibility [Recommendation 26](#).

We recognise that the CROP agencies have different membership, different mandates and differing governance structures. This poses particular challenges for agency co-ordination, but the greater regional coverage provided across all the agencies provides opportunities for linking the region more fully.

It needs to be clearly spelled out that neither the Secretary General nor the Secretariat is in a position to instruct CROP member agencies. They are partners working together in the interests of Pacific regional development and the Secretary General has the vital role of coordinating action to prevent duplications, overlaps and omissions.

Arguments have been raised for rotational chairing of the CROP, but in our view the Secretary General has the most direct connection with Forum Leaders and should continue to do the job.

### **Recommendation - The Council of Regional Organisations in the Pacific (CROP) - We recommend that Forum Leaders:**

26. Task the Secretary General, in consultation with CROP heads, with ascertaining whether a redrafting of the CROP Charter would help to define more clearly the relationships between CROP agencies, the Forum Secretariat and the Secretary General. The aim of any change would be to ensure that the most effective use is made of the scarce resources of the region.

## **The Forum Secretariat**

Most Forum members place a high value on the Forum Secretariat. They see it as a highly professional body with many capable staff who are personally dedicated to the development of the Pacific region.

Nevertheless there are concerns that the Secretariat is simply too stretched to adequately manage its expanding responsibilities and workload. The Secretariat has been asked to service a vast number of Ministerial and other meetings. It has been drawn into a range of project

implementation and technical assistance functions that are not part of its core roles of policy advice, coordination and assistance with implementing Leaders' decisions. There have been criticisms that it is struggling to produce concise, high-quality policy papers on time.

The Forum also has a vital role in coordinating members' efforts to improve aid effectiveness by taking a lead on efforts to harmonise donor funding.

A careful refocusing of priorities onto core roles, within the key areas of Forum interest outlined earlier, would assist the Secretariat to manage its workload. Nevertheless, acceptance by Leaders of the proposed Pacific Plan would undoubtedly involve greater demands on Secretariat resources. As proposed in [Recommendation 14](#), Leaders may like to consider the question of increased funding for the Secretariat, particularly given the likely resource implications of the Pacific Plan. We believe that particular attention should be given to the growing governance support role of the Secretariat. This includes work such as support for the administrative capacities of small states, assistance with meeting treaty commitments and on trade issues, and specialist policy advice generally.

We recommend that a second Deputy Secretary be appointed soon to provide a significant extra resource in helping to manage the growing Secretariat workload. The existence of another senior manager would also help to free up the Secretary General for high-level regional interaction and diplomacy [Recommendation 27](#).

The management of changing demands may require formal restatement of the Forum's role. The existing Agreement establishing the Forum Secretariat, which has been signed but not ratified by all Forum members, is out of date and does not recognise the current nature of Secretariat work. It should be revised, with due attention given to the necessary balance between membership expectation and capacity. We ask Leaders to charge a working group of members, supported by legal advice, with drafting a new Agreement to be presented for the consideration of Leaders at the 2005 Forum [Recommendation 28](#).

This high-level work could be supported by the production of a refreshed corporate plan, identifying and drawing on international best practice. Such a plan could include investigation of the current budget, performance management and corporate planning systems within the Secretariat, and the introduction of improvements where necessary [Recommendation 29](#).

The vital role of the Secretariat with regard to support for Small Island States must be confirmed. These vulnerable members often have insufficient resources of their own with which to manage the international demands required by treaties, conventions, agreements and bilateral and multilateral arrangements. Furthermore, they frequently have difficulty formulating, digesting and implementing Forum policy in the timeframes required. The Secretariat should "mainstream" into all its work the interests and needs of Small Island States so that they are not marginalised in the regional decision-making process [Recommendation 30](#).

In our view it is essential that the Secretariat does not duplicate or compete with the functions of other regional organisations. In particular it should not overlap the aid delivery and general technical support functions of the SPC and the other CROP agencies. In this respect the role of the Secretariat and the Secretary General should be to facilitate coordination and harmonisation between the range of agencies and partners involved in regional development.

We reiterate the recommendations made earlier in this Review regarding the need for assessments of [Pacific information technology](#) and [Forum communications capabilities](#). The Secretariat should have the communications capabilities – both technical and strategic – to provide timely information to all members and project key Forum messages to the wider world, including the international news media.

In terms of staffing, it is important that the Secretariat attract – and be seen to attract – the “best and brightest” from throughout the Pacific. While recruitment must always be on the basis of ability, the regional nature of the Forum makes it highly desirable that Secretariat staff collectively reflect the diversity of membership.

It is equally important that those recruited by the Secretariat give their skills to the region for a limited time only before returning to serve their home countries. The “cult of the regional career official” is to be discouraged. In our view, two three-year terms of service for executive/professional staff should be a maximum, irrespective of the jobs an individual may hold within the Secretariat during that time [Recommendation 31](#). This would require a consequential amendment to staff regulations. It may be necessary to offer the Secretary General a transition period in which to apply this provision to current staff. Similar terms might be considered for other CROP agencies.

### **Recommendations - The Forum Secretariat - We recommend that Forum Leaders:**

**27.** Authorise the early appointment of a second Deputy Secretary General to improve the capacity of the Secretariat and enable the Secretary General to take up a more proactive regional role in support of the Chair.

**28.** Appoint a working group of Forum members to draft a new Agreement that updates and clearly sets down the role, functions and responsibilities of the Secretariat. In particular, the document should emphasise that the primary roles of the Secretariat are policy advice, coordination and assistance in implementing Leaders’ decisions, rather than the project implementation and technical assistance functions that it has acquired over the years.

**29.** Task the Secretary General with developing a corporate plan that identifies the resources and structure necessary to carry out the functions of the Secretariat, as well as ensuring that the Secretariat has effective budget, performance management and corporate planning systems.

**30.** Task the Secretary General with ensuring that the considerable needs of Small Island members are mainstreamed into all levels of Secretariat work.

**31.** Enforce the provision that Secretariat executive/professional staff be hired for no more than two three-year terms of employment at the Secretariat, so that people with skills developed at the Secretariat can use these skills in the service of their home countries. It may be necessary to offer the Secretary General a transition period in which to apply this provision to current staff.

### **The Secretary General**

The regional role of the Forum Secretary General is substantial and the incumbent is a key determinant of the success or failure of both the Secretariat and the wider Forum process.

In our consultations for this Review we encountered a general belief that the role of the Secretary General should be less constrained. A proactive stance by the Secretary General would be particularly valuable at times of crisis in harnessing regional resolve and galvanising a prompt Forum response [Recommendation 32](#). This report has already suggested that the skills of the Secretary General could also be used to negotiate more focused and briefer agendas for the annual Leaders’ meetings. In carrying out these tasks, the Secretary General would always need to act in close coordination with the Forum Chair and within limits set by Leaders.

If the Secretary General is to take a more wide-ranging role, the capacity of the Secretariat will need to be increased to cover any management shortfall and new workload. As already

proposed, the appointment of a second Deputy Secretary General would help in this regard. The Secretary General needs to have full personal confidence in Secretariat senior staff, so should play a central role in any appointment.

It may also be necessary to increase the level of administrative support in the Secretary General's own office, though not in the sense of creating a "super office" within the Secretariat.

In our view, it is very important that the Secretary General be able to assure Leaders that the management and audit processes of the Secretariat are robust and will stand up to close scrutiny.

### **Recommendation - The Secretary General - We recommend that Forum Leaders:**

**32.** Encourage the Secretary General to take a proactive role in setting Forum agendas and coordinating responses by members to regional events, particularly crises. Such action would need to be taken in close consultation with the Chair and within limits set by Leaders.

## **Conclusion**

The Pacific Islands Forum has a proud tradition as the region's pre-eminent political organisation. It is a cohesive regional force and an effective means of projecting the region's concerns to the wider world.

However there are clear signs that the Forum needs re-interpreting and updating to meeting changing needs, and a growing array of global and regional challenges. In our view Forum meetings and the Secretariat have become overloaded with a wide range of work that, in some cases, limits success and distracts attention from key responsibilities.

The Forum must ensure that it engages with Pacific people on a more comprehensive basis than at present and is truly relevant to their lives. And, in our view, it ought to more clearly define and focus on its core roles.

We have approached this Review at two levels: the strategic and the practical. The latter must follow the former and we have structured the report accordingly. We have started by offering a high level Vision to inspire action and thought. We have then proposed a Pacific Plan as an overarching strategy for the region, as well as suggestions about key areas of Forum focus and activity. Finally we have put forward what we hope are straightforward, "do-able" recommendations for the enhancement of Forum processes and the Secretariat.

Although we have talked to a great many people, we are very conscious that the subject of this Review, like the region itself, is both large and complex. It defies easy assessment. In forming our conclusions we have attempted to walk a line between being, on the one hand, far-sighted and dynamic, and on the other, reasonable, realistic and practical.

We are very aware that we have but scratched the surface of the task of readying the Pacific Islands Forum for the 21st Century and we urge Leaders to use this Review as a springboard to further thought and study.

We offer this Review to Forum Leaders with great respect for the institution we have been considering and trust that our recommendations will be received in the constructive spirit in which they are offered.

## **Appendices**

## 1. Review personnel

### (a) Eminent Persons' Group members

- **Chair: Sir Julius Chan** (Papua New Guinea). Sir Julius is a former Prime Minister of Papua New Guinea.
- **Bob Cotton** (Australia). Until mid-2003 Mr Cotton was Australia's High Commissioner to New Zealand. He has recently acted as a special envoy to Papua New Guinea.
- **Dr Langi Kavaliku** (Tonga). Dr Kavaliku is pro-Chancellor of the University of the South Pacific and a former Deputy Prime Minister of Tonga.
- **Teburoro Tito** (Kiribati). Mr Tito is a former President of Kiribati and former Chair of the Pacific Islands Forum.
- **Maiava Iulai Toma** (Samoa). Mr Toma is Samoa's current Ombudsman and was previously Samoa's Secretary to Government and Ambassador to the United Nations. He led the Forum Observer Group to the last general election in Solomon Islands.

### (b) Reflection Group members

- **Chair: Prime Minister Rt Hon Helen Clark.**
- Minister of Foreign Affairs and Trade, **Hon Phil Goff.**
- **Facilitator: Michael Powles:** Former New Zealand diplomat.
- **Emele Duituturaga:** CEO, Ministry for Women, Social Welfare and Poverty Alleviation, Fiji.
- **Rae Julian** Executive Director, New Zealand Council for International Development.
- **Luamanuvao Winnie Laban, MP:** Parliamentary Under-Secretary (Development Assistance and Trade), New Zealand Parliament.
- **Richard Mann:** Manager, Planning Unit, Secretariat of the Pacific Community.
- **Hon Fiame Naomi Mata'afa:** Minister of Education, Samoa.
- **Resio Moses:** Senator, Federated States of Micronesia.
- **Dr S K Rao:** Former Director of Strategic Planning, Commonwealth Secretariat.
- **Dr Jimmie Rodgers.** Senior Deputy Director of the Secretariat of the Pacific Community.
- **Greg Urwin.** Pacific Islands Forum Secretary General.

### (c) Assistants to the EPG

- **H E John Goodman:** New Zealand High Commissioner, Kiribati. Assistant to Mr Cotton.
- **Richard Kay:** New Zealand Ministry of Foreign Affairs and Trade (on secondment to NZ Ministry of Defence). Assistant to Sir Julius Chan.
- **Jeremy Milne:** New Zealand Department of Prime Minister and Cabinet. Assistant to Maiava Toma.
- **John Mills:** New Zealand Ministry of Foreign Affairs and Trade. Assistant to Mr Tito.
- **Don Stewart:** New Zealand Department of Conservation. Assistant to Dr Kavaliku.

### (d) Support for the EPG

- Project director: **Rene Wilson**, Director, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.
- Project coordinator: **Paul Willis**, Deputy Director, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.
- Review policy and briefing: **Jocelyn Woodley**, Senior Policy Officer, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.
- Policy and logistics: **Nicola Ngawati**, Policy Officer, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.

- Logistics and budget: **Raewyn Watson**, Administrative Officer, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.
- Travel programmes: **Shirley Munro-Holmes**, Administrative Officer, Pacific Division, New Zealand Ministry of Foreign Affairs and Trade.
- Writer: **Jonathan Schwass**
- Other support provided by New Zealand diplomatic missions.

## 2. People and organisations consulted for this Review

In preparing this Review, the Eminent Persons' Group consulted a large number of people throughout the Pacific. They included Leaders, Ministers, Dialogue partners, heads of mission, officials, international agency and NGO representatives, academics and other members of civil society.

Details are available from the [Pacific Division](#) of the New Zealand Ministry of Foreign Affairs and Trade.

## 3. 2003 EPG Review Terms of Reference

### Background

At the 34th Pacific Islands Forum in Auckland in August 2003, Leaders agreed to undertake a review of the Forum and its Secretariat. The Forum Communiqué provides guidance on the scope and process for conducting the Review.

#### 1. Outcome

A refreshed mandate and vision for the Pacific Islands Forum and an improved capacity within the Forum that allows it to provide leadership to the region on regional cooperation and integration, and that closely reflects the aspirations and needs of the Forum membership.

#### 2. Objectives

- 2.1 To make recommendations on the mandate for the Forum in addressing key regional issues and international issues as they impact on the region.
- 2.2 To make recommendations on mechanisms and processes required to carry out the mandate outlined above.
- 2.3 To assess the effectiveness of the Forum Secretariat, and suggest institutional improvements and ways to improve alignment and consistency with the proposed mandate.

#### 3. Tasks

- 3.1 Review and draw on, as appropriate, the 1995 Report on the Review of the Forum Secretariat.
- 3.2 Analyse and highlight the key regional and international issues currently facing the Forum and likely to face Forum members over the next 5-10 years.
- 3.3 Consider and advise on how the Forum can better assist in addressing priority challenges, including through advancing regional cooperation and integration.
- 3.4 Consider and advise on how the Secretary General and the Secretariat can better assist in implementing the proposed mandate and vision of the Forum. In this regard:
  - a) Assess the mandate of the Secretary General including options for broadening and making more explicit the role;
  - b) Consider how the Secretariat's various roles, structures, processes and human and financial resources and options might be shaped and developed to serve better the proposed mandate;
  - c) Analyse the strengths and the weaknesses of the Secretariat in supporting and communicating with the Leaders in the region;
  - d) Review the current roles and responsibilities of the Secretariat against other agencies and make recommendations on how they can be made more effective and enhanced in support of the proposed Forum mandate. In this regard, assess the Charter of the Council of Regional Organisations in the Pacific and invite the Council to contribute to the Review; and
  - e) Review the current key regional meetings architecture including linkages to priorities identified by Leaders and make recommendations on the role of these meetings and how

they are managed. In this regard, analyse the role of the Secretariat in providing support for the Leaders and Ministerial meetings.

3.5 Assess and make recommendations on how the Forum and the Secretariat can enhance their interaction with civil society in support of the proposed Forum mandate.

3.6 In reviewing the Secretariat, the review team should recognise the executive responsibility of the incoming Secretary General to examine the financial and structural implications of recommendations made by the EPG and endorsed by Leaders, and to present recommendations on the detailed structure and operations of the Forum Secretariat at the 2004 Forum in Niue.

#### **4. The Eminent Persons Group, resources and conduct of the Review**

Leaders agreed that the Review would be undertaken by an Eminent Persons Group (EPG) from the region, to be appointed following consultation by the Chair with Leaders. Leaders also agreed that the EPG would be supported by specialist advice.

Each EPG member will visit a group of Forum countries, and each will have an assistant provided by the Chair. A Reflection Group, consisting of the Chair, the current Secretary General, the Secretary General designate and other individuals with useful expertise, would expand the pool of ideas and would provide specialist advice to the Eminent Persons Group in the preparation of the final report. The Chair would also provide administrative and travel services. The costs of the Review would be met by NZAID and AusAID.

#### **5. Timeframe and Outputs**

The Draft Terms of Reference and selection of the EPG will take place in October 2003. The Review will be conducted in November 2003. Opportunity will be given to the EPG to discuss their findings with the reflection group in early December.

A draft report, including recommendations and draft mandate and vision statement, will be circulated to Leaders for comment and feedback in January 2004.

A final report will be presented to Leaders, following the completion of the work by the EPG, for consideration and action.

On approval of the new Forum mandate and vision and related recommendations from the EPG, the incoming Secretary General will develop a proposal on how best the Secretariat can implement Leaders' directions, including skills requirements and organisational structure, for submission to the 2004 Forum. This could, in part, be in the form of a new draft Corporate Plan developed by the Secretary General.

#### **6. Scope of Work**

**The Review will, as appropriate, consult with:**

- and visit Forum leaders and their designated representatives;
- the Forum Secretary General and Forum Secretariat staff;
- the Council of Regional Organisations in the Pacific (CROP) agencies;
- academic and research institutions;
- experienced and inspirational individuals from around the region;
- civil society representatives of the region;
- and consider the views of other major actors in the region, including in-region representatives of Forum Dialogue partners.

**Documents to be drawn on will include:**

- the current 1995 Vision Statement and Review of the Forum
- "Towards a more Relevant and Focused Forum Meeting: A discussion paper" from the 1999 Palau Forum
- the 2000 Agreement establishing the Forum Secretariat

- proposals made by member states including those relating to pooling of regional resources as highlighted in the 34th Pacific Islands Forum communiqué.

The Chair of the Pacific Islands Forum October 2003

**ANNEX 3**

**A V Hughes Strengthening Regional Management: A Review of the Architecture for Regional Co-operation in the Pacific. (August 2005)**

CONSULTATIVE DRAFT

Report to the Pacific Islands Forum

# Strengthening Regional Management

A Review of the Architecture  
for Regional Co-operation in the Pacific

A V Hughes

August 2005

# Strengthening Regional Management

## Relevant definitions

<i>collaborate</i>	work jointly
<i>cooperate</i>	work or act together
<i>coordinate</i>	bring into a proper or required relation to ensure effective operation
<i>amalgamate</i>	combine or unite to form one structure or organisation
<i>integrate</i>	combine (parts) into a whole
<i>merge</i>	combine or be combined

*Source: Oxford Encyclopedic English Dictionary, 1991.*

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## I. Summary

The Pacific Plan is expected to identify practical policies and actions that can be undertaken by members of the Pacific Islands Forum and the Pacific Community acting together in a framework of strengthened regional cooperation. This report addresses critical aspects of the institutional architecture, policy coordination and management of operations constituting regional cooperation in the Pacific.

There are a number of constraints limiting the effectiveness of efforts in regional cooperation in the Pacific. Some of these relate to the condition of existing regional organisations created to foster such cooperation, and the relationships between them. These constraints are addressed in the report.

Other constraints, not addressed but noted as factors strongly conditioning the environment for regional cooperation, include the physical facts of distance, isolation and small country size that characterise the Pacific; the leading role being played by Australia and New Zealand in shaping regional policies and financing regional organisations and activities; the great disparities of size and resource endowment among the island members and sub-regions of the Forum and the Pacific Community; and the range of constitutional status that underscores the need to provide all island members of the Pacific Community with ready access to the opportunities and benefits of regional cooperation.

The condition and capabilities of the main inter-governmental Pacific regional organisations (PROs) are reviewed, and attention is focused on five of them (FFA, PIFS, SOPAC, SPC and SPREP) referred to in the report as the G5, with a view to removing barriers between them and strengthening their collective capacity. The effectiveness of the Council of Regional Organisations of the Pacific (CROP) as an instrument of inter-agency coordination is considered and found unsatisfactory.

A set of proposals is therefore made that would improve the chances of efficient and effective cooperation among the G5 by modifying institutional processes and behaviour without requiring any legal or structural changes. The report considers however that the full potential of the G5 for effective regional operations is unlikely to be realised while they are still legally separate entities, because of the enduring propensity for inter-institutional barriers to survive or be resurrected, for a multitude of reasons arising within or outside the institutions.

A further proposal is therefore made for conversion of the G5 into a Pacific Commission, by amalgamating their operations and funding arrangements under a unified management structure that would internalise and eliminate inter-G5 barriers. The separate (but overlapping) memberships and political character of the Forum and the Pacific Community would be preserved, but they would be served by a unified Secretariat and Directorates forming the Pacific Commission. Over time the Forum and the Community would inevitably move closer together until eventually a form of merger becomes possible that would be acceptable to all members. This approach is preferred by the report as likely to produce the more efficient and effective arrangements for strengthening regional cooperation.

The steps needed to implement each set of proposals are outlined in the report. Neither is expected to result in an increase in overall operating costs above present G5 levels. A decision would be made by the Forum in 2005 on which approach to adopt, and action to implement it would proceed during 2006-8.

## II. Recommendations (from sections VII and VIII of the Report)

(R1) Agreement should be quickly reached` among the G5 CROP members to reduce the procedural overburden on their efforts to cooperate, simplify the CROP agenda and processes to reflect the substantial differences of interest between the G5 and other CROP members, and reconstitute existing intra-G5 working groups as far as possible *as if there were no institutional barriers between them.*

(R2) Those G5 PROs that have corporate planning exercises under way now should design their mission statements (or equivalent) for both external and internal use, and state clearly their intention to pursue their corporate goals in close and practical collaboration with other regional organisations.

(R3) The current reorganisation of PIFS should ensure that

- (a) institutional space is provided between the functions of supporting and servicing the political decision-making role of the Forum, and those of inter-G5 coordination and the delivery of regional outputs for which PIFS is responsible; and
- (b) when other G5 PROs are engaged in activities or have capabilities in areas where PIFS is charged with taking action to achieve Forum goals, PIFS gives priority in its response to collaboration with and use of those activities and capabilities.

(R4) An inter-G5 working party administratively led by PIFS and with technical support by SPC should be established to examine the feasibility and costs of establishing a unified internal broadband communications system for the G5, and make appropriate recommendations.

(R5) An inter-G5 working party should be established, administratively led jointly by PIFS and SPC, to examine the feasibility and costs of options for the unification of personnel and accounting systems among the G5, using the unified G5 communications system to be separately proposed, and make appropriate recommendations.

(R6) An inter-G5 working party should be established, administratively led by PIFS, to examine the feasibility and financial and other benefits of consolidating the procurement arrangements of the G5, and make appropriate recommendations.

(R7) Decisions on R1-R6 should not be taken before consideration of recommendations R8 and R9 for amalgamation of the G5 PROs to form a Pacific Commission. If those two proposals are accepted, decisions on R1-R6 will not be separately required, and work on those areas will be incorporated into the planning of the amalgamation.

(R8) The G5 PROs should be amalgamated and converted into a Pacific Commission during 2006-7 on lines described in the report

(R9) Inter-G5 working groups should now be set up to examine, plan and report on all aspects of the amalgamation and conversion, under the joint supervision of PIFS and SPC

### III. Themes of the Report

1. This report is about the working of a core group of regional organisations in the Pacific and their collective capacity to deliver the regional elements of the forthcoming Pacific Plan. It is about recognising strengths and overcoming weaknesses; removing barriers and releasing potential; and combining central coordination with delegation—while making the most effective use of scarce human and financial resources. The report is about strengthening regional management so as better to achieve regional goals.
2. The ideas involved are simple, and the report is addressed to important persons with many calls on their time. The report concentrates on overall analysis and the arguments of principle supporting its proposals. If the proposals are accepted, those who will have to implement the changes will be responsible for their detailed planning. Implementation will require well-coordinated preparation and execution.
3. The report is a contribution to the process surrounding and supporting development of the Pacific Plan, commissioned by Heads of Governments of the sixteen Pacific Islands Forum member countries in April 2004. The content of the Plan is currently under development by a Forum-wide Task Force of senior officials, assisted by broad-based in-country consultations and overseen by a Core Group of past, present and future Forum chairpersons.
4. The concept of an overall plan for the Pacific was sceptically received in many quarters. The language of the April 2004 declaration and subsequent documentation was criticised as dismissive of political realities and lacking practical substance. The criticism was premature. Part of the problem was the early use of the term ‘Pacific Plan’, as if a workable and technically sound plan had suddenly sprung fully formed from the waves.
5. The Forum’s 2004 pronouncements did not purport to *be* a plan with an implementable statement of issues, goals, resources and activities in a time-frame with targets and performance indicators. They were a call for a regional version of such a plan to be produced, something that would move the region forward on issues and in policy areas where a common interest can be identified and pursued together—recognising that action at regional level will only work if it is directed to goals that embody acknowledged national interests.
6. The forthcoming Pacific Plan is thus best seen as an expression of resolve by Heads of Governments to strengthen cooperation among their countries *in those areas where such cooperation is the best way of achieving national objectives*. Those areas are not static. National objectives change over time, being periodically—in some cases frequently—reviewed and redefined through national political process. The institutional means of acting regionally need to be able to respond flexibly and effectively to expressions of need at national level, while keeping a sense of collective directional stability over the medium term. Implementation of a good regional plan will be based on and reflect national aspirations, but it will also help to shape them by interaction and feedback. Where institutions share ownership, access to resources and accountability they need to be under strong common policy direction and management.

7. What are commonly referred to as the institutions of regional cooperation in the Pacific were not designed as a coherent structure. They were created at different times over several decades in response to different needs, some internal to the Pacific islands, some not. To some extent they were not designed for regional *cooperation* so much as for delivery of external aid on a region-wide basis, for which little substantive interaction among national recipients may be needed. There is currently some uncertainty about what will be required of the Pacific regional organisations (PROs) by the Pacific Plan, and a sense of impending disturbance of existing structures is noticeable. The ToRs for this report have contributed to this by referring to the possibility of 'significant institutional reform of regional architecture'. That wording has had a formative effect on the report.
8. To the extent that there is a regional architecture in existence, it consists of a frame fitted around a collection of existing institutions and relationships, rather than a deliberate design that shaped the institutions and the way they relate to each other. This report takes on the normal role of the architect, namely that of collecting and assessing information on the foreseeable needs of the client, and designing affordable and efficient structures to meet them—without unnecessarily demolishing what is still of use and value.
9. There are hundreds of regional organisations in the Pacific, with new ones appearing all the time and a smaller number passing away as specific regional needs wax and wane. This report considers the condition of the ten PROs that presently make up the Council of Regional Organisations of the Pacific (CROP). For reasons explained in the report it then concentrates on five of them (FFA, PIFS, SOPAC, SPC and SPREP) which it refers to as the G5.
10. Together the G5 comprise a formidable body of professional and technical expertise, and an extremely valuable collection of knowledge of the Pacific region and its island countries and territories (PICTs). These five high-profile PROs produce a flow of technical information, studies and plans relevant to PICT needs and development issues. Over USD50m of external assistance directed to PICTs is annually handled by and through the G5, and the PICTs' relations with the rest of the world are partly managed, and substantially influenced, by the G5.
11. The human resources, archives, developmental activities, policy advice, representational functions, information technology, telecommunications and administrative services of the G5 are divided into five legally watertight compartments. The definition and pursuit of five separate sets of institutional goals and the defence (not to say enlargement) of five separate patches of institutional turf, at the same time as simple common-sense requires them to collaborate closely in many of their activities, absorbs substantial amounts of senior management time and leads to some painful contortions.
12. Meanwhile the CROP structure that has evolved since the 1980s, ostensibly to promote cooperation among PROs, has taken to behaving like an institution itself, a super-PRO with its own charter and mandate. Its efforts to achieve inter-PRO cooperation have been cumbersome, time-consuming and excessively formal, consuming a significant amount of expert resources in the process. In an effort to remain small, CROP presents itself as an exclusive club that lesser PROs are not eligible to join. But CROP as such is not directly

accountable to anyone, and the lack of machinery for compelling cooperation among its members, particularly among the G5, means that lack of consensus can prolong institutional tussles indefinitely.

13. Recently the most valuable role of CROP has been its spawning of working groups to address specific developmental issues that no single G5 PRO can address successfully on its own. Yet even here the heavy bureaucratic process apparently required to set up and support CROP Working Groups appears ludicrous compared with the no-fuss, fast-moving cooperation among disciplines possible within an integrated multidisciplinary organisation.
14. Many people working at management level in the G5 recognise these problems and have thought about how to deal with them. Most of the ideas in this report on rationalisation and sharing of services have come from persons inside the PROs, some of whom have already begun low-key discussions among themselves along these lines. Useful observations and suggestions have also come from aid donors and institutions working in the region and dealing with PROs. From those inputs, study of material collected from PROs and more generally, and the writer's observations over a working lifetime in the same broad field as the PROs, two categories of recommendations emerge.
15. The first set of proposals would change the way the G5 behave, without requiring any changes to their constitutional basis or legal personality. These mainly relate to the practical amalgamation of common services in administration, IT/communications and electronic access to archives, joint procurement of big-ticket goods and services, the exercise of greater care not to duplicate or overlap functions, and refocusing of CROP on practical matters. These changes would yield significant savings and improvements in intra-G5 operations and would be worthwhile in any case.
16. That would not, however, overcome the problem of mental barriers related to the separate legal and political personalities and lines of accountability of the G5 institutions, which are described later in the report. Unless this problem is tackled the true development potential of the resources collectively managed by the G5 will not be realised, and inter-G5 boundaries and tensions will continue to hobble efforts at regional cooperation. To get full service-delivery benefit from its high-quality human resources and USD 68m annual funding, the G5 mindset has to change, its bureaucratic model has to be reformed and its operations amalgamated under unified management.
17. To achieve this, the second set of proposals would amalgamate the G5 institutions to form a Pacific Commission, organised into semi-autonomous but centrally accountable service-providing directorates under a single CEO.

All issues of cooperation and coordination among the present G5 would be internalised into the corporate planning and management systems of the Commission, where any territorial disputes would become irrelevant and evaporate, or be resolved by an appropriate process managed by the CEO. The directorates would initially be geographically located substantially where the G5 are now. Directorates would organise regular meetings of regional political and technical heads and relevant non-state bodies in their respective fields. Overall funding levels would remain broadly unchanged. Incoming funds would be traced to end-uses as the providers of funds might require, but

would otherwise merge into the consolidated fund of the Commission, feeding an integrated programme-based budget.

This structure would simultaneously serve both the Forum as the regional council of Heads of Government of independent and self-governing countries, and the Pacific Community as a consultative, deliberative association of all island countries and territories and supportive 'others', including all members of the Forum. The Forum and the Conference of the Pacific Community would continue to meet much as at present, with unchanged powers, but would be served by the single Secretariat at the apex of the Commission. Other G5 memberships would merge into the Commission structure and eventually fall away by specific acts of self-termination in an appropriate legal form.

18. More detailed proposals for both sets of changes appear in the report. The report concludes that while the first set of changes are worthwhile in themselves, when they are considered in the round they will be seen to result in a half-baked cake. Re-baking a half-baked cake may not be the best way to get a good final product. To realise the full potential of the G5 for cost-effective regional cooperation and practical support for the Pacific Plan within an acceptable time-frame, it may be wiser to adopt the second and more radical set of proposals at the start, setting a clear goal for implementation of the necessary changes within a definite time. Put bluntly, a Pacific Plan of substance will need stronger regional coordination and unified direction of core regional operations, and the best way to get that will be through a Pacific Commission.

#### IV. Constraints on regional cooperation

1. Regionalism involves cooperation among countries to identify region-wide issues, develop region-wide policies in response, mobilise resources on a regional basis and execute relevant activities in a coordinated manner across large parts of the region, with appropriate degrees of integration. Acting regionally in this way can relieve the burden at national level of trying to provide specialised services with very high unit costs. On the other hand it may demand scarce resources of money and skilled people that might be allocated and applied at national level to the same or other issues. It also means making and carrying out certain domestic policies in a regionally-oriented manner, with an impact on the availability of domestic services.
2. Regional programmes in developing countries are often aimed at strengthening, or even providing, national-level capacity to deal with issues affecting a number of countries. But there are tensions between allocating resources to national and regional activities, and between greater and lesser levels of region-awareness in conduct of domestic policy, that have to be resolved politically by interaction among member governments—and the bilateral and multilateral donors who actually fund most of the activity.
3. When Heads of Governments get together away from home a mutually uplifting experience can occur, in which their political feet temporarily leave the ground. The officials in attendance may be less ready to pull them back to earth than their advisers at home. Heads of Governments in regional conclave may experience a strong sense of regional identity and common purpose, and

their resulting joint statements may be set on a high visionary plane and be luminously expressed <sup>1</sup>. But when they get home the tone commonly changes. Regionalism generally does not play well in domestic politics <sup>2</sup>, and governments are mainly concerned with staying in office. Statements by Heads of Governments for home consumption may therefore shift to expressing reservations about loss of sovereignty and determination to protect the national interest, or simply saying nothing at all about regional issues. The actual order of political priorities thus revealed constrains national capacity to commit the resources needed for effective regional programmes, even in areas that are recognised as appropriate for regional cooperation.

4. Current studies of the potential content of the Pacific Plan are therefore exploring ways to make it highly relevant to achievement of domestic political goals, linking the Plan to concerns increasingly being felt by Pacific voters—such as the need for access to jobs and incomes through labour migration and inward investment. In this quest other constraints on Pacific regionalism become important. These mainly relate to the extraordinary range of country economic and social circumstances to be found in the Pacific region. This can be seen in two parts: first the dichotomy between the island countries on the one hand and Australia and New Zealand on the other; and second the wide disparities of current conditions and development potential among the island countries themselves.
5. The presence of Australia and New Zealand as full members of the Pacific Islands Forum <sup>3</sup>, aside from stretching the normal meaning of ‘Pacific Islands’, has had a formative influence on the character of that body, the evolution of the ‘regional institutional architecture’ and the practice of regional cooperation. It is one of the most striking differences between the Pacific and Caribbean regional arrangements <sup>4</sup>, broadly equivalent to having the USA and Canada as full members of the Caribbean Community—an unthinkable concept for the independent Caribbean states.
6. Australia and New Zealand form the south-west rim of the Pacific. They were invited to join the original Forum grouping <sup>5</sup> in 1971 because they very much wanted to be, they were clearly in and of the Pacific region, they were

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<sup>1</sup> The Report of the Eminent Persons Group and the Forum documents initiating work on the Pacific Plan are probably unsurpassed in development literature in this respect.

<sup>2</sup> New Zealand is something of an exception because of its large Polynesian population, and in both NZ and Australia security issues in the Pacific islands have recently brought regional concerns to the front of the domestic political agenda. Normally in both countries Pacific regional matters are buried in national news media and public awareness by domestic political issues.

<sup>3</sup> They are also active members of the Pacific Community (formerly the South Pacific Commission (SPC)) along with France and USA, but the less ‘political’ agenda there and the lower profile the developed countries adopt in it make that a less conspicuous role.

<sup>4</sup> The Caribbean situation is briefly outlined in Box B at page 28 and more fully described in the Annex specially written for this report.

<sup>5</sup> The island members were Cook Islands, Fiji, Nauru, Tonga, and (Western) Samoa. Australia and New Zealand went to great lengths, despite some differences of view between them, to make sure they both became founder members of the Forum. This is documented in *Australia and the Origins of the Pacific Islands Forum*, Stuart Doran, DFAT Canberra, 2004. On the islands side there was some hesitation about the invitation, but those were early days in the ‘decade of becoming independent’, and the need for financial backing for the embryonic institution was no doubt a conclusive factor.

able and willing to provide financial support and they were opposed to French nuclear testing in the Pacific—the most prominent of the issues whose inadmissibility to the SPC agenda led directly to the creation of the Forum. Over the years the Forum has expanded to include sixteen independent and self-governing states, France has long ago stopped its nuclear testing, and New Caledonia and French Polynesia now have observer status at the Forum and are widely seen as valuable potential members.

7. Australia and New Zealand have been strong financial and technical supporters of the Forum and PIFS from the start—providing over two-thirds of core financing, and several times intervening in management to strengthen what they and others saw as administrative or financial weaknesses. They draw virtually no services from PIFS—or any other PROs—other than statistics and information. What they get in return is the right to exert influence on regional affairs through the Forum machinery. Their participation in and financial support for PROs is intended to serve their national interest in the stability, prosperity and security of the Pacific, an interest they assume any sensible person must share. The intensity of their political involvement has fluctuated with the rise and fall of domestic political attention to Pacific issues. Currently for both countries this is at a historically high level, mainly because of well-publicised security concerns in Solomon Islands and PNG.
8. Sometimes the confrontational style of political management practised in Canberra and Wellington has intruded on the Forum and grated upon Pacific Island sensibilities. On occasion the strategic priorities of Australia and New Zealand have been too openly assumed by their representatives to be also those of the island states. From time to time such irritations have led to suggestions of a change of membership status for one or both of the two countries. Neither Australia nor New Zealand would welcome such a move, and in the present climate of actively addressing regional security concerns, joint operations to assist Forum members in trouble, and work being done on the Pacific Plan, all with strong Australian and New Zealand involvement and funding, no-one is currently suggesting it. But the idea remains in the PICT subconscious.
9. The economic and social interests of Australia and New Zealand are unlikely to coincide precisely with those of the island countries, individually or as a group. Scope for cooperation lies where national interests substantially overlap, rather than precisely coincide. Assessing the degree of overlap is both a technical and political exercise involving all significant stakeholders whose support is needed. Regional cooperation based on the Forum can be mobilised in practice only if it is perceived by Australia and New Zealand to be in their interests, or at least not contrary to them, so they tend to have a prominent role in defining when and where cooperative action should take place.
10. In a sense this is no different from the case of other Forum members, as the Forum generally proceeds by consensus. But Australia and New Zealand tend to make their detailed views known on most issues and argue their case vigorously in regional meetings, sometimes demonstrating an ‘un-Pacific’ insistence on getting their way. Many island members have neither capacity nor inclination to cover so much ground, but resent the dominance of discussions and outcomes by the two developed countries. Putting this observation in a Pacific Plan context, notions of regional governance and forms

of regional integration (and an associated redefinition of sovereignty) may be more freely discussed and readily accepted by countries who could expect to dominate an 'integrated' Pacific region, than by those who sense that they would be at the bottom of the heap.

11. As well as driving important aspects of policy, Australia and New Zealand are footing the major part of the regional cooperation bill. Ready access to the financial and human resources of Australia and New Zealand through their sustained budget support and programme funding is clearly of crucial importance to the PROs, and specifically the G5, in a material sense. But with accountability for proper use of this assistance comes a sense of being beholden to the authorities in Wellington and Canberra to a greater extent than PICTs would really like. There is a readily-stirred suspicion among them that the regional paymasters use this position to call the shots on policy, even though they often fall over backwards not to appear to do so <sup>6</sup>. It seems clear that Australia and New Zealand value the policy leverage that their supportive financial role gives them and regard it as money well spent.
12. Second, among the island countries there is a wide range of national circumstances that has to be taken into account in analysing issues for their regional applicability and devising appropriate policy responses. The PROs have developed great skill in handling such a diverse group, but the stretching of analytical concepts and programming techniques to embrace countries as dissimilar as PNG and Tuvalu and sub-regions as different in resources and structures as Melanesia and Micronesia severely tests both planning and diplomatic skills. Of close to nine million people living in the PICTs, 7.5 million are in the five Melanesian countries <sup>7</sup>, and three-quarters of those are in PNG.
13. The PNG factor in Pacific regional affairs, deriving from PNG's sheer physical and economic size and closeness to Asia, has in theory been problematic since the 1970s, but in practice it has been deftly handled both by PNG and by other PICTs. PNG has generally refrained from over-engagement in Pacific regional affairs, being careful not to throw its considerable weight around, not pressing for proportional representation in PRO employment, and not placing heavy demands on PROs for their technical assistance. In return the other PICs have accepted PNG as a fully integrated member of the region, while acknowledging that PNG's location as a natural bridge to Asia means that it must also develop closer links with countries to its north and west. The rest of the region's relationships with PNG appear to be in cordial equilibrium, and the present review should not disturb them.

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<sup>6</sup> There seems no immediate prospect of reducing this conspicuous financial dependence on Australia and New Zealand. Informal indications through PRO channels suggest that increasing relative contributions by PICTs is not presently 'on', partly because of a perception that Australia and New Zealand are prepared to go on paying, and partly from a concern among some PICTs that existing member contributions to PROs may not be being used to overall best effect. No proposals are made in this report for increased contributions. If changes proposed here are implemented the question of appropriate contribution levels can then be addressed in a changed institutional environment.

<sup>7</sup> Fiji Islands 0.85m, New Caledonia 0.24m, PNG 5.8m, Solomon Islands 0.47m, Vanuatu 0.22m. These countries also comprise 98% of the total land area of the island members of the Pacific Community.

14. Part of PNG's interaction with the region takes place through the Melanesian Spearhead Group (MSG). PNG's physical size and development potential plus the economic depth and diversity of Fiji and New Caledonia make the MSG a significant factor in future Pacific regionalism. This is the only inter-country grouping of any economic consequence in the region that does not include Australia and New Zealand. As a result it is short on funds but long on politics. The power and influence of the MSG, with an updated focus and perhaps a new name, is set to grow slowly but steadily. This is likely to provoke concerns among other PICTs about regional balance, some strains among MSG members themselves about leadership and direction of intra-MSG trade and investment, and concerns in Canberra and Wellington about their lack of direct access to MSG deliberations. The prospect of MSG institutions proliferating could be problematic for region cooperation, but it is not improbable. These possibilities will have to be factored in to the promotion of Pacific regional cooperation and the design of regional activities.
15. The Fiji factor has been around since the colonial period. The natural advantages of Fiji's location as a communications and administrative hub made it a regional colonial capital for Britain. Its relatively better educated and skilled people provided missionaries, doctors, teachers and artisans to the region. Later, as most colonies became independent, Fiji was the natural location for USP, UN agencies and PROs. Over time employment opportunities at USP in particular have been seen as disproportionately benefiting Fiji. Resentment by other PICTs at Fiji's capture of the lion's share of collateral development benefits led to SPREP being located in Apia, FFA in Honiara, ADB and UNESCAP in Vila, though these agencies would arguably have all been financially more cost-effective located in Fiji.<sup>8</sup>
16. Fiji has always protested its innocence in all this, while quietly welcoming the foreign currency and jobs. But the natural factors in its favour are such that all Fiji has to do is make sure it has the region's best facilities and most skilled workforce—and avoids further political violence—and institutions will gravitate there. For this G5 review, the Fiji factor means that any structural reforms should not significantly increase the proportion of G5 institutional activity in Fiji. As a reformed structure develops, functions will certainly be relocated, but as part of a phased and even-handed redistribution.
17. The 'former US Trust Territories' factor refers to the physical remoteness of the Micronesian republics of Palau, FSM and Marshall Islands from the centre of gravity of regional cooperation, and their strong historical and current links to Asia and USA. Participation in the G5 machinery is helpful to them in practical ways, outstandingly so in the case of FFA and SPC, and membership of the Forum provides a valuable political and strategic link to other small and independent PICTs to offset their economic dependence on Asia and USA. In a development unforeseen a few years ago these historically non-ACP states<sup>9</sup> are now being drawn into the Pacific's 'aid-and-fisheries' relations with the European Union.
18. The non-independent territories factor, meaning how to engage the remaining US and French territories in the process of regional cooperation

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<sup>8</sup> ADB has now moved to Suva and UNESCAP's Pacific office is said to be moving there.

<sup>9</sup> Though they count Spain and Germany as former colonial powers, that's pre-EU history.

and closer economic and political relations, is steadily becoming less contentious. Tactful behaviour and skilful diplomacy by PIFS and SPC and the perceptible positive trend in the attitude of France to political evolution in its territories have removed most of the heat that once surrounded this topic. At the same time studies of regional security have shown that the non-independent PICTs must be treated as participating equal partners, backed by metropolitan reinforcements, if regional arrangements to counter trafficking in drugs, arms, and people and to enforce plant and animal quarantine are to succeed.

19. Observer status at the Forum, associate member status in PIFS, FFA and SOPAC, and full membership of SPC and SPREP means that the circle is almost complete for American Samoa, French Polynesia and New Caledonia, and further development assistance needs can be finessed. Only Wallis and Futuna and Pitcairn await appropriate solutions, and the first of these is under active consideration in Noumea. In the structural changes proposed in this report, care will be taken not to prejudice the access of non-independent PICTs to assistance from and through the G5. In most respects they can expect to benefit from significantly easier and wider access to G5 services.
20. At the lower end of the size/higher end of the vulnerability scale, the PROs must pay special attention to the needs of the Small Islands States, where the financial and other burdens of sovereignty often appear to outweigh its social and economic benefits but there is no other constitutional model available.<sup>10</sup> PROs and their associated aid donors are accustomed to the very high unit costs of assisting SIS with education, health, environmental management and aspects of governance and economic management, and there is no end in sight to this need. Smallness and long distances are essentially what the Pacific development challenge is all about, and the SIS highlight these factors.
21. These constraints on regionalism are also conditioning factors in the design of appropriate regional architecture. The environment in which any institutions of Pacific regional cooperation must operate is characterised by
  - regional isolation and economic marginality, except for the tuna fishery
  - widely differing country sizes, capabilities and economic circumstances, separated by long distances, different cultures and historical experiences
  - fragile physical environments in both the atolls and the high islands
  - overweighting of population and land resources in Melanesia
  - shortage of experienced bureaucrats, planners and managers
  - generally weak government systems and capacity to deliver on policies
  - dependence on foreign aid for public sector development programmes
  - strong engagement and regional influence from Australia and New Zealand

This suggests that regional institutions should keep demands for skilled Pacific islands personnel within bounds; should be flexible and multi-disciplinary in structure and operations; and should be intellectually and politically robust enough to ensure that the views and needs of island members are given full weight in policy-making and advisory services.

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<sup>10</sup> See reference in the Annex on the Organisation of Eastern Caribbean States, with the obvious caveat on their very different situation from that of the Pacific SIDS.

## V. The state of the 'CROP' PROs

1. Ten PROs are members of the Council of Regional Organisations of the Pacific. Five of these—FFA, PIFS, SOPAC, SPC and SPREP—are treated here as the core group (G5). Their operations and relationships are discussed in some detail, and proposals are made for changes to both. Their distinctive 'core' quality lies in the *degree and intensity of their policy and operational interaction with PICT governments and populations, with regional and international aid donors and with each other* that characterises their operations. They are entirely the creatures of governments and aid donors, and they are deeply enmeshed in the development process at national and regional levels.
2. Three of the other five—FSchM, PIDP and SPBEA—though also created by governments, perform their roles in Pacific development in the field of education, training and research without such intensive governmental interaction. SPTO is positioned at the interface between PICT governments and national tourist operators, has always had strong commercial connections, and should increasingly become owned and controlled by the national tourism industries in its member countries. The fifth, USP, has a wide outreach and a pervasive impact in its member PICTs, but compared with the G5 it is a very large institution with a very specific goal and specialised organisational characteristics, and a need for intellectual independence that can all too easily be compromised by too close a relationship with other government-controlled institutions.
3. Apart from the progressive privatisation of SPTO, this report therefore makes no proposals for change in this second group of PROs. The institutions are reviewed briefly here for record purposes (in alphabetical order of acronyms), and do not reappear in the report's substantive recommendations.

*Fiji School of Medicine:* By far the oldest PRO, FSchM was established in 1885 to train Pacific islanders as vaccinators against infectious diseases. Over the years it has produced most of the Pacific's medical and dental practitioners, from whose ranks in turn have come presidents, prime ministers and diplomats to the world. It now has over 1400 full-time-equivalent students from 29 countries, 90% of them from 18 PICTs, with the biggest contingent from Fiji. FSchM is entirely directed to training in health disciplines. It has a close affinity and strong linkages to USP, and any future institutional integration should be in that direction. It needs to know what the G5 PROs are doing in the health area, and to be able to engage in specific collaborative health-training activities as a partner or contractor, but it does not need to be formally integrated with them or to become part of the proposed Pacific Commission.

*Pacific Islands Development Programme:* PIDP was established in 1980 as a programme of the USA-funded East-West Center (EWC) in Hawai'i. It has 21 members, all PICTs. Its governing body is the similarly funded Pacific Islands Conference of Leaders meeting every 3-5 years. With a small academic staff and around twenty research fellows, PIDP conducts research on Pacific islands issues and supports trade and development cooperation between PICTs and the USA. Staff and fellows have undertaken valuable specific tasks on politically sensitive issues in the region that could have been difficult for G5 PROs or USP to handle.

PIDP also supports the US-Pacific Islands Joint Commercial Commission (JCC) set up in 1993. The focus and effectiveness of the JCC has come under question by both sides, and PIDP has been asked to work with PIFS to reinvigorate it. PIDP's role under EWC's current strategic plan is to continue this work and to 'bring Pacific Island perspectives in to broader Asia-Pacific cooperation'. To do this PIDP needs to be in regular contact with G5 and USP, and to be able to collaborate with them when appropriate, but it is unaffected by proposals in this report for rationalisation of G5 activities and the eventual establishment of a Pacific Commission.

*South Pacific Bureau for Educational Assessment:* Established in 1980 (after 16 years of careful thought) SPBEA is a small, highly focussed institution performing a crucially important service to education in its nine PICT members<sup>11</sup> at a total cost of just over FJD 1m annually. Australia and New Zealand are also members. SPBEA's task is the establishment and maintenance of regionally appropriate and recognised quality assessment and control practices in education and training. This has led to some tensions with national education authorities, but the need for credible external moderation is now accepted. The scope of SPBEA's concern is broadening to address a Regional Qualifications Framework covering vocational and academic, formal and non-formal education and training (and requiring a substantial increase in staff and funds), and it expects to play a key role in the Pacific Education Plan currently in preparation. No change to SPBEA's status or relations with the G5 PROs is proposed in this report. It appears to know where it is going and to be working well. If SPBEA were to 'move' institutionally it should not be to USP, whose outputs it may need to appraise, but to SPC, where it originally came from and where its functions would fit easily alongside other human resource development concerns. In that case it could form part of a future Pacific Commission.

*South Pacific Tourism Organisation:* SPTO is distinguished from all other PROs discussed here by its strong connections with private enterprise and its ability to fund its core budget of just over FJD 1m without developed-country support. These are important and related strengths on which to build. Set up as the Tourism Council of the South Pacific (TCSP) in 1980 by a group of PICT Visitors' Bureaux, the institution has had a turbulent history, too complicated to relate here, involving the Forum, the EU and TCSP's Governing Council and aid-funded management. After twenty years it had become SPTO with all the governance paraphernalia of a PRO and was losing a sense of direction. New management and changes at board level have corrected that. Meanwhile, with valuable assistance from TCSP/SPTO programmes that got delivered despite the high-level turbulence, the tourism industry has grown into a leading sector in several PICTs, and great efforts are going into further development at national level, many of them with help from SPTO. The right path for SPTO is for it to become increasingly owned, financed and controlled by PICT national tourist industries, attracting donor funding for its training and small-business extension programmes by being clearly focussed, well managed and an efficient deliverer of outputs—very much the path it is on now. SPTO can and does have MOU-based cooperative programmes with other PROs where their objectives coincide. It would not be helpful to SPTO's public-private sector identity and operations or its future effectiveness for it to be more closely integrated with the G5 or other PROs, or for it to become part of the proposed Pacific Commission.

*University of the South Pacific:* USP is by far the largest of the PROs under discussion here, with over 1000 professional staff located at the main campus at Suva, smaller campuses in Samoa and Vanuatu and 14 USP centres around the PICTs, serving over 10,000 full-time equivalent students (15,000 students

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<sup>11</sup> Fiji, Kiribati, Nauru, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

enrolled). It is vastly different in its nature, operations and impact from all other PROs (except perhaps FSchM, which has one-tenth of USP's student numbers).

Around four-fifths of USP's full-time students are from Fiji, significantly in excess of Fiji's share of member PICTs' population, and Fiji citizens predominate in the academic and administrative staff. The Suva campus is a major source of incomes to Fiji through employment, purchase of goods and services and payment of taxes by individuals and USP itself. The concentration of the benefits of USP in Fiji has long attracted adverse comment in the region. USP is responding by addressing the scope for further decentralisation in its current strategic review<sup>12</sup>, but the imbalance will be very difficult to remove.

A large university cannot escape some involvement of teachers and students in the national politics in its country of location, and USP has several times been disrupted by Fiji's ethno-political troubles. By the same token, a regional university needs to keep some distance between itself and the currents of contemporary regional politics, so as to preserve its academic independence, the credibility to provide impartial commentary, and the ability to chart sustainable long-term paths for regional intellectual development.

For those reasons any kind of structural integration of USP with G5 or the Pacific Commission proposed in this report would be inappropriate. USP has good relations with the present G5, some of whom help to conduct degree courses at USP. It needs to maintain such relations with the present G5 and any future Pacific Commission, and to have the opportunity to tender for regional research projects in competition with other regional and national universities and research institutes. But it would equally be inappropriate for USP to set itself up in competition with G5 for execution of aid-funded programmes in PICTs, unless these are clearly part of its core regional mission to provide undergraduate and graduate training.

4. Turning now to the G5 PROs, the following five sections provide (in alphabetical order of acronyms) basic information on the size and orientation of each organisation, with an assessment aimed at indicating strengths and weaknesses as service deliverers, and the relevance of 'institutional identity' in enabling or preventing the full potential of their resources being realised. These brief descriptions are unable—and do not attempt—to do justice to the range, richness of content and technical quality, of the activities of the G5. Their corporate and strategic plans and annual and specific programme reports do that well, and make good reading.<sup>13</sup> Here we are concerned only with understanding their existing and potential effectiveness in promoting regional cooperation and implementing the expected requirements of the Pacific Plan, and considering whether this would be improved by changing their institutional relationships.

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<sup>12</sup> *A Regional University of Excellence: a vision to the year 2020*, USP, Suva, 2004

<sup>13</sup> It proved impossible to obtain for this report an analysable assessment of the value placed by the PICTs on the G5's outputs and the effectiveness of their participation in the governance of the G5. PIFS despatched questionnaires prepared for this purpose to over twenty PICT governments. Only three were returned, and only one of those was from a Forum island country. No conclusions have been drawn from this response for the purposes of this report. PIFS considers that the poor response reflects weak internal systems in PICTs for preparing such information.

## 5. Forum Fisheries Agency (FFA)

*Location:* Honiara. FFA has problems retaining overseas staff because of chronically poor quality of local infrastructure and services. Temporary relocation to Brisbane was considered during SI security crisis 1999-2002 but not implemented. Security is now satisfactory and infrastructure is expected to improve.

*Established:* 1979, following 1977 Forum decision, with advisory assistance from FAO, as sustainable management of highly-migratory fish stocks in EEZs became recognised as a major development issue for PICTs

*Constitution:* South Pacific Forum Fisheries Agency Convention, 1979

*Membership:* 16 Forum members and Tokelau

*Governance:* Forum Fisheries Committee (FFC) oversees the Secretariat headed by the Director and a Deputy.

*Mission* "To support and enable members to achieve sustainable fisheries and the highest levels of social and economic benefit in harmony with the broader environment" (Strategic Plan 2005-2020)

*Programmes and main sub-programmes (currently being realigned to this structure following adoption of Strategic Plan 2005-2020)*

*Fisheries Management:* (i) Ecosystem-based Fisheries Management; (ii) Monitoring and Compliance; (iii) Treaties and Arrangements Administration; (iv).Legal Frameworks and International Law.

*Fisheries Development:* (v) Economic Development and Marketing Support; (vi) Treaty, Access and Trade Negotiations

*Corporate Secretariat Management and Member Support Services*

*Staff numbers:* professional 30, support 25, total 55.

<i>Annual Total Budget (2005) USD 000s</i>	4000
Of which Administration	970 (24%)
Directorate	610 (15%)
Communications and IT	450 (11%)
<i>Members' annual contributions</i>	800
Of which PICTs	220 (28%)
<i>Donor programme funding</i>	2000

*Assessment:* A review of FFA's governance took place in mid-2005 at New Zealand's request, focusing on the role of FFC, with a view to closer ministerial supervision of FFA and less micro-management by member government officials. The review was accompanied by a remarkable decision (undoubtedly reflecting members' satisfaction with FFA's record) to lift membership financial contributions by an across-the-board 50% to take effect in 2006.

The FFA Secretariat is itself engaged in a corporate revitalisation process based on a new Strategic Plan 2005-20. Neither the governance changes nor the new plan seem completely sure about FFA's future role in the context of increasing pressure on oceanic fish stocks, country concerns at lack of onshore developments and the painfully slow establishment of the Western and Central Pacific Fisheries Commission. (WCPFC, 'the Tuna Commission'). Difficult issues lie ahead.

FFA has much to be proud of. It has a distinguished record of assisting PICTs to plan, negotiate and manage access to their EEZs by foreign tuna-fishing vessels, and it has established an effective vessel-monitoring programme to assist in enforcement. FFA has been much less successful in advising and assisting in the establishment of domestic fishing fleets and processing enterprises, where it seems to lack the commercial experience and industry connections for effective engagement.

The scientific underpinning of FFA's activities lies in SPC's Ocean Fisheries Programme. The institutional division between tuna fisheries and the rest of ocean

and inshore fisheries management looks increasingly artificial as tuna stocks come under ever greater pressure. The trade and investment interests of FFA's island members are being targeted by the relevant division of PIFS. This undertaking should include investment in fishing and fish processing, drawing on FFA for relevant resource management inputs. SPREP is widening the reach of its concerns for environmental sustainability to coastal and marine resources (bumping into SOPAC along the road). And the current advent of the Tuna Commission, which FFA has done much to bring into being and help its members to comprehend, will progressively redefine FFA's core role.

This will increasingly be seen as assisting its island members to manage their own EEZs and enabling them to participate effectively in WCPFC's management of the High Seas Zones. Promotion of trade and investment in fisheries should be led by PIFS. FFA needs to pare down its scope to this core role, sharpen its focus, and strengthen its links to other PROs in the broader management of marine resources. In due course it should become a key part of the Marine Resources Directorate of the proposed Pacific Commission.

## 6. Pacific Islands Forum Secretariat (PIFS)

*Location:* Suva, in excellent offices funded by Australia in 1976 at a cost then of \$1.5m

*Established:* 1972 as South Pacific Bureau for Economic Cooperation (SPEC), becoming SP Forum Secretariat in 1988 and Pacific Islands Forum Secretariat (PIFS) in 2000.

*Constitution:* Pacific Islands Forum Secretariat Agreement, targeted for revision in 2005

*Membership:* 14 independent or self-governing island countries plus Australia and New Zealand. French Polynesia and New Caledonia have observer status, and Timor Leste is an associate observer.

*Governance:* Heads of Government meet annually (or as required) as the Pacific Islands Forum ('the Forum'). The Forum Officials Committee (FOC) meets twice a year to supervise work of PIFS and prepare for Forum meetings. Secretary General directs PIFS and reports to FOC and the Forum itself. There are two Deputy SGs.

*Mission* "We will honour the vision of the Leaders for free and worthwhile lives for all Pacific people through deeper and broader regional cooperation"

*Motto:* 'Excelling Together for the People of the Pacific'

*Programmes and main sub-programmes:* PIFS is currently being reorganised in accordance with its new Corporate Plan 2005-7. This adopts the four key areas of concern identified by the Eminent Persons Group's April 2004 Review of the Forum (economic growth, sustainable development, good governance and security) as forming PIFS's corporate goals, along with implementation of the Pacific Plan and the prior commitments of its existing work programme. According to PIFS's 2005-7 Budget and Work Programme, the main programmes are now: Economic Governance; Political and Security Governance; Sustainable Development; Good Governance; Pacific Plan; Communications and Liaison; Enabling Mechanisms; Corporate Services: Management of the Secretariat:

*Staff numbers:* professional 50, including 20 in overseas trade offices, support 40.

<i>Annual Total Budget</i>	in FJD '000s	27000
Of which Regular Budget		4800 (18%)
Extra Budget		22200 (82%)
Corporate Services		2500 (9%)
Management of Secretariat		2000 (7%)
Communications and Liaison		1300 (5%)

<i>Members' annual contributions</i>	3500
Of which PICTs	850 (24.7%)
<i>Donor programme funding</i>	20000 (90%of EB) (inc. Trade Offices)

*Assessment:* The effectiveness of PIFS has to be seen in the light of its being both the Secretariat to the Forum meeting of Heads of Governments and other Forum-based ministerial and official gatherings, and a PRO charged with delivering advisory and technical services to members.

The first role requires close engagement with and support to the regional political leadership, and interpretation of Forum intentions into policy directions for implementation by the relevant organisation. The second role requires managerial and professional skills to be committed to well thought-out programmes of activities in collaboration with other organisations.

A perceptible distance, spanned by sound bureaucratic linkages, needs to be maintained between these two roles. Most Forum governments are used to 'cabinet office' procedures, where technical ministries are given time and space to evaluate political initiatives and prepare coherent proposals for implementation on a sound technical basis. Similar processes should be acceptable in regional governance. The Pacific Commission proposed in this report is designed with this in mind.

The current reorganisation of PIFS aims in part to implement Forum decisions taken in April 2004, which included preparation of the Pacific Plan, and in part to remove internal rigidities and move operational responsibility down the structure so as to make clear the 'space' between policy decisions and implementation referred to above.

Aspects of this reorganisation have revived older concerns about functions of PIFS overlapping with the roles and capabilities of the other G5 PROs. It is important that the responsibility of PIFS for the overall coherence of policy advice to Forum meetings and members does not spill over into engagement in policy formulation and advisory activities in areas for which PIFS does not have the primary responsibility. PIFS needs to be seen to have a care for this. In due course the roles of political secretariat and technical service provider can be effectively distinguished, without becoming disconnected, in the organisation of the proposed Pacific Commission.

## 7. South Pacific Applied Geoscience Commission (SOPAC)

*Location:* Suva, in rehabilitated and converted offices provided by Fiji

*Established:* in 1972 as CCOP/SOPAC, a UN programme, in response to requests for help from Fiji and others with promoting and managing offshore mineral and petroleum prospecting ; separated from UN and renamed as SOPAC in 1990. Under threat in mid-1990s of closure or merger with other PROs.

*Constitution:* Agreement Establishing the South Pacific Applied Geoscience Commission

*Membership:* 16 Forum members plus American Samoa, French Polynesia and New Caledonia as Associate Members

*Governance:* Director reports to SOPAC Governing Council, made up of ministers or senior officials of member countries' natural resource ministries.

*Mission:* (referred to by SOPAC as its Mandate ) "...contribute to sustainable development, reduce poverty and enhance resilience for the peoples of the Pacific by supporting the development of natural resources, in particular natural resources, investigating natural systems and the management of vulnerability through applied environmental geosciences, appropriate technologies, knowledge management, technical and policy advice , human resource development and advocacy of Pacific issues".

*Programmes and main sub-programmes:*

*Ocean and Islands:* 1.(Natural) Resource Use Solutions; 2.Monitoring Physical and Chemical Change in Ecosystems; 3.Ocean Governance

*Community Lifelines* (ie. energy, water and sanitation, and information technologies): 1.Resource Assessment, Development and Management; 2.Asset Management; 3.Advocacy and Governance.

*Community Risk:* 1.Strengthening Resilience to Disasters; 2.Mitigating the Effect of Hazards; 3.Mainstreaming Disaster Risk Management

*Corporate Services*

*Staff numbers:* professional 40, support 40, total 80

<i>Annual Total Budget</i>	in FJD '000s	14200 (inc. 2200 'unsecured funds')
	Of which Regular Budget	2100 (15%)
	Extra Budget	12100 (85%)
	Corporate Services	1060 (7.5%) (without Info. and Comms.)
	Directorate	595 (4%)
	Information and Communications	695 (5%)
<i>Members' annual contributions</i>		1500 (inc. associate members)
	Of which PICTs	450 (ditto) (30%)
<i>Donor programme funding</i>		12100

*Assessment:* The modern SOPAC is reborn, self-made and self-confident. Ten years ago many observers doubted if it had a continuing role in Pacific development. Under energetic and imaginative leadership SOPAC set out to find or make roles for itself, with striking success. Apart from the sea-bed minerals and oceanographic elements of the Ocean and Islands programme, which are descended from the original CCOP-SOPAC mission and are of abiding importance to PICTs, SOPAC's current programmes are the result of skilful and determined efforts to identify a bundle of roles that would attract funding and justify the institution's continued existence.

SOPAC was quick to spot gaps in the Pacific regional coverage of emerging international and national concerns, and to propose programmes to aid donors to tackle them, seemingly regardless of whether other (less aware, slower to respond) PROs might be more appropriate for the task. SOPAC was also quick to see the importance of IT developments and to make use of them at all levels of its work, including the development of its archives and library.

As a result SOPAC is engaged in high-profile programmes (involving PICT governments, communities and international aid donors) that have only a tenuous connection with geo-science but strong affinities to the roles and programmes of other PROs. It produces a flow of science-based and other reports, and makes effective use of media to advertise its activities and achievements.

Since its turf claims were established SOPAC has been equally successful in defending them and in asserting ownership rights (while affording access) to the records and information it is assembling. An attempt in 2000 to merge SOPAC into SPC on cost-effectiveness grounds was easily sidelined. The outcome is that SOPAC is widely regarded as the leading example of hijacking of regional roles and resources, and the failure of the CROP machinery to ensure coherent PRO development.

The successful re-invention of SOPAC is a remarkable story that transmitted worthwhile development messages—'*making a difference to the lives of people*', '*putting the science back into policy*'—and SOPAC is producing valuable work, but it is a less happy story in terms of Pacific regional cooperation. The G5's credibility and effectiveness as a group has been battered by SOPAC's expansion of its role and functions.

In the short run this can be ameliorated by the intra-G5 collaboration on common services proposed in this report, which will inevitably highlight functional overlaps and encourage cross-border technical teamwork. In the longer run SOPAC should become a key component of the Environment, Climate and Earth Science Directorate of the Pacific Commission, with responsibility for some of SOPAC's current outputs shifting to other directorates.

## 8. Secretariat of the Pacific Community (SPC)

*Location:* Modern head office in Noumea, purpose-built by France ten years ago, regional office in Suva, field offices in ten other PICTs.

*Established:* 1947

*Constitution:* Canberra Agreement, 1947, read with Declaration de Tahiti Nui, 1999.

*Membership:* all 22 PICTs, Australia, France, New Zealand and USA as full members. SPC operates in English and French languages.

*Governance:* Governing body is the Conference of the Pacific Community (Conference), meeting every two years. Committee of Representatives of Governments and Administrations (CRGA) meets annually on behalf of or in association with Conference. The Director-General as CEO is 'fully responsible' for managing SPC within policy guidelines set by CRGA and Conference. Suva-based programmes report to Senior Deputy DG located there.

*Mission (from 2003-5 Corporate Plan)* 'to help Pacific Island people make and implement informed decisions about their future.'

*Guiding principles (ditto):* Focus on member priorities—respond to needs—alleviate poverty and promote sustainable development—promote gender, environmental and cultural sensitivity—provide excellent service—emphasise results and accountability—operate with transparency.

*Programmes and main sub-programmes: Land Resources (Agriculture and Forestry) (by objectives—programme nomenclature under review);* 1.Sustainable management of integrated forest and agricultural systems; 2.Improved biosecurity and trade facilitation (includes plant and animal quarantine issues)

*Marine Resources:* 1.Coastal Fisheries; 2. Oceanic Fisheries; 3.Regional Maritime Programme (*mission:* safer shipping, cleaner seas, improved social and economic wellbeing of seafaring communities within the Pacific region)

*Social Resources:* 1.Community Education, Culture, Women and Youth; 2.Demography/Population and Statistics; 3.Public Health; 4.Information and Communication Technology, Media Production and Training.

*Administration and Programme management/Support (combined here for brevity):*1. Directorate; 2. Corporate Services, Noumea and Suva; 3. IT and Communications, Noumea and Suva; 4. Translation and Interpretation; 5. Publications and Library.

*Staff numbers:* professional 178, support 106, total 284

<i>Annual Total Budget</i>	in CFP units <sup>14</sup> 000s	30000
Of which Core Budget		8700 (29%)
Non-Core Budget		21300 (71%)
Corporate Services		2800 (9%)
Directorate		900 (3%)
Communications and IT		700 (2.3%)
Translation and interpretation		1000 (3.3%)
<i>Members' annual contributions</i>		7600
Of which PICTs		760 (10%)
<i>Donor programme funding</i>		21300

*Assessment:* SPC is the largest and oldest of the G5, and its programmes have long pedigrees. If SPC's non-Pacific metropolitan members had not banned 'political'

<sup>14</sup> 1 CFP unit=100 CFP francs, and is approximately equivalent to USD 1.00

discussions in the 1960s the history of Pacific regional organisations might have been very different. As it was, the institution lacked a clear sense of direction during the 1970s and 1980s as the Forum and other PROs emerged onto the regional stage. During the 1990s SPC underwent a thorough shake-up under a reforming leadership. The improvements made then have been sustained and extended, helped by external reviews in 1996 and 2001, with another due in 2006.

The modern SPC has particular strengths as a regional organisation through its outreach, inclusion of all PICTs as full members, bilingualism and generally apolitical tenor. Its sustained investment in information technologies, driven by the need for secure, high-quality internal links between Noumea and Suva, provides a extendable platform for continued growth at falling unit costs. These attributes form a solid base for regional work programmes with an appropriate blend of control and delegation. The management systems in place or being developed have the potential to support a bigger institutional workload than SPC currently undertakes.

SPC seems not to have made full use of its strengths to build its regional effectiveness, perhaps wary of getting too close to regional politics and content to leave that to PIFS and Forum as ‘the pre-eminent political grouping’<sup>15</sup> of the region. But SPC’s reticence may have led PIFS to feel it should take on policy advisory tasks that intrude upon functions where SPC has accumulated regional expertise. These include the sustainability of development policies, education and training, public health, gender and youth, maritime security and trade in plant and animal products.

Almost immediately, SPC’s internal IT network can be extended to reach all G5 PROs at low investment cost, providing greatly reduced operating costs for intra-G5 usage<sup>16</sup>. This opens up fast, ready internal access to the information and people of the G5 as a group, with eventually huge potential for inter-disciplinary team-building and inter-professional consultations. In the longer run, SPC’s operating systems look suitable to provide a large part of the administrative base for the proposed Pacific Commission.

## 9. South Pacific Regional Environment Programme (SPREP)

*Location:* Apia, in modern purpose-built offices.

*Established:* in 1973 as a regional conservation programme within SPC, becoming SPREP in 1982, moving to Apia in 1992 and becoming independent from SPC in 1993.

*Constitution:* Agreement Establishing SPREP, 1993

*Membership:* as for SPC (all PICTs plus Australia, France, New Zealand and USA). SPREP has limited French language capability.

*Governance:* The Secretariat is headed by the Director, who reports to the SPREP Meeting, held annually.

*Mission (stated as Vision in Action Plan):* ‘(to make the) People of the Pacific islands better able to plan, protect, manage and use their environment for sustainable development’

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<sup>15</sup> *inter alia*, in the Report of the Eminent Persons Group, 2004. There is no obvious competition for this position. The Pacific Island Conference of Leaders that governs PIDP (see above) seems to have no such ambitions—though it may have pioneered the use in the Pacific of the term ‘Leaders’ to refer to Heads of Government or their representatives.

<sup>16</sup> To avoid conflict with the telecommunications service providers in Fiji, Samoa and Solomon Islands this would be an internal network, and G5 external traffic would still be carried by the public system.

*Programmes and main sub-programmes (from 2004-13 Strategic Programmes)*  
*Island ecosystems:* 1. Terrestrial Ecosystems; Coastal and Marine Ecosystems;  
 2. Species of Special Interest; 3. People and Institutions  
*Pacific Futures:* 1. Managing Multilateral Environmental Agreements and Regional  
 Coordination Mechanisms; 2. Environment Monitoring and Reporting; 3. Climate  
 Change, Climate Variability, Sea Level Rise and Stratospheric Ozone Depletion;  
 4. Waste Management and Pollution Control; 5. Environmental Policy and Planning.  
 ‘Also addressed’: *Cross-cutting issues (from 2005-9 Action Plan):* 1. Integrated Policy,  
 Planning and Partnerships; 2. Human Resources Development and Training; 3. Public  
 Awareness and Education; 4. Knowledge Management.

<i>Staff numbers:</i>	professional 35, support 35, total 70
<i>Annual Total Budget</i>	in USD ‘000s 9000
Of which Regular Budget	1000 (11%)
Extra Budget	8000 (89%)
Corporate Services	600 (7%)
Directorate	400 (4.5%)
Communications and IT	200 (2.2%)
<i>Members’ annual subscriptions</i>	USD 000s 1000 (inc. associate members)
Of which PICTs’ subscriptions	360 (ditto) (36%)
<i>Donor programme funding</i>	8000

*Assessment:* Like other G5 PROs, SPREP is awash with the current language of international conferences, multilateral institutions and organisational planning. But through the verbiage it is possible to discern SPREP’s core concern with the interaction between human activity and the natural environment and the solid work it is doing in this field, of great importance to the Pacific.

SPREP seems to have been caught off balance by the exponential growth of global concern, and therefore donor funding, directed to environmental issues—even though it has been at the forefront of international deliberations on the subject. Together with the physical remoteness of Apia compared with Suva, this has led to other G5 PROs, particularly get-up-and-go SOPAC but also politically-sensitised PIFS, moving in on what SPREP regards as its turf. Aid donors and UN agencies have contributed to this by bestowing their sponsorship on different PROs for closely related purposes.

As a result there are overlaps among the programmes of SPREP, SOPAC, SPC and PIFS. Many observers are confused about PRO responsibility for regional programmes in environmental conservation, waste management, climate change and variability, coastal zone management and sustainability of ecosystems. Competing with its G5 fellows for incoming donor money, SPREP feels it must explicitly embrace sustainable economic growth, poverty alleviation and good governance in its strategic planning statements (as all the G5 PROs claim to be targeting these goals their attainment should be confidently expected—but see Box A on the next page for a cautionary note on sustainability).

Most of SPREP’s sub-programmes and planned outputs are thus closely related to those of other G5 PROs. The sharing of common services among the G5 proposed in this report will go some way to highlight this and point the way to closer cooperation. But the most effective way of achieving SPREP’s goals lies in it becoming part of the Environment, Climate and Earth Science Directorate of a Pacific Commission.

### **Box A: Defining sustainability**

‘Sustainability’ has become part of the development mantra, and is rapidly being emptied of meaning by unthinking repetition. Every one of the G5 PROs pledges allegiance to ‘sustainable development’, and each gives the phrase a slightly different spin to serve its corporate goals and attract donor funding. For the concept to regain its cutting edge as a discipline on planning and policy-making, it is necessary to step back and think about its basic meaning.

The idea only makes hard sense in the context of analysis of systems—any system in any field of human or natural activity. Sustainability is the quality present in a system of being able to be kept going, of not running out of what is needed to sustain the system in operation—not consuming a system’s stock of natural, human or financial capital, or cutting off the flow of external support. It does not mean independence. All systems depend on other systems. The sustainability of system A depends on the continued supply of inputs from systems B and C, and system A’s outputs are sustaining yet other systems. Self-sustainability is a nice idea, but it is a myth.

There are no exceptions to this. Even the sun is consuming itself. All systems are growing, are in equilibrium, or dying, according to the balance between their consumption of inputs from other systems and production of outputs for use by themselves and other systems. This applies to individuals, households, businesses, economies, nation-states, plants, animals, marine and terrestrial ecosystems and the earth itself—all activity on earth is dependent on radiation from the slowly dying sun.

It is necessary therefore to *define the systemic context* every time the concept of sustainability is deployed in analysis or argument about interventions in the developmental—or evolutionary—process. ‘Sustainable development’ of what system, using and replenishing what capital, with what dependency connections to other systems? At what price in terms of impact on other systems shall we decide that this system is to be sustained—or not sustained? Promote culture at the cost of GDP, or the other way round? Feed the growing population at the cost of converting forest to gardens, or import rice instead—using what for money?

The management of development is about making trade-offs between the competing demands of systems to which different people attach very different values. Not everything we would like to keep can be sustained. What shall we sacrifice, in hope of what gain? In the Pacific as elsewhere, these questions need to be openly and deliberately addressed, not drowned by the crowd chanting the development mantra.

## VI. Common G5 features and issues.

1. *The personality of CEOs:* Organisations tend to reflect the personality of their chief executive, and the G5 PROs are no exception. Some of the institutional characteristics noted in the foregoing descriptions of the G5 can be traced to the influence of past CEOs. An institutional head with a collegial, consultative management style is more likely to make friends with other CEOs and build useful institutional bridges, but may have difficulty controlling fractious or dysfunctional elements within the organisation, and after a few years the institution may have a feeling and appearance of having lost its way. A hard-driving, brook-no-opposition CEO may in the short run exceed quantitative output targets and build a high institutional profile, but may isolate the institution from the support it needs to achieve longer-term outcomes in which others have important contributions to make.

These observations are relevant here for two reasons. First, under the six-year limit on tenure of office broadly followed in the G5, CEOs change regularly and those elements of institutional character attributable to them are also subject to change. Second, to the extent that this pattern can lead to marked institutional character swings, this would be tempered by drawing the G5 into a Pacific Commission composed of semi-autonomous directorates under a single chief executive, producing a kind of collective personality—with the proviso that the CEO of the Commission should possess an appropriate blend of leadership and managerial skills to bring to bear upon shaping that institution's corporate character.

2. *Use and misuse of 'mandates':* Possession of 'the mandate' is commonly used around the G5 to denote primary responsibility for a policy area. A mandate is a directive or power to act given by a superior authority. Mandates are expected to be more specific than statements of vision, but they are often much the same as a statement of mission—both are only a step away in the hierarchy of planning statements from the descriptions of policy issues and responses. Noticeably paralleling the increasingly reverential references to heads of governments constituting the Forum as the 'Pacific Leaders', the notion of 'having the regional mandate' has come to have an aura of tabu: 'SPXYZ has the such-and-such mandate, so hands off that, everyone else,'—and by the same token, 'This looks like trouble, so let's leave it to SPXYZ, they have the mandate'. Like the notion of Pacific Leadership, the concept has its uses but it also has a potential downside, and needs to be handled with care.

Mandates are claimed and conceded through a process involving external agencies, CROP, PRO governing bodies including the Forum, and the negotiating skills of CEOs. The results are expressed in resolutions of conferences and the opening passages of corporate and strategic plans. For practical reasons it is necessary to know who has primary responsibility for analysing issues and developing policy in a given area, but virtually no development issues and policies can be successfully treated in isolation from others. Without exception, achievement of mandates requires collaboration with other agencies. Recognition of mandate-complementarity and overlap needs careful management. CROP has made very heavy going of this, arguably

its only real policy-level task.<sup>17</sup> Problems arising in this area among the G5 would be internalised within the proposed Pacific Commission where they would either evaporate or be resolved by the CEO, but by the same token the ‘mandate’ of the Commission itself will need careful definition.

3. *Ethical standards and work practices:* In preparation of this report no concern was encountered about corruption, sexual harassment, gender equity or safety at work within G5 PROs, nor were any indications found of problems in these areas. This does not mean that problems do not exist, but suggests that G5 managements are generally perceived to be confronting the risks and dealing with problems properly if and when they do arise. Given who they are and what they do, the G5 PROs should be standard-setters for the region in transparent, accountable and fair practices within their own organisations. Managements and staff are aware of this and seem to be meeting their responsibilities.
4. *Financial structure:* Table 1 on the next page summarises features of G5 finances relevant to this report. Money values in this discussion are in USD and are approximate because of rounding and exchange rate assumptions.

Annual budgets including funded and not-yet-funded projects total close to \$68m, of which about \$16m or 23% represents core budgets—keeping the show on the road—of which all-members’ contributions provide 80%<sup>18</sup> and PICTs contributions, at just over \$2m, provide 13%. Close to \$52m of donor funding is managed by G5 on behalf of the PICTs as the target beneficiaries of regional projects and programmes.

Administration and corporate services, where proposals in this report should have a significant impact in efficiency gains, account for \$6.5m, two-fifths of core budgets, and a further \$3.5m, or just over one-fifth, is spent on ‘directorates’ services—slightly differently defined among the G5 but a reasonable proxy for the cost of institutional management.

Communications and IT, where this report suggests substantial efficiency gains are readily available by joining forces, account for \$2.6m or about one-sixth of core budgets.

The financial costs of bilingualism amount to just over \$1m. This is almost all in SPC, with a token allocation for SPREP, amounting to 7% of total core budgets.<sup>19</sup>

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<sup>17</sup> Its other real task is the practical one of harmonisation of conditions of service, where it has been more motivated and much more successful.

<sup>18</sup> The other 20% comes from fees for various services, notably including the FFA vessel monitoring system

<sup>19</sup> This is by its nature a skill-intensive and costly service, but the concentration of costs disguises the wider spread of benefits from having a bilingual capability and services within the G5. This is an important door through which the French-speaking PICTs are enabled and encouraged to enter the arena of Pacific regional activity. Within the proposed Pacific Commission this will become more self-evident.

TABLE 1: SELECTED G5 BUDGET INFORMATION, APPROX.2005 VALUES, USD 000s

Source: rounded figures from latest budgets and annual financial statements

Item	FFA	PIFS	SOPAC	SPC	SPREP	Total	%
Annual total budget	4000	16260	8520	30000	9000	67780	100
Regular Budget	2000	2880	1260	8700	1000	15840	23
X-Budget(aid-funded)	2000	13380	7260	21300	8000	51940	77
Admin/ Corp Services	970	1500	636	2800	600	6506	41#
Directorate	610	1200	357	900	400	3467	22#
Comms and Info Tech	450	780	417	700	200	2547	16#
Translation and Interp.	na	na	na	1000	100	1100	7#
Members contributions	800	2100	900	7600	1000	12400	78#
PICTs contributions	220	510	270	760	360	2120	13#
Budget size as % SPC	13	54	28	100	30	na	na

# percentage of Regular Budget

As mentioned earlier, the financial thrust of this report is not to reduce overall costs or return money to G5's member contributors <sup>20</sup>, but to increase significantly the efficiency and effectiveness of the combined G5 operations with the existing level of funding. Consultations within G5 for this report indicate that the present financial managers are confident this can be done.

5. *Staffing and conditions of service.* In this area SPOCC/CROP has a long and rather successful history, and staff working in this area have accumulated expertise. The need for harmonisation of terms of service among the main PROs (in this report, the G5), particularly for the heads of the organisations, was one of the main reasons for the creation of SPOCC, and still provides the agenda item that reliably attracts the keenest attention. The outcome of harmonisation of contract conditions tends to be a rise in the average and total costs, but over the years SPOCC/CROP has made significant efforts to identify trade-offs and avoid a ratchet effect on payroll costs. The overall result is a considerable degree of harmonisation of conditions, with any differences made transparent and related to specific circumstances, eg the Noumea housing market. This is potentially very helpful to implementation of proposals in this report for integration of G5 staff into a unified structure in the employment of a Pacific Commission.

Table 2 on the next page draws together the outline staffing statistics for the G5 to indicate the dimensions of the personnel management task. Nearly half the G5's 580 employees are with SPC. Nearly two-thirds of these are in Noumea, twice as many as in Suva. The Suva-based part of SPC, FFA, PIFS, SOPAC, and SPREP all have between 50 and 90 employees. Suva accounts for exactly half of all G5 employment. Overall about 43% of G5 employees are classified as 'support' and are locally recruited, and 57% are classified as professional and are recruited through regional and international advertisement (to which of course locally resident persons can respond).

Typical all-up personnel costs for Suva-based staff are USD80-100k pa for professional and USD25k pa for support staff. All the G5 currently employ a small team of professional and support staff to manage their human resource.

<sup>20</sup> Those who have paid up, that is. Arrears of PICT contributions constitutes a continuing burden on G5 finances, necessitating use of reserve funds and short-term bank financing.

It is clear from discussions with them that a unified staffing structure would enable this element of overhead costs to be significantly reduced, without losing the human touch of personnel management at the employment site.

TABLE 2: G5 STAFFING, APPROXIMATE NUMBERS MID-2005  
classified as Professional (regional/international recruitment) and Support  
(recruited in country of institutional location)

Staff category	FFA	PIFS	SOPAC	SPC			SPREP	Total
				Nou	Suv	Total		
Professional	30	50*	40	100	75**	175	35	330
Support	25	40	40	65	45	110	35	250
Total	55	90	80	165	120	285	70	580

\* includes 20 at overseas Trade Offices    \*\* includes 35 located in 10 PICTs

6. *Management capture of governing bodies.* An able CEO of a corporation can usually arrange things so that the governing body (board of directors, shareholders' AGM, members' meeting) does pretty much as the CEO wishes. This corporate governance phenomenon occurs widely in both public and private sectors, and the G5 PROs are no exception. Astute use of advance publicity, high-tech presentations, well-written papers, one-on-one briefings of key persons, 'planting' of helpful questions, and of course appropriate hospitality and entertainment can normally ensure a smooth passage for what management wants from the governing body meeting. There is no equivalent in the G5 environment of angry public company shareholders at the AGM waving their voting papers and noisily demanding the CEO's head on a plate.

This being so it is unsafe to rely on PRO governing bodies to rein in a CEO who is going too far too fast or headed down the wrong track, or to stimulate a slow-moving CEO or bolster the morale and decisiveness of one who is unsure what to do. Too much presently depends on the CEOs being their own performance monitors and ethical counsellors. CROP as presently constituted cannot perform this function, and it is difficult to see how it could unless its Chair is given executive authority over the other members. A Chair who is only 'first among equals' is not in a position to impose sanctions or solutions. This issue is therefore further addressed in the next section of the report.

### **Box B: Caribbean comparisons**

*(for fuller discussion of cooperation in the Caribbean see the specially written Annex to the report)*  
Making comparisons between the Pacific and the Caribbean is tempting but dangerous. With over three hundred years of close colonial contact with Europe and North America, two hundred of years of formal education, and the obliteration long ago of any indigenous population or customary land tenure systems, the Caribbean is a very different place from the Pacific, even before its more compact inter-island geography and strong education-based personal ties among the elite of different countries are considered. The post-independence Caribbean experience of regional cooperation is thus of great interest to the Pacific, but it would be unwise to draw lessons or transpose models too readily from one to the other. With that caveat, the account at the Annex to this report of relevant features of the Caribbean's experience, which has been broadly contemporaneous with that of the Pacific, holds valuable messages for PICTs.

The Caribbean efforts in regional cooperation stem from a strong sense of common history, culture and ethnic origins, reinforced by shared educational experiences and—for example—regional pride in achievements of the West Indies cricket team. Though the Caribbean has strong economic and social ties to USA and Canada and is heavily dependent on the US in many ways, the big neighbours play no direct part in the main Caribbean regional organisations. As noted in the main text, this is a crucial difference from the Pacific, with important consequences for the funding and direction of regional cooperation. As in the Pacific, there are dozens of organisations engaged in promoting regional cooperation in various fields, and there is no single comprehensive machinery for bringing them all together, nor any prospect of it. Like the Pacific too, cooperation among governments pre-dates independence, and by the 1960s organisations dealing with transport, communications, education, health, and statistics were in operation.

In 1973 the Caribbean Community (Caricom) was established by treaty as the umbrella organisation, with responsibility for fostering economic cooperation, coordinating foreign policy among member states, and developing functional cooperation and common services in health, education and culture communications and industrial relations. The Community is governed by the Conference of Heads of Government (the Conference) and the Community Council of Ministers (the Council). The Secretary-General (SG) is CEO of Caricom, and is the top regional bureaucrat. The affairs of Caricom are directed by a Bureau of the Conference made up of the current, incoming and outgoing chairs of the Conference, and the SG. A Quasi-Cabinet comprises Heads of government with specific leadership tasks in critical areas of Community concern. The Council has a broader responsibility for development for Community strategies, planning and coordination. Four Ministerial Councils assist the operations of Caricom, dealing with trade and economic development, foreign and community relations, human and social development, and ,finance and planning. Three Bodies of the Community cover legal affairs, budget and central banking. Thirteen other organisations for functional and regional cooperation are included in the scope of Caricom, and eight regional institutions, including two universities and the regional development bank, are Associate Institutions of the Community. Beyond this again lie scores of public and private sector regional organisations known to but not part of Caricom.

Though not without problems, the machinery of functional (low-politic) cooperation in the Caribbean is considered to work well. More difficult are the 'high-politic' areas relating to economic integration and the ceding of elements of sovereignty to a regional body. The Caricom Single Market and Economy (CSME) has been 16 years under implementation and the end is not yet clearly in sight. Countries continue to grapple with thorny questions of national-regional allocation of policy and regulatory powers. Finally in this brief glance at a rich topic, appointments to the regional CEO jobs, including the SG of Caricom, are by inter-government consensus and there is no six-year rule. And institutional managements do tend to 'capture' their governing bodies.

## VII. Making the most of the existing structures

### 1. *Refocusing CROP*.

After reciting the Leaders' Vision for the Region, the CROP Charter of July 2004 goes on:

"CROP is a family of highly professional, transparent, accountable and dynamic organisations working together...to honour, promote, implement and realise the vision of the Forum Leaders. CROP will collectively (do this) by assisting member countries and territories achieve their common goal of sustainable development and peaceful co-existence, and by enabling the people of the Pacific to live free and worthwhile lives".

"CROP functions as (1) a coordination mechanism between the heads of the regional organisations in the Pacific, and (2) a high-level advisory body, which provides policy advice and may assist in facilitating policy formulation at national, regional and international levels"

This language strikes a self-important note inappropriate for a simple piece of inter-organisation coordinating machinery—such as the original SPOCC was intended to be. CROP seems to have become a 'virtual' regional organisation itself, without physical form and with obscure accountability and a curiously assorted membership. As if aware of this the Charter continues:

"CROP is a partnership of equals with the chair of CROP playing a vital coordination role. It is neither a legal entity nor a separate organisation. The guiding principles of CROP organisations will be to:

- a. Promote sustainable development and alleviate poverty for the people of the Pacific....
- b. Focus on the priorities and needs of members...
- c. Maximise opportunities for and value of cooperation between organisations....
- d. Listen, understand, anticipate and respond to global and regional needs...
- e. Ensure best practice..."

"...to be eligible for membership in CROP, organisations will have

- a. Governing bodies which determine the organisations' policies and work programmes and on which Forum Member governments have a majority, and which between them provide a region-wide representation; and
- b. Activities that include provision of advice to Member governments and implementation of region-wide programmes aimed at assisting sustainable development....."

Out of good intentions have come perverse results. Interviews for this report found many complaints from G5 officials about CROP's excessive formality, bureaucracy and obsession with process rather than substance. It is as if the full paraphernalia of regional meetings (derived in turn from that of international meetings) has been applied to CROP procedures. Even the Working Groups set up by CROP to tackle practical cooperative planning and operations get bogged down in inter-organisational protocol.<sup>21</sup>

While it is doubtful if all the existing members meet the membership criteria in the 2004 Charter, and at least one is uncertain why it became a member,

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<sup>21</sup> Making the quality of some of their work, such as recent outputs on management of ocean resources, all the more remarkable. There is great interdisciplinary potential in the G5 waiting to be unlocked by faster, more flexible procedures and better communications.

other PROs are seeking to join CROP. The motivation seems to be partly to gain access to inward flows of regional aid funds, which are perceived to be substantially controlled by CROP, and partly to be able to use CROP's well-established 'harmonisation' process to improve management's conditions of service. But the whole idea of exclusive membership, with entry qualifications and attendant privileges, is out of place in a developmental service-providing environment. Simple functional need for a working relationship should justify its creation.

Under present arrangements it will not be easy to bring CROP back down to the reality of simply facilitating inter-PRO cooperation, for reasons related to its being under multiple G5 control. In a sense CROP is instinctively trying to perform part of the role envisaged for the Pacific Commission proposed in this report, but it totally lacks the structure to do so. As a first-stage measure,

(R1) agreement should be quickly reached` among the G5 CROP members to redesign the CROP agenda to reflect the substantial differences of interest between the G5 and other CROP members, simplify the processes of initiating and conducting intra-G5 consultation and cooperation, and reconstitute existing working groups as far as possible as if there were no institutional barriers between them.

While some improvements can be made this way, this is inevitably going to highlight the need for pressing on to full removal of barriers by institutional amalgamation. In that context it is important to note that while the changes recommended in this report, if adopted, will see the end of CROP as it now exists

(a) the need for fast and effective machinery of interdisciplinary cooperation among the (now) G5 disciplines will become a critically important management concern of the Pacific Commission, and

(b) there will remain, and in some ways become even more important, a need for effective machinery of *voluntary* inter-organisational consultation among the Pacific Commission and other institutions engaged in Pacific development—mostly engaging the Commission at directorate level.

## 2. *Clarifying missions and mandates.*

The earlier discussion of the present condition of the G5 PROs illuminates some of the problems of hitting the right note in statements of missions and mandates. What are they for? Who is the target readership? Internally these statements should be a touchstone to help guide management and staff in the continuous exercise of judgement and choice in planning and operations. Externally these statements should help to project the institution's image of itself, establish corporate identity and 'sell' the institution to member governments and sources of funds.

Current statements range from the appealing modesty of SPC's 2003-5 corporate plan '*to help Pacific Island people make and implement informed decisions about their future*' and a similar environment-focused expression of corporate vision from SPREP; through FFA's effort to wrap the EEZ tuna fishery in sustainability, welfare and environment; PIFS's oath-of-allegiance mission statement '*We will honour the vision of the Leaders for free and*

*worthwhile lives for all Pacific people through deeper and broader regional cooperation; to SOPAC's all-things-to-all-aid-donors recital of its mandate, too long to repeat here but appearing at the bottom of page 19.*

None of these seems completely satisfactory. More thought is needed to strike the desirable balance between the internal and external uses of these statements.

(R2) Those G5 PROs that have corporate planning exercises under way now should design their mission statements (or equivalent) for both external and internal use, and state clearly their intention to pursue their corporate goals in close and practical collaboration with other regional organisations.

### *3. Respecting and using other agencies' scope and capabilities.*

All G5 PROs should adhere to this precept, but it is particularly important for PIFS because of the frequency and intensity of its contact with the Forum, Heads of Government and Ministers<sup>22</sup>, and for SPC because of the wide political spectrum embraced by its answerability to the Pacific Community.

Both the Forum and the Community are entitled to expect prompt attention to be paid to their decisions by competent and reliable officials. They are also entitled to expect the advice they receive from PIFS and SPC to originate in proper consultation and technical assessment of policy options, and the organisational response to their decisions to similarly reflect coordinated planning and management.

PIFS and SPC must therefore organise sound advice to their governing bodies and subsequently implement decisions in areas for which they are functionally responsible. But they both must also have a regard for the functional responsibilities and capabilities of other agencies in the region, and particularly the other G5 PROs.

Interviews for this report made it clear that defining and manipulating the boundaries and spaces between the G5 agencies is a constant source of friction among them and an unwelcome burden on development management in the Pacific. The impact of SOPAC's aggressive expansion was mentioned in the assessment at page 20. More recently PIFS's move to reorganise around the 'four pillars of development'<sup>23</sup> identified during the 2004 consultations and deliberations on the Pacific Plan raised concerns among other PROs whose interests might be affected. Most obviously, sustainable development is everyone's baby; and more generally, upon examination each of the four pillars will be found to have connections to other G5 activities with which PIFS's efforts will need to be coordinated.

Ultimately these problems can best be overcome by the structural changes recommended in Section VIII, but meanwhile (and recalling the discussion at page 19)

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<sup>22</sup> The need to make the distinction clear within PIFS in respect of its own areas of responsibility was discussed earlier in the assessment at page 19.

<sup>23</sup> Economic growth, sustainable development, governance and security.

(R3) The current reorganisation of PIFS should ensure that

(c) institutional space is provided between the functions of supporting and servicing the political decision-making role of the Forum, and those of inter-G5 coordination and the delivery of regional outputs for which PIFS is responsible; and

(d) when other G5 PROs are engaged in activities or have capabilities in areas where PIFS is charged with taking action to achieve Forum goals, PIFS gives priority in its response to collaboration with and use of those activities and capabilities.

4. *Internal digital communications.* This area of existing G5 activity offers the most immediate scope for efficiency gains even without any structural changes to the G5, and has great potential for further cost-effective development as part of the changes envisaged in this report. SPC already has a high quality internal broadband satellite link between its Noumea and Suva locations. One access point to this is physically adjacent to PIFS, so connecting PIFS will cost almost nothing. At an investment cost of less than USD50,000 and an affordable annual charge, SPREP and FFA can both be linked to the same system by installing satellite dishes and renting satellite transponder space. G5 PROs would continue to use national telecommunications carriers for external traffic, as SPC does now, obtaining the necessary permissions from the relevant national authorities for installation of the dedicated internal G5 system.

The joint internal communications system would make possible the unification and centralisation of administrative and accounting systems; central processing and filing of personnel and financial data with immediate retrieval; access to a consolidated electronic library and archive and statistical database of priceless value to all G5 professional and technical arms; and the creation of intra-G5 task teams able to work together across existing G5 boundaries by fast email, document transfer and video-conferencing. While the full potential of this change cannot be achieved until the separate G5 legal identities are drawn together in a Pacific Commission, very significant streamlining of communications, speeding-up of processes and reduction of process costs is achievable within the existing G5.

(R4) An inter-G5 working party administratively led by PIFS and with technical support by SPC should be established to examine the feasibility and costs of establishing a unified internal broadband communications system for the G5, and make appropriate recommendations.

5. *Unifying personnel and accounting systems.* There is considerable scope for amalgamation of personnel management records and procedures and financial accounting systems among the G5. Already there is a high degree of awareness of each other's systems and some commonality of software use. PIFS, SOPAC and SPC use the same accounting package. Suva-based G5 managements have informally explored the scope for economising on administrative costs by centralising and even contracting out the data-

processing components of their tasks. Significant operating economies and improvements in ease of use will be possible, while providing privacy protections within the system for any data not appropriate for general access. Technical feasibility is not in doubt. Given reliable digital communication links to Honiara and Apia, as envisaged above, FFA and SPREP could readily be part of these developments.

(R5) An inter-G5 working party should be established, administratively led jointly by PIFS and SPC, to examine the feasibility and costs of options for the unification of personnel and accounting systems among the G5, using the unified G5 communications system to be separately proposed, and make appropriate recommendations.

6. *Joint procurement of goods and services by the G5.* Consolidating the purchasing power of the G5 would make a total shopping basket twice as big as that of SPC, the biggest of the G5. In the area of duty air travel alone the combined purchasing power of the G5 is estimated at over USD10m pa, a big enough sum to negotiate significant discounts and special deals. Health, travel and property insurance, supplies of office equipment and consumables all offer prospects of worthwhile saving through consolidated procurement and competitive tendering for ad hoc or period supply contracts.

(R6) An inter-G5 working party should be established, administratively led by PIFS, to examine the feasibility and financial and other benefits of consolidating the procurement arrangements of the G5, and make appropriate recommendations.

7. *A cake half-baked, or properly cooked.* The measures indicated in the six recommendations above are worthwhile in themselves, and require no amendments to G5 constitutions or memberships. They are do-able within existing institutional frameworks, and they would result in more cost-effective and capable organisations for implementation of the Pacific Plan and related purposes. But the outcome would still fall well short of the potential capability of the combined resources of the G5.

Continued separate institutional identity within the G5 will get in the way of optimum interdisciplinary effectiveness, and will remain open to risk of fragmentation over issues affecting the perceived interests of individual G5 PROs and their regional or international supporters. Experience suggests that if this can happen, it will. Sooner or later the half-baked cake is very likely to collapse under pressure. It is a second-best solution.

The next and last section of this report proposes to tackle this by establishing an 'amalgamated G5' organisation, under a single secretariat serving both the Pacific Islands Forum and the Pacific Community. In the early stages of the study this was seen as a possible next stage, a further option after implementing the non-structural improvements already indicated. In recent discussions two points were made that suggest a different approach.

First, the ToRs for this report specifically direct its attention to possible changes to the ‘regional institutional architecture’, so the concept of structural change is not one that in principle frightens the report’s instigators. Second, in a two-stage approach to this subject involving structural change at the second stage, a significant part of the stage one improvement work would subsequently have to be re-done to take account of the changes to the structure—there are useful architectural parallels in repairing and re-equipping a building, and then deciding to make major structural changes—most probably an inefficient use of resources overall.

There is merit therefore in considering the proposals in section VIII for a fully-baked institutional cake before deciding on the six proposals set out above for making the most of the existing structures. If the proposals in Section VIII are acceptable to the Forum and work on them is authorised, the specifications for work on the improvements to G5 operations described above will naturally then be revised and incorporated into the plans to amalgamate the G5 in a new institutional structure

(R7) Decisions on R1-R6 should not be taken before consideration of recommendations R8 and R9 in section VIII of this report for amalgamation of the G5 PROs to form a Pacific Commission. If those two proposals are accepted, decisions on R1-R6 will not be separately required, and work on those areas will be incorporated into the planning of the amalgamation.

## VIII. Amalgamating the G5 to form a Pacific Commission

### 1. *The case for a Pacific Commission.*

The arguments for formal, structural amalgamation of the G5 PROs into a Pacific Commission <sup>24</sup> are simple:

- effective promotion of regional cooperation in the Pacific needs a strong institutional symbol of region-wide identity, common purpose and capability—none of the G5 PROs meets this requirement on its own
- the separate existence of the G5 PROs has a fragmenting, even divisive, effect on the region as they compete for status, allegiance, funding and ‘mandates’
- the original reasons for the separate existence of the G5 are no longer convincing or even relevant
- the expert multi-disciplinary personnel and stock of knowledge controlled by the G5 constitutes a priceless developmental resource for the Pacific that cannot be fully utilised because of institutional barriers

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<sup>24</sup> The name Commission is used here because it has an appropriate ring of comprehensiveness and getting things done. Though Commissions are commonly run by Commissioners, as in the case of the EC, this is not always the case, and there seems to be no overriding ‘corporate governance’ reason why the Pacific Commission could not have the structure described in this section

- the CROP machinery for overcoming barriers among the G5 and undertaking joint planning and operations is slow, cumbersome and vulnerable to individual G5 hold-out, with no enforcement capability
- the proposed amalgamation can be planned and carried out within existing resources of staff, members' contributions and donor funding, and office accommodation <sup>25</sup>
- the financial benefits of amalgamation are not quantifiable until more detailed planning is done, but efficiency gains of the order of 20-30% of G5 core budget costs, equivalent to USD3-4m annually, should be achievable.

Concerns were expressed during consultations that a bigger organisation might become too bureaucratic and slow to make decisions, or too big to be efficiently controlled and managed to adequate standards of accountability. The concern about excessive bureaucracy is real enough, but this sickness can afflict quite small organisations, and it is difficult to imagine anything more bureaucratic than CROP has become.

The problem lies in the way an institution is organised and directed, and is usually related to the degree of delegation and forms of supervision and accountability practised by management. The proposed Commission structure envisages a high degree of delegation to semi-autonomous directorates, linked to strong accountability and performance monitoring processes, and this should avoid unnecessary delays in decision-making.

Some misgivings were voiced about the size of the proposed management task. The amalgamated institution would have an initial strength of about 550 persons, roughly half professional and half support staff, handling an annual core budget around USD15m and a total annual work programme around USD70m—equivalent to a medium-sized transnational operation by Pacific regional standards. This would be manageable by existing G5 personnel in an appropriate organisational structure.

In sum, the creation of a Pacific Commission by amalgamation of the G5 PROs is expected to be technically feasible, to yield significant efficiency gains enabling a better job to be done with the same resources, and to provide a suitable institutional flagship for deeper and wider regional cooperation.

2. *Design criteria for a structural change.* Five criteria should be seen to be met for this proposal to command the necessary support.

*First*, the Forum's position as the pre-eminent political grouping in the region and the Pacific Community's uniquely comprehensive coverage of PICTs should both be recognised.

*Second*, the interests of the non-sovereign members of the Community in being able to play an increasing role in regional affairs and continuing to have access to services of regional organisations should be protected.

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<sup>25</sup> The amalgamation of G5 and creation of the Pacific Commission is feasible with or without access to the proposed Pacific Village at Laucala Bay, which has been under discussion for some years with the Fiji Government. But if the Pacific Village goes ahead it will be able to accommodate the Suva-based directorates of the Pacific Commission, greatly enhancing the efficiency and amenity of the Commission.

*Third*, a reliable, no-fuss way of eliminating territorial disputes among the (ex-)G5 service providers should be established.

*Fourth*, the flow of existing services and outputs from (ex-)G5 work programmes should be uninterrupted (with the prospect of subsequent enhancement by greater internal efficiency).

And *fifth*, the amalgamated organisation should be seen as likely to provide more effective support for implementation of the Pacific Plan than a continuation of the current G5 architecture.

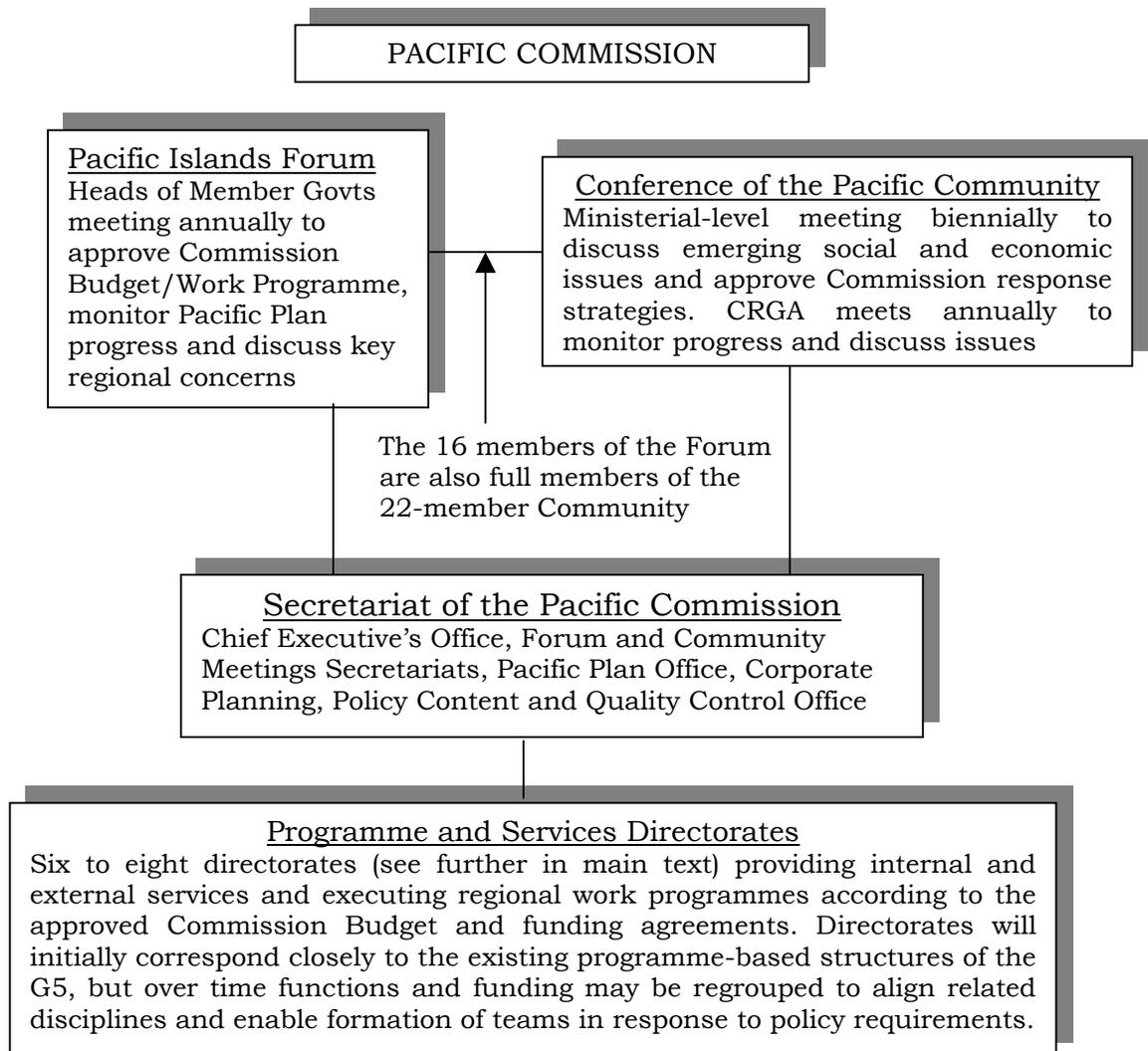
It is proposed to meet these requirements by

- preserving unchanged the membership arrangements of the Pacific Islands Forum and the Pacific Community so that all the powers, rights, duties and responsibilities of membership of both bodies are maintained, until such time as the members themselves decide to change them (for reasons other than the present exercise in strengthening regional management)
- demonstrating in the detailed planning that the changes here proposed do not diminish access by Community members to what are presently G5 services, or make the Community subservient to the Forum, or the Forum to the Community—consultations showed that this is an area of significant unease that must be dispelled by transparent and credible exposition
- providing the Forum and the Community with a single Secretariat serving both organisations, to be known as the Pacific Commission, with ‘chinese walls’ protecting the few areas requiring internal segregation of communications and documentation
- arranging for the governing bodies of FFA, PIFS, SPC, SPREP and SOPAC to resolve to transfer their functions, assets and liabilities and financial support to the Pacific Commission and in the case of FFA, SOPAC and SPREP to end their separate legal existence (institutional identities or ‘badges’ may be preserved for specific representational purposes)
- creating a unified organisational structure for the Commission, with a chief executive in overall control, a ‘cabinet office’ with separate branches serving as secretariats to the Forum and the Community, and technical directorates providing internal and external services and work programmes across all the fronts now covered by G5 (with functional regroupings among directorates as appropriate for efficient operations)
- establishing a single budget and overall work programme for the Commission, with decentralised management by the directorates in charge of sector programmes and sub-programmes, within which core budget or project funding provided for specific (groups of) PICTs can be tracked, and expenditure and performance can be verified
- applying ‘regional best practice’ planning, management, quality control and performance monitoring methods within the Commission, all under strong central coordination and decentralised operational control
- allocating responsibility for taking forward Pacific Plan concepts <sup>26</sup> to the appropriate Directorate of the Commission, either for direct advisory action, as in trade and transport developments, health and education initiatives, statistical services, cultural identity, disaster mitigation, waste management; or for consultation with other relevant organisations operating in the region, as in the case of tourism, police training, private sector inter-country collaboration, strategic bulk purchase and storage.

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<sup>26</sup> As described in Pacific Plan draft of 11 July 2005 prepared for the Core Group’s review.

### 3. Proposed structure in outline



### 4. More on Directorates.

Programme directorates will be oriented around work programmes and sub-programmes drawn up by the Commission to reflect decisions of the Forum and the Conference, and governed by funding approvals and performance monitoring requirements of the kind now familiar in G5 operations. Directors will have financial authority to expend budgeted funds to achieve work programme objectives and will be expected to manage the directorate with substantial autonomy within the Commission's rules and procedures. The directorates will be responsible for organising and supporting regional technical meetings at frequencies and with scope appropriate to the issues in each sector. The institutional identities established by G5 might be preserved where this has value in external relations or directorate morale, with continuation of 'badging' as (eg) FFA, accompanied by 'small print' stating that FFA is the Oceanic Fisheries Division of the Marine Resources Directorate of the Pacific Commission.

Service directorates, including the Secretariat itself (see diagram) will be oriented to plan, deliver and monitor the performance of internal corporate services and overall Commission activities. The function of quality control,

located in the Secretariat and reporting to the SG, will include checking programmes and projects for policy content and compliance with cross-cutting regional (Forum and Community) requirements relating to, eg, sustainability, gender and poverty alleviation.

The number and scope of directorates is to be decided during detailed planning. It is unlikely to be less than six because of the number and nature of programmes to be managed, and more than nine would unduly stretch the span of accountability to be covered by the Secretary-General and the top management team. By way of illustration only, possible directorate designations include

- Marine Resources [Management and Development]
- Economic [Management,] Planning [and] Statistics [and Demography]
- Earth Science, Land Resources and Environment
- Trade, Investment and Transport
- Human Resources [Health] [and Social Development]
- Institutions of Governance and Government
- Regional Security and International Relations
- [Commission] Corporate Services
- Secretariat of the Commission (including Office of the Secretary-General (see diagram for suggested scope)

5. *Membership issues.* Under this proposal, separate membership of FFA, SOPAC and SPREP will fall progressively away by decision of those governing bodies to close shop and transfer the business to the Pacific Commission. Memberships of the Forum and the Community, which are co-extensive with the full G5 coverage, will continue unchanged with all their rights and duties. Members contributions to all G5 PROs will be consolidated and continue to be paid <sup>27</sup>, but to the Pacific Commission. Former G5 programmes will appear in the Commission budget and work programme and be subject to members' review through those channels and through regional technical meetings at political and official level organised by Commission directorates.
6. *Communications with members.* The problem of inadequate and unreliable contacts and communications with PICT members, an acknowledged weakness under the existing G5 set-up, should be much reduced under amalgamation. A single institutional channel from the Pacific Commission, usually to the Ministry of Foreign Affairs, will be carrying a heavier load and demanding more attention—it will have the political status accorded to Forum traffic now—to its distribution to the responsible ministries and departments for attention and response.
7. *Senior management staffing.* The Pacific Commission's CEO would be styled Secretary-General (SG), and would be the Pacific's top regional official, authorised and able to represent the region internationally. Appointment would be by the Forum, in consultation with non-Forum members of the Community. Two Deputy SGs would be required, with duties to be determined in due course, but for example, one overseeing the SG's Office and the service directorates and the other overseeing the programme directorates. The officials heading the directorates would constitute the region's top team of public sector technocrat-managers under the leadership of the SG. High-profile and

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<sup>27</sup> 2005 approximate value USD 2.1m

demanding tasks, constant real-time communications and regular face-to-face meetings would ensure a close-knit and responsive team.

8. *Financial aspects.*<sup>28</sup> The costs of the changes proposed should be contained within existing financial provisions. The impact of the changes on numbers employed, job classifications and grades and location of workplaces should as far as possible be phased over the expiry and renegotiation or non-renewal of contracts. By 2007 the size and shape of the Pacific Commission should be defined and its core budget appropriately constructed, with total operating costs no greater than the total G5 before amalgamation, and significantly greater overall productivity beginning to appear in increased collective output.

9. *Timing of effective amalgamation and work required for implementation.* It is important that the detailed planning of the operation should be done by the people who will have to implement it. Each part of the amalgamation has to be analysed and carefully planned so that implementation can proceed in a coherent pattern, each part supporting the others, and with minimum disruption to work programmes.

This is a substantial task and cannot be hurried. If the order to start work is given by the end of 2005, planning is likely to take most of 2006, and legal and financial changes would come into effect in 2007, making the Pacific Commission's first full year of operations 2008.

Working groups will be needed for each of the main areas of change, with representation at an appropriate level from each of the G5 PROs. The proposed areas for working groups and suggested responsibility for group leadership are:

1. legal and constitutional actions required by G5 and members: PIFS
2. budgets, funding flows and work programmes: SPC
3. staffing, personnel management and administrative processes: PIFS
4. overall schedule, gap-spotting and necessary action: SPC

10. *Concluding recommendations.* The conclusion of this report is that the arguments for strengthening regional management by establishment of a Pacific Commission on the lines described above are compelling. If that is also the conclusion of the Forum the recommendations in section VII fall away. If the Forum is not so persuaded, the recommendations in Section VII stand, as the second-best option for improving institutional capacity to implement the Pacific Plan.

(R8) The G5 PROs should be amalgamated and converted into the Pacific Commission during 2006-7 on lines described in the report

(R9) Inter-G5 working groups should now be set up to examine, plan and report on all aspects of the amalgamation and conversion, under the joint supervision of PIFS and SPC

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<sup>28</sup> The financial and staffing resources available if the amalgamation was taking place in 2005 are shown in Tables 1 and 2 on pages 27 and 28.

# Appendix A

## Terms of Reference for the Report

### Objectives

The objectives of the Analysis are to:

- (i) review the relevance and effectiveness of existing regional institutional mechanisms against the emerging regional priorities under the Pacific Plan;
- (ii) recommend how these mechanisms could be realigned or improved to make them more relevant and effective;
- (iii) investigate a range of reform options from minor adjustments of organizational mandates and charters through to significant institutional reform of regional architecture; and
- (iv) if/where necessary, recommend new or alternative institutional arrangements that best suit the region's needs and emerging priorities.

### Scope

The Analysis should include:

- (a) Description and analysis of the current regional institutional arrangements in terms of:
  - (i) their genesis, membership, objectives, priorities and current work programs;
  - (ii) the participation (effective or not) in and support by Member states and other stakeholders in the decision-making process and follow-up (implementation); and
  - (iii) the cost and benefits (to Members and other stakeholders) of the governance and operational institutional arrangements for national uptake and implementation of regional decisions or initiatives.
- (b) Description and analysis of how the Member governments and other stakeholders view the current institutional arrangements and the reasons why. Are they seen as a benefit or a burden and why? Are they perceived with any great support or conviction?
- (c) Analysis of the effectiveness of the regional institutional arrangements in supporting regional priorities and options for improvement.
- (d) Discussion and analysis of relevant experience from a comparable region or regions such as the Caribbean.
- (e) Reference to but not duplication of the work of the CROP Harmonization Working Group but a focus on broader issues of organisational mandates and regional architecture.”

### Report by consultant at conclusion of assignment.

Objectives (ii)-(iv) of the ToRs have been fulfilled, but objective (i) was affected by uncertainty about the eventual content of the Pacific Plan. Assumptions about likely content were made on the basis of documents seen that were still drafts for discussion. There is a significant gap in fulfilment of the ToR requirements under ‘Scope’, relating to analysis of the attitudes and perceptions of Member states. There is much less material in the report about this aspect than the ToRs probably envisaged. The problem was identified early on. ‘Other stakeholders’ were interviewed and their views are reflected in the report. For Member countries, the approved consultancy work plan assumed that information on attitudes and value assessments was already available or could be obtained by remote inquiry, but this was not so. PIFS on behalf of the consultant attempted to obtain comments from PICTs on PRO performance and the PICT-PRO relationship by issue of a questionnaire. Out of more than twenty sent out by mail and email, only three were returned, only one of them from a Forum member country. Discussion with PIFS suggested that consultations by the Pacific Plan Task Force might fill some of this gap, but those outcomes were not sufficiently specific for this purpose. I have suggested to PIFS that issue of the report in its present form for wide consideration and comment should stimulate countries sufficiently to provide their views, which could then be taken into account. In all other respects I consider that the ToRs have been fulfilled.

*Tony Hughes, 31 August 2005*

## Appendix B

### Institutions visited and officials consulted

Australian High Commission, Suva:

FAO, Apia:

French Embassy, Suva:

French High Commission, Noumea:

Government of New Caledonia, Noumea:

New Zealand High Commission, Suva:

UNDP, Suva:

US Embassy, Suva:

FFA, Honiara:

FSchM, Suva:

Pacific Power Association, Suva:

PIFS, Suva:

SOPAC, Suva:

SPBEA, Suva:

SPC, Noumea:

SPC, Suva:

SPREP, Apia:

SPTO, Suva:

USP, Suva:

## **ANNEX TO 'STRENGTHENING REGIONAL MANAGEMENT' REPORT TO PIFS**

### **MACHINERY OF REGIONAL COOPERATION IN THE CARIBBEAN**

**By Havelock R. Brewster**

**Executive Director for the Caribbean, Inter-American Development Bank,  
Washington, D.C.**

#### **Existing Set of Institutions and their Origins**

##### Origins of Institutions

Regional cooperation arrangements in the Caribbean have their origins as far back as the beginnings of British colonization of the area, beginning with the Barbados-based administration of the Leeward and Windward Islands, and culminating with the pre-independence West Indies Federation, created in 1958 and dismantled in 1962 on the eve of independence.

Regional cooperation efforts in the Caribbean and related institutions were stimulated by the anti-colonial movement; by a strongly felt sense of a common history and experience, culture and ethnic origins; by a recognition of the physical and political vulnerability of small, isolated island States; the economic and administrative disadvantages of small size, and the potential and actual benefits of regional cooperation; and by the impact and pressures of external developments, such as the movement towards trade liberalization around the world and the need to achieve greater competition; the spread of regional economic groupings, like the EU, NAFTA, MERCOSUR, ASEAN, and the proposed Free Trade Area of the Americas; and the need to participate effectively in the international community, particularly in such forums as the United Nations, the OAS, the Non-Aligned Movement, the WTO, the African-Caribbean-Pacific Grouping, among others. Thus, even prior to the Treaty of Chaguaramas, 1973, establishing the Caribbean Community (which was preceded by the Caribbean Free Trade Area (CARIFTA, 1968), regional cooperation in the Caribbean had found expression in an impressive array of separate functional efforts, such as in Commodity Agreements (oils and fats), the West Indies Shipping Cooperation, Air Transport (LIAT and BWIA), the Caribbean Broadcasting Union, the University of the West Indies, the Caribbean Development Bank, the Caribbean Examinations Council, the Standing Board of Health Ministers, the Caribbean Meteorological Service, the Caribbean Industrial Research Institute, the Statistical Coordinating Advisory Committee, the Institute of Monetary Studies (Central Banks), among others.

##### Institutional Architecture

Regional cooperation in the Caribbean is now centered around the Caribbean Community Institutions and has three principal objectives: (a) economic cooperation through the CARICOM Single Market and Economy (CSME); (b) coordination of foreign policy among the independent member states; and (c) common services and cooperation in functional matters such as health, education and culture, communications and industrial relations.

The principal organs of the Community are: the Conference of Heads of Government commonly called “The Conference,” and the Community Council of Ministers, commonly called “The Council.” The primary responsibility of The Conference is to determine and provide the policy direction for the Community. It is the final authority for the conclusion of Treaties on behalf of the Community and for entering into relationships between the Community and International Organizations and States. The Conference is also responsible for meeting the financial arrangements to meet the expenses of the Community, but has delegated this function to the Community Council. Decisions of the Conference are generally taken unanimously.

A *Bureau of the Conference* has been established, consisting of the incumbent Chair of the Conference, as Chair, as well as the incoming and outgoing Chairs of the Conference, and the Secretary-General in his capacity as the Chief Executive Officer. The responsibilities of the Bureau are to initiate proposals; update consensus; and mobilize and secure implementation of the CARICOM decisions in an expeditious and informed manner.

A *Quasi-Cabinet* has also been constituted to aid the principal organs of the Community. It consists of individual Heads of Government who have been assigned leadership functions in respect of the development and implementation of critical sectors of the Community mandate, namely, for External Negotiations, Single Market and Economy, Health and Human Resource Development, Science and Technology, Tourism, Agriculture, Security, Transport, Sustainable Development (including Environment and Disaster Management), Community Development and Cultural Cooperation, Justice and Governance, Bananas.

The Portfolio for External Negotiations, the CSME, and Health are serviced by *Specialized Units*, namely:

- The Caribbean Regional Negotiating Machinery (CRNM);
- The CARICOM Single Market and Economy Unit (CSME Unit);
- The Pan-Caribbean Partnership Against HIV/AIDS (PANCAP);

*The Community Council of Ministers (The Council)* is the second highest organ. It consists of Ministers responsible for community affairs and other Ministers designated by the Member States at their absolute discretion. It is responsible for the development of Community strategies, planning and coordination in the areas of economic integration, functional cooperation and external relations.

The principal organs of the Community are assisted in the performance of their functions by the following four *Ministerial Councils*:

- The Council for Trade and Economic Development (COTED) - which promotes trade and economic development of the Community and oversees the operations of the CSME;
- The Council for Foreign and Community Relations (COFCOR) - which determines relations with international organizations and third States;
- The Council for Human and Social Development (COHSOD) – which promotes human and social development; and
- The Council for Finance and Planning (COFAP) – which coordinates economic policy and financial and monetary integration of the Member States.

The Community institutional framework also embraces *Bodies of the Community*, namely:

- The Legal Affairs Committee – which is responsible for providing the Organs and Bodies with advice on treaties, international legal issues, the harmonization of laws of the Community and other legal matters;
- The Budget Committee – which examines the draft budget and work programme of the Community and submits recommendations to the Community Council;
- The Committee of Central Bank Governors – which makes recommendations to COFAP on matters relating to monetary cooperation, payments arrangements, movement of capital, integration of capital markets, and other related matters.

The Caribbean Community incorporates a number of *functional and other regional organizations*, namely:

- The Caribbean Disaster Emergency Response Agency (CDERA);
- The Caribbean Meteorological Institute (CMI);
- The Caribbean Meteorological Organization (CMO);
- The Caribbean Food Corporation (CFC);
- The Caribbean Environmental Health Institute (CEHI);
- The Caribbean Agricultural Research and Development Institute (CARDI);
- The Caribbean Regional IBSN Agency;
- The Caribbean Regional Centre for Education and Training of Animal Health and Veterinary Public Health Assistants (CREPAHA);
- The Assembly of Caribbean Community Parliamentarians (ACCP);
- The Council of Civil Society;
- The Caribbean Centre for Development Administration (CCDA);
- The Caribbean Organization of Tax Administrations (COTA)
- The Caribbean Food and Nutrition Institute (CFNI).

Under the Caribbean Community Treaty, provision is made for the following entities to be recognized as *Associate Institutions of the Community*:

- The Caribbean Development Bank (CDB);
- The Caribbean Examinations Council (CXC);
- The University of Guyana (UG);
- The University of the West Indies (UWI);
- The Caribbean Law Institute/Caribbean Law Institute Centre (CLI/CLIC);
- The Secretariat of the Eastern Caribbean States (OECS);
- The Caribbean Council of Justice (CCJ);
- The Caribbean Regional Organization for Standards and Quality (CROSQ).

In addition, outside this formalized institutional framework, Caribbean regional cooperation embraces a dense and extensive network of initiatives, organized through governmental, non-governmental, private sector, labour, sports, faith and gender based organizations. Examples include the Caribbean Regional Energy Development Programme, the Standing Committee of Caribbean Statisticians, the Technical Action Services Unit, the Association of Civil Aviation Authorities of the Caribbean, the Caribbean Broadcasting Union/Caribbean News Agency, the Caribbean Association of Industry and Commerce, the Caribbean

Employers Confederation, the Caribbean Labour Congress, Caribbean Cricket Board, Caribbean Baptist Women's Union. A large number of regional cooperation initiatives are also organized by the Caribbean Diaspora and even by non-Caribbean groups operating externally.

The Caribbean Community's Secretariat (CCS) is the organization responsible for servicing the principal organs of the Community. It provides administrative functions, political and technical advice and support for their organs, and Member States, as needed. The Secretary-General is the chief executive officer. He is supported by a Deputy, and other senior officials who head the Directorates for Foreign and Community Relations, Regional Trade and Economic Integration, and Human and Social Development. He also functions as Secretary-General for CARIFORUM, a grouping that brings together the CARICOM States (which now include Haiti and Suriname) with the Dominican Republic, for cooperation with the European Union in the framework of the ACP-EU Cotonou Agreement.

### **Modalities for Appointing CEO's of Regional Organizations, for Dispute Settlement, and for Foreign Aid Administration and Inter-Organization Relations**

As in United Nations organizations, there is no laid-down machinery or procedures for appointing the Secretary-General of CARICOM, or the CEO of other regional organizations. For appointments at this level there are no vacancy announcements, or even statements of qualifications and experience needed for those posts. There is also no formal machinery on procedures for premature renewal of regional organizations CEOs. There have been no instances of the need for removal.

Usually, there is a provision for the appointment to be made by the highest decision-making body of the organization, for a period not exceeding five years, and for reappointment. Thus, in the case of the Secretary-General of CARICOM, the appointment is made by the Conference. Beyond this, there is usually no further specification of modalities for making the appointment.

However, it is understood by convention that a national of the host country would not normally be appointed as Secretary General. The desirability of rotating the post among nationals of the membership is also recognized.

Candidatures for the position are informally put forward or suggested by interested Member-States, and CVs circulated. Member-States may also canvass support among the membership. Individuals may make their interest known to their governments. Usually there are very few candidatures. The governing bodies make a decision by consensus. Appointments of serving or former politicians to regional CEO positions have never been made.

Given the seriousness with which regional integration is taken in the Caribbean, all appointees to CEO positions, including the CARICOM Secretary General's position, have been exceptionally competent persons, with high qualifications, wide experience and records of distinguished public or academic service. Appointments have usually not given rise to political scrambles. The basic explanation for this situation must be importance attached by the

membership to the regional movement, and the high standards of public service and academic accomplishment found in the region.

The Secretary-General of CARICOM has wide administrative and coordinating functions, which are laid down in the Treaty of Chaguaramas as follows:

The Secretary-General shall be the Chief Executive Officer of the Community and shall, subject to the determinations of competent Organs of the community and in accordance with the financial and other regulations, perform the following functions:

- Represent the Community;
- Develop, as mandated, decisions of competent Organs of the Community into implementable proposals;
- Identify and mobilise, as required, external resources to implement decisions at the regional level and undertake studies and develop decisions on relevant issues into implementable proposals;
- Implement, as mandated, decisions at the regional level for the achievement of Community objectives;
- Implement with the consent of the Member State concerned, Community decisions which do not require legislative or administrative action by national authorities;
- Monitor and report on, as mandated, implementation of Community decisions;
- Initiate or develop proposals for consideration and decision by competent Organs in order to achieve Community objectives, and
- Such other functions assigned by the Conference or other competent Organs.

There is no formal machinery, procedures or rules for resolving differences among regional organizations. Given the highly specialized nature of these organizations, the scope for conflict does not tend to be wide. Also, to the extent that differences arise, the highly professional staff of these organizations have been able to resolve them, without having to resort to the political directorate of the Institution. Differences are more likely to arise as between different organs of the regional institution. They are resolved, in instances where they reach the Conference, by deliberation and consensus, or they are referred for further research and wider consultation.

Foreign aid, bilateral or multilateral, intended for purposes of regional cooperation, is negotiated with the organization concerned and assigned directly to that organization. The aid is usually for specific purposes, such as trade negotiations, disaster management, meteorology standards and quality, economic research on various issues of regional integration. There is generally a clear demarcation between foreign aid for national projects and for regional projects, on the part of both the recipients and the donors. Also, foreign aid does not usually come in the form of bloc grants for multiple regional organizations. The grants nearest to this form are those under the EDF Regional Indicative Programmes, and even in this case, the activity or organization to be supported and the allocation to be made, would have been predetermined at the time the programme would have been negotiated.

There would thus not normally arise any difficulties in respect of identifying aid to regional organizations as distinct from aid to individual States. Institutions that have large and diverse foreign aid supported programmes, such as CARICOM or the CDB, have centralized arrangements to ensure coordination and prioritization of foreign aid requests, as well as assessment and evaluation of foreign aid receipts.

Each organization established by Treaty or Statute is responsible for the financial management of any foreign aid received. When an organization does not have a specific legal identity enabling it to receive and administer foreign funds, such as the Caribbean Regional Negotiating Machinery, these functions may be assumed by the CARICOM Secretariat or by the Government of the country where the organization is located.

Inter-organizational relationships are usually pursued at the initiative and discretion of the professional staffs. Also, organizations are generally represented on their respective inter-governmental governing bodies, at the level of their professional staffs. They have the opportunity to fully participate in deliberations in each other's forums. This kind of relationship and coordination is actively encouraged.

The CEOs and Secretariats of regional organizations, especially the larger high-politic ones like the CARICOM Secretariat and the CDB Management, have a considerable capacity for capturing and manipulating the agenda of their governing bodies. This capacity derives from the high level of their organization and professionalism, and the apparent asymmetry this creates vis-à-vis the political directorates. This situation has been identified as a shortcoming to advancing the regional movement, as ultimately it creates bottlenecks to political decision-making and implementation.

### **The Status of Non-Independent Territories**

Montserrat is the only State that is a member of CARICOM that is not an independent State. It remains a dependency of the United Kingdom. Anguilla was formerly a part of the independent State of St. Kitts-Nevis-Anguilla but seceded from that State and reverted to the status of a dependent territory of the United Kingdom. It is not a member of CARICOM, but has the status of an Associate.

As a UK dependency, Montserrat, in order to accede to the original CARICOM Treaty of Chaguaramas of 1973, had to obtain from the UK an Instrument of Entrustment. That Instrument did not provide for Montserrat's involvement, nor did the other CARICOM Member-States so wish, in matters of foreign policy and defense. The 1973 Treaty did not go as far as the current Revised Treaty of Chaguaramas, which is the basis for the CARICOM Single Market and Economy (CSME).

Several aspects of the revised Treaty of Chaguaramas give rise to issues pertinent to Montserrat's membership, in particular, the provisions for the free movement of skills and capital and right of establishment. The question has thus arisen about the need for a new Instrument of Entrustment for Montserrat. In that connection, it is possible, in principle, for the United Kingdom to claim

reciprocity, which would enable UK nationals, capital, and companies to claim free access to CARICOM through Montserrat. These issues remain to be resolved.

Another issue arising concerns Montserrat's membership in the Caribbean Court of Justice (CCJ). As a member of the CSME, Montserrat is obliged to adhere to the CCJ. Adherence to the original jurisdiction provisions of this Court (concerned with disputes arising in respect of the CSME) does not pose a problem for Montserrat and the UK. However, the CCJ is also empowered to function as the court of final appeal, its appellate jurisdiction, for its Member States, in replacement of the Judicial Committee of the Privy Council (JCPC) of the House of Lords. As a UK dependency, Montserrat cannot replace the JCPC by the CCJ, and thus would have to invoke appropriate provisions in Agreement Establishing the CCJ (Article XXII), to enter a reservation with respect to its appellate jurisdiction, with the consent of the Contracting Parties.

### **Relevance, Effectiveness and Performance of Regional Cooperation Institutions**

The functional cooperation institutions, pre and post the Treaty of Chaguaramas, arose as a direct result of specific needs and the recognition of the potential benefits of cooperation. As such, they score high in terms of relevance and cooperation. Among the most outstanding examples of this kind of cooperation are the University of the West Indies, the Caribbean Examinations Council, and the Caribbean Development Bank.

For the most part, the regional institutions of functional cooperation, excepting the three examples given above, aimed at low-politic forms of cooperation, such as exchanges of information, experience, technical assistance and training and advisory services, rather than high-politic forms involving collective decision-making and action. There have been independent, detailed assessments of the three institutions mentioned above which cannot be elaborated on here in detail. Suffice it to say, for present purposes, that while there are many problems to be addressed, the consensus view is that these institutions have been and continue to be exceptionally relevant and effective in discharging their mandates. Their accomplishments unquestionably have been far superior to what conceivably might have been achieved with each participating State acting separately.

There have not been detailed evaluations of relevance and effectiveness of the low-politic forms of functional regional cooperation. The evidence suggests that they continue to serve relevant purposes, discharge their functions in a sufficiently effective manner and are valued by their memberships. Shortcomings expressed in respect of some activities include limited self-financing and hence excessive reliance on discretionary external support; duplication of functions; inadequate public communication; and failure to sufficiently engage the political authorities in the salience of the concerns being addressed.

The principal inter-governmental organs of the Community structure are those that have been subjected to close and continuing scrutiny, including thorough detailed officially-sponsored and academic -investigations involving the questioning of a wide cross-section of stakeholders. This section now reports on the main findings in respect of the performance of these institutions.

The basic and persistent problem has been recognized as very poor implementation of decisions taken by the Conference of Heads of Government, the highest authority of the Community, in particular those relating to the CARICOM Single Market and Economy (CSME), the wide-ranging provisions of which had been adopted in 1989 (the Grand Anse Declaration), later incorporated into the Revised Treaty of Chaguaramas. Governments had originally set 1993 as the target date for the implementation of the CSME, but it has become a moving target. To date, after 16 years since its adoption, only a small minority of the provisions have actually been implemented. Governments have now made a distinction between the Single Market (SM) and the Single Economy (SE), and set January 1, 2006 as the target date for the SM to become operational, and an 'indicative time line' of 2008 for the establishment of the SE.

In the period since the CSME's adoption, various measures have been put in place aimed at improving implementation. These included in particular, the institution of the Bureau of the Conference of Heads of Government, and the Quasi-Cabinet, innovations that stemmed from a modification of a proposal made in 1992 in the Report of the West Indian Commission (Time For Action) to establish a Commission composed of several members responsible for the main areas of the Community's mandate (similar to the European Commission's (EC) structure, but with the crippling difference that the proposed commission was not accorded legal powers similar to those of the EC).

In 2003, governments returned to the issue, and agreed that a Commission or 'similar executive mechanisms' should be established, as well as a system of automatic financing of the Community's institutions. The Commission was again subordinated to the sovereignty of member States, while its mandate overlapped those of other organs of the Community. These "decisions" are now undergoing ex post technical study, and thus have not yet been implemented.

Some observers believe that the failure of implementation lies in the fact that most of the provisions of the CSME, and especially those of the SE, are inherently high-politic in nature, such as macroeconomic coordination, fiscal policy harmonization, investment policy harmonization, monetary union and the harmonization of legislation (Customs law, Companies law, Banking and Securities legislation) – and are unlikely to be legally implemented and function in practice without the Community being delegated some degree of supranational authority, as distinct from reliance on the discretionary authorities of each State, exercised through the inter-government process of cooperation. Some are of the view that the mechanisms of the Bureau and Quasi Cabinet have not been adequately used so far. Others believe that the Secretariat needs to be given greater powers of implementation.

In the meantime, investigation of governmental and non-governmental stakeholders' perceptions of the performance of the Community have identified the following as the main weaknesses of the Community institutions: inadequate dissemination of information to stakeholders, and poor communication between the Secretariat and the practical organs of the Community; the assignment of excessive mandates to the Secretariat resulting in inadequate capacity and resources to execute them; wide geographic dispersion of the Member-States, requiring excessive and costly travel to meetings; unbalanced mandates of the various ministerial councils, and in some areas their diffusion across too many issue-areas; failure to make decisions at the Council level, resulting in an

overwhelming load falling on the Conference of Heads; use of the Bureau of Heads as an escape for the failure to deal with the devolution of executive powers; dissatisfaction of some Member-States as a result of unbalanced distribution of the benefits and costs of integration; insufficient involvement of the private sector and civil society organizations; geographic centralization of the Secretariat; and inadequate analytical capacity on the part of the Secretariat ('A Review of the Structure and Functioning of the Caribbean Community Secretariat', 2002).

Notwithstanding these shortcomings in the performance of the Community institutions, and the difficulty in advancing to a more mature and effective regionalism, it is widely believed that the Community has performed well in certain respects, particularly in keeping alive the Caribbean people's aspirations for closer unity; in enhancing the region's profile in international affairs; in strengthening the Community's external negotiating capacity; in expanding trade within the region; and in supporting very beneficial forms of functional cooperation and common services; such as in tertiary education, development banking, health (HIV/AIDS), disaster preparedness, regional and security and sports.

### **The Eastern Caribbean States Sub-Grouping**

This sub-grouping of Leeward and Windward Islands within the wider CARICOM has many of the characteristics that should make for closer and more effective cooperation. Apart from their common British colonial antecedents, and cultural and ethnic affinities, they are more homogeneous than the wider CARICOM group in terms of size, economic structure, level of development, and the kind of problems they confront; while they are less spatially dispersed.

Following the collapse of the West Indies Federation in 1962, the Leeward and Windward Islands created the West Indies Associated States Council of Ministers (WISA) in 1967. The mandate of this Organization was to support functional cooperation and common services in such areas as civil aviation, the judiciary, currency and central banking, and tertiary education. It is considered to have executed this mandate relatively successfully.

In 1968, these States also created the East Caribbean Common Market (ECCM). By 1981, the majority of the principles of the ECCM had not been put into effect. In that year, the Treaty of Basseterre established the Organization of Eastern Caribbean States. In principle, the OECS merged the functional cooperation mandates of WISA and the economic mandate of the ECCM, and, more prominently, had as its main purpose, to achieve the fullest possible harmonization of foreign policy among Member States; to seek to adopt, as far as possible, common positions on international issues and to establish and maintain wherever possible, arrangements for joint overseas representation, and/or common services. But it also aimed to strengthen the pre-existing WISA areas of functional cooperation, and to add such new areas as audit, statistics, income tax administration, customs and excise administration, training in public administration and management, scientific, technical and cultural cooperation, national defense and security.

The OECS Treaty made little difference in practice to the implementation of the Common market mandate inherited from the ECCM. According to one observer "the OECS Treaty was seen as, and in fact turned out to be, primarily a

vehicle through which the Member States were formalizing and quietly continuing that fourteen-year process of regional integration which, during that time, had largely been concerned with functional cooperation in some fields of government that had not been very politically salient. The Treaty essentially brought into the picture—as a new area of cooperation –foreign policy, specifically joint overseas representation. The Treaty was not, however, conceived as a foundation or a platform for building a deeper form of union—either political or economic – and so did not commit its Member States to achieving a union in time.” (‘The Treaty of Basseterre and OECS Economic Union’ by Earl Huntley).

In July 2001, the OECS Heads of Government made the decision to establish an Economic Union. Work had been initiated on the central issue of the creation of a new Treaty arrangement to replace the Treaty of Basseterre.

The institutions of the OECS are:

- Eastern Caribbean Telecommunications Authority (ECTEL);
- Directorate of Civil Aviation;
- Eastern Caribbean Central Bank;
- Eastern Caribbean Supreme Court.

The Eastern Caribbean States thus seem to have placed higher priority on, and have achieved greater success in, the development of functional cooperation and common services than on economic integration. Presumably, this has been because the Eastern Caribbean States considered that functional cooperation and common services yielded much greater benefits than the operation of a common or single market; and besides did not give rise to any significant costs for some members as did the latter.

In regards to the former, the OECS considers that it has already begun to establish an effective architecture of supranationalism. This is reflected in the establishment of the Eastern Caribbean Central Bank, the Eastern Caribbean Supreme Court, the Directorate of Civil Aviation, the Eastern Caribbean Securities Exchange, and some joint diplomatic missions.

In this respect, therefore, it seems that the OECS has made greater progress than the wider CARICOM. At the same time, it must be recognized that the CARICOM apparatus has imparted a stronger momentum to the process of economic integration, specifically the common (or single) market aspects, than did the OECS Treaty.

### **Financing of Regional Institutions**

Regional institutions – whether the principal organs of the Community including the Secretariat, the regional functional institutions, associate institutions of the Community, Bodies of the Community, or non-associated regional organizations – are separately and individually financed. They are not financed from a common pool of Community resources. In general, the allocation principle among the Member States is based on capacity-to-pay, usually Gross Domestic Product (GDP). The application of a benefit principle to the allocation formula has never been used. Discussed below are some particulars pertaining to the financing of the CARICOM Secretariat (CCS).

The capacity-to-pay principle is used in the financing of the CCS, specifically GDP. (The United Nations uses Gross National Product (GNP), plus subsidiary indicators such as population size, external debt stock and/or debt service requirements, modified further by the application of minima and maxima.)

In CARICOM the capacity-to-pay principle is also modified by the application of minima and maxima. For example, those States classified as 'More Developed Countries' (MDCs) – Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago – have been assigned a minimum contribution to the budget of seven percent and a maximum of 25 percent. Haiti has a minimum of three percent and a maximum of 6 percent; and the Dependent Territories (Anguilla, the British Virgin Islands, Turks and Caicos) a maximum of one percent. Table 1 shows the full contributions to the CCS budget:

Table 1. Contributions to the CARICOM Secretariat, 2002  
Percent

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Anguilla	0.30
British Virgin Islands	0.36
Turks and Caicos	0.16
Haiti	3.0
The Bahamas	9.80
Belize	2.89
Barbados	10.74
Guyana	7.00
Jamaica	22.78
Suriname	7.00
Trinidad and Tobago	25.00
Antigua and Barbuda	1.77
Dominica	1.77
Grenada	1.77
Montserrat	0.35
St. Lucia	1.77
St. Kitts and Nevis	1.77
St. Vincent and the Grenadines	1.77
Total	100.0

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Source: CARICOM Secretariat

The benefit principle in budgetary allocation has never been used, presumably because of the difficulties in identifying and quantifying benefits (e.g. trade-related, increased efficiency and lower prices, investment income, employment, remittances, etc.) attributable to the integration process; and because the benefits may already have been captured in the national income statistics. Also, given the apparent skewed distribution of benefits, some member States might well claim they should contribute little or nothing.

Currently (2002), the CCS budget is about US\$10.0 million. This is equal to about 0.03 percent of the total CARICOM GDP (US\$30 billion). (The budget of the European Commission is about 1.3 percent of the Member States total GNP – that is about 44 times that of CARICOM in percentage terms.) In addition, the CCS is the recipient of about US\$4.0 million yearly, equal to 40 percent of the

CCS budget in external support to various technical programs. One of the specialized units of the Community – the Caribbean Regional Negotiating Machinery (CRNM) has an even higher percentage of external contributions to its budget.

An interesting innovation in the financing of regional institutions is that pertaining to the Caribbean Court of Justice (which is due to enter into operation in the near future). The Conference authorized the Caribbean Development Bank to raise US\$100 million in the international capital market to be used as a Trust Fund, the income of which would finance the expenses of the Court. Each Member State of the CCJ was in turn assigned a portion of the loan (based on the capacity-to-pay principle), the repayment and debt services of which (to the CDB) it would be individually responsible for.

In 2003 the Conference of Heads of Government “adopted the principle of automatic resource transfer (‘own resources’) for the financing of community institutions, certainly for the establishment of the Commission and any new tier of governance.” The source of finance was not specified, nor was the set of institutions to be so financed.

This decision may have been influenced by several factors: - the CCS budget has not always been free of the problem of arrears and untimely payments; governments’ fiscal stringency had kept the budget within tight controls; the budget had become increasingly dependent on external resources and thus on the priorities of bilateral and multilateral donors; implementation of the CSME inevitably would require the establishment of a number of new regional institutions, making reliance on governments’ annual contributions (which would need parliamentary appropriations for each such institution) increasingly politically unfeasible. The practical aspects of implementing the principle of automatic financing is still undergoing technical study.

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**ANNEX 4**

**KPMG Review of the Institutional Framework for the Pacific (July 2006)**



**Pacific Islands Forum Secretariat**

**Review of the Institutional  
Framework for the Pacific**

KPMG

July 2006

This report contains 22 pages

FORSEC06A-A-DraftReportsFA-L0208-MYjl.doc

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## **Appendix**

Appendix I – Financial Models

# **1 Executive Summary**

## **1.1 Scope**

The management of Pacific Islands Forum Secretariat (PIFS) is undertaking a review of the regional institutional framework for five of the regional institutional framework of the Council of Regional Organisations of the Pacific (CROP) agencies, namely, the Forum Fisheries Agency (FFA), PIFS, the South Pacific Applied Geoscience Commission (SOPAC), Secretariat of the Pacific Community (SPC) and the South Pacific Regional Environment Programme (SPREP).

The management of PIFS has requested KPMG to assist in developing a financial model which analyses the cost structure of the corporate services divisions and executive management divisions of the five CROP agencies and to aid in identifying areas where cost savings may be achieved in certain areas of the organisations.

This report has been prepared to provide assistance to the management of the PIFS in identifying areas where cost savings may be attained through better collaboration or amalgamation of these activities between the CROP agencies.

This report is intended solely for the information and use of PIFS and is subject to a number of qualifications and limitations which are detailed in section 1.3.

This report has been prepared with the following key objectives in mind:

- To obtain an understanding of the cost structures of the five CROP agencies from the perspective of both their administrative functions and governance; and
- To identify cost savings scenarios and model the financial implications of scenarios in consultation with the administrative functions of PIFS.

### **1.1.1 Summary of Analysis**

In consultation with the management of PIFS three scenarios were identified whereby cost structure models were developed to identify cost savings opportunities by realigning or amalgamating certain administrative functions of the five CROP agencies. These are set out below:

Scenario A - The realignment or amalgamation of administrative functions of the five CROP agencies into central administrative locations;

Scenario B - The realignment or amalgamation of administrative functions of only four of the CROP agencies namely SPC, FFA, SOPAC and SPREP; however the administrative functions of PIFS remains independent or status quo remains; and

Scenario C - The adoption of certain recommendations of the consultative report by Anthony V Hughes titled ‘Strengthening Regional Management – A Review of the Architecture for Regional Co-operation in the Pacific’ to the Pacific Islands Forum dated August 2005 (referred in this report as “Hughes Report”).

Briefly, the results of our findings are as follows:

Cost Savings arising from:	Centralisation of certain functions	Reduction in personnel in IT and Library functions	Relocation of nearby agencies	Total
	FJD 000	FJD 000	FJD 000	FJD 000
<b>Scenario A</b>	8,856	2,841	575	12,272
<b>Scenario B</b>	7,260	2,599	544	10,403

### Scenario A

In Scenario A, our model, after taking into account assumptions set out in Section 3.2, has identified an area of potential savings of up to FJD12,272,000 through the rationalization of administrative functions into a central administrative headquarter.

The first area of cost savings would involve the amalgamation of certain administrative functions which are generally identical in terms of duties throughout the five CROP agencies. This effectively means that the functions in these areas can be assumed by one agency with a minimum impact to its operations. The functions which we believe could fall into this category are the directorate support/executive management, human resource and administration, finance and the planning and evaluation functions. This could provide for potential savings of up to FJD8,857,000.

The second area of cost savings would involve the reduction in personnel in functions such as IT and Library Services which require manpower at the locations but for which certain similar or identical services could be centralized. This could have potential savings of up to FJD2,841,000.

The third area of cost savings would be in centralizing the organizations into a central location. In this we have noted that PIFS, SOPAC and SPC are located in Suva, Fiji. The amalgamation of locations of these organizations into a central location (which in this scenario is assumed to be PIFS) may provide for savings in terms of infrastructure costs. This could have potential savings of up to FJD575,000.

## **Scenario B**

The potential cost savings in Scenario B are similar to the cost savings set out in Scenario A with the exception that there will be no cost savings arising from PIFS.

The resultant savings could be up to FJD7,260,000 in terms of centralization of functions category, FJD2,599,000 in the area of overlapping duties and FJD544,000 in the infrastructure costs savings by having SPC and SOPAC in one location.

## **Scenario C**

In the Hughes Report, the author provided nine recommendations for a more efficient CROP agency structure, of which the first six recommendations are set out below:

- (1) agreement should be quickly reached` among the five CROP members to redesign the CROP agenda to reflect the substantial differences of interest between the five and other CROP members, simplify the processes of initiating and conducting intra-agency consultation and cooperation, and reconstitute existing working groups as far as possible as if there were no institutional barriers between them.
- (2) Those five CROP agencies that have corporate planning exercises under way now should design their mission statements (or equivalent) for both external and internal use, and state clearly their intention to pursue their corporate goals in close and practical collaboration with other regional organisations.
- (3) The current reorganisation of PIFS should ensure that
  - (a) institutional space is provided between the functions of supporting and servicing the political decision-making role of the Forum, and those of inter-five coordination and the delivery of regional outputs for which PIFS is responsible; and
  - (b) when other five CROP agencies are engaged in activities or have capabilities in areas where PIFS is charged with taking action to achieve Forum goals, PIFS gives priority in its response to collaboration with and use of those activities and capabilities.
- (4) An inter-five working party administratively led by PIFS and with technical support by SPC should be established to examine the feasibility and costs of establishing a unified internal broadband communications system for the five, and make appropriate recommendations.
- (5) An inter-five working party should be established, administratively led jointly by PIFS and SPC, to examine the feasibility and costs of options for the unification of personnel and accounting systems among the five, using the unified five communications system to be separately proposed, and make appropriate recommendations.
- (6) An inter-five working party should be established, administratively led by PIFS, to examine the feasibility and financial and other benefits of consolidating the procurement arrangements of the five, and make appropriate recommendations.

We have briefly commented on the recommendations of the Hughes Report in Section 3.3.3 below.

Further details of the findings and assumptions used are set out in Section 3.2 of this report.

### **Travelling costs**

Additionally, we have also performed a simple analysis on the savings that can be made from a reduction in traveling expenses arising from a reduction in the number of meetings to be attended by the government officials of the various member countries/territories based on the above two scenarios. The results of our findings are as follows:

	<b>Cost savings</b>
	<b>FJD 000</b>
<b>Scenario A</b>	539
<b>Scenario B</b>	370

The broad assumptions used are set out in Section 3.2 below.

## **1.2 Sources of information**

The primary sources of information used in our financial analysis are as follows:

- Budgets of PIFS, SPC, SOPAC and SPREP for the financial year ending 31 December 2006 and the budget of FFA for the financial year ending 30 June 2007 which have been prepared by the respective management;
- The latest available audited financial statements for each of these agencies;
- Other available public information of the abovementioned CROP agencies;

### **1.3 Disclaimer**

This report has been prepared by us for the purposes set out in paragraph 1.1. It is not intended that this report will be used for any other purpose.

We understand that this report will be used exclusively by the management of PIFS and the consultants engaged by it to specifically review the regional institutional framework for the Pacific. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement without our prior written consent as to the form and context in which it appears.

We accept no responsibility or duty of care whatsoever to any other party who may be provided with this report. In all circumstances, our liability is limited to our fees for the engagement in terms of our engagement letter dated 13 July 2006.

We have prepared this report on the basis of the information provided to us as detailed in paragraph 1.2. We have no reason to doubt the accuracy of the information provided to us. However nothing in this report should be taken to imply that we have verified any information supplied to us. We have no reason to believe that any material facts have been withheld from us but do not warrant that our enquiries have revealed all of the matters that an audit or extensive examination might disclose. This report has not been updated for events since the date of this report.

## **2 Background of the CROP Agencies**

### **2.1 Background**

Brief descriptions of the five CROP agencies are set out below.

#### **2.1.1 PIFS**

Location: Suva, in excellent offices funded by Australia in 1976 at a cost then of \$1.5m

Established: 1972 as South Pacific Bureau for Economic Cooperation, becoming South Pacific Forum Secretariat in 1988 and Pacific Islands Forum Secretariat in 2000.

Membership: 14 independent or self-governing island countries plus Australia and New Zealand. French Polynesia and New Caledonia have observer status, and Timor Leste is an associate observer.

Mission “We will honour the vision of the Leaders for free and worthwhile lives for all Pacific people through deeper and broader regional cooperation”

#### **2.1.2 SPC**

Location: Noumea, in modern offices purpose-built by France ten years ago, regional office in Suva, field offices in ten other PICTs.

Established: 1947

Membership: all 22 Pacific islands countries and territories (PICTs), Australia, France, New Zealand and USA are full members. SPC operates in English and French languages.

Mission (from 2003-5 Corporate Plan) ‘to help Pacific Island people make and implement informed decisions about their future.’

#### **2.1.3 FFA**

Location: Honiara. Poor quality of local infrastructure and services. Temporary relocation to Brisbane was considered during Solomon Islands security crisis in 1999-2002 but not implemented. Security is now satisfactory and infrastructure is expected to improve.

Established: 1979, following 1977 Forum decision, with advisory assistance from FAO, as sustainable management of highly-migratory fish stocks in exclusive economic zones became recognised as a major development issue for PICTs

Membership: 16 Forum members and Tokelau

Mission “To support and enable members to achieve sustainable fisheries and the highest levels of social and economic benefit in harmony with the broader environment” (Strategic Plan 2005-2020)

#### **2.1.4 SOPAC**

Location: Suva, in rehabilitated and converted offices provided by Fiji

Established: in 1972 as CCOP/SOPAC, a UN programme, in response to requests for help from Fiji and others with promoting and managing offshore mineral and petroleum prospecting ; separated from UN and renamed as SOPAC in 1990.

Membership: 16 Forum members plus American Samoa, French Polynesia and New Caledonia as Associate Members

Mission: (referred to by SOPAC as its Mandate) “...contribute to sustainable development, reduce poverty and enhance resilience for the peoples of the Pacific by supporting the development of natural resources, in particular natural resources, investigating natural systems and the management of vulnerability through applied environmental geosciences, appropriate technologies, knowledge management, technical and policy advice, human resource development and advocacy of Pacific issues”.

#### **2.1.5 SPREP**

Location: Apia, in modern purpose-built offices.

Established: in 1973 as a regional conservation programme within SPC, becoming SPREP in 1982, moving to Apia in 1992 and becoming independent from SPC in 1993.

Membership: as for SPC (all PICTs plus Australia, France, New Zealand and USA). SPREP has limited French language capability.

Mission (stated as Vision in Action Plan): ‘(to make the) People of the Pacific islands better able to plan, protect, manage and use their environment for sustainable development’

## 3 Results of the Financial Analysis

### 3.1 Introduction

Our financial analysis aims to understand the cost structures of the administrative functions of the five CROP agencies.

Each CROP agency prepares a yearly budget for its operations which details what each programme will require for the financial year. In assessing the administrative costs of the five CROP agencies, we have divided the administrative functions of the agencies into seven functions – Directorate Support, Human Resource & Administration, Planning and Evaluation, Information Technology, Financial Management, Library Services and Property Services

As each CROP agency has its own reporting format, certain line items of the budgets were reclassified to allow for a more comparable review of the cost structures of each of the agencies.

The summary budgeted costs for the current financial year for the five CROP agencies which were analysed is as follows:

	<b>PIFS</b>	<b>SPC</b>	<b>FFA</b>	<b>SOPAC</b>	<b>SPREP</b>	<b>Total</b>	
	<b>FJD</b>	<b>FJD</b>	<b>FJD</b>	<b>FJD</b>	<b>FJD</b>	<b>FJD</b>	<b>%</b>
	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	
Personnel	1,995	9,221	3,600	1,546	2,051	18,413	67%
Training	113	90	215	35	16	468	2%
Travel	91	148	104	177	177	697	3%
Administrative	570	470	557	210	178	1,985	7%
Marketing	-	25	-	3	-	28	0%
Fees & Charges	326	407	758	303	343	2,136	8%
Maintenance & Repairs	328	418	599	112	113	1,570	6%
Rates & Utilities	88	497	105	53	144	887	3%
Other Expenses	-	67	-	31	-	98	0%
Financial Charges	20	118	21	7	15	181	1%
Capital Expenses	461	255	143	65	190	1,114	4%
<b>Total</b>	<b>3,991</b>	<b>11,717</b>	<b>6,102</b>	<b>2,541</b>	<b>3,225</b>	<b>27,576</b>	<b>100%</b>

## 3.2 Assumptions

In undertaking, the analysis certain assumptions were made to derive the expected costs savings. These assumptions are set out below:

- The budgets provided by each of the CROP agencies reflect the actual expenditures which it will incur during the current financial year and is also reflective of the actual expenditures in future financial years. No verification was made as to whether these were reliable estimates of the CROP agencies;
- Costs line items in each of the CROP agencies are identical or significantly similar in nature;
- Expenses which are non-recurring i.e. expenses which are capital in nature or one-off in nature have not been taken into account as an expense for which cost savings could be achieved as these are assumed to be specific in nature for the organization;
- Duties and roles of the functions were assumed to be significantly the same in all the CROP agencies. No account was taken of specific duties or roles which may be specialized or for specific expertise required for that location or agency;
- Where a rationalization of the function is modeled, it is assumed that the new central functional headquarter will be the agency with the lowest costs for that function, unless that agency is deemed to have insufficient staff size for central administration whereby the next least cost agency is chosen;
- Additionally where a rationalization of the function takes place, it is assumed that only one manager will head the rationalized function and that the incumbent manager in the central functional headquarter (see assumption above) will take such a role;
- No estimates of costs in actually achieving such savings were projected for example, redundancy costs, the installation costs of new equipment, moving costs etc. It is assumed that these costs will be one-off in nature and not recurring in future financial years; and
- Certain line costs such as traveling, telephone and fax, staff insurance are directly correlated to the number of personnel in the functional department and reductions in staff numbers would result in a proportionate reduction in these variable costs.

In addition to the above assumptions, we have also performed a simple analysis on the savings that can be made from a reduction in traveling expenses arising from a reduction in the number of meetings to be attended by the government officials of the various member countries/territories based on Scenario A and Scenario B. The assumptions used in arriving at these results are as follows:

- Each of the five CROP agencies will have between one to two governing council meetings per annum;
- For the purpose of the broad analysis, it is assumed that each member country/territory will send between two to four delegates for each meeting; and
- The costs of flights and hotels and daily expenses are assumed to be the same for each member. These amounts may not be representative of the actual amounts that will be incurred but merely a rough estimated average for the purpose of comparisons.

### 3.3 Report of Analysis

#### Identification of areas of cost savings

From the budgets of the five CROP agencies we can establish that the majority or 67% of the costs of the administrative functions arise from personnel costs. This is followed by property maintenance and capital expenditure which contributes about 9% of the budgets. Arising from this, emphasis has been placed on the potential for cost savings through the reduction in staff numbers and centralization of locations.

The first area of cost savings would involve the rationalization of certain administrative functions which are generally identical in terms of duties throughout the five CROP agencies. This effectively means that the functions in these areas can be assumed by one agency with a minimum impact to its operations. The functions which we believe could fall into this category are the finance, human resource and administration functions and the directorate and planning functions.

The second area of cost savings would involve the amalgamation of duties within which are identical within the functions. The duties which we believe may have overlapping functions include library services and IT network administration.

The third area of cost savings would be in the area of location. We note that PIFS, SOPAC and SPC are located in Suva, Fiji and as such the amalgamation of locations of these organizations into a central location may provide for savings in infrastructure costs.

#### 3.3.1 Scenario A

Scenario A - The realignment or amalgamation of administrative functions of the five CROP agencies into central administrative locations;

#### Comparison of Scenario A analysis against existing budgets

The comparison of Scenario A's analysis against the total budgets of the five CROP agencies are set out in the table below:

	<b>Existing Budget</b>	<b>Budget assuming Scenario A</b>	<b>Cost Savings</b>
	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>
Personnel	18,413	8,132	10,280
Training	468	176	292
Travel	697	308	389
Administrative	1,985	889	1,095
Marketing	28	28	-
Fees & Charges	2,136	2,136	-
Maintenance & Repairs	1,570	1,427	143
Rates & Utilities	887	834	53
Other Expenses	98	98	-
Financial Charges	181	181	-
Capital Expenses	1,114	1,094	20
<b>Total</b>	<b>27,576</b>	<b>15,304</b>	<b>12,272</b>

### Analysis of Savings of Scenario A

**Table – Table detailing the savings in the administrative functions**

	<b>Directorate Support</b>	<b>HR &amp; Admin</b>	<b>Planning</b>	<b>IT</b>	<b>Finance</b>	<b>Library</b>	<b>Property</b>	<b>Total Cost Savings</b>
	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>	<b>FJD 000</b>
Personnel	4,172	1,139	449	1,564	1,823	711	423	10,280
Training	76	64	32	80	40	-	-	292
Travel	245	19	21	62	22	22	-	389
Administrative	230	277	26	253	204	103	2	1,095
Maintenance & Repairs	0	19	-	45	1	0	77	143
Rates & Utilities	-	-	-	-	-	-	53	53
Capital Expenses	-	-	-	-	-	-	20	20
<b>Total</b>	<b>4,724</b>	<b>1,517</b>	<b>527</b>	<b>2,005</b>	<b>2,089</b>	<b>836</b>	<b>575</b>	<b>12,272</b>

Our review of the cost structures for the five CROP agencies revealed that the following areas of cost savings could potentially be achieved. The details are as follows:

<b>Description</b>	<b>Cost Savings FJD 000</b>
 <i>Centralisation of functions</i>	
<p>The following functions could potentially be rationalised into a central area or as a centrally administered function with a single executive in each of the agencies providing the necessary administrative functions. This could be headed by one experienced director/manager.</p>	
<b>Directorate Support and Planning</b>	5,250
<b>Human Resource and Administration</b>	1,517
<b>Finance</b>	2,089
 <i>Potential savings through reduction in personnel in the following functions</i>	
<b>Information Technology</b>	2,005
<p>User support could be centralized at a single location. With available broadband functions at all the agencies, trouble shooting could be centralized at a single help desk location. A network coordinator/administrator will still be required at each of the locations who will provide technical support for each agency's unique systems and applications.</p>	
<b>Library and Registry Services</b>	836
<p>Libraries will be required to be present in the present locations of the CROP agencies. However, there is the potential for the streamlining of the library services into a central oversight function with one or two executives supporting each location.</p> <p>It is to be noted that SPC in Noumea has a translation and printing department which is housed under its Library Services. In this analysis we have not rationalized any of this functions as they may be unique to the services offered by SPC</p>	
 <i>Potential savings in property services by relocation of nearby agencies</i>	
PIFS, SPC and SOPAC have administrative headquarters in Suva. This creates the potential for these offices to be relocated to a single site providing savings in rates, utilities and maintenance and repairs	575
<b>Total</b>	<hr/> <b>12,272</b> <hr/>

Details of the changes in staff numbers from the analysis are as follows:

<b>Function</b>	<b>Existing staff</b>	<b>After Scenario A analysis</b>	<b>Decrease</b>
	<b>No. of persons</b>	<b>No. of persons</b>	<b>No. of persons</b>
Directorate Support	38	12	(26)
Human Resource and Administration	31	18	(13)
Planning and Evaluation	5	3	(2)
Information Technology	26	11	(15)
Financial Management	43	14	(29)
Library and Registry Services	42	36	(6)
Property Services	40	32	(8)
	<hr/> 224	<hr/> 126	<hr/> (98)

### 3.3.2 Scenario B

Scenario B - The realignment or amalgamation of administrative functions of only four of the CROP agencies namely SPC, FFA, SOPAC and SPREP; however the administrative functions of PIFS remains independent or status quo remains.

The assumptions used for the analysis for Scenario B are similar to that of Scenario A except that PIFS would continue to remain an independent entity. This is set out below:

#### Comparison of Scenario B analysis against existing budgets

The comparison of Scenario B's analysis against the total budgets of the four CROP agencies (excluding PIFS) are set out in the table below:

	<b>Existing Budgets of the five CROP agencies excluding PIFS FJD 000</b>	<b>Scenario B FJD 000</b>	<b>Cost Savings FJD 000</b>
Personnel	16,418	7,581	8,837
Training	355	117	239
Travel	606	303	303
Administrative	1,415	601	814
Marketing	28	28	-
Fees & Charges	1,810	1,810	-
Maintenance & Repairs	1,242	1,104	138
Rates & Utilities	799	746	53
Other Expenses	98	98	-
Financial Charges	161	161	-
Capital Expenses	653	633	20
<b>Total</b>	<b>23,585</b>	<b>13,182</b>	<b>10,403</b>

### Analysis of Savings of Scenario B

**Table – Table detailing the savings in the administrative functions**

	<b>Directorate Support FJD 000</b>	<b>HR &amp; Admin FJD 000</b>	<b>Planning FJD 000</b>	<b>IT FJD 000</b>	<b>Finance FJD 000</b>	<b>Library FJD 000</b>	<b>Property FJD 000</b>	<b>Total Cost Savings FJD 000</b>
Personnel	3,251	1,013	449	1,496	1,602	634	391	8,837
Training	33	61	32	73	40	-	-	239
Travel	170	18	21	62	19	13	-	303
Administrative	80	223	26	197	204	82	2	814
Maintenance & Repairs	0	18	-	41	1	-	77	138
Rates & Utilities	-	-	-	-	-	-	53	53
Capital Expenses	-	-	-	-	-	-	20	20
<b>Total</b>	<b>3,535</b>	<b>1,333</b>	<b>527</b>	<b>1,870</b>	<b>1,866</b>	<b>730</b>	<b>544</b>	<b>10,403</b>

Our review of the cost structures for the five CROP agencies revealed that the following areas of cost savings could potentially be effected. The details are as follows:

<b>Description</b>	<b>Cost Savings FJD 000</b>
<i>Centralisation of functions</i>	
The following functions could potentially be rationalised into a central area or as a centrally administered function with a single executive in each of the agencies providing the necessary administrative functions. This could be headed by one experienced director/manager.	
<b>Directorate Support and Planning</b>	4,061
<b>Human Resource and Administration</b>	1,333
<b>Finance</b>	1,866
<i>Potential savings through reduction in personnel in the following functions</i>	
<b>Information Technology</b>	1,870
<b>Library and Registry Services</b>	730
<i>Potential savings in property services by relocation of nearby agencies</i>	
SPC and SOPAC have administrative headquarters in Suva. This creates the potential for these offices to be relocated to a single site providing savings in rates, utilities and maintenance and repairs.	543
<b>Total</b>	<b><u>10,403</u></b>

Details of the changes in staff numbers from the analysis are as follows:

<b>Function</b>	<b>Existing staff</b>	<b>After Scenario B analysis</b>	<b>Decrease</b>
	<b>No. of persons</b>	<b>No. of persons</b>	<b>No. of persons</b>
Directorate Support	27	10	(17)
Human Resource and Administration	25	16	(9)
Planning and Evaluation	4	2	(2)
Information Technology	23	10	(13)
Financial Management	35	11	(24)
Library and Registry Services	38	33	(5)
Property Services	32	27	(5)
	183	109	(74)

### 3.3.3 Scenario C

Scenario C - The adoption of recommendations (1) to (6) of the Hughes Report:

#### **Recommendation**

- 1 Agreement should be quickly reached` among the five CROP members to redesign the CROP agenda to reflect the substantial differences of interest between the five and other CROP members, simplify the processes of initiating and conducting intra-agency consultation and cooperation, and reconstitute existing working groups as far as possible as if there were no institutional barriers between them.

Comments: While there is the potential for cost savings through the reduction in 'bureaucracy' between the five CROP agencies, our scope has been limited to a analysis of only the administrative functions of these agencies. We are unable to provide an analysis of the changes as these would involve the cost structures of the various programmes within the CROP agencies.

- 2 Those five CROP agencies that have corporate planning exercises under way now should design their mission statements (or equivalent) for both external and internal use, and state clearly their intention to pursue their corporate goals in close and practical collaboration with other regional organisations.

Comments:

While the above recommendation may provide a basis for aligning objectives of the five CROP organizations, from the perspective of the administrative functions, there would be no identifiable direct costs savings

- 3 The current reorganisation of PIFS should ensure that
  - (a) institutional space is provided between the functions of supporting and servicing the political decision-making role of the Forum, and those of inter-five coordination and the delivery of regional outputs for which PIFS is responsible; and
  - (b) when other five CROP agencies are engaged in activities or have capabilities in areas where PIFS is charged with taking action to achieve Forum goals, PIFS gives priority in its response to collaboration with and use of those activities and capabilities.

Comments:

Again, while the above recommendation may provide a basis for aligning objectives, the majority of any cost savings would be in the area of alignment of programme objectives which do not have a direct impact on the cost the administrative functions of the CROP agencies.

- 4 An inter-five working party administratively led by PIFS and with technical support by SPC should be established to examine the feasibility and costs of establishing a unified internal broadband communications system for the five, and make appropriate recommendations.

Comments:

We have not conducted any review of the feasibility and costs of establishing a unified broadband communications as this would require technical specification reviews in the various locations.

- 5 An inter-five working party should be established, administratively led jointly by PIFS and SPC, to examine the feasibility and costs of options for the unification of personnel and accounting systems among the five, using the unified five communications system to be separately proposed, and make appropriate recommendations.

Comments:

The analysis has been performed in Scenario A above.

- 6 An inter-five working party should be established, administratively led by PIFS, to examine the feasibility and financial and other benefits of consolidating the procurement arrangements of the five, and make appropriate recommendations.

Comments:

Procurements for most items are based mainly at the local agency e.g, capital expenditures on computer hardware, property maintenance. Other services such as traveling expenses would also depend on the location, frequency and place of travel within the Pacific Islands. A detailed study on the procurement procedures of the individual agencies will need to be conducted to ascertain the extent of discounts already received and whether there could be any further potential procurement savings.

### 3.3.4 Reduction in travel and associated costs

Presently the CROP agencies are administered separately with each CROP agency having at least one governing council meeting annually. This is attended by senior government officials from the member countries of the CROP agencies.

Should these meetings be administered centrally by an administrative headquarter then cost savings could be made through a reduction in the number of meetings required to be attended by these government officials. Traveling and associated costs such as hotels and per diem expenses can be reduced significantly if the number of governing council meetings were to be reduced.

For the purpose of this analysis the following broad assumptions were used:

- each member country or territory will send between 2-4 delegates;
- travelling costs comprises of flight costs which is assumed to be FJD2,000 per delegate, while hotel and per diem allowances are FJD150 and FJD157 respectively.

Under Scenario A, a total of three annual council meetings were assumed to be held, replacing the existing annual council meetings of the respective CROP agencies. Under Scenario B, PIFS being an independent agency will continue to separately have its two annual forum meetings,. The remaining CROP agencies will then hold a total of two annual council meetings replacing the existing annual council meetings of the remaining CROP agencies.

The analyses of savings are as follows:

<b>Costs</b>	<b>Existing CROP arrangements FJD 000</b>	<b>Scenario A FJD 000</b>	<b>Scenario B FJD 000</b>
Flight	734	423	520
Hotel	260	149	184
Per diem	273	156	193
	1,267	728	897

<b>Cost Savings arising from :</b>	<b>Scenario A FJD 000</b>	<b>Scenario B FJD 000</b>
Flight	311	214
Hotel	111	76
Per diem	116	80
	538	370

It should be noted that the above analysis has not taken into account the opportunity costs of the government officials attending these meetings. These are subjective and the difference between salaries could be huge given the nature and breadth of the Pacific community. The annual salary for a senior government official from Australia could be in the region of FJD[400,000] while that of a senior government official in Niue would be in the region of FJD[2,000] per annum.

### **3.4 Limitations**

While we have analysed the cost structures of the five CROP agencies, the analysis and this report is prepared only as an indication of the potential cost savings that may arise through the streamlining of the operations of the five CROP agencies.

We have not gone in-depth into the detailed nature of these costs. Certain elements of costs may not have the correlations as we may have modeled.

Where we have modeled rationalizations of functions, we have not taken into consideration the competencies of the individuals behind the positions which have been rationalized. Neither have we taken into consideration any specific expertise required in that position, whether it is regulatory or technical. Our broad assumption used is that these positions are significantly similar in nature and may be interchangeable between the position holders.

We have also not taken into account any costs which may have to be incurred to implement these rationalizations. These include the costs of redundancies, relocations and training for staff and other costs such as information systems upgrades and system integrations as well as lease or rental penalties. Also no consideration has been given to whether there exist any social obligations or political obligations involved.

We recommend that further in-depth studies will need to be conducted before implementing any rationalization exercise with more detailed reviews of job descriptions, competency levels information systems and communications, social and political obligations and the associated costs.

## **ANNEX 5**

### **RIF Consultations by Name and Position**

## **(b) Consultations by name and position**

Review team members consulted the following:

### **Adrian Simcock**

ADB:	Mr. Thomas Gloerfelt-Tarp, Project Administration Unit, Suva.
Australia:	Ms Judith Robinson, Assistant Director General, Pacific Branch, AusAID; Mr. Peter Hooton, Assistant Secretary, Pacific and New Zealand Branch, Department of Foreign Affairs and Trade; Staff of DFAT and AusAID
EU:	Mr. Roberto Ridolfi, Head of Delegation, Suva.
Fiji School of Medicine	Prof David Brewster, Dean.
Japan:	Ambassador Masashi Namekawa and staff.
New Zealand:	Mr. Alan Williams, Deputy Secretary; Ms Heather Riddell, Director Pacific Division and other staff, Ministry of Foreign Affairs and Trade. Mr Craig Hawke, Director Pacific, NZAID and staff
PIFS:	Mr. Iosefa Maiava, Deputy Secretary-General; Mr. Peter Forau, Deputy Secretary-General.
Pitcairn Island:	HE George Ferguson, Governor of Pitcairn, Wellington.
SOPAC:	Mr. Bhaskoi Rao, Deputy Director; Russell Howorth, consultant.
South Pacific Chiefs of Police:	Andrew Hughes, Chair (Suva).
South Pacific Tourism Organisation	Mr Lisate 'Akolo, Chief Executive.
SPBEA	Mr Siasoi Pohiva, Project Officer.
Taiwan:	Mr Sherman Kuo, Representative, Taiwan Trade Mission, Suva.
Timor-Leste:	Ambassador Heinani Coelho Da Silva, Canberra.
UNDP Centre	Mr. Gary Wiseman, Coordinator, UNDP Pacific Sub-Regional
UNFPA	Najib Assifi, UNFPA Representative
United States:	Ambassador Larry Dinger and staff, Suva.

### **Lourdes Pangelinan**

Commonwealth of the Northern Mariana Islands	Benigno Fitial, Governor of CNMI John Del Rosario, Secretary of Lands and Regional Affairs coordinator
France	Herve Ladsous, Director of Asia and the Pacific, Foreign Affairs Jean-Luc Faure-Tournaire, Deputy, Asia and the Pacific, Foreign Affairs Ambassador Patrick Roussel, Overseas Territories Guy De La Chevalerie, Overseas Territories
French Polynesia	Oscar Temaru, President of the French Polynesia Government Jacqui Drollet, Vice-President of the French Polynesia Government Beatrice Vernaudon, Depute, French National Assembly Phillip Schyle, President of the Territorial Assembly and 5 members of the Assembly Bruno Peucellier, International Relations

Guam	Felix Camacho, Governor of Guam Mark Forbes, Speaker, Guam Legislature Senator Joanne Brown Alberto Lamorena, Director of Statistics and Planning Monica Guerrero, Bureau of Statistics and Planning
New Caledonia Government	Marie-Noelle Themereau, President of the New Caledonia Cameron Diver, Regional Cooperation Elizabeth Gremont, Regional Cooperation
SPC	Dr. Jimmie Rodgers, Director-General Yves Corbel, Deputy Director-General
Wallis and Futuna:	Xavier de Furst, Prefet Emeni Simete, President de l'Assemblée Territoriale Frere Robert Laufoaulu, Senateur des Iles Wallis et Futuna Palione Kaminou, President du Conseil Economique et Sociale Jocelyn Guinee, adjoint de Prefet, charge de cooperation regionale Paino Vanai, Chef de service de l'environnement Bernadette Halagahu-Papillio, Chef de service des affaires culturelles

### **Lucy Bogari**

China	Mr. Zhou Jihua, Ambassador
FFA	Mr. Feleti Teo, Director
Fiji	Mr. Isikeli Mataitoga, Chief Executive Officer, Min of Foreign Affairs Mr. Amena Yauvoli, Ministry of Foreign Affairs Mr. Jioji Kotobalavu, Secretary to Cabinet Mrs Saipora Mataikabara, Acting Deputy Secretary PMO
France	Mr. Jean-guy DeWargny, First Counselor
Indonesia	HE Mr Franciscus Bambang Guritno, Ambassador
PIANGO	Ms Cema Bolabola, Director
PPA	Mr. Tony Neils, Director
PNG	Mr. Noel Levi, Former Secretary General of the Forum Secretariat Mr. Jackson Yuasise - Dept of Foreign Affairs, Mr. Frank Aisi - International Relations Unit, PM's Dept. Mr. William Dihm - Director Office of B'ville Affairs, Former Secretary of Foreign Affairs and staunch proponent of SRO in the 80's.
Solomon Is	Mr. Jeremaia Manele, Permanent Secretary, Department of Foreign Affairs
Vanuatu	Mr. Jean Sese, Director General, Prime Minister's Office
USP	Ms Esther Williams, Deputy Vice Chancellor
SPBEA	Ms Ana Raivoce, Director
FsMED	Prof. David Brewster, Dean

### **Epa Tuioti**

American Samoa	Leiataua B Alailima, Special Assistant to the Governor (by teleconference)
Cook Islands	Hon Wilkie Rasmussen, Minister of Foreign Affairs, Immigration, Marine & Culture Edwin Pittman, Secretary of Foreign Affairs Carl Hunter, Director Pacific Division Ms Tepaeru Herrman, Director International Division Ms Frances Topa-Apera, Manager, National Human Resources Dev

Mr Ian Bertram, Secretary , Ministry of Marine Resources  
 Mr Navy Epati, Commissioner, Public Service Commission  
 Mr Chris Wong, Chief Executive Officer, Cook Islands Tourism  
 Keu Mataroa, Deputy Secretary, Ministry of Works  
 Vaitoti Tupa, Director, National Environment Service  
 Kevin Carr, Financial Secretary, Min of Finance & Eco Management  
 Niue Mr. Crossley Tatui, (teleconference)  
 Samoa Mr. Terry Toomata, Deputy Chief Executive Officer, Min of Foreign Affairs  
 SOPAC Ms Cristelle Pratt, Director  
 SPREP Mr Asterio Takesy, Director  
 Mr Vitolio Lui, Deputy Director  
 SPBEA Ms Ana Raivoce, Director  
 Visesio Pongi, Former Director of SPBEA, Current Chief, UNESCO Office in Apia  
 Tokelau Mr Anthony Johns, Acting General Manager, Tokelau Affairs Office, Apia  
 Falani Aukuso, Former Head, Tokelau Affairs Office, Apia  
 Tonga Hon Fred Sevele, Prime Minister  
 Ms Eseta Fusitua, Chief Secretary PMO  
 Mr Paula Ma'u, Deputy Secretary, PMO  
 Mr Va'inga Tone, Secretary, Min of Foreign Affairs  
 Mr Viliami Malolo, Deputy Secretary, Min of Foreign Affairs  
 Mr Aisake Eke, Secretary of Finance, Min of Finance  
 Mr Paulo Tautoke, Secretary, Min of Commerce and Industry  
 Mr Viliami Fakavā, Deputy Director of Agriculture  
 Mr Uilou Samani, Director of Environment  
 USP Ms Esther Williams, Pro. Vice Chancellor

### **Makurita Baaro**

FSM His Excellency Joseph Urusemal, President  
 Hon. Sebastian Anafel, Secretary, Department of Foreign Affairs  
 Hon. Akillino H Susaia, Secretary, Department of Economic Affairs  
 Hon Epel Iion  
 Mr Loren Robert, Deputy Secretary, Department of Foreign Affairs  
 Mr Marion Henry, Assistant Secretary, Department of Economic Affairs  
 (Division of Resource Management and Development)  
 Mr Ricky F Canterro, Deputy Assistant Secretary for Foreign Affairs  
 Mr Conrad Englberger, Coordinator, Plant Protection Micronesia  
 Kiribati His Excellency Beretitenti Anote Tong  
 Mr Taam Biribo, Secretary for Foreign Affairs  
 Mr Ieremia Tabai, Former Beretitenti and Secretary General of the Forum Secretariat  
 Mr David Yeeting, Secretary for Fisheries and Marine Resources Development  
 Ms Teea Tira, Secretary, Office of the President  
 Nauru Hon. David Adeang, Minister for Foreign Affairs  
 Hon Godfrey Toma, Minister for Fisheries and Marine Resources  
 Hon. Freddy Pitcher, Minister for Commerce, Industry and Resources  
 Ms Camilla Solomon, Chief Secretary  
 Mr Jesaulenko Dowiyogo, Secretary of Foreign Affairs  
 Mr Tyrone Deiye, Secretary of Commerce, Industry and Resources

Mr Terry Amram, CEO, Fisheries  
Ms Chitrah Jeremiah, Forum Secretariat Representative on Nauru  
Mr Leo Keke, Legal Counsel to Air Nauru  
Ms Angie Itsimaera, Former Secretary for Foreign Affairs  
Palau His Excellency Tommy Remengesau, Jnr, President  
Hon Temmy Shmull, Minister of State  
Mr Isaac Soaladaob, Director, Bureau of Foreign Affairs  
Heads of Departments consulted through a Round Table meeting  
RMI Hon. Jerard Zachius, Minister of Foreign Affairs  
Mr Robert Muller, Chief Secretary  
Ms Viola M Chong Gum, Secretary for Foreign Affairs  
Ms Kino Kabua, Assistant Secretary Foreign Affairs  
Ms Yumiko Crisostomo, Head of OEPPC  
Mr Glen Joseph, Director MMRA  
Mr John Bungitak, Director EPA  
Tuvalu Hon Alesana Seluka, Minister in Charge (during elections)  
Mr Panapasi Nelesone, Secretary to Government  
Mr Tine Leuelu, Secretary for Foreign Affairs  
Mr Afele Pita, Secretary for Natural Resources Development