

**REGIONAL INSTITUTIONAL FRAMEWORK  
REVIEW (RIF)**

**Assessment of the Regional Institutional Arrangements  
Proposed by the CEOs of SOPAC, SPC and SPREP**

**Consultant's Final Report: Part Two**

**Part A: Background and Common Issues  
Part B: Reformed, Rebranded SOPAC and SPREP  
Part C: SOPAC established as a Division of SPC**

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### **ACKNOWLEDGEMENT**

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## Executive Summary

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

As part of the RIF review process the three CEOs of SOPAC, SPC and SPREP commissioned a two-part consultancy in early 2009. Part One was to analyse, assess and validate their proposed regional institutional arrangement to rationalise SOPAC's work programme. Part Two was to consider the practical implications, including administrative, programmatic, and other issues relevant to the proposed new arrangements.

The initial consultants Part One report made three recommendations for rationalisation of SOPAC's programmes for consideration by the CEOs. It was subsequently agreed that the three CEOs would take forward the first two recommendations, while the further work of the consultants would focus on assessment of the third of the recommendations which was that:

*A re-branded regional environment and resource management organisation (notionally called the "Pacific Islands Environment and Resources Management Commission") be established by integration of the 'core' functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR).*

In making this recommendation, the intent of the consultants was to realise the rare, if not unique opportunity, presented by the RIF to achieve significant reform of regional services in regard to environment and natural resources management. The proposed rationalisation provides the following:

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

The first three result from significantly reforming the current regional institutional arrangements, whilst the last one results from rebranding the current institutional arrangements.

The consultants believe the recommendation is fully compliant with the original intent of the RIF as determined by the Leaders, that is to reform the regional organisation architecture to effectively deliver on the Pacific Plan and improve service delivery to Members. Nonetheless, the consultants recognise that the recommendation does go beyond the literal interpretation of the Leaders' decisions in their 2007 and 2008 Communiques. The recommendation is considered to be a timely and rare, if not unique, opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources. The consultants also recognise the depth of input needed from both organisations and their Members if such change is to be effectively managed for improved outcomes.

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

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

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

- The SOPAC / SPREP option presents the region with an opportunity for substantial reform of regional services in the environment and resource management sectors. In essence this option intends to generate a single, reformed, rebranded organisation which incorporates the services of both SPREP and SOPAC. As this is not a simple incorporation of one into another, this option will require more resources, and commitment to ownership and governance by the Members, and is considered to involve more risks.
- The SOPAC/ SPC option is administratively more straight forward, provides the opportunity for developing linkages and strengthening existing synergies between SOPAC and SPC's mandated areas, and involves less risk to maintaining the integrity of current SOPAC service delivery during implementation.

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

In order to address these risks the consultants strongly recommend the appointment (at least *ad interim*) as soon as practicable of a CEO for the reformed, rebranded organisation who should have professional environmental and resources management qualifications, as well as strong skills in leadership, change management and knowledge of the region. At the same time, and in order to maintain ongoing work programme delivery, the current Director positions of SPREP and SOPAC should be retained on a limited tenure basis until the beginning of 2012.

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

## **Comparative Assessment of Options**

The structure of the Part Two Report is in three substantive parts. Part A provides the background and issues that are common to both options. Part B provides a Draft

Implementation Plan for the integration of SOPAC and SPREP into a reformed, rebranded organisation, and Part C provides a Draft Implementation Plan for the establishment of SOPAC as a Division of SPC.

The following table provides a comparative assessment of the two options as identified and presented under the two Draft Implementation Plans. These plans consider the issues, what would need to be achieved, and the necessary timeframes.

<b>Issues</b>	<b>Option 1: SOPAC and SPREP as a reformed, rebranded organisation</b>	<b>Option 2: SOPAC established as a Division of SPC</b>
1. Potential for improved service delivery, particularly capacity to respond to new and emerging issues.	Opportunity of integrated programme solutions across almost all of SPREP and SOPAC mandated areas. Close complementarity of mandates, functions and objectives on environment and natural resources. SPREP will need to consider revised core functions (as recommended by the ICR and adopted by the SPREP council in 2008) in addition to the synergistic functions that will be required as a result of a SPREP-SOPAC merger.	SPC has a much wider mandate; there are opportunities for cross divisional programme synergies to be improved, particularly with technical divisions. There are already established partnerships and ongoing joint work programme. These could be further developed and enhanced.
2. Change management required	Feasible. But complex, substantial reform process requiring substantial leadership and change management. If not managed well, high risk that sub-optimal outcomes will result. Resources, including executive leadership, and appropriate time frame required to support change management process.	Feasible. Process will require some thoughtful management, but anticipated to be simpler and administratively more straight forward. Will still require support of a change manager.
3. Risks	Number of high level risks related to ownership / governance by Members; and collaboration between secretariats; which if not mitigated will have high negative impact for regional service delivery.	Limited risks involved, SPC is large and has experience and capacity in absorbing/merging of programmes and organisations. Major risk is that as SPC becomes a larger organisation requires very high calibre (rare) management at senior executive levels.
4. Timeframes	Corporate services harmonised by 31 December 2010. Reformed, rebranded organisation fully operational by 31 December 2011.	SOPAC operating as a Division of SPC by 1 January 2010. Full SPC programme integration continues through 2010.

<b>Issues</b>	<b>Option 1: SOPAC and SPREP as a reformed, rebranded organisation</b>	<b>Option 2: SOPAC established as a Division of SPC</b>
<p>5. Financial considerations</p> <p>(The Finance Consultants Report was not available at the time this report was required to be submitted. An addendum is anticipated once the Finance Report is received)</p>	TBA	TBA
6. Location	<p>Suva – current SOPAC campus retained</p> <p>Apia – SPREP campus retained . and recommended to become headquarters of reformed, rebranded organisation.</p>	Suva- current SOPAC campus retained as part of SPC Nabua.
7. Diminution of SOPAC functions	SOPAC annual work plan and budget maintained until 31 Dec 2011. Risk to ongoing work programme delivery as a result of significant staff time committed to reform process.	<p>Limited risk to ongoing SOPAC work programme as staff time for reform process not expected to be as demanding as for Option 1. Maintain the SOPAC ‘brand’. Need to ensure SOPAC retains sufficient funding under SPC budget allocation processes to maintain Core programme in the future.</p>
8. Institutional Strengthening and Governance	<p>Presents opportunity to address SPREP ICR recommendations within the wider regional reform process.</p> <p>An assessment of core functions of SPREP (as required by the ICR) would need to reflect the objectives of a reformed rebranded organisation taking into account the mandate and programmatic objectives of the current SOPAC.</p> <p>The reformed, rebranded organisation will require strong management and corporate services.</p>	<p>SPC is a large organisation, and has been expanding in recent years. Currently merging with SPBEA and RRRT. New Division for Energy, Infrastructure, ICT &amp; Transport being established. Additional staff and functions of SOPAC will place increased pressures on management and corporate services of SPC. However the new SOPAC Division would be comparable to the size (staff and budget) of other established divisions of the SPC.</p>
9. Donor Requirements, including EU	Need to ensure reformed, rebranded organisation meets all	With respect to the EU, SPC and SOPAC have a similar

<b>Issues</b>	<b>Option 1: SOPAC and SPREP as a reformed, rebranded organisation</b>	<b>Option 2: SOPAC established as a Division of SPC</b>
Institutional Assessment.	donor requirements. Given SOPAC and EU strong partnership, EU requirements warrant particular emphasis to ensure continued benefit from EU Contribution Agreements. The reformed, rebranded organisation will need to ensure that its institutional arrangements are best practice.	status.
10. Executive Management	<p>Need to maintain effective senior management for not only programme delivery, but leadership will also be critical for the reform process. Incoming SOPAC and SPREP Directors to be appointed for duration of reform process. \</p> <p>New job description and new appointment of CEO of the reformed, rebranded organisation made as early as practicable, as the new CEO will in fact become the dedicated change manager.</p> <p>Appropriate institutional management structure needs to be in place for the transitional process and for the new, reformed, rebranded organisation</p>	<p>Need to maintain effective senior management for programme delivery. Recruitment of SOPAC Director as SPC Division Director early 2010.</p> <p>Change Leaders nominated from within the senior ranks of SPC and SOPAC management, to champion the change process.</p>
11. Legal Issues	<p>Revised SPREP Agreement required which requires agreement by all members.</p> <p>SOPAC agreement will need to be dissolved.</p>	<p>Requires variation to both SPC and SPREP Agreements, but should be less cumbersome than process required for variation to the SPREP treaty.</p> <p>SOPAC agreement will need to be dissolved..</p> <p>Does not of itself result in the rationalization of SOPAC functions and work programmes but is a complete transfer of an unchanged SOPAC to another agency</p>



<b>Issues</b>	<b>Option 1: SOPAC and SPREP as a reformed, rebranded organisation</b>	<b>Option 2: SOPAC established as a Division of SPC</b>
12. Decision making role for current Governing Bodies	New governance structure required to be established after September 2011.	Role of SOPAC Governing Council decisions to be sustained as a Heads of Division meeting.
13. Corporate Services	<p>Establishment of best practice across corporate service areas by September 2010.</p> <p>SPREP and SOPAC to retain current corporate area responsibilities until reforms and restructuring are endorsed.</p> <p>Ultimately CROP harmonised systems.</p>	<p>SOPAC to retain current corporate area responsibilities until harmonised with SPC processes by June 2010.</p> <p>Ultimately CROP harmonised systems.</p>
14. Information and communication systems, including library.	<p>Merger of information systems required. Adoption of best practice.</p> <p>Requirement to increase / upgrade to accommodate staff numbers commensurate with increased services and decentralised campuses</p>	Transfer and merge with SPC.

## Part A: Background and Common Issues

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

As part of the RIF review process the three CEOs of SOPAC, SPC and SPREP commissioned a two-part consultancy in early 2009. Part One was to analyse, assess and validate their proposed regional institutional arrangement to rationalise SOPAC's work programme. Included in the Part One report was a summary of the current status of the the organisations.

### Organisations – at a Glance

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

Part Two of the consultancy was to consider the practical implications, including administrative, programmatic, and any other issues relevant to the proposed new arrangements. Provision was also made for specialised consultancies to consider issues such as the financial and legal implications of the proposed arrangements.

This document presents the Report of Part Two of the consultancy.

The Final Part One Report made recommendations for the institutional arrangements for the rationalisation of SOPAC services which were considered by the CEOs. Subsequently the CEOs agreed to analyse and develop implementation plans consistent with the following recommendations which are reflected in a Memorandum of Agreement, dated 7<sup>th</sup> May 2009, between the CEOs:

Recommendation 1. The ICT-Outreach component of SOPAC's work programme be coordinated and absorbed by SPC. The CEOs of SOPAC and SPC work bilaterally to develop an implementation plan to ensure this transfer of ICT-Outreach work takes place as soon as practicable, and is presented to the July Meeting.

Recommendation 2.

The CEOs of SPC, SOPAC and SPREP work trilaterally to develop an implementation plan that incorporates the decision of the recent Pacific Energy Ministers Meeting in Tonga, which recommended that *regional and donor coordination and, delivery of energy services to Pacific island countries be strengthened and delivered through one energy agency and through one*

*programme contributing to the development of a stronger energy sector and improved service to member countries.*

*In this context it was noted that there was a need to ensure that energy policy and climate change policy remained separate where environmental aspects are managed by SPREP and energy sector activities by SPC so as to ensure that the socioeconomic aspects of energy were adequately addressed.*

Recommendation 3. A rebranded regional environment and resource management organisation (notionally called the “Pacific Islands Environment and Resources Management Commission”) be established by integration of the ‘core’ functions and programmes of SPREP and SOPAC, while taking into account the recommendations of the SPREP Independent Corporate Review (ICR). The CEOs of SOPAC and SPREP work bilaterally to develop an implementation plan.

In respect of Recommendation 3, the CEOs agreed at that time that it is a timely and rare, if not unique, opportunity to significantly reform the regional profile for the environment and sustainable management of natural resources. The recommendation articulated the necessary action required to take full advantage of this opportunity, the outcome of which will be improved service delivery to Members.

The proposed reform is in-keeping with the Leaders call for reform of the regional institutional framework. However the CEOs agreed, that the recommendation did not mean that SOPAC will be absorbed by SPREP. SPREP does not have the capacity to absorb SOPAC given the current realities with respect to: (i) the current size difference in terms of secured financial resources and staff, (ii) the need to address the recent SPREP ICR and, (iii) the need to address the outcome of the institutional assessment of SPREP recently undertaken by the EU.

The consultants were initially tasked to focus the second part of their work on developing an implementation plan for Recommendation 3. However as a result of work undertaken there developed a greater appreciation of the range and magnitude of the issues and in particular the risks associated with the proposed integration of SPREP and SOPAC into a reformed, rebranded organisation. As part of this work the consultants developed a detailed Risk Matrix which highlighted the key concerns and potential impact if these risks are realised.<sup>1</sup>

Consequently the CEOs requested that the consultants second report also consider the alternate option addressed in the Part One Report: the establishment of the SOPAC core work programme as a Division of SPC.

This Part Two Report therefore provides an assessment of the options based on the following:

- A draft implementation plan for the integration of SPREP and SOPAC into a reformed, rebranded organisation and,
- A draft implementation plan prepared by SPC and SOPAC for the establishment of the SOPAC ‘core’ work programme as a Division of the SPC.

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<sup>1</sup> A detailed Risk assessment and mitigation strategy matrix is at Annex B3.

This assessment is to assist the three CEOs in determining the way forward and recommend (i) the proposed new institutional arrangements and (ii) related implementation plans for consideration by a joint meeting of the governing bodies of SOPAC, SPREP and SPC in early July 2009.

### **Guiding Principles**

In undertaking their work the consultants were guided by a number of decisions articulated by the governing bodies namely:

- Rationalisation should not subject the SOPAC current work programme to fragmentation.
- The excellent science being mobilised through the STAR network must be retained as a highly valued resource for the region.
- The rationalisation of SOPAC core functions into SPC and/or SPREP, should occur without any substantive diminution in SOPAC function, rather, rationalisation should result in improved service delivery.
- The expectation that all work to define the new institutional arrangements, as well as plans for implementing those arrangements, will be finalised and jointly agreed by the CEOs of the relevant organisations for presentation to Leaders at their 2009 meeting.
- The representatives on the Governing Councils of the SPC, SOPAC, SPREP and SPBEA in 2009 (and prior to the Leaders' meeting) to take all the final decisions on the new institutional arrangements and implementation plans, with implementation to commence immediately after the Governing Council meetings and no later than 1 January 2010.

Specifically the consultants were to be guided by the following principles agreed to by the 3 governing bodies:

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

### **STAR**

The Part One Report highlighted the strong desire of the region to retain the Science Technology and Resources (STAR) Network of SOPAC. As such, high priority needs to be given to encouraging STAR to align itself with any new governance arrangements. The governing bodies should give every support to such an initiative.

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

Both SPC and SPREP Secretariats acknowledge the important scientific and advisory role that STAR provides on a “no fee for service” basis to SOPAC Council and wish to ensure that this service is maintained and expanded under any new governance arrangement.

### ***SOPAC Technical Workshop***

SOPAC services are reliant on both an appropriate level of technical and scientific expertise and also access to the necessary tools and equipment, with an estimated replacement value of USD 2 million. The SOPAC technical workshop performs a vital role in ensuring the ongoing requisition, repair, maintenance, calibration and use of such equipment. Furthermore, specialist skills are required to ship such equipment and consequently mobilise, install and calibrate, trouble shoot and possibly repair on site.

The Workshop has developed long term relationships of trust with suppliers both locally and internationally, considered indispensable when dealing with repair and maintenance tasks. It is expensive to ship equipment overseas for repair and maintenance and suppliers will not usually authorise or guarantee repair unless undertaken by their agents. There are few such agents in the region. The SOPAC Technical Workshop has built a long term relationship of trust with suppliers, which allows SOPAC to maintain and repair equipment without voiding warranties – this is considered unique.

Much of the equipment serviced and maintained by the workshop is related to SOPACs marine-related functions and services. Ongoing maintenance and repair also requires access to specialist fabricating services in polycarbonates, marine grade stainless steel and other specialist materials for marine scientific application. Additionally, SOPAC charters large vessels for marine survey work and specialist docking and slipping facilities are required to fit and remove survey equipment from the hull of these vessels. Suva is one of the few regional port facilities which can offer these services.

The five Workshop staff are Fiji nationals who have built their expertise over many years of close work with SOPAC scientific and technical staff. Their skills are extremely difficult to replace in terms of specific experience with SOPAC equipment and modes of operation. Relocation of the Workshop would undermine the technical functions of SOPAC programmes and would seriously impact on SOPAC’s ability to deliver services to Members. It is therefore recommended that the SOPAC Workshop remain in Suva under any new proposed institutional arrangement.

### ***Translation***

As a result of both SPREP and SPC’s bilingual policies there will be a required expansion of interpretation/ translation services in order to cope with the needs of francophone representatives attending key meetings, there will also be an increase in the number of publications in both languages. Furthermore, since SOPAC also publishes scientific reports and articles, technical translation skills would be required. This in turn will require additional resources whichever option is pursued.

## **Part B: A Reformed, Rebranded Regional Environment and Resources Management Organisation**

The purpose of Part B of this report is to describe the issues and processes that will be required for the realisation of a reformed, rebranded environment and natural resources management organisation that better serves the needs of the region for technical support and services both now and into the future. It will also realise the rare if not unique opportunity presented by the RIF, and provides for the following:

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

The first three result from significantly reforming the current regional institutional arrangements, whilst the last one results from rebranding the current institutional arrangements.

Discussions between the SPREP and SOPAC secretariat staff highlighted that in taking this forward the following guiding principles needed to be applied throughout the reform process:

- During implementation, decisions will be made by consensus, but in the spirit of moving the implementation forward.
- The reformed, rebranded organisation will retain and build upon the strengths and best practices of the two organisations, neither SOPAC nor SPREP is being “absorbed”, rather it is an integration of equals.
- Management and staff of both organisations, agree to strengthen the spirit of collaboration and cooperation.
- The reformed, rebranded organisation will continue to work in a spirit of partnership with the region and explore opportunities to secure new partnerships, wherever feasible.
- The two organisations will enter into joint programming and joint discussions on future funding, in advance of coming together as one reformed, rebranded single organisation.
- Recognition of the need to continue to deliver against agreed work programmes, maintaining service delivery at very least.

The consultants consider that if these principles cannot be applied this option does present significant risk for the region. This is in fact a key issue that will need to be taken into consideration by the CEOs in making their recommendation to Members on the optimal new

institutional arrangements. Any significant institutional reform will involve change and risks that need to be managed, rather than simply avoiding reform.

## **B. 1. The Timeframe**

The consultants and staff of the two organisations are aware of the desire of Members that the integration be completed as soon as practicable. However the necessary governance and programme changes that are required to be developed, considered and endorsed by the Members and staff are significant.

### **Corporate Integration**

The integration of the corporate services including financial, administrative and human resources regulations and practices in theory could be completed relatively quickly, and only require Members inputs for endorsement. However there are a number of significant issues identified in the SPREP ICR, and implications regarding funding and contractual agreements with partners, for example the EU institutional assessment of SPREP, which will need to be addressed. The SPREP executive management is already taking measures to address the ICR recommendations and has advised that pending receipt of the EU assessment that it will adopt EU-compliant procedures of SOPAC or other relevant organisations in order to meet EU requirements. Subject to those issues being adequately addressed, integration at corporate level could be fully completed in 2010.

### **Programme Integration**

With respect to the key ICR recommendation that SPREP review its core business, this will need to reflect the objectives of an integrated organisation taking into account the mandate and programmatic objectives of the current SOPAC, and should be addressed as part of a joint strategic planning process. The development of a new strategic plan and a reformed organisational structure will be required before full programme integration can be achieved. This will require significant additional resources, staff time and commitment from Members and staff of both organisations. It will also require support from donor partners. A discussion of the Strategic Planning process required is provided under section B 4.

This option will require strong leadership at a senior level to manage and lead the change process. In addition a strategic planning adviser will be required on a contract basis. Further discussion of these positions is provided under section B 3.3.

Formal meetings of the two Governing Councils will be required to endorse various policy and governance changes. The annual sessions in 2009, 2010 and 2011 will be required to consider and endorse the agreed key milestones.

The reformed, rebranded organisation could be fully operational by 31 December 2011.

This should provide sufficient time for SPREP and SOPAC Members and their respective secretariats to work closely together to develop a well considered new strategic plan for the reformed, rebranded organisation. This timeframe takes into consideration that the rationale for the integration is to achieve improved service delivery, whilst also providing the opportunity to address issues raised in the SPREP ICR.

A diagrammatic representation of the process, and a detailed implementation Gantt Chart, are presented in Annexes B1 and B2 respectively.

## Milestones Table

	Milestones	Date	Responsibility / Comments
1	Decision on reformed, rebranded organisation or SOPAC as a Division of SPC	7 – 10 <sup>th</sup> July 09	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting SPREP Director Appointment
2	Endorsement by PIF Leaders	5 – 8 <sup>th</sup> August 2009	Forum Leaders
3	Final approval SPREP	1-4 September 2009	SPREP Council – include timeframe SPREP Director in position.
4	Final approval SOPAC	19 <sup>t</sup> – 30 October 2009	SOPAC Council – include timeframe and SOPAC Director appointment.
5	MOU signed between SOPAC and SPREP	By 1st January 2010	SOPAC and SPREP to : <ul style="list-style-type: none"> <li>• Maintain separate work programmes and budget formats for 2010 -2011</li> <li>• Maintain financial and corporate systems for 2010 and migrate to harmonised systems by 2011.</li> </ul>
6	Appointment of new CEO (change manager) of rebranded organisation to lead and manage the reform	1 <sup>st</sup> January 2010.	Will requires clarification of reporting / line of responsibility for position during the integration period.
7	Arrival of new SOPAC Director. 2 year appointment	Within 1 <sup>st</sup> quarter 2010	New Director selected and in position by February 2010
8	SOPAC and SPREP operations	July 2009 – 31 Dec 2011	Continue to use current SOPAC and SPREP processes, policies and procedures
9	Work to harmonise corporate support services and systems	August 09 – Oct 2010	Some of the work has already commence independent of RIF
10	Strategic Planning processes	August 09 – Sept 2011	New Strategic Plan to be presented for approval at the Sept/ Oct 2011 joint SOPAC and SPREP meeting
11	New organisational Structure. One budget and work programme format	January 2010 – Sept 2011	To be presented for approval to Sept 2011 joint SOPAC and SPREP Meeting
12	New reformed, rebranded Organisation launched with single work plan and budget	Approved Sept 2011 1 Jan 2012	Joint Prep Com Meeting Sept 2011 Reformed, rebranded organisation established and commences operations on or before January 2012
13	Legal agreement on reformed organisation	Sept 2011	Joint Prep Com Meeting consider and approve amendments of the legal agreement in Sept/Oct 2011



	Milestones	Date	Responsibility / Comments
14	Reformed organisation fully operational	1 January 2012	All systems harmonised by December 2011
15	Legal status of SOPAC	1 Jan 2012	SOPAC Council Meeting to decide on legal status at Sept 2011 SOPAC Meeting

## **B.2. Key Risks and Assumptions**

A comprehensive Risk Matrix with mitigation strategies has been developed and is attached as Annex B 3. The top five risks are considered to be as follows:

- The proposed SOPAC/SPREP integration is not endorsed by Members.
- Key elements of the implementation plan do not gain consensus.
- The two organisations do not work collaboratively as equals during the integration.
- The strategic planning process for the reformed, rebranded organisation is undertaken without adequate planning, consultation or input from staff and Members.
- Donors and partners lose confidence due to lack of progress against key tasks required to establish the reformed, rebranded organisation.

The key assumptions to the implementation and reform process are identified below.

- Proposed new arrangements are accepted by all Members of SPC, SOPAC and SPREP and, by Forum Leaders.
- Members will continue to provide support to the reformed organisation at the current combined Membership contribution levels.
- Members and partners commit to providing resources required for the integration process, in addition to the ongoing and future work programmes.
- During the integration process Members are able to reach consensus on key issues.
- Long term host government agreements are in place, or can be negotiated.
- Expectations of Members, partners and the secretariats are realistic and can be met.
- To ensure continued delivery of services during the integration period, the existing organisations are able to retain staff within existing terms and conditions of service and resource constraints.
- During the integration there may be a need for pragmatic decisions to be taken to meet operational imperatives. Key staff contract issues may need to be considered jointly by the CEOs, whilst remaining accountable to their respective Councils.
- The reformed organisation is able to attract, recruit and retain quality staff.

## **B.3. Governance**

### **B3.1. Meetings of Governing Bodies**

In addition to a Joint Meeting in July, the Governing Bodies of SPREP and SOPAC will meet in September and October 2009, respectively. SPREP will meet in Apia, Samoa whilst SOPAC will meet in Port Vila, Vanuatu. The SOPAC and SPREP governing bodies will need to work collaboratively both in and out of sessions, and may require special sessions if resources are available. For example under this option an MOU is to be signed in January 2010, if there is consensus reached at the September/ October meetings this could be done through electronic transfer out of session.

Implementation of this option requires the two governing bodies to agree to meet jointly. However, each governing body would still be required to meet separately to consider and

approve their respective (separate) ongoing annual work plans and budgets and this could occur simultaneously at the same venue. STAR would be invited to meet prior to the annual meetings of the governing bodies at the same time and venue.

Issues to be considered:

- Hosts to be approached to consider a common venue for back to back Governing Council meetings which would facilitate a cost-effective joint meeting in 2010, and again in 2011.
  - For SOPAC in 2010 and 2011 it is anticipated Australia followed by Cook Islands would host and assume the chair of SOPAC following the tradition of alphabetical rotation. For SOPAC the venue is the host's choice, whether to host at home or at SOPAC in Fiji.
  - For SPREP in 2010 and 2011, meetings are anticipated to be in Papua New Guinea followed by SPREP in Samoa.
- CEOs to develop a communication strategy, which would include provision of regular reports to their Members, briefing of relevant Chairs, the PIFS Secretary General, and briefings to resident missions in Suva and Apia and key stakeholders, ensure that all staff remain constructively engaged in the reform process and work programme delivery is not compromised during the implementation of the reforms.
- The implementation process should provide the opportunity for Members to consider their future focal point/national representative arrangements, and the mechanisms which facilitate their role in the governance of the reformed, rebranded organisation.
- Delivery modalities and the diverse client base will be key considerations in the reform toward best practice approaches. The SPREP ICR called for Members to be encouraged to consider, agree on and implement a relationships management system that addresses the shortcomings in the current system of focal points and allows for more flexibility, diversity, and effectiveness in the interactions between the Secretariat and its national stakeholders.

### **B. 3.2. Legal Frameworks**

SOPAC and SPREP are separate legal entities described in agreements which are subject to ratification.

- Agreement Establishing SOPAC, 1990
- Agreement Establishing SPREP, 1993

All of SOPAC's 21 Members (whether one of the 17 full Members or 4 Associate Members) are full Members of SPREP. In addition France, USA, CNMI, and Wallis and Futuna are Members of SPREP.

With the exception of name changes, both agreements have changed little over recent years. In regards to "purpose" of the organisations, neither agreement is internally consistent, nor with the respective current operational plan (SOPAC Strategic Plan 2005-2009, or SPREP Strategic Programmes 2004-2013). Clearly both governing bodies have elected over time to broaden the work programme.

There are a number of relevant regional Conventions under which SPREP has obligations which need to be met.

- Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, Noumea 1986.

- Convention to Ban the Importation into Forum Island Countries of Hazardous and Radio Active Wastes and to Control the Transboundary Movement of Hazardous Waste within the South Pacific Region, Waigani 1995.
- Convention on Conservation of Nature in the South Pacific, Apia 1976.

The issues surrounding the legal agreements have been the subject of review by consultants in 2007 and 2008. From these reviews, it appears to the consultants that the way forward is to amend the 1993 SPREP Agreement. Once a revision to the SPREP Agreement is accepted by all Members, those that are currently Members of SOPAC could then agree to the dissolution or suspension of SOPAC.

The amendments to the SPREP Agreement (provided for in Article 11 paragraphs 1 and 2) may require;

- A review of the mandate.
- A review of the text, to ensure consistency with current and future strategic (work programme) objectives, priorities and actions, governance arrangements and international and regional best practice.
- An assessment of the purpose and validity of the Action Plan mechanism.
- A name change (to reflect the significant reforms resulting from the integration of the work programmes of SPREP and SOPAC).

In May 2009, the CEOs sought a further legal opinion in regard to the recommended RIF reforms. The first draft (dated 28<sup>th</sup> May) of that opinion was available to the consultants only one week before this report was required to be completed (8<sup>th</sup> June).

In regard to the two options identified in regard to Recommendation 3 contained in the consultants First Report, this recent legal opinion advises that according to general legal principles it is clear that:

- Both options are capable of implementation under the SOPAC, SPREP and SPC governing agreements themselves or in accordance with the Law of Treaties.
- Either option will require the approval of the Members who are parties to the SOPAC and SPREP or the SOPAC and SPC agreements.
- Such approval must be sought through the prescribed (or applied) process which is particular to each body and requires the passage of resolutions which are agreed to by the governing bodies and then must subsequently be ratified formally by each and every Member.
- Ratification of the resolutions by all Members must occur before the resolutions come into full force and effect.
- Implementation of either option will require the approval by the governing bodies of detailed and comprehensive implementation plans and transitional arrangements.
- The process of transition may be hastened with the acquiescence of the parties to the agreements who may approve certain activities in anticipation of formal ratification of the requisite resolutions.

In respect of the new rebranded organisation option;

- Both SOPAC and SPREP will be required to pass resolutions in order to implement the recommendation.
- The preferred path for implementation is to amend the SPREP Agreement to incorporate the mandate and functions currently undertaken by SOPAC and to terminate the SOPAC Agreement.

- The recommendation requires an initial merger of the existing work programmes of both organisations and the conduct of a complex reform process to guide the reformation of a new body.
- The option does not itself lead to the rationalisation of SOPAC functions but submits both organisations to a further process of review and reform aimed to be effective by the end of 2011.

### **B.3.3. Co-ordination and Direction of Implementation**

It is proposed that a Joint Steering Committee (a committee of the Joint Council) be established. Draft Terms of Reference are attached at Annex B4. The Committee would be established in late July 2009, following endorsement by the July Meetings. The key role of the Committee is to provide oversight of the implementation, ensuring quality, timeliness, direction, and adequate consultation throughout the process. Some Members would be actively involved in implementing reform process key initiatives, as well as playing a role of monitoring and reporting.

It is proposed the Committee members would comprise a minimum of 6, including two Members' representatives, together with the CEOs of SOPAC and SPREP, and the new CEO of the reformed, rebranded organisation when appointed. Others may be co-opted as needed, and could include representatives of donor partners and Secretariat staff.

Additional financial resources will be required for this Joint Steering Committee.

### **B.3.4. Executive Management**

The executives (Directorates) of both SOPAC and SPREP will need to continue to operate effectively during the programme integration process, both with respect to their work programme delivery as well as effective engagement in the reform process. An issue for the Governing Councils and Joint Council is to reach agreement on senior executive management positions throughout the reform process.

In taking the reform process forward there is need for clear lines of accountability, responsibility and leadership. It is therefore recommended that a new CEO position be established for the reformed, rebranded organisation. The new CEO would provide strategic direction and change management through implementation of the reform, working directly with the two existing CEO positions.

As highlighted in the Part One Report, there are also a number of executive and senior management positions in both SOPAC and SPREP Secretariats which are currently vacant, or will become vacant within the next year. In particular, the SPREP Director is currently vacant and the SOPAC Director's second 3-year term will be completed in January 2010.

It is essential to maintain services and the integrity of programmes throughout implementation of the reform. The SOPAC programme is in the order of USD 17 million per annum, while the SPREP programme is in the order of USD 7 million. Furthermore there is a need for senior management and leadership from and within both organisations if the full intent of the reformed, rebranded organisation is to be realised.

Recruitment for the SPREP Director position is underway. An appointment is anticipated at the July 2009 Special Session of SPREP Council. Consideration should be given to limiting this appointment to the duration of the reform process.

During the development of this implementation plan there was some discussion of the potential for the new SPREP Director to become the head of the reformed, rebranded organisation. However the skills and background for the SPREP Director, (head of a regional organisation with a programme budget of USD7 million and 60 – 70 staff based in one location), is significantly different to the skills required to establish and lead a major regional organisation with some 200 staff, a budget of approximately USD 25 million, and with staff and programmes in two locations.

For the SOPAC Director, advertisement and recruitment is anticipated in the second half of 2009 with appointment expected at the October 2009 Governing Council. The SOPAC Council will also need to consider the options available to it.

The governing bodies of SOPAC and SPREP are urged to consider contractual caveats for appointments, in terms of timeframes, reappointments, and extensions.

For the duration of the reform process the Directors would continue to be responsible for delivery of their respective organisations programmes and services to the region.

The new CEO (which is in effect the change manager for the reform process) position will require a new position description and job evaluation. The joint governing body meeting process, and the Joint Steering Committee should undertake this task. Advertising and recruitment should be undertaken in time for the incumbent to be in post by early 2010. The new CEO would then lead and manage the reform and change process<sup>2</sup>.

### **B.3.5. Delivery of Services**

#### **Decentralisation**

The SPREP ICR recommended consideration of decentralisation of activities across the region. This reform proposal presents the opportunity to address that recommendation. In that regard, there is considerable value in retaining the SOPAC Fiji campus.

The consultants propose that under this option the headquarters for the reformed, rebranded organisation be the current SPREP Headquarters in Vailima, Apia, Samoa. The rationale for this being that the SPREP headquarters campus and buildings are relatively new and considered “permanent”. The SOPAC campus is in a Fiji government compound. The buildings are considered to be “not permanent”, but SOPAC have occupied the current site for 37 years. Neither organisation currently has a decentralised campus.

Retaining the Suva campus has several benefits including the ease of coordination and interaction with the various Suva-based institutions involved in regional business. Furthermore, the Technical Workshop as discussed in Part A of this Report should remain in Suva, and professional technical staff whose work programme is heavily reliant upon this equipment for delivery of services will also need to remain in Suva.

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<sup>2</sup> A similar process was utilised during the preparatory process for the establishment of the Western and Central Pacific Tuna Commission, and is worth reviewing to ensure effective and transparent reporting arrangements are in place for the reformed rebranded organisation.

This would also be consistent with the principle of the integration being cost effective by reducing the immediate need for costs associated with transfer of staff and equipment. Substantive relocation from Suva is not proposed as the costs would be substantial.

It is recognised that over time the new strategic plan and organisational structure may identify a preferred location for some activities and this may require some staff and equipment relocation. This is not anticipated to be significant, and anticipated costs and impacts would be incorporated into the ongoing work programme and budget in place at the time.

Currently SPREP has a host-government agreement with Government of Samoa. SOPAC does not have a formal host agreement with the Fiji Government. This proposal provides a timely opportunity to review the agreement with Samoa, and ensure an agreement is put in place with Fiji.

### **Modalities**

Currently within the two organisations there are different modes of operation and a diverse client base. The SPREP ICR raised a number of questions regarding SPREP's role in delivering to the region.

The strategic planning process for the reformed, rebranded organisation presents the opportunity for both secretariats to refine, improve and integrate their modes of operation for service delivery. The reformed, rebranded organisation will need to incorporate a range of disciplines including applied scientific and technical, policy and socio-economic streams. One of the benefits of moving to a reformed, rebranded organisation will be the integration of these disciplines under common programme activities for Members using best practice delivery approaches.

Staff will need to be retained to ensure service delivery.

### ***B.4. Strategic Planning and Work Programme***

Fundamental to the establishment of a reformed, rebranded organisation is the need for the development of a new Strategic Plan, before an organisational structure can be determined. Such a Strategic Plan will require significant preparatory work, time, financial and in-kind resources and commitment by both Secretariats. The process would also require active participation and ownership from the Members.

In addition a strategic planner with experience and/or understanding of key strategic issues in relation to natural resources and environment management will be required to support the development of the new Strategic Plan. The strategic planning adviser could be contracted for discrete periods linked to the strategic planning process. The strategic planner could also be a resource person to the Joint Steering Committee.

Currently SOPAC has a Strategic Plan, 2005-2009. It describes 4 strategic directions as well as the 3 operational work programme areas and includes the SOPAC Corporate Plan.

SPREP has an Action Plan (called for in the Agreement) which is also for the period 2005-2009. It describes 3 focal areas and outcomes and 6 cross-cutting issues. In addition to the Action Plan SPREP also has a Strategic Programmes (2004 – 2013) document that describes the 2 operational work programme areas.

For both organisations these documents provide the overarching medium-term strategic framework within which the annual work plan together with the budget is prepared, approved and delivered. To realise the full extent of the opportunity presented, a consultation process with Members for the definition of effective governance, core functions and strategic direction of the new organisation will be essential. This is consistent with a critical need identified in the SPREP ICR.

This reform does provide an opportunity to ensure best practice in strategic planning. Importantly this provides a timely opportunity for Members to identify and address the significant new and emerging environment and resource management issues confronting the region.

To progress the strategic planning process a joint programming working group will be established in July 2009. This working group will look at synergies and links across the two work programmes to consider how the two organisations could work together now and in the future. This work will be informed by the outputs of the two programme trilateral meetings of SOPAC-SPC-SPREP held in late 2008 and attended by senior programme staff.

The group will also consider the merits of developing small work area clusters, for example under water and climate, disaster risk reduction and climate change adaptation. These small work area clusters will discuss how to take collaboration forward, different approaches, and opportunities to absorb best practice in delivery. The work of these clusters will feed into and inform the strategic planning process.

While a final organisational structure under this option would follow the strategic planning process, a rudimentary structure based on current arrangements is provided for information at Annex B5.

#### **B.4.1. Programme Monitoring and Evaluation**

For a substantially enlarged regional environment and natural resource management programme the opportunity arises to ensure a robust and independent Programme Monitoring and Evaluation reporting system is in place.

The merits of current systems utilised by both organisations will be assessed and best practice adopted. The development and maintenance of such systems may need additional resources to ensure best practice.

### ***B. 5. Corporate Services***

Both SOPAC and SPREP currently have a Corporate Services section, with components of finance, administration, human resources and information/communications/media. There is need to ensure that in merging these services best practice prevails and policies and procedures are harmonised and documented.

Under the Joint Steering Committee a number of small specialised working groups will be established to consider: Finance, Human Resources, Administration, Information Management Systems including Library and document management and ICT. Special consideration will also be required for the SOPAC Technical Workshop including its equipment, its maintenance and, replacement.

The specialised working groups are to be tasked to develop a checklist of issues relevant to their work area. These groups will provide detailed information into the planning process. Specifically they will address the following:

- Identify what currently exists in each organisation.
- How / what needs to be improved.
- What is best practice (taking into account scale, and future needs of the Membership).
- How to implement, including costs and timeframes, and present options to the CEOs and Joint Steering Committee.

CEOs will determine the level of decision required to proceed with various elements, and what needs to be highlighted to the Joint Steering Committee.

The specialised working groups will look to promote harmonisation with the wider CROP, and look for efficiencies wherever possible. These groups will provide a guide to how the reformed, rebranded organisation will function in future and will take into account specific recommendations and aspects of the SPREP ICR.

### **B.5.1. Finance**

It will be important to maintain donor confidence under the period of integration and confidence in the rebranded, reformed organisation.

The reformed organisation presents the opportunity to broaden the financial base for the regional organisation and increase funding security for core business, not just on the basis of projects. The integration will look at all possible economies and efficiencies, and explore opportunities for programmes to work closely together, while bearing in mind the need to not only maintain but also improve service delivery to Members.

As already noted as a guiding principle, the two organisations have agreed to collaborate wherever possible in terms of joint programming and submissions for additional resources. The objective must be to maximise funding into the future and promote more collaborative work programmes as early as possible.

The reformed, rebranded organisation provides an opportunity to increase the number as well as the diversity of donors supporting the regions needs in sustainably managing the environment and the management of natural resources.

SOPAC is more than twice the size of SPREP, each with a secured 2009 budget of USD 17.2 and USD 7.7 million respectively. Budget security to ensure continued and heightened service delivery is therefore critical to any new organisation. SOPAC and SPREP receive 0.7 and 1.2 million USD from Membership contributions, respectively, with a heavy reliance of both organisations on support from donors for programme and project funding to implement their work programmes.

It is anticipated the rebranded, reformed organisation will result in improved service delivery and will have an expanded Membership. It therefore follows that there will be an increase in recurring costs.

### **Members' contributions**

It is not anticipated that there would need to be any increases in the current combined level of Membership contributions from existing SOPAC and SPREP Members as a result of this



process. It is envisaged that the individual contributions paid separately by the Members of SOPAC and SPREP will be combined to reach the new 'total contribution' from each Member. However, this is not to say that during the reform process the matter of Membership contributions and increases is not to be considered noting that the last approved increase of Membership contributions for SOPAC and SPREP were in 2000 and 2005 respectively.

During the integration period the Membership scales will need to be reviewed, assessed and possibly revised. There will also be a need to consider the Associate Members of SOPAC, as they will become full Members in the reformed, rebranded organisation. This will have resource implications for the delivery of SOPAC's technical work programme services that they will be able to access. Additional resources will need to be identified and secured to ensure that there is no substantive diminution of services to those current full Members of SOPAC. It is noted that the views of individual Members may differ.

The two organisations have different formulas to determine the level of Membership contributions. Under the reformed, rebranded organisation there is a need to determine what formula will be used. If Members want to retain the same level of service, at the very least the outcome should be the sum of the current two. It is also noted that the SPREP ICR made recommendations regarding the level of Membership contributions.

The current situation and proposed arrangements need to be developed and addressed by the Joint Governing Council. Where there are arrears in contributions, SOPAC and SPREP must work together during 2010 and 2011 to try and have these met by Members.

### **Programme and Project funding**

The Part One Report highlighted the need to continue existing programme and project funding in the short to medium term. It is therefore important that existing institutional arrangements are maintained throughout the integration period and the donor partners remain supportive and committed to the process and the work programmes of the two organisations.

Separate Excel spreadsheets show the source of current funding and where it is in the work programme at Annex B5. The spreadsheets show when the funding runs-out which is generally in 2013. There will be a need to secure donor agreement to be flexible regarding current funding agreements, as well as ensure dedicated resources are devoted to identifying new funding opportunities.

The reformed, rebranded organisation will need to encourage partners to move to programme funding or increase their current level of programme funding.

Australia and New Zealand have been providing 3-year, triennium, programme funding to both organisations. Given the RIF process a 12-month extension of funding from Australia and New Zealand was agreed until December 2009. Planning for the next triennium, post 2009, is required and should be approached collaboratively. However it is also recognised that for 2010 and 2011 both organisations will function as sovereign entities, accountable to their respective Governing Councils for the approval of annual work plans and budgets and reporting on delivery of services.

### **Contractual partner agreements**

Both SPREP and SOPAC have a range of agreements and contracts with a diverse range of clients and partners. Under these arrangements their status and level of relationship does vary.

For example the EU support to SOPAC is provided through the EU regional indicative programme of the EDF and other funding modalities such as the water, natural disaster, @ICT facilities, under *contribution agreements* with the RAO, NAOs and the ACP Secretariat. EU support to SPREP, is provided through the EU regional indicative programme of the EDF, under a *grant agreement*.

- SOPAC has a strong partnership with the EU, and currently receives 63% of its total budget of USD17.19 million from the EU. In 2007 SOPAC was subjected to an institutional assessment by the EU and as a result is now treated as an International Organisation and receives the benefit from direct Contribution Agreements. This allows SOPAC's own rules and procedures to apply in EU supported projects and facilitates implementation.
- EU budgetary support for SPREP is around 2% of its total budget of USD 7.6 million. SPREP has recently (March 2009) undergone an institutional assessment by the EU in terms of its compliance with EU procedures and guidelines. Depending on the outcome of the assessment, the SPREP Secretariat has advised that in order for it to become fully compliant with EU requirements, it would adopt best practice, including those of SOPAC that meet the EU requirements. If SPREP does not meet the EU requirements, this would have significant implications for the integration. The EU would require SPREP to conform with EU rules and procedures, which would result in additional cost to the organisation and implementation until addressed.

The SPREP Council decisions on the ICR, and the EU Assessment of SPREP, should be made available to the Joint Meeting to inform Members on the implications for future funding and programme implementation under the reformed, rebranded organisation.

### **Financial Regulations and Services**

For the reformed, rebranded organisation it is an imperative that financial regulations, supported by guidelines and procedures are established. These would include audit arrangements that are compliant with International Financial Reporting Standards as prescribed by the International Accounting Standards Board January 2007.

Both organisations currently use different financial management systems, with SOPAC using Sun System version 4.0 and SPREP using Accpac. There will be a need to assess and compare the two systems, as well as other available systems and determine and agree the best, most appropriate system and practice which can accommodate the size and complexity of the reformed, rebranded organisation.

### **Assets**

Both organisations have significant assets in addition to the office equipment associated with running a Secretariat. SPREP's assets are in the form of buildings and office equipment. SOPAC's assets are in the form of databases, computer and cartographic equipment, field (land and marine) surveying equipment and sophisticated electronics and specialised workshop facilities and general office equipment. Some equipment is jointly owned [SOPAC+ a Member] and some may be located at remote sites. The total replacement value of current total fixed asset listing (buildings, field equipment, and office equipment) for the SOPAC Secretariat is USD 3.5 million.

In regard to assets it will be necessary to review maintenance, replacement and insurance policies.

## **B.5.2 Human Resources**

Human Resources is much more than just staff administrative procedures. Currently staff numbers are, SOPAC 110, SPREP 65, a more detailed breakdown is provided in the Part 1 Report. Harmonisation and best practice principles in regard to human resources must be applied in the reformed, rebranded organisation.

SOPAC has policies in place for staff recruitment, staff performance assessment, and staff grievance processes.

A recommendation of the SPREP ICR called for *greater transparency, accountability and sensitivity, including to gender equity, in Secretariat processes such as recruitment, contract renewal or termination, awarding salary increments to individual staff and funding/support decisions*. SPREP has begun addressing these issues.

It should be acknowledged that work is currently underway under CROP Harmonisation in this area..

In the Part One Report the consultants were concerned that in regard to professional staff remuneration, SPREP Council at its 2008 meeting agreed to defer consideration of professional staff salary increases for application 1 January 2009. In accord with the principle of harmonisation of CROP organisation staff salaries, it is important that SOPAC and SPREP professional staff remuneration be harmonised before 1 January 2010 if Recommendation 3 is to be effectively implemented. Any alternate arrangement would be certain to be detrimental to staff morale.

Variations in the terms and conditions of employment between SOPAC and SPREP, and between Samoa and Fiji, including such issues as staff medical insurance, and National Provident Fund contributions need to be addressed.

### **Staff Performance Management System**

There is a need to identify a system of staff performance management that addresses issues in terms of desired results at organisational as well as individual level, and as well also addresses or supports the implementation of the core organisational values. A reformed, rebranded organisation provides the opportunity to be cognisant of the 'way' in which results are achieved, for example through transparent and accountable systems /procedures and respect for Pacific cultures.

### **Staff Development**

Staff development goals and related plans should be linked to the achievement of the reformed, rebranded organisations goals as will be stipulated in the new strategic plan. This should also take into account any specific skills enhancement that may be required to assist the change management process.

The professional cadre will be recruited with the requisite professional skills. The reformed, rebranded organisation will provide the opportunity to adopt best practice for staff management to ensure a well-rounded approach to service delivery.

### **Staff Contracts**

Existing contracts of staff, including the right of renewal, need to be honoured for both organisations. This is considered essential in order to deliver existing projects and maintain

service delivery to Member countries. Skills developed and available at both Secretariats and essential for programme implementation should not be lost during the integration process.

### **B.5.3 Communication and Information Services**

#### **Communications**

In terms of communication between Apia and Suva, the establishment of a satellite-based facility, such as the SPC Noumea/Suva model, could be replicated by the reformed rebranded organisation.

The reformed rebranded organisation must have one website, providing a coordinated message to the global community. The current SPREP website is maintained and updated through joint efforts of IT, Publications and Information Resource Centre. IT is responsible for the web infrastructure, publications for content, and the Information Resource Centre for information management. SOPAC employs a distributed approach to web content, with each programme maintaining its own *wiki*. Furthermore, the increased tasks required by merger of the two organisations will require a separate web unit and/or webmaster position.

#### **Library**

Integration of the SOPAC and SPREP Library resources offers an opportunity to add value to information services available to staff of both agencies and to Members countries. It is anticipated that there will be a significant programme presence in Suva. The existing SOPAC library resource should therefore continue to be supported and developed. The same applies to the library resource currently located in SPREP. Through the integration process, systems and processes for managing the library resource and for providing services to staff and Members will be harmonised across both campuses to provide a seamless access point for information resources for all staff and Members regardless of location.

A number of key issues need to be considered and discussed by SPREP and SOPAC staff in order to integrate library resources.

- The integration of both the SPREP and SOPAC library catalogue systems into one database structure, and also the integration of the two different corporate digital repositories into one unified access point for access to publications will require considerable resources and personnel time and need to be included in any plan / roadmap. It is anticipated that this process would take 24 months to complete. If funding was available to either outsource components of this work or employ additional staff this period could be shortened to 12 months.
- Physical location of existing library resources currently held in the campuses in both Apia and Suva will need to be reviewed and particular sets of resources reallocated as appropriate to best serve the needs of programme staff. The way that the collections are organised and classified should also be reviewed with a view to harmonising systems of classification across both campuses. Reorganisation and reclassification of the library collections would require considerable resources and personnel time and need to be included in any plan / roadmap. It is anticipated that this process would take 24 months to complete. If funding was available to either outsource components of this work or employ additional staff this period could be shortened to 12 months.

Staff structure and allocation of duties to support library services to agency staff and to Members will need to be reviewed. Reporting structures and relationships with allied work units such as Publications, Information Technology, and Records will also need to be reviewed.

Existing systems for storage and distribution of publications will need to be reviewed and harmonised.

### **Information Management**

Systems for managing corporate archives and programme files in both hard copy and electronic format will need to be reviewed with a view to harmonisation across both campuses. Integration and harmonisation of corporate archives and programme files in both hardcopy and electronic format between SPREP and SOPAC will require considerable resources and personnel time and need to be included in any plan / roadmap. Staffing structures, allocation of duties and lines of reporting will need to be reviewed as part of this process. It is anticipated that this process would take 24 months to complete. If funding was available to either outsource components of this work or employ additional staff this period could be shortened to 12 months.

### **Editorial and Publications**

The SPREP Publications section supports the range of publishing requirements of the two substantive programmes and corporate services in all media - print, web, radio and video.

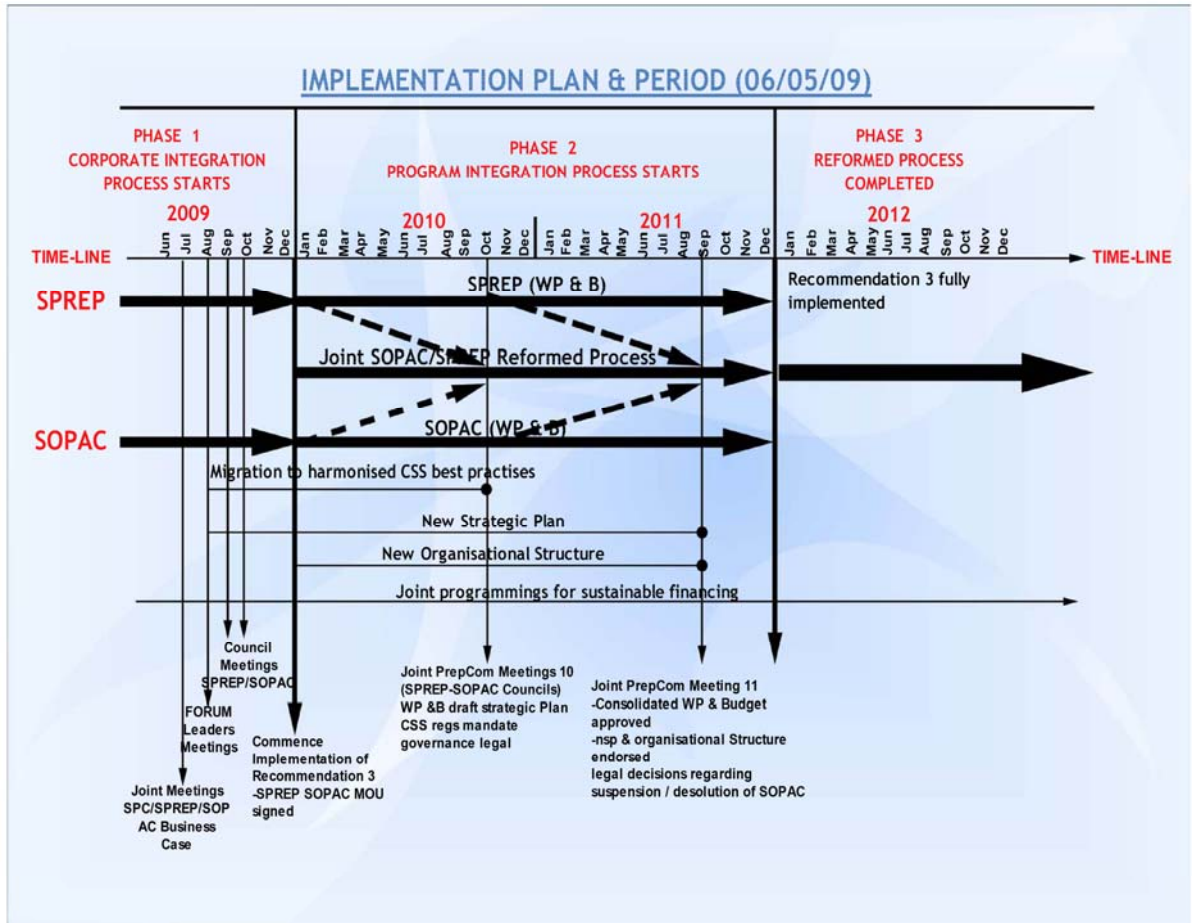
In general terms, SOPAC should bring significant experience with the production of technical and scientific documents; SPREP has rich experience with materials for education and social communications. The current structure of SOPAC publications functions needs to be clarified, but there are indications that their strengths are in those areas of greatest SPREP need - technical illustration and copy editing.

The organisations would need to harmonise publications tools and software currently in use. However, since there are well-established standards in most areas so this should pose little difficulty.

In short, the proposal provides greater critical mass to efforts and should allow a wider range of in-house publication services offered to Members. However it is important to note that SPREP publication demands currently exceed SPREP's capacity and this will need to be a consideration in ensuring a right-sized structure relating to editorial and publications service support.

# Annexes Part B

## Annex B.1. Diagrammatic Representation of Process



***Annex B.2. Timeframe Gantt Chart***

	Dates (if known)	2009			2010			2011				2012				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Preparatory Governance 2009</b>																
CEO Papers To Members/Consultancy finished	11/06/2009	x														
Joint GCs Meeting of SPC/SPREP/SOPAC- Approve Way Forward	07/07/09 - 08/07/09	x														
Special Session of SOPAC- Commit to way forward	9/07/2009	x														
Special Session of SPREP- Commit to way forward	10/07/2009	x														
SPREP/SOPAC JGC Steering Committee Established	11/07/09 ongoing															
SPREP GC Apia Approves 2010 WP&B	01/09/2009 - 06/09/09		x													
SOPAC GC Port Vila Approves 2010 WP&B	22/10/2009 - 29/10/09			x												
<b>Executive Management</b>																
SPREP Director Appointed (3 years)	Jun-09	x														
SOPAC DIRECTOR Appointed (2 years)	Feb-10				x											
SOPAC Deputy Director contract ends	Mar-10				x											
New CEO/Change Manager in post	Jan-10															
<b>Corporate and Work Programme 2010 -2011</b>																
Joint SPREP/SOPAC Secretariat Working Groups Operating	03/04/2009 ongoing	x														
New Legal Agreement Drafted																
New Finance, Staffing and Administrative Regulations Developed																
New Strategic Plan Developed																
New Organisation Structure Developed																
<b>Preparatory Governance 2010</b>																
JGC Meeting of SPREP and SOPAC (PNG)	Oct-10						x									
SOPAC GC Approves 2011 WP&B (PNG)	Oct-10						x									
SPREP GC Approves 2011 WP&B (PNG)	Oct-10						x									
Draft New Legal Agreement Considered	Oct-10						x									
Draft New Finance, Staffing and Administrative Regulations Approved							x									
Draft New Strategic Plan Approved							x									
<b>PrepComm for New Organisation 2011 (Venue tbc)</b>																
Approve New Agreement	Sep-11									x						
Appoint CEO	Sep-11									x						
Approve New Regulations/Strategic Plan/Operational Structure	Sep-11									x						
Approve WP& B for 2012	Sep-11									x						
<b>New Organisation Operational</b>																
New Organisation Commences Operations	31/12/2011											x				
New CEO commences work																
New staff contracts issued																
First Governing Council Meeting of New Organisation	Sep-12														x	
New Host-Government Agreements in place															x	
SOPAC Council decision to dissolve/suspend SOPAC	Sep - 12 onwards														x	



### Annex B.3. Risk Matrix

Risk management is a planned, systematic and continuous process that identifies and manages risks. The analysis prioritises the risks according to their impact, probability and degree to which they can be controlled.

Risk Source/ event	Impact on Program	L <sup>3</sup>	C	R	Risk Mitigation	Responsibility	Timing, monitoring
1. The proposed SOPAC SPREP integration is not endorsed by Members	Need to reconsider other options to meet the Leaders directive – including revisiting option for SPC to absorb elements of SOPAC.- as per Part One Report.	4	5	5	<p>Present a clear and well articulated business case to the Governing Council Meetings in June 2009.</p> <p>Business case for a reformed, rebranded organisation is clear regarding the opportunities and risks presented. It is not absorption of SOPAC into SPREP.</p> <p>Communication strategy developed and implemented in preparation for June Meetings. Including Chairs well briefed prior to meetings.</p>	<p>SOPAC and SPREP secretariats working collaboratively.</p> <p>Members take ownership.</p> <p>Relevant Chairs proactive in leading discussions at GCs</p>	Preparations in April May 2009.
2. Key elements of the Implementation Plan do not gain consensus	Value of reformed, rebranded organisation does not meet objectives of improved service delivery.	4	5	5	Rationale for all the required steps and processes need to be clearly articulated and well understood by staff and Members.	<p>Secretariat staff commitment and time to consider.</p> <p>Consultants support in</p>	Preparations in April May 2009

<sup>3</sup> L= Likelihood of event, C= Consequence of event, R = Risk rating, Ratings range from 1 - low and 5 - high

					Decision making by consensus.	developing Implementation Plan	
						Members provide clear direction to Secretariats	
3. The two organisations do not work collaboratively as equals during the integration.  (This collaboration is at two levels - the two Secretariats and the two GCs need to work together)	The objectives of the RIF are not met. Significant costs are incurred with no benefit to the region.  Staff morale is affected, impacting upon service delivery and retention of current in the organisations.	4	5	5	Clear direction from the GCs that it is to be an integration of equals rather than an ‘absorption’.  Members and Staff in both organisations clear on objective of the reform, genuine commitment to collaboration for benefit of region. Guiding principles accepted. CEOs lead by example. Strong senior managers in place in both organisations over the integration. Staff approach the integration as an opportunity.	Senior management, Governing bodies. PMEG and STAR  GCs ensure executive management positions are filled with appropriate skill sets.	Ongoing from April 2009. Regular progress reporting.  June Meeting.  September / October 2009 Meetings.
4. Strategic Planning process for the reformed, rebranded organisation is undertaken without adequate planning, consultation or input from staff and Members.	The objectives of the RIF and SPREP ICR are not met. Integration process results in significant costs to Members and regional partners with no benefit to future service delivery.  Future service delivery	4	5	5	Ensure process is well planned, including access to Strategic Planning Adviser, adequate time for consultation with Members and Members consideration of proposals.  Staff in both organisations given adequate time to both deliver agreed work programmes and devote time to engage in the	Senior executive of the two organisations.  Donors and Members willing to provide support for process – financial and human resources.  Members provide substantive input to ongoing consultations.	Programme Team established in April, regular phone hook ups and meets regularly.  Secretariats corporate

	to Members is compromised.				<p>Strategic Planning process.</p> <p>Ensure the two secretariats are fully staffed and resourced throughout the integration process.</p> <p>If shorten time frame endorsed additional resources need to be secured.</p>	<p>Members consider governance mechanisms for reformed, rebranded organisation</p> <p>Secretariats responsible for ensuring staff positions filled in timely manner.</p>	<p>services maintained efficiently throughout integration process.</p>
<p>5. Donors and partners lose confidence due to lack of progress against key tasks required to establish the reformed, rebranded organisation.</p> <p>Loss of confidence in the integration and reformed, rebranded organisation's capacity to deliver.</p>	<p>Loss of funding support to implement current and future work programmes.</p>	4	5	4	<p>Ensure open and transparent systems operating throughout integration.</p> <p>Develop good and regular communication with partners. Clear communication on how the reformed organisation will result in enhanced delivery.</p> <p>Ensure best practice approaches are being adopted for the reformed, rebranded organisation.</p> <p>Both SOPAC and SPREP honour existing commitments, deliver current work programme in professional and timely way. No substantive diminution of services.</p>	<p>Steering Committee regular monitoring and evaluation.</p> <p>Head of Task Force Teams ensure best practice adopted.</p> <p>Programme teams continue to deliver.</p>	<p>Regular updates through communication strategy.</p> <p>Progress reporting against existing commitments.</p>
<p>6. Amendment of the SPREP will require</p>	<p>All members of SPREP will need to agree to</p>	4	4	4	<p>Legal opinion indicates that it is possible to amend the Agreement.</p>	<p>CEOs and secretariat staff present and support a strong</p>	<p>June / July making the</p>

<p>unanimous support of members.</p>	<p>amending the agreement. Some Members may not be willing to sign up to a new organisation, not bound by Forum decisions.</p>			<p>There is a need to present a strong business case to members at the July meetings of the governing bodies. The case need to have strong commitment from not only CEOs but also staff to gain the confidence of all members of the benefits of the reform.</p>	<p>case and actively support it, both in formal and informal sessions.</p>	<p>initial case, subsequently at meetings of Governing Bodies</p>
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## ***Annex B.4. Joint Steering Committee-Draft Terms of Reference***

The Joint Governing Council Meeting of SOPAC and SPREP held in July 2009, agreed to establish a Steering Committee to oversee the integration SOPAC and SPREP into a rebranded, reformed environment and natural resources organisation.

The Members of the Committee would comprise a minimum of 5, including the two Chairs, together with the CEOs of SOPAC and SPREP. Others may be co-opted as needed, and could include representatives of donor partners and staff.

The Committee will convene as necessary, using electronically/video conferencing where practicable, and meet as required in either Apia or Suva, and report to the Members.

The SOPAC and SPREP executive will work collaboratively to provide the support and secretarial services to the Committee, and ensure an agenda and accompanying papers are circulated at least one week ahead of meetings.

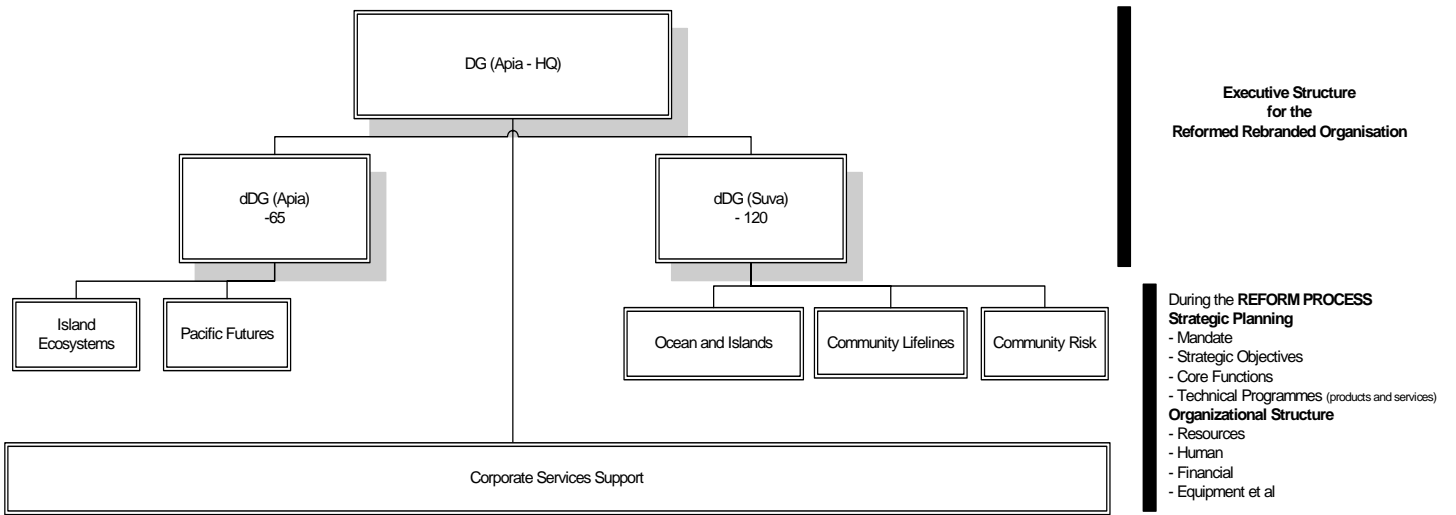
In order to accomplish its task of overseeing implementation process, the Committee will monitor progress of the Secretariats work toward ensuring:

- the quality of the reform products required;
- completion of tasks in a timely manner that meets set deadlines for decision-making, and
- adequate consultation amongst Members and other key stakeholders
- progress of the specialised working groups established to address specific issues at both the corporate and strategic work programme levels
- issues affecting progress against the implementation process are addressed or brought to the attention of Members.

At its first meeting the Committee will finalise its TOR and elect a Chair from amongst the Members for the anticipated duration of the integration period.

Note that additional resources will be required for this Committee to perform effectively.

## Annex B.5. Possible Organisational Structure



## ***Annex B.6. Project Funding Spreadsheets***

Provided by Secretariats:

- **SOPAC**
- **SPREP**




Donor	Project Name	Funding FJD	2008	2009	2010	2011	2012	2013	2014
<b>CLP</b>	NZAID	Water Demand Management Programme (Phase 1 and 2)	590,145						
	NZAID	Water Quality Management Programme (Phase 1 and 2, with WHO)	688,502						
	AusAID	Water Safety Plans - Phase 1 (with WHO)	735,474						
	AusAID	Water Safety Plans - Phase 2 (with WHO)	919,343						
	UNDP	Sustainable Integrated Water Resources and Wastewater Management in the Pacific Island Countries (IWRM)	3,374,673						
	UNDP	Pacific Islands Energy Policies and Strategic Action Planning (PIEPSAP)	3,011,568						
	EU	Pacific Hydrological Cycle Observing System (HYCOS)	7,833,863						
	CTA	Generating and Disseminating Knowledge on Community Based Processing of Coconut Oil in the Pacific	469,244						
	EU	Pacific SIDS Integrated Water Resource Management Planning Programme (SIDS IWRM)	6,793,141						
	CTA	Pacific Energy and Gender (PEG) Network	486,161						
	UNEP	GEF IWRM UNEP	4,294,948						
	UNDP	GEF IWRM UNDP Sustainable Integrated Water Resources and Wastewater Management in Pacific Island Countries(UNDP)	12,575,497						
	EU	E- Parliament Secretariat	122,744						
<b>CRP</b>	AusAID	National Action Plans Development in Member Countries	2,758,029						
	TAF/OFDA	Pacific Disaster Risk Management Programme	#VALUE!						
	EU	ACP-EU Natural Disaster Facility (NDF)	4,813,478						
	EU	EU EDF9 B Envelope	22,430,806						
<b>OIP</b>	UNESCO	Pacific Islands GOOS (PI-GOOS)	126,263						
	AusAID	GA Tsunami Hazard Assessment Project - Stage II	476,833						
	EU	Establishment of Lagoon Aggregate Dredging Company for Kiribati	5,294,826						
	BoMET	South Pacific Sea Level and Climate Monitoring Project Phase IV	1,402,130						
	EU	EU EDF9 C Envelope	12,197,593						
	AusAID	Regional Maritime Boundaries	661,927						



Programme	Donor	Project/Programme Name	Total Funding		2009		2010		2011		2012		2013		2014	
			Foreign Currency	USD	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec
ISLAND ECOSYSTEMS	MacArthur Foundation	Response to Climate Change impacts in Coastal Areas - Vanuatu	USD	165,000	\$165,000											
	Conservation International	Pacific Islands Marine Conservation Analysis and Marine Managed Area Science (PI-MCA/MMAS) Initiative	USD	260,000	\$260,000											
	The Nature Conservancy	Pacific Invasives Learning Network (PILN)	USD	121,440	\$121,440											
	WPRFMC	Mgt. of the Regional Turtle Database and Regional Marine Turtle Conservation Prog. Network : Database Officer	USD	43,225	\$43,225											
	France	Coastal Reef Management Officer Support Costs	Euro	95,000	\$122,137											
	UNEP	Managing for the Future : A project to reverse degradation of coral reefs and related ecosystems and enhance livelihoods in the Pacific Islands Region (CRISP)	USD	860,585	\$860,585											
	UNEP	NBSAP/Climate Change & Protected Areas Workshop	USD	136,737	\$136,737											
	UNEP-EU	Capacity Building related to Multilateral Environment Agreements in ACP Countries	Euro	1,300,000	\$1,671,354											
	Critical Ecosystem Partnership	Ecosystem and species projects	USD	500,000	\$500,000											
	Critical Ecosystem Partnership	Ecosystem and species projects	USD	500,000	\$500,000											
	Ramsar	Associate Ramsar Officer Support Costs	USD	300,000	\$300,000											
	AUSAID	Biodiversity & Climate Change	AUD	5,000,000	\$3,225,872											
	UNDP-GEF	Regional Invasive Species	USD	3,500,000	\$3,500,000											
EU	Mainstreaming ecosystem-based management and SMACFish	Euro	9,000,000	\$11,570,909												
PACIFIC FUTURES	UNDP-GEF	Pacific Islands Greenhouse Gas Abatement through Renewable Energy Project (PIGGAREP)	USD	5,230,000	\$5,230,000											
	UNDP-GEF	Pacific Adaptation to Climate Change (PACC)	USD	13,125,000	\$13,125,000											
	NZAID & AUSAID	Global Environment Facility (GEF) Support Adviser (Trilateral Agreement)	USD	588,000	\$588,000											
	NOAA	PI-GCOS Officer Support Costs	USD	95,000	\$95,000											
	UNITAR	Capacity development for adaptation to climate change and GHG mitigation in Non-Annex I Parties to the United Nations Framework Convention on Climate Change (UNFCCC)	USD	320,000	\$320,000											
	WMO	Pacific Desk Training (WMO/NOAA/NWS)	USD	27,600	\$27,600											
	IMO	Marine Pollution Work	USD	124,000	\$124,000											
	EU	Energy project - EDF10	Euro	5,000,000	\$6,428,283											
ALLOCATION TO BE DETERMINED	AUSAID	Programme Funding	USD	715,442	\$715,442											
	NZAID	Programme Funding	USD	1,055,130	\$1,055,130											
	AUSAID	Programme Funding (conservative estimate at current levels +10%)	USD	2,604,924	\$2,604,924											
	NZAID	Programme Funding (conservative estimate at current levels +10%)	USD	3,841,728	\$3,841,728											

**ANNEX 5: Current and Projected Funding**

Conversion rates (03/02/09)  
Euro 1.2857  
AUD 0.64517

Key	
	Existing
	Approved
	Proposed

## Part C: SOPAC Established as a Division of SPC

**Note: As time constraints prevented the consultants from developing this second implementation plan, Part C of the report was compiled by the SOPAC and SPC Secretariats.**

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

Recommendation *3bis* provides an assessment of the establishment of the SOPAC core work programme as a Division<sup>4</sup> of SPC. This is carried out using the same framework as Part B of this report.

Following closer examination during a two day meeting on 2 and 3 April 2009, between SPREP and SOPAC executives and senior staff, which was facilitated by the consultants, as well as a teleconference on 16<sup>th</sup> April 2009 between SOPAC and SPREP, with participation of the consultants; the SPREP –SOPAC merger was seen as presenting considerable risk. These concerns were highlighted by the consultants to the CEOs in two written communications, which prompted CEOs to agree that an assessment of the feasibility and practical implications (including financial, legal, administrative, human resources, information/communications/media and programmatic elements) of a proposed, new institutional arrangement wherein the SOPAC Core Work Programme be established as a Division of SPC, also be explored and outlined. They agreed that this would provide the opportunity for an objective comparative assessment of the two proposed institutional arrangements.

The SPC Governing body (CRGA), in establishing the guiding principles that must be observed in respect of rationalisation of SOPAC functions, among other things: directed, the Director-General of SPC to engage collaboratively with the CEOs of SOPAC and SPREP immediately following the 37<sup>th</sup> Session (2008) of the SOPAC Governing Council to determine and jointly identify the new proposed institutional arrangement based on:

- i. Transparency and timeliness with respect to the process, and effective involvement of stakeholders;
- ii. Cost-effectiveness;
- iii. Analysis of the core function of each SOPAC programme to assess whether it is primarily: an environmental programme, or an economic development programme;
- iv. Synergies and linkages between programmes;
- v. Optimising service delivery;
- vi. Organisational capabilities; and
- vii. Maintaining the integrity of applied science and technical services.

Coincidentally, these guiding principles are mirrored in the decision reached by the SOPAC Governing Council at its 37<sup>th</sup> Session, and its directives to the Director of SOPAC, with the additional principle of a mechanism that will ensure the benefits of STAR to be continued.

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<sup>4</sup> It is SPC's intention to change the designation of its current Divisions to that of Directorates from 2010.

The SPC Conference in 2007 also provided the following guidelines to its Director General in relation to implementation of the RIF.

- (a) A focus on the RIF objective of creating an institutional framework that enhances service delivery to Pacific Island countries and territories and assists with the effective implementation of the Pacific Plan;
- (b) The need to comprehensively address the legal, organisational, administrative, governance, membership and financial implications of a merger.

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

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

### **C.1 The Timeframe**

If the core of SOPAC's work programme were to be absorbed and integrated into SPC as a Division, the new "SOPAC" Division could be established within SPC from January 2010 (refer Annex C1). This would enable all new staff appointments and their related recruitment processes to immediately switch to using SPC recruitment and appointment procedures (with any current SOPAC contracts being honoured for their duration). The financial and work programme functions (annual work plan and budget) would, for the Calendar year 2010, continue to use the current SOPAC financial management policies, procedures and systems, with a view to full transition being realised and presented for endorsement at the meetings of governing bodies in October 2010. A joint meeting of the governing Councils of SOPAC and SPC in October 2010 will enable governance, legal and strategic planning issues to be addressed. Full implementation of Recommendation 3bis could be realised at this juncture, with Councils' endorsement of a fully integrated annual work plan and budget for the SOPAC Division into SPC, for calendar year 2011. A Gantt chart which outlines implementation for Recommendation 3bis is included as Annex C2.

### **Corporate Integration**

The integration of the corporate services, including financial, administrative and human resources regulations and practices can be completed relatively quickly, bearing in mind the current alignment between SOPAC and SPC in regard to CROP harmonisation, as well as a current initiative between PIFS, SPC and SOPAC to harmonise their finance and ICT practices and approaches.

### **Programme Integration**

The development of a strategic plan for the SOPAC Division will need to be carried out in 2009/2010, given that the current SOPAC Strategic Plan ends in 2009. Current SOPAC strategic planning procedures and practices involve active representation and involvement of key stakeholders of members and, executive and staff, which is similar to practices of other Divisions of the SPC. Since SOPAC processes for delivery of its “core” scientific and technical services would be largely maintained, it is envisaged that there would be minimal impact on work programme delivery. Any costs for the strategic planning process could be borne from within the existing SOPAC budget, given that the current SOPAC Strategic Plan ends in 2009. It would be possible for the new strategic plan (2010-2015) for the SOPAC core work programme as a Division of SPC to be presented for approval at the SOPAC Governing Council Meeting and the CRGA scheduled for October 2010.

### Cost Implications

Costs for corporate and programme integration are considered to be minimal, and estimates for these are included in the summary table of costs to implement Recommendation 3bis. These are also considered under the specific sections that address the corporate elements for harmonisation as well as the process to ensure effective programme integration.

The following table outlines the higher order actions and the possible timeframe for the establishment of SOPAC as a Division of SPC, with the organisational structure of the SPC in 2010 is included as Annex C3.

### Milestone Table

Milestones		Date	Responsibility / Comments
1	Decision on <i>Re-branded organisation</i> or <i>SOPAC as a Division of SPC</i>	7-10 July 2009	Joint meeting of 3 governing bodies; and special sessions of CRGA, SOPAC GC and SPREP meeting
2	Endorsement by PIF Leaders of proposed, new institutional arrangements and implementation plans	5-8 August 2009	Forum Leaders
3	Final approval SPC	7-13 October 2009	CRGA/Conference– include implementation and timeframe
4	Final approval SOPAC	22-30 October 2009	SOPAC Council – include implementation and timeframe
5	Earliest commencement date	1 January 2010	SOPAC Division can be established at this date but it will: <ul style="list-style-type: none"> <li>• Maintain its work programme and budget formats and practices for 2010</li> <li>• Maintain its financial and corporate systems and ICT backbone</li> <li>• Maintain its current SOPAC / Fiji Campus</li> </ul>
6	Appointment of new Director	1 May 2010	Following establishment of a SOPAC Division at SPC, the appointing authority for the Director transfers to DG of SPC. Therefore: <ul style="list-style-type: none"> <li>• The Director position can be advertised in January 2010 (or earliest October 2009 at the time of the SOPAC Governing Council meeting)</li> </ul>

			<ul style="list-style-type: none"> <li>• Recruitment and selection process occur in February/March 2010 (or last quarter of 2009)</li> <li>• Selection panel can include 3 members of SOPAC Council and 2 from SPC including the DG who would Chair the process</li> <li>• New Director can be in position by April/ May 2010 (or earliest February 2010)</li> </ul>
7	SOPAC operations	Until October 2010	Use current SOPAC processes, policies and procedures
8	Work to harmonise corporate services / financial services / ICT backbone and systems	August 09 – June 2010	Some of the work has already commenced independent of RIF as part of the PIFS-SPC-SOPAC harmonisation initiative of corporate services
9	New Division Strategic Plan	August 09 – August 10	To be presented for approval at the October 2010 SOPAC Meeting and to CRGA
10	SPC annual work plan and budget format	August 2010	Proposed workplan and budget of SOPAC Division for CY2011 presented for endorsement at the October 2010 SOPAC Meeting and to CRGA
11	Legal status of SOPAC	October 2010	To be decided at October 2010 SOPAC Meeting, with implementation to commence from October 2010
12	SOPAC Division fully using SPC processes	1 January 2011	All systems fully harmonised by December 2010

## **C.2. Key Risks and Assumptions**

The risks associated with the establishment of SOPAC as a Division of SPC are relatively few and should any be realised their impact has been assessed as low. The risks are outlined in a comprehensive risk matrix with mitigation actions (refer Annex C3). The risk assessment and resulting risk profile (also at Annex C3) are predicated on the assumption that current organisational controls are maintained, current levels of collaboration and cooperation are maintained (and strengthened) and that goodwill, good intent and openness prevails between the two agencies during the implementation phase. Maintaining communication with all those involved, especially staff and member countries of both organisations will be a key consideration to ensuring that everyone understands and appreciates what steps are being taken towards the integration of SOPAC as Division of SPC and the positive consequences for both organisations, of these steps and actions.

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

### **C.3. Governance**

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

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

#### **C3.1 Meetings of Governing Bodies**

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

The current SOPAC Council will become a more scientific and technical body comprising the CEOs/ Permanent Secretaries / Directors of the Ministries / Departments of Lands & Survey, Minerals (Geology and Mines), Energy & Water Resources, following full establishment of the Division. Such national representation would be most beneficial in providing the right technical input to guide the Division’s strategic programme of work and ensure that the regional services offered by the division remain relevant and of quality and that regional technical services are improved.

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

#### **C.3.2 Legal Frameworks**

The establishment of a SOPAC Division at SPC should not have any significant legal implications if it is the transfer and rationalisation of SOPAC’s core work programme

functions and services. Legal issues will arise if it is to be a merger of the two agencies and this is not the intention. However if there were to be a legal impediment, as is the case with SPBEA, the two agencies can rationalise on the basis of the political and policy directives from Forum Leaders and their respective Governing Bodies, with the view to addressing any potential legal matters during the period following rationalisation.

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

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

It appears that the broad mandate of SPC, as it is articulated in the Canberra Agreement, is able to easily accommodate the current mandated responsibilities and functions that sit within the core SOPAC work programme. Therefore there will not be a need for any amendments to the Canberra Agreement. Due to the size of SPC and the nature of the rationalisation of SOPAC functions into the SPC, that is absorption and the establishment of a Division, there will be limited need for wholesale reforms and indeed limited negative impact to SPC of the establishment of the Division of the core work of SOPAC.

### **C.3.3. Co-ordination and Direction of Implementation**

The relevant factors that need to be considered in the planned SOPAC–SPC merger have been well documented in the decisions by the Forum Leaders and the respective governing bodies of SOPAC, SPC and SPREP. The assessment of Recommendation *3bis* articulates SOPAC and SPC's commitment to pre-empt a number of potential pre-merger and post-merger issues.

This is enhanced by SPC's current flexible operating structure coupled with proven experience in both hosting as well as absorbing other organisations and programmes resulting from various other regional rationalisation initiatives. Examples of these include:

- a. *FAO/UNDP Regional Forestry Programme* – institutionalized into SPC in 1997
- b. *German Pacific Regional Forestry Programme* – institutionalized into SPC in 1998
- c. *Regional Maritime Programme* – Transferred to SPC from Forum Secretariat in 1998
- d. *EU Pacific Regional Agriculture Programme (PRAP)* – institutionalized into SPC regional Agriculture programme in 1999
- e. *Oceania Customs Organisation (OCO)* – established under statute and registered in Fiji with normal diplomatic privileges. It is currently hosted by SPC's Suva office. SPC provides administrative, financial and ICT support, but to all intents and purposes, OCO

runs its own affairs and is accountable to its own governing body made up of comptrollers or Heads of Customs from the region.

- f. *WorldFish* – this organisation (previously called ICLARM) was hosted, until earlier this year, by SPC at its headquarters in Noumea under a similar arrangement to that of OCO.
- g. *Regional Rights Resources Team (RRRT)* – Has become a programme of SPC since July 2008. The management of RRRT remains with the Head of RRRT and its governing body (RRRT Board) retains its decision-making role, which essentially has the same role as sectoral ministerial meetings. The RRRT Board makes decisions on the priorities and work programme. The Head of RRRT has a functional responsibility to the Director of the Social Resources Division and reports to SPC's Deputy Director-General in Suva for the purposes of organisational accountability.

#### **C.3.4. Change Management Process**

As SOPAC's core work programme would be integrated into the SPC as a newly established applied science and technical division, it is expected that change management needs would be relatively limited. Nevertheless, whatever the nature and extent of the change process, it will need to be stepped, sensible, pragmatic and logically planned. The following elements are deemed necessary to optimise the desired outcome for the establishment of the core work programme of SOPAC as a Division of the SPC.

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

#### **C.3.5. Executive Management**

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

The Director also reports to the SOPAC Council and will report to the successor body of Council upon full implementation of Recommendation 3*bis*. The Director is tasked and responsible for the management of human and financial resources within the Division and effective delivery of its technical work programme. Reporting arrangements including clear



lines of accountabilities and responsibilities, as well as a robust performance management, will be outlined and maintained.

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

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

### **C.3.6. Delivery of Services**

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

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

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

With limited experience in delivery of services to territories of the US and France, who enjoy full member status of the SPC, a conscious effort to ensure that services can be offered and

accessed to these members will need to be addressed. A current SOPAC initiative targeted at addressing disaster risk reduction in some of the Territories (French Polynesia, New Caledonia, Pitcairn Island and Wallis and Futuna) provides an immediate opportunity for SOPAC to access translation and interpretation services of SPC and draw upon their proven experience in service delivery into these territories, which will enable SOPAC to delivery its technical services into these territories more effectively.

### **Modalities**

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

In addition both agencies are making more deliberate efforts to address the socio-economic implications of the scientific and technical products, services and solutions that they provide to members to ensure an “outcomes” focus. The aggregation of capacity and a critical mass in resource economics that is needed to deliver in this area within the agencies will most certainly strengthen methodologies and approaches.

Similar comments apply to the strengthening of GIS and the increasing use of satellite imagery in the creation of natural resource and hazard databases for better management and reducing vulnerability to risk.

### **C.4. Strategic Planning and Work Programme**

A new Strategic Plan for the newly established SOPAC Division of the SPC will need to be developed. This may have organisation-wide implications for a new ‘statement of strategic/corporate intent’ for SPC, given the various, other recent rationalisation initiatives involving the SPC. The development of a new Strategic Plan is timely and a requirement for the SOPAC Council given that the current Plan ends in 2009. This will provide further opportunity to focus and streamline the core work programme of SOPAC as an established Division within SPC.

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

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

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

- i. Approvals for divisional staff attendance to overseas conferences / meetings<sup>5</sup>.
- ii. Approval of expenditure within approved work plan and contingent on availability of resources up to a level of 100,000 CFP units (currently equivalent to approximately FJD\$245,000) per event<sup>6,7</sup>.
- iii. Operate a 'minor grants' item that enables rapid response to low-cost high priority requests from members that may not be budgeted under normal work programmes.

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

### **Continued Service Delivery**

It is envisaged that the integration of the core work programme of SOPAC into SPC as a newly established division will not adversely impact service delivery. SOPAC processes and budgets would be maintained for the 2009/2010 annual workplan and budget cycle. Long-term closer integration and consideration of delivery modalities, to be considered in earnest from October 2009, should lead to a strengthening of services to existing members (and at a cost to newer members). For instance scientific assessments could be used to underpin coastal fisheries management while for freshwater (including sanitation and hygiene), these activities could be used to support public health policy development and planning.

### **C.4.1 Programme Monitoring and Evaluation**

The programmes of SOPAC and divisions of SPC are regularly reviewed, monitored and assessed. Approaches and methods will need to be reviewed, with a view to considering and embracing best, cost effective practice from both. For example, SOPAC has an annual Programme Monitoring and Evaluation Group mechanism (PMEG) that is independent and cost effective, for each of its three technical programme areas. It provides opportunities for members to have an annual independent assessment on reporting and proposed work programme delivery (efficiency, effectiveness and relevance). This allows for regular programme improvements to be implemented.

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

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<sup>5</sup> Approvals for staff to undertake country missions and related funding commitments from approved budgets are to be made by Programme Managers as currently is the case in SOPAC.

<sup>6</sup> The Director of the SOPAC Division may sub-delegate this authority to Programme Managers (current SOPAC terminology)/ Deputy Directors (SPC terminology) subject to pre-determined limitations.

<sup>7</sup> There is already existing delegations to other levels of the hierarchy below the director as follows; programme managers: 75,000 CFP units (approx. FJD\$180,000), and heads of sections : 30,000 CFP units (approx. FJD\$70,000)

## **STAR (Science Technology and Resources Network)**

Part 1 to the Report highlighted the strong desire of the region to retain the Science Technology and Resources Network (STAR) of SOPAC. As such high priority needs to be given to encouraging STAR to align itself with the governance arrangements of SPC and of the SOPAC Division of the SPC.

Potential back-to-back meetings of the various divisions of the SPC, for example between the SOPAC Division and the Heads of Fisheries that meet to guide and determine the strategic priorities of the Marine Division of SPC will provide an opportunity to both divisions for STAR engagement.

### **C.5 Corporate Services**

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

The nominated change leaders from within SPC and SOPAC will need to set-up and charge a number of small working groups to consider: Finance, Human Resources, Administration, IT, Information Management Systems including Library and document management, ICT, Technical Equipment (used in-countries and in-the-field for work programme delivery) and the Electronics & Technical Workshop of SOPAC.

The working groups will develop and address a checklist of issues relevant to their work area and address these within realistic timeframes. These Task Force groups will provide detailed information into the operationalising the new institutional arrangements. The specialised working groups will look to promote harmonisation with the wider SPC and CROP, and look for efficiencies wherever possible.

#### **C.5.1 Finance**

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

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

*SOPAC funds coming into SPC* – SPC operates one main account for all its programmes (its current budget exceeds USD 71 million). Funds are reflected under each division or programme, and divisional directors have management responsibility for their division's funds. In the case of the SOPAC Division, all funds coming in for the SOPAC work

programme, including core and non-core (that is programme & extra budget (project)) funds, will be reflected under SOPAC, with the Director of the SOPAC Division having responsibility for their utilisation and management.

### **Members' Contributions**

SOPAC member countries will continue to make their core contributions to SOPAC through SPC following its establishment as a Division of SPC. There will be no increases in the current level of membership contributions from existing SOPAC members as a result of this exercise. It is envisaged that the individual membership contributions paid separately by the member country to each organisation (by SOPAC and SPC focal point ministries) will be combined to reach the new 'total contribution' from each member. When SPC receives this combined contribution, the total component for the SOPAC Division will be reflected under the SOPAC Division budget for the delivery of core corporate and programme services. Where there are outstanding arrears in contributions SOPAC and SPC will work together during 2010 to try and have these met and cleared by members with arrears. This will enable a clean balance sheet transfer, with limited issues in respect to handling liabilities during the transfer of assets and liabilities from SOPAC into SPC.

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

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

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

### **Programme and Project Funding**

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

Project funding for SOPAC and SPC come from a range of donor partners (see Part A of this report). Although there are differences in the portfolio of donor and development partners which provides potential opportunities for both SOPAC and SPC under the proposed new institutional arrangements, various important donor relationships for SOPAC such as with the EU are strong and proven with the SPC as well. Therefore this would limit any potential risk and impact to the current and "pipeline" initiatives for SOPAC, under the EDF10, as the

current arrangements of contribution agreements for implementation of EU funded actions would be retained for SOPAC given the similar “international organisation” status of SOPAC and SPC.

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

### **Contractual Partner Agreements**

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

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

Programme	Donor	Project Name	Total Funding Foreign Currency	Total Funding EUR	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		
					Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	Jan-Jun	July-Dec	
CLP	INMAD	Water Demand Management Programme (Phase I and II)	KZD 600,000	598,145																							
		Water Quality Management Programme (Phase I and II - in conjunction with WQC)	KZD 700,000	688,502																							
	AusAID	Water Safety Plans - Phase 1 (in conjunction with WQC)	AUD 600,000	726,474																							
	AusAID	Water Safety Plans - Phase 2 (in conjunction with WQC)	AUD 750,000	919,343																							
	UNDP	Sustainable Integrated Water Resources and Wastewater Management in the Pacific Island Countries (SIRWM)	USD 1,895,450	3,374,673																							
	UNDP	Pacific Islands Energy Policies and Strategic Action Planning (PIEPSAP)	USD 1,511,109	2,011,658																							
	EU	Pacific Hydrological Cycle Observing System (PHOCOS)	EUR 2,524,970	7,803,860																							
	CTA	Generating and Disseminating Knowledge on Community Based Processing of Coconut Oil in the Pacific	EUR 154,971	489,344																							
	EU	Pacific SDS Integrated Water Resource Management Planning Programme (SDS IRWM)	EUR 2,322,550	6,793,141																							
	CTA	Pacific Energy and Gender (PEG) Network	EUR 302,000	486,161																							
	UNEP	GEF IRWM UNEP	USD 2,297,797	4,294,948																							
	UNDP	GEF IRWM UNDP Sustainable Integrated Water Resources and WU	USD 6,737,891	13,575,437																							
	EU	E-Parliament Secretariat	EUR 91,000	122,144																							
	EU	ICT Access for the Poor	EUR 510,000	1,194,379																							
CR	AusAID IAP Facility	National Action Plans Development in Member Countries	AUD 2,250,000	2,758,029																							
	TAFIOPDA	Pacific Disaster Risk Management Programme	USD 396,295	722,047																							
	EU	ADR/EU Natural Disaster Facility (NDF)	EUR 1,828,000	4,813,478																							
	EU	EU EDF9 B Envelope	EUR 9,320,000	22,430,806																							
OI	UNESCO	Pacific Islands GOOS (PI-GOOS)	USD 25,000	126,263																							
	AusAID	GA Tsunami Hazard Assessment Project - Stage II	AUD 389,000	476,630																							
	EU	Establishment of Lagoon Aggregate Dredging Company for Kiribati	EUR 2,280,000	5,294,826																							
	BdMNET	South Pacific Sea Level and Climate Monitoring Project Phase IV	AUD 1,143,850	1,432,130																							
	EU	EU EDF9 C Envelope	EUR 5,368,100	12,197,593																							
	AusAID	Regional Maritime Boundaries	AUD 940,000	961,927																							
	EU	Deep Sea Minerals in the Pacific Islands Region	EUR 4,700,000	11,911,672																							

Conversion rates (2002/09)

KZD	1.0157
AUD	0.8158
USD	0.7321
EUR	0.4133

## Assets

Both organisations hold significant assets in addition to the office equipment associated with running a Secretariat. SOPAC's assets are in the form of databases, computer and cartographic equipment, land and marine field surveying equipment and sophisticated electronics and general workshop facilities. Some equipment is jointly owned [SOPAC and

member country] and maybe located at remote sites. The total value of current fixed asset listing for SOPAC Secretariat is FJD7.4 Million<sup>8</sup>.

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

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

### **C.5.2 Human Resources**

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

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

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

#### **Staff Development**

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

#### **Staff Contracts**

Both SOPAC and SPC are members of the CROP remuneration processes thus the establishment of SOPAC as a division of SPC will provide opportunities for increased synergies between the two agencies in particular in relation to their respective staff regulations, terms and conditions document and mutual obligations and rights of SOPAC and

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<sup>8</sup> Building replacement costs FJD 1.8m; Field and Marine survey equipment replacement costs FJD 4.0m; and, Office Equipment, furniture & fittings replacement costs FJD 1.6m.



SPC and their respective employees. As both SOPAC and SPC apply virtually the same terms and conditions of service these could be harmonised without too much difficulty.

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

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

### **C.5.3 Communication and Information Services**

#### **Communications**

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

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

#### **Library**

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

#### **Information Management**

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

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

#### **Editorial & Publications**

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

### **Translation**

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

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

### ***C.6 Priorities and Sequencing***

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

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

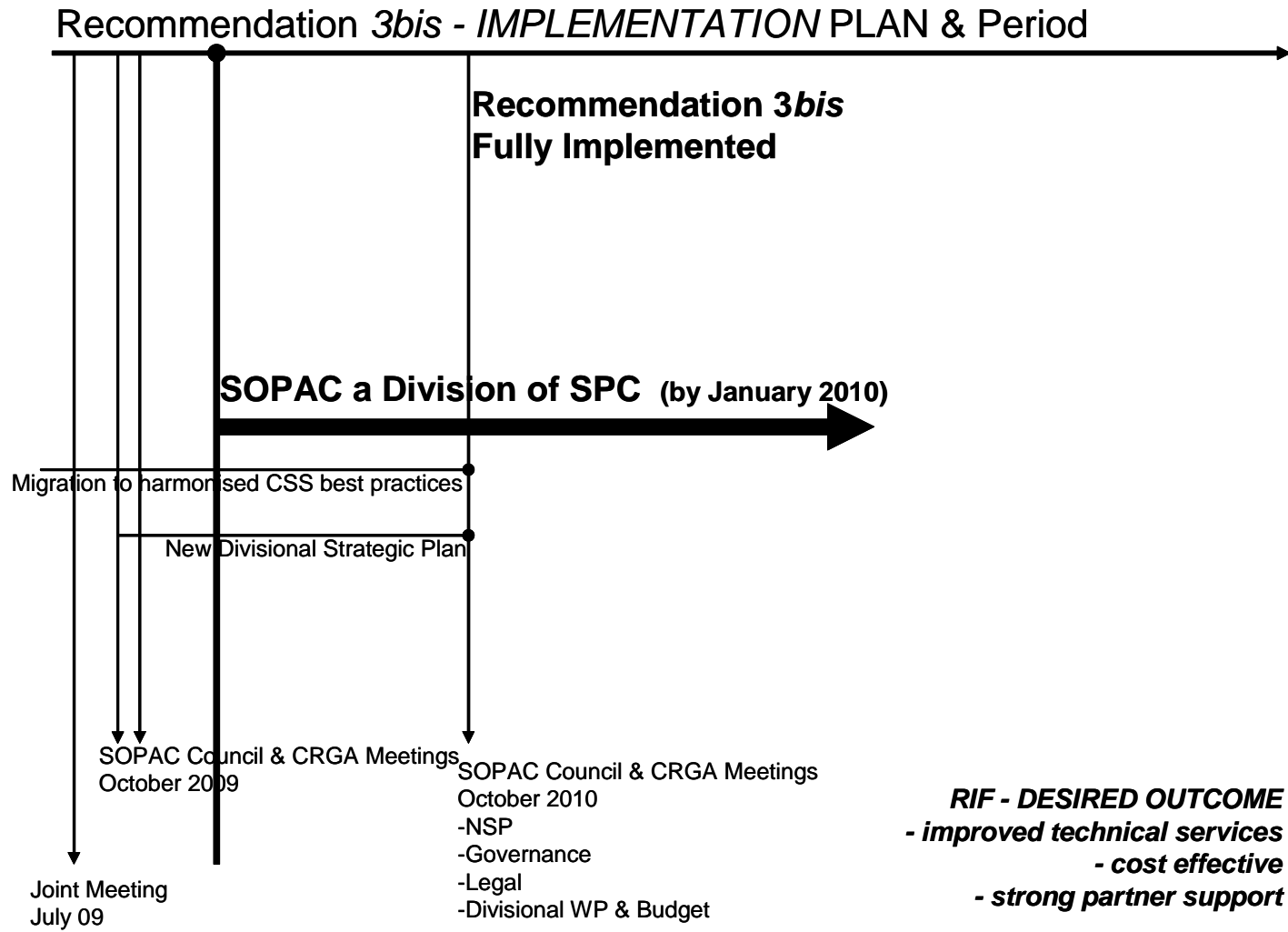
As soon as practicable the process to develop the 1<sup>st</sup> Strategic Plan of the SOPAC Division would commence and it is envisaged that preparatory work can commence from October 2009 with planning and related consultations to commence in earnest in early 2010. This would entail strategic planning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

### ***C.7 Anticipated Savings and Costs***

The financial implications of anticipated savings and costs are included in the report of KPMG, with specific cost implications identified for the institutional arrangement SOPAC’s core work programme to be established as a Division of the SPC (KPMG, June 2009). It is anticipated that there will be some cost savings due to streamlining of some of the executive functions of SOPAC such as re-designation and re-sizing of some of the following positions: Director, deputy Director, Manager Corporate Services and Programme Manager positions; in addition to dispensing of some of the mentioned positions certain support services and functions are centralized and harmonised.

## **Annexes Part C**

**AnnexC.1 Diagrammatic Representation of Process**



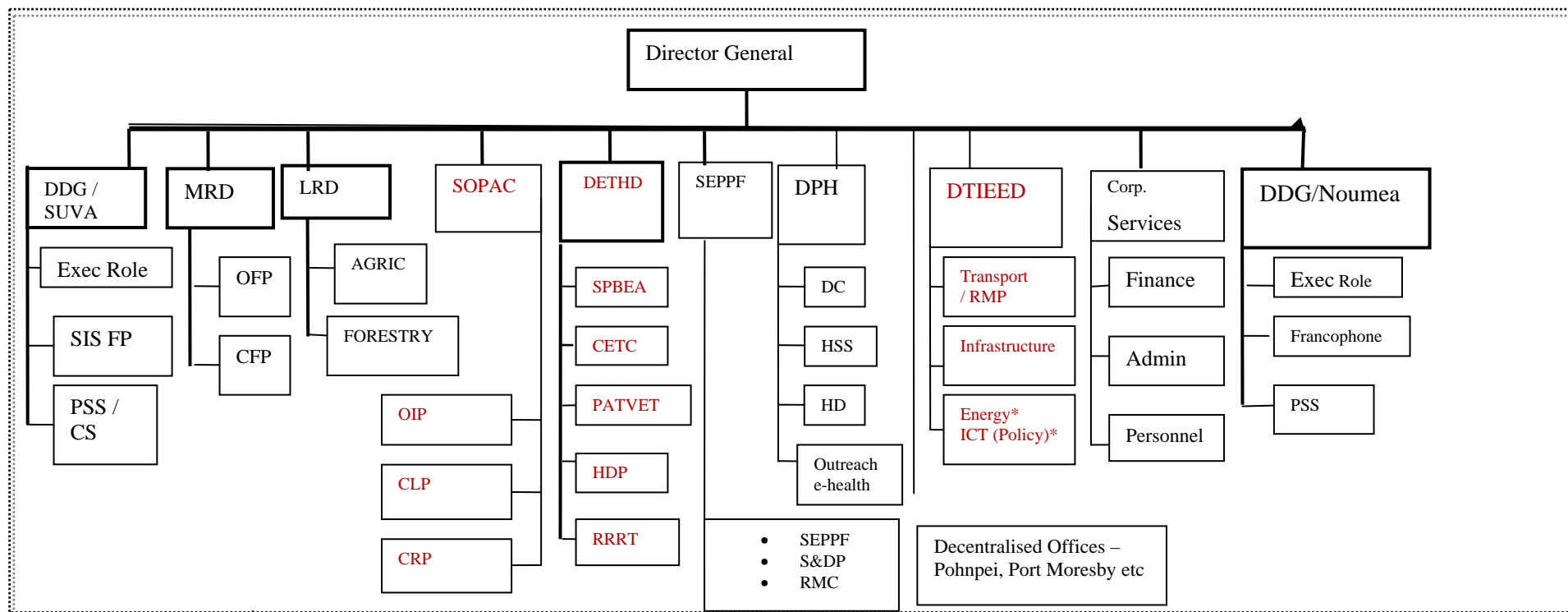
## Annex C.2 Timeframe Gantt Chart

### SOPAC Core Work Programme Established as a Division of the SPC

#### Recommendation 3bis: IMPLEMENTATION PLAN: ISSUES AND MILESTONES

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

## Annex C.3 Proposed Organisational Structure of the SPC in January 2010



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

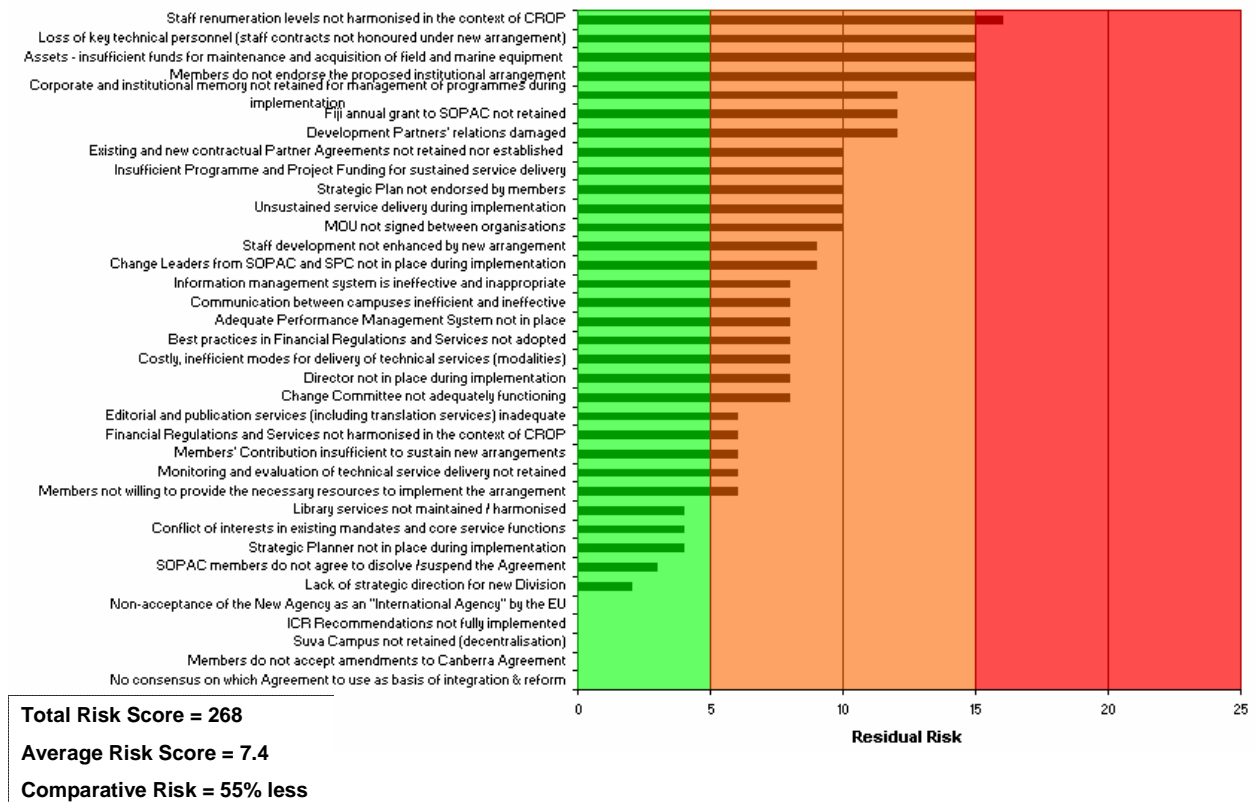
## Annex C.4 Risk Matrix and Risk Profile

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

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

## Risk Profile

### SOPAC Core as a Division of SPC



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

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

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