

Review of SPC's Governance Arrangements

Final Report to the Working Group

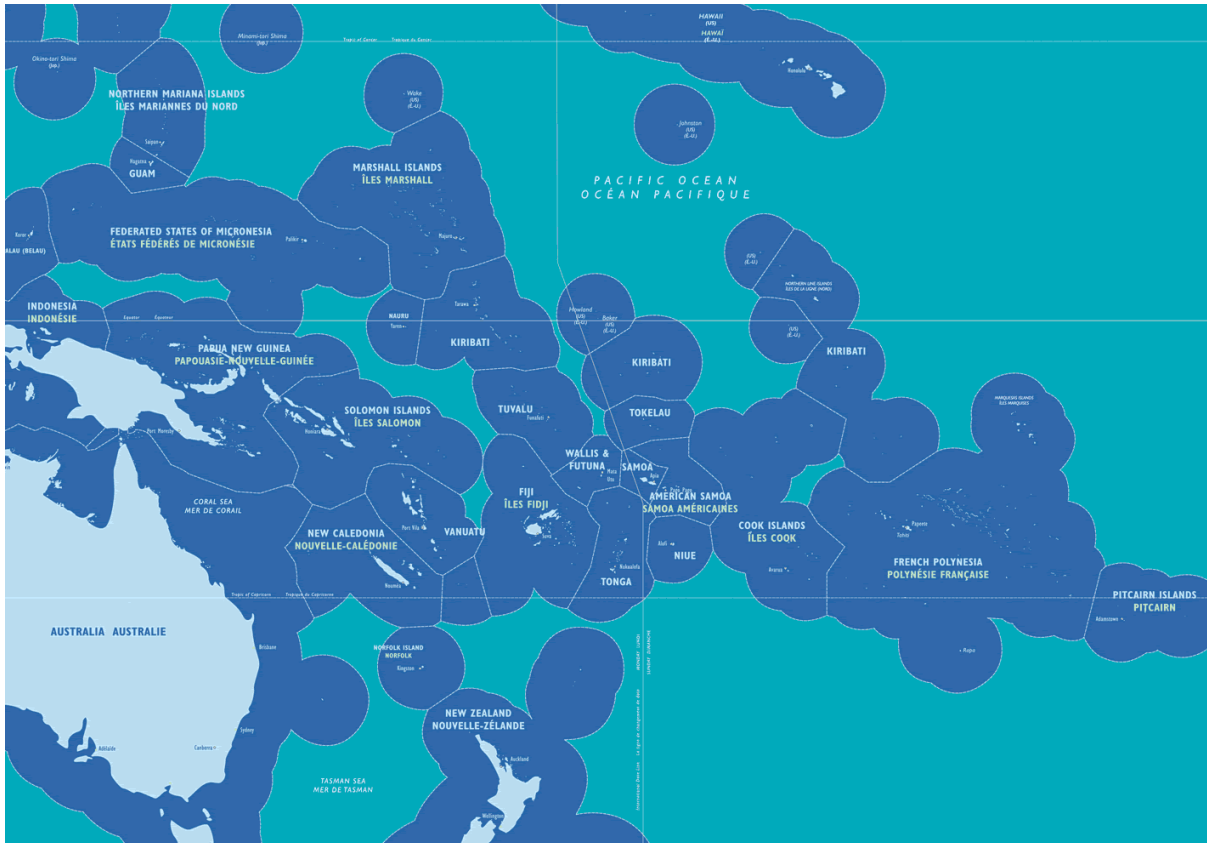
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Map of SPC's membership area



The Pacific Community has 26 members. They include the 22 Pacific Island Countries and Territories served by SPC: American Samoa, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis & Futuna. In addition, Australia, France, New Zealand and the United States of America (four of the founding countries) are also members.

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Abbreviations and Acronyms

ARC	Audit & Risk (sub-)Committee
AUD	Australian dollar
CGIAR	Consultative Group on International Agricultural Research
CRGA	SPC's Committee of Representatives of Governments and Administrations
DG / DDG	Director General / Deputy Director General
DFAT	Australian Department of Foreign Affairs and Trade
DFID	UK Department for International Development
EC / EU	European Commission / European Union
ERG	Expert Reference Group
FAO	Food and Agriculture Organisation of the United Nations
FFA	Pacific Islands Forum Fisheries Agency
FSM	Federated States of Micronesia
GIZ	Germany's <i>Gesellschaft für Internationale Zusammenarbeit</i> or 'Society for International Cooperation'
IER	Independent External Review of SPC (2012)
IFAD	International Fund for Agricultural Development
KVA	KVA Consult – originally Kolone Vaai Associates
PICTS	Pacific Island Countries and Territories
PIRMCCM	Pacific Islands Regional Multi-Country Coordinating Mechanism (for the Global Fund to Fight AIDS, Tuberculosis and Malaria)
RIF	Regional Institutional Framework
RMI	Republic of the Marshall Islands
SEPPF	SPC's Strategic Engagement, Policy & Planning Facility
SLT	Senior Leadership Team
SMT	Senior Management Team
SOPAC	SPC's Applied Geoscience and Technology Division
SPBEA	Secretariat of the Pacific Board for Educational Assessment
SPC	Secretariat of the Pacific Community
TOR	Terms of Reference
UK	United Kingdom
USA	United States of America
USP	University of the South Pacific
WFP	World Food Programme

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Executive Summary

The review

As resolved at its 2013 Conference, SPC commissioned a short review of the organisation's governance arrangements, the objectives being to:

- Provide for more effective engagement of the membership in steering (but not managing) the direction that the organisation takes (including providing more informed direction to the executive on difficult political / value-based decisions that need to be made), and
- Strengthening accountability (in the broadest sense) across the organisation.

The review was to analyse SPC's current governance arrangements and likely future requirements and make recommendations for streamlining them. More specifically the review was to:

- Clarify the role and purpose of governance in organisations like SPC;
- Assess the strengths and weaknesses of SPC's current governance arrangements;
- Propose options for streamlined, improved, governance structures and processes; and
- Offer practical ways forward to implement governance reform.

The review was undertaken from July to September 2014, through the deliberations of a working group of 14 members and senior SPC executives¹, informed by the research and analysis of two international consultants working with SEPPF.

'Governance'

The review adopted Cornforth's definition of governance, viz. *"The systems and processes concerned with ensuring the overall direction, effectiveness and accountability of an organisation"*, and the Pacific Plan Review's notion of governance being about the processes of *"translating the wishes of the organisation's owners into a performance that efficiently and effectively yields desired outcomes and impacts"*.

The review explored notions, and the importance, of differentiating governance functions from management functions, and of establishing appropriate levels of delegation – both between the governing bodies and the executive and within the governing bodies themselves.

¹ Australia, Fiji, FSM, France, French Polynesia, New Caledonia, New Zealand, Niue, RMI, Solomon Islands and the USA complemented by SPC's Director-General, Deputy Director General (Operations & Management) and the Director of the Strategic Engagement, Policy and Planning Facility

The review emphasised the fundamental role of governing bodies in defining ‘what success looks like’ for the organisation, so that the executive can then manage the organisation’s resources to deliver on that.

Four or five discrete, essential, areas of corporate governance needs were identified, relating to:

- Accountability;
- Technical, scientific and developmental excellence;
- Organisational strategy and the appropriate allocation of the organisation’s resources;
- Institutional fitness for purpose (according to the region’s needs and priorities); and
- Delivering credibility and value in the wider public and international domain.

However the review noted significant and perennial challenges in the governance of international membership organisations generally, including: the difficulty in prioritising between national and supra-national interests; the tendency for delegates to represent country - as opposed to organisational - interests and priorities; the implications of consensus-based decision-making; the inevitable distortionary effects on the agenda of external donor-financing and the parallel governance processes that accompany that; generally low levels of comfort in terms of delegating the representation of members’ interests to others; frequent duplication of mandates and activity among multiple international organisations.

The review consequently emphasised how ‘governance’ is not therefore solely about committee structures and governing bodies, but also about leadership, trust, delegation, internal systems and processes, and the external (financing) incentives and disincentives for governing bodies to assume a central role in shaping the direction the organisation takes.

Current arrangements

By statute, SPC’s governance is provided through a two-yearly *Conference* of all members and an inter-sessional committee-of-the-whole (CRGA) meeting annually. Only one other governing-body sub-committees meets regularly: an Audit and Risk Committee (ARC).

In practice other non-statutory forums play a significant role in shaping SPC’s agenda and priorities: Pacific regional meetings of ministers and national sector heads, bilateral donor discussions, and the consultations involved in developing SPC’s Joint Country Strategies.

The costs to SPC of convening committees of the whole are significant: AUD 728,000 for CRGA or AUD 775,000 in the years when CRGA is combined with Conference. By contrast the four-person ARC costs around AUD 15,000 per meeting.

The review found that both members and the executive, while valuing the principal of regular meetings of the whole membership, perceive CRGA/Conference to reach few *strategic* decisions on the basis of informed debate, with - rather - most of the agenda and discussion being taken up with more passive ‘noting’ and ‘endorsing’ of programming and management functions put up by the executive or by sector specialists.

The executive, while welcoming the commendably high level of delegation afforded to the Director General, seeks a stronger steer from the members on – in particular – the more political and value-based choices that inevitably need to be made about ‘what the organisation is about’ and where and how it allocates its resources across the many competing demands made on it.

Significantly the review identified the likelihood of the funding for regional organisation becoming increasingly challenging in the medium- to long-term: in terms of levels of financing and in terms of the expectations placed on the organisation to demonstrate fiduciary diligence and value for money.

The review's conclusion was that SPC's governance arrangements do in the future need to have a more transformational effect on the organisation's agenda and bite harder in terms of holding the organisation, and others that shape its efficiency and effectiveness, to account. But how this should be achieved is as much a political and values-based judgement as it is technical.

Options for reform

A range of options are presented in the report, falling into three areas (A, B & C below):

'A': A set of reforms and new practices to make the current governance arrangements work better, without substantially adjusting governance structures or mandates. This would involve improved briefings, tighter meeting and agenda management, more clearly defined roles and responsibilities, and supporting the development of the various capacities and skill-sets that would be needed in both the governing bodies and in the executive.

'Option A' conserves the current committee structures and mandates, but it nonetheless represents a significant amount of work, and the reaffirmation of pivotal functions of the governing body.

Some of this is happening already under the Director General's current reform programme.

'B': In addition to the above, a limited number of small, specialist, fit-for-purpose, CRGA sub-committees would be formed, if and when needed, to analyse and interrogate key facets of SPC's governance requirements, make recommendations, and report back to CRGA for their discussion and approval.

Sub-committees would restrict themselves to governance (as opposed to management) interests, and would likely contain seconded-in technical specialists as well as member representatives. In order to keep such committees small and effective (perhaps a maximum of seven or so members each), the wider membership would need to consider establishing some form of *constituency representation*, as seen in many other international organisations with large memberships.

Members suggested a number of specialist sub-committees, including:

- Audit & Risk - as now, but potentially with a wide mandate;
- Programme of Work & Budget;
- Development Effectiveness;
- Scientific and Technical;
- Human Resources;
- Corporate Strategic Plan.

A subsidiary advantage of establishing a non-statutory sub-committee structure is that it would allow key non-member stakeholders (for example the EU) to participate in the consideration of strategic direction and priorities. (Without having first to address the wider and more complex issues of SPC membership as a whole.)

'C': A further set of questions was raised, if only tangentially, over the need to place SPC within a Pacific-wide governance context and to be part of a bigger and more substantive debate about further enhancing the complementarities, efficiency and effectiveness of the CROP system as a whole.

The working group will consider these options – or some *combination* of these options.

Conclusion

The 'answer' in this review is not principally a technical prescription but a matter of members making some important value-judgements about the extent to which the organisation needs, through more robust and interrogative governance, to address a substantially different and more complex set of challenges in the future. And if the consensus is that it does, then another value judgement needs to be made over the depth and breadth of any reconfiguration of governance arrangements.

The review team's advice is that:

- The future is likely to make much more taxing demands on the organisation, from both technical and financial perspectives;
- The 'low case' scenario of making current arrangements work better, but not introducing more incisive governance capabilities, will be sufficient in the short- to medium-term, but not in the long-term;
- If members are committed to robustly setting SPC onto the trajectory of becoming an organisation that is wholly fit for purpose in the long term, and as such able to compete for what seems likely to be increasingly constrained funding in the long-term, then more analytical and interrogative governance capabilities are going to be required.
- It seems inconceivable that the regional institutional framework and its governance will not be revisited at some time in the future. This exercise of reflecting on SPC's governance should take that into account. There is a role – and a tactical advantage – in SPC leading the reforms implied by this, and being part of shaping a more fit-for-purpose regional institutional architecture – including smart, efficient, to-the-point and influential governance arrangements.

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1. Introduction

The review: its purpose, scope and approach

1. Following Conference's debate on the subject, the Director General was directed to commission a short external review of the organisation's governance arrangements. The review was to analyse SPC's current governance arrangements and likely future requirements and make recommendations for streamlining them. More specifically the review was to:

- Clarify the role and purpose of governance in organisations like SPC;
- Assess the strengths and weaknesses of SPC's current governance arrangements;
- Propose options for streamlined, improved, governance structures and processes; and
- Offer practical ways forward to implement governance reform.

2. The review's Terms of Reference are at Annex 1. Consultants Peter Bazeley and Tony Liston were appointed to undertake the review and started work July 2014, visiting SPC offices and member-country representatives in Noumea and Suva. The review team also consulted widely by phone. (Persons consulted at Annex 2.) The team undertook background reading and research and also made a comparative assessment of governance issues in a number of other international membership organisations.

3. The team was in particular guided by an SPC-convened *Working Group*² who met mid-way through the review and provided much insight and guidance, as well as some initial views on priorities and direction from the evidence gathered to date. A number of *Briefing Notes* were produced for the Working Group, also circulated to SPC staff, which set out the review team's understanding of the issues as the review progressed and suggested a number of avenues for further discussion.

² The members of which are Australia, Fiji, FSM, France, French Polynesia, New Caledonia, New Zealand, Niue, RMI, Solomon Islands and the USA complemented by SPC's Director-General, Deputy Director General (Operations & Management) and the Director of the Strategic Engagement, Policy and Planning Facility.

Context for the review

4. Members of the Pacific Community, SPC management and the organisation's staff recognise that the Pacific is evolving and that SPC must evolve with it. Now is an important time to consider the configuration of SPC's governance to help create the most relevant, effective, financially sound and dynamic organisation possible. It is about shaping governance arrangements that will support the delivery of leading-edge results for the peoples of the Pacific over the next decades: high performing governance systems for a high performing and highly respected SPC.

2. Thinking about governance - what it is and why we need it

Definitions

5. 'Governance' is understood in various ways. This review favoured a definition by Cornforth (2005)³, viz.:

"The systems and processes concerned with ensuring the overall direction, effectiveness and accountability of an organisation".

6. The 2013 review of the Pacific Plan talked a lot about governance in the context of Pacific regional organisations and described⁴ it as:

"The process of translating the wishes of the organisation's owners into a performance that efficiently and effectively yields desired outcomes and impacts."

Concepts

7. In most organisations – be they in the public, private or voluntary sectors – the *owners* of the organisation establish some form of mechanism for it to be managed in their absence. Invariably the owners have other things to do, and they may also not have the right skillsets to manage it. But they do have a real interest in the purpose of the organisation and its performance, and may have a significant financial stake in it. So while they may not wish to (and probably shouldn't) *manage* the organisation, the owners do wish to maintain the ability to shape the organisation such that it meets their collective requirements, and to ensure its efficient and effective performance.

8. Critical considerations in such a model of delegated management usually include:

³ Cornforth, C., (2005): *The Governance of Public and Non-Profit Organisations: What do Boards Do?* Routledge, London.

⁴ Pacific Plan Review (2013): *Report to Pacific Leaders*, page 68. Suva: Pacific Islands Forum Secretariat. Available at <http://pacificplanreview.org/review-team/team-documents/>

- The definition of what success looks like for the owners – for how else can management know what it is supposed to deliver on, and how else can the governing body judge whether the managers are doing their job?
- A willingness to delegate – because when an organisation has many owners, they can't all be involved in managing and they probably can't all be involved in every aspect of its direction and supervision – for reasons of either efficiency, cost or a requirement for specialist skills.
- But, with that delegation goes the need for:
 - The owners to be properly briefed by management so that they can make informed decisions on the strategic direction of the organisation;
 - Certainty that management, and the organisation's systems and processes, are at all times stewarding the owners' and investors' resources appropriately.
- Absolute clarity over what each layer of the governance arrangements does and – just as importantly – does *not* concern itself with.

Today's standard model of corporate governance arrangements has its origins in a model of differentiated and delegated powers established by the Merchant Venturers in the 16th and 17th centuries. These entrepreneurs realised that they could prosper more efficiently (and comfortably!) by delegating to ships' captains the task of sailing their ships and trading in foreign lands, rather than doing it themselves. However, they still wanted to maintain control over the overall purpose, direction and efficacy of the venture. It was, after all, their money and livelihoods at stake.

They thus established a collective mechanism whereby the owners could determine what the venture was about, and 'what success looked like', but could leave the venture's management to others – often (because of the nature of their seafaring trade) for long periods of time with little or no contact.

A 'board' of Venturers, accountable to all the owners and investors, deliberated the purpose and

9. Although in broad terms these same concepts will apply to the governance of an international development organisation, the levels of delegation from, and accountability back to, the organisation's owners and investors (/donors) have particular significance as they invariably involve sovereign nations with legal accountabilities to their respective parliaments, if not citizens.

10. And in these *times of tough choices*⁵ the need for international development organisations to demonstrate to their investors that they are delivering on their objectives efficiently and effectively, and stewarding those funds carefully, has never been stronger.

⁵ A quote from the foreword justifying DFID's 2011 Multilateral Aid Review, which triggered some wide-ranging reflections on their governance.

What good governance must achieve for SPC

11. SPC has a long and distinguished record in serving the needs of the peoples of the Pacific. It has successfully evolved from a colonial instrument of post-war reconstruction to one of being a modern and highly respected international organisation with pan-Pacific ownership and membership, uniquely important mandates and responsibilities, and multiple funding streams.

12. However, as the 2013 Review of the Pacific Plan emphasised, the Pacific region is probably more dependent and more vulnerable than ever before, as it faces geo-political, social, economic and environmental challenges which SPC's founders probably thought inconceivable. And a clear message from that review was that, in aggregate, the institutions that support Pacific regionalism are not providing all this is needed.

13. There is therefore a clear and present challenge to SPC and other Pacific regional organisations to reflect on what they are doing and how they are doing it, and to up their game. This, for sure, is all about governance. (As defined in paras 5 and 6 above.)

14. For SPC, governance is likely to be about ensuring that the organisation as a whole:

- Sets clear and relevant high-level objectives;
- Is doing the 'right things in the right places at the right times' to achieve those objectives;
- Remains 'fit for purpose' as an organisation, despite changing contexts (political, social, economic and environmental, as well as institutional and financial);
- Provides its various stakeholders (members and investors) with value for money and the assurances they need that their interests in it are being stewarded with efficacy and all due propriety.

15. For the purposes of its own analysis, the review identified at least five discrete but complementary governance requirements, or 'governance areas', each of which probably imply different considerations, systems and processes:

Governance Area I - Accountability

Accountability across all parts of the operation: performance, effectiveness, monitoring and evaluation; audit (including systems and processes that deliver efficiency), stewardship of human and financial resources, risk management and reporting.

Governance Area II – Technical, scientific and developmental excellence.

Ensuring that SPC's technical and scientific work and advice is always relevant, doesn't duplicate, leverages the maximum, is timely and is of the highest quality, and ultimately contributes to advancing development outcomes.

Governance Area III – Strategy and allocative choices

Policy and expenditure choices about what SPC does and where; the totality of the 'how' in achieving the organisation's higher-level objectives (whatever those are). This needs to

be based on clarity over the continuing ‘why’ of the organisation and its comparative advantage (see also Governance Area IV below).

Governance Area IV – Institutional fitness for purpose

Ensuring that SPC as an institution remains relevant and central to the needs of its collective of members. Managing and delivering continuous institutional improvement.

Governance Area V – Delivering credibility and demonstrating value in the wider public domain

Earning the respect and support of members, funders and the development community.

But the governance of international organisations is complicated

16. The governance of *international membership organisations*, particularly those which are significantly aid-financed, carries with it some notable additional challenges. Anthony Beattie’s paper⁶ commissioned by the 2013 Pacific Plan Review is well worth studying in this respect. An aggregated synopsis of some of the review’s discussions with other international membership organisations, and/or some of their stakeholders, is at Annex 3.

17. These challenges include:

- Prioritisation between national interest and supra-national interests: members may (understandably) place most value on services that maximise the benefit for their own country, although the organisation’s mandate will invariably contain [as well] an important supra-national agenda that is not necessarily of equal relevance to all members.
- ‘Representation’ (of country interests) may not always be the same as ‘governing’ (an organisation’s mandate) – but both are usually involved in governance arrangements.
 - ‘One country one vote’ is an appealing democratic notion, but invariably leads to large committees – and significant costs.
- ‘Consensus-based’ decision-making – which may well be culturally and politically extremely important – can err towards generating decisions based on the ‘lowest common denominator’ and ‘business as usual’.
 - And similarly committee membership and chairing is often based on deliberately non-contestable principles, which may restrict the size and qualities of the pool of skills from which governing bodies may draw.
- Donor financing is an asset and is appropriate (particularly as regards the supply of international public goods) but it inevitably leads to more complex governance arrangements, often running parallel and external to the organisation’s established processes.
 - Often involving multiple accountabilities and accountability processes.

⁶ Beattie, Anthony (2013). *The governance of priorities, financing and performance in the delivery of public goods by international and regional membership organisations*. Paper prepared for the Pacific Plan Review 2013. Suva, Fiji: Pacific Islands Forum Secretariat. Available at: http://www.pacificplanreview.org/resources/uploads/embeds/files/AnthonyBeattie_GovernanceFINAL.pdf

- Depending on how it is configured, significant external ‘shaping’ of the organisation’s agenda by virtue of where finance is available and what it is available for.
 - Often itself influenced by political and economic determinants wholly beyond the control of the organisation or its broad membership.
- The extent to which members are prepared to delegate both governance and management functions to smaller or more specialised governing bodies is variable, but usually low. Where aspects of governance are delegated to smaller bodies, there are invariably significant issues to be covered in terms of ‘representation’ and skill sets.
- Invariably there are also multiple such international organisations operating in the same area, with foggy boundaries and overlapping mandates – often because their funding and priorities have evolved over long periods of time in the absence of effective over-arching governance mechanisms. Usually autonomous and with differing memberships, governance and financing arrangements, effective coordination is a perennial problem.

18. Recently the almost inevitable compromises that international membership organisations have to make in their governance arrangements has led to some hard and critical thinking – particularly on the donor side as budgets have come under increasing scrutiny in terms of value for money and national interest. (See, for example, the sort of analysis contained in DFID’s 2011 Multilateral Aid Review⁷ – excerpt at Annex 4 – or the 2012 Australian Multilateral Assessment⁸.)

‘Bilateralisation’ of funding and governance

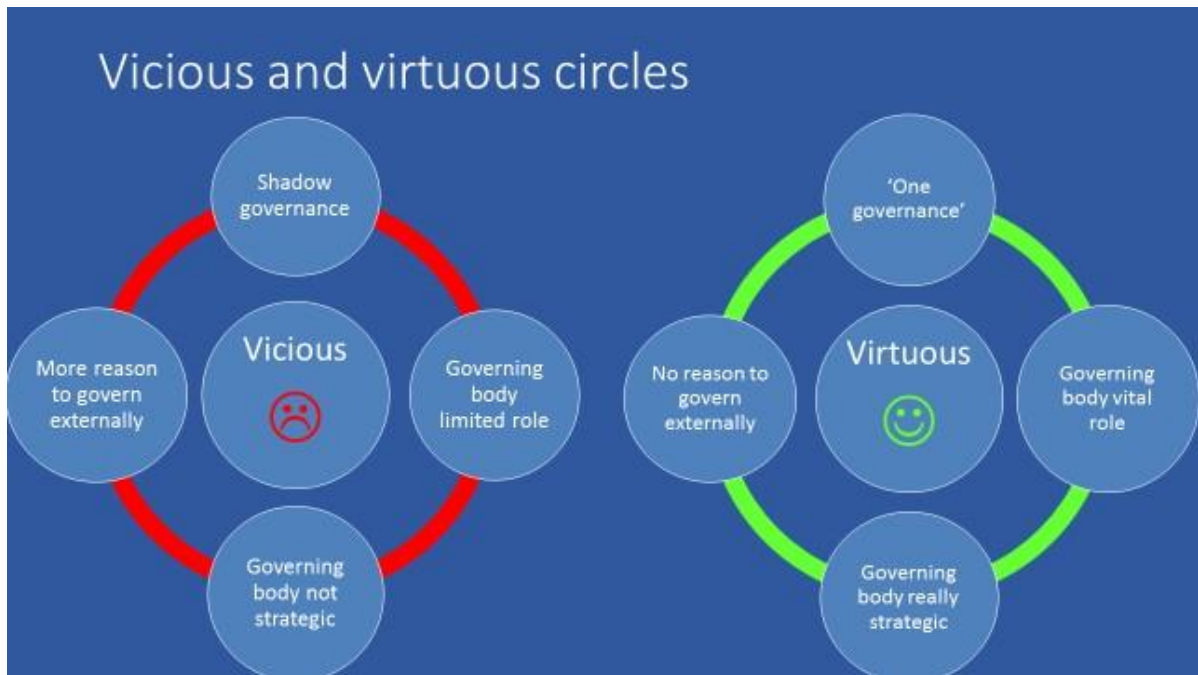
19. A particular point that has emerged in the literature recently (including in Beattie’s paper, q.v.) is so-called ‘bilateralisation’ within international organisations. While some donors have moved towards a greater proportion of program and core funding, the great majority of funding is still earmarked (or ‘tagged’) to some degree. There is a preponderance of bilateral deals being struck between donors and sector managers.

20. This leaves the governing bodies with only a small proportion of the assets to govern. (Or feel some ownership of.) The incentives are then for governing bodies to focus on the small things that are covered by core funding, on the [largely correct] assumption that the bigger programme is being governed through other [donor] – or ‘shadow’ – oversight mechanisms.

21. This, in turn, can lead to vicious circles of parallel donor governance effectively marginalising aspects of the role of governing bodies, dis-incentivising robust internal governance resulting in suboptimal governance but further incentivising bilateralisation.

⁷ Available at: <https://www.gov.uk/government/publications/multilateral-aid-review>

⁸ Available at: <http://aid.dfat.gov.au/partner/Documents/ama-full-report.pdf>



22. However as organisational governance is improved and, in consequence, donors become more comfortable with un-earmarked / untagged core funding, there are opportunities for virtuous circles to develop – the opposite of the above.

23. Nonetheless, while the trend is for donors to move towards core, or at least more programmatic funding (as seen with Australia’s and New Zealand’s funding of SPC), the incentives for earmarked funding remain (not least in terms of visibility and attribution).

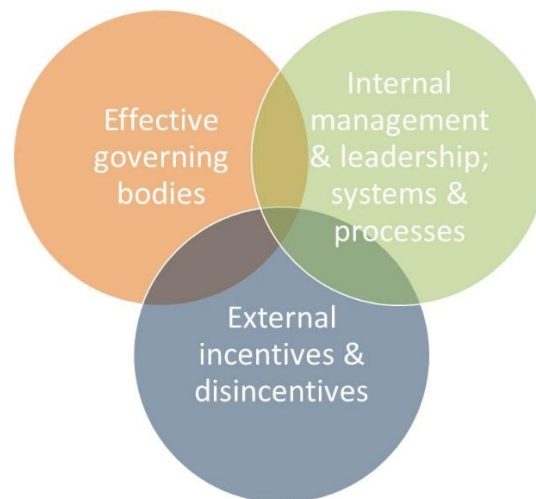
24. In practice it appears that, in many organisations, both donors and middle-management continue to err towards setting up bilateral deals.

25. So a conclusion of all this has to be that if such an organisation’s members and investors seek to bring about a significant shift in the organisation’s governance, then some fairly difficult decisions will likely need to be made and innovation will be required.

And it’s not just about committees

26. Discussion of ‘governance’ often focuses on the structures and behaviours of governing bodies. They are certainly fundamentally influential. However it is important to consider what else, in practice, shapes and influences the “systems and processes concerned with ensuring the overall direction, effectiveness and accountability of an organisation” and the “process of translating the wishes of the organisation’s owners into a performance that efficiently and effectively yields desired outcomes and impacts” – as we defined ‘governance’ in paras 5 and 6 above.

27. In any large and externally-financed organisation such as SPC, these are highly likely to include internal management and leadership capacity, systems and processes, and the incentives and disincentives provided for operational efficacy by the scope and configuration of the organisation’s funding streams. (Schematic below.)



28. In terms of management and leadership (with which we would include issues such as communication, transparency, robust financial and information-management systems etc.) the review was made aware of a number of acknowledged weaknesses, but also the considerable effort currently being put into resolving them by the Director General. Leadership and management is further discussed at paras 73 to 79 below.

29. In terms of external incentives and disincentives, these principally relate to the inevitable issue of 'bilateralisation' of funding and programme governance (including prioritisation), discussed in the preceding section. However the review is also aware of the significant shifts in external finance that are starting to come through from Australia and New Zealand, who are both seeking to reduce (and are already reducing) project funding in favour of more programmatic funding aligned with and supporting the organisation's own strategic plan. Discussions over the significant funding likely to come to SPC under the next European Development Fund are also moving in this direction.

30. There does, therefore, appear to be a unique opportunity in SPC history to address all three elements of the determinants of organisational performance and success.

3. Historical and contemporary contexts

The evolution of the institution

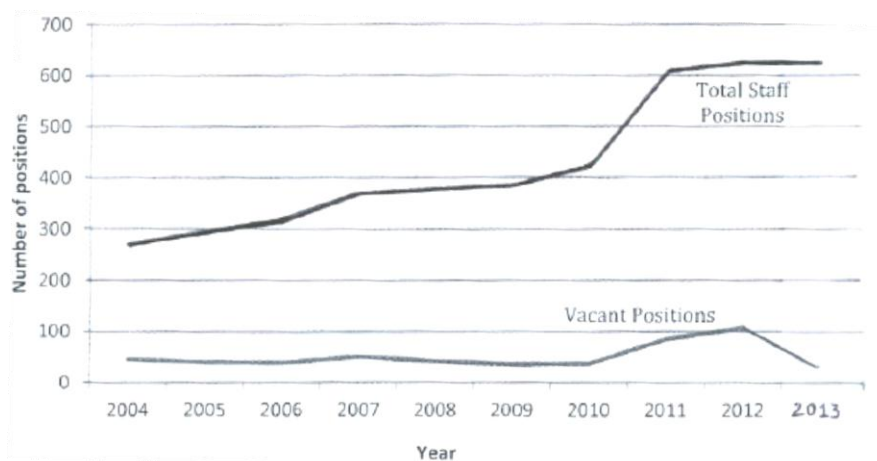
31. The SPC is the oldest regional or international organisation in the Pacific. It is also one of the oldest in the world. The SPC is unique in that it is a bilingual organisation that has a comprehensive membership of Pacific Island Countries and Territories. It was established in 1947 by the region's colonial powers when Australia, France, the Netherlands, New Zealand, the United Kingdom and the United States of America signed the Canberra Agreement to promote *"the economic and social welfare and advancement of the peoples of the non-self-governing territories in the South Pacific region administered by them"* (Preamble, Canberra Agreement).

32. Since 1947, SPC's mandate as a non-political, research and technical advisory body in the service of Pacific Island Countries and Territories has survived character, governance and name

changes. Its service area was expanded in 1951 to include the North Pacific's former Trust Territory of the Pacific Islands and Guam. In 1952, the Netherlands withdrew from the Commission as Dutch New Guinea became Irian Jaya.

33. In the 1960s and 1970s voices of Pacific Island peoples began to increase in the organisation as Western Samoa, Nauru and Fiji were admitted as members of SPC, followed by Papua New Guinea, Solomon Islands, Tuvalu, Niue and Cook Islands. In 1983 all 27 governments and administrations which attended the Conference assumed full and equal membership of the Commission. While the majority of funding was still coming from the metropolitan members, all members took on financial responsibility and had equal shares in decision-making – thus ensuring greater relevancy of SPC's work to the island members' needs (Siwatibau et al 1996).

34. In 2006 Pacific leaders responded to calls to reform the Pacific regional institutional framework by agreeing to integrate the work programs of SOPAC, SPBEA and SPC along with FFA's technical functions, in particular its fishery development work, under the pre-existing governance arrangements of SPC. While this led to major increases in SPC's responsibilities, services and staff numbers (hart below), it did not change the main thrust of SPC's activities which remain as it was in 1947. It continues to focus on assisting island countries and territories in the region pursue their development aspirations with special attention to the needs of small islands states through its programs of technical advice, training and information dissemination.



35. In 2013 a comprehensive review of the Pacific Plan was conducted. The Review recommended re-launching the Pacific Plan as a new 'Framework for Pacific Regionalism', which would include strategic objectives (but not a list of specific priority initiatives), and which would be focused on moving along a path towards deeper integration. The review highlighted duplication, lack of meaningful collaboration, expense, governance and management challenges of CROP agencies. It also queried the incentives for change.

36. The mood for change is also reflected in the alternative financing and service-delivery and knowledge-management models (and providers) that are emerging and requiring better performance from incumbent providers such as SPC. The region also appears to have entered another period of constrained development partner funding requiring innovation.

37. In 2013 SPC began implementing an integrated programming approach in recognition of the cross-sectoral nature of most development issues in the Pacific, including the threat of climate

change and non-communicable diseases. SPC can draw on an unparalleled breadth of technical advice which, once coordinated and applied, may make a real difference to these challenges.

38. Following adoption of the recommendation of an Independent External Evaluation in 2012 and recent developments in regionalism, SPC is well placed to secure its leadership position in the region. Its strengthened management arrangements, an enhanced desire for deeper regionalism and to promote cooperation among CROP agencies, and the intent behind this governance review, should set SPC to lead the reforms implied by the above and be part of shaping a more fit-for-future-purpose regional institutional architecture – including smart, efficient, to-the-point and influential governance arrangements.

The evolution of its governance arrangements

39. Annex 5 provides some insights into the several previous reviews – both of SPC and the wider region – which have commented on and influenced governance arrangements.

40. Following the establishment of the South Pacific Commission in 1947 each metropolitan country appointed two Commissioners who met annually. A Secretariat was established and a Secretary General appointed. Other supporting bodies included a Research Council which soon stopped meeting and was disbanded; a Planning and Evaluation Committee; and the South Pacific Conference which was established auxiliary to the Commission with an advisory role and to *“associate local inhabitants with the work of the Commission”*. It met just before the Commission.

41. By the mid 1970’s many of the Pacific Island Countries and Territories became independent of the metropolitan powers and new forms of governance were established through a Memorandum of Understanding agreed in Wellington and signed in Rarotonga in 1974. The South Pacific Commission and Conference began meeting jointly each year and was referred to as the South Pacific Conference. It included representatives from each government and territorial administration. A Committee of Representatives of Participating Governments and Administrations (CRGA) was established as a *committee of the whole* to consider and approve the administrative budget and nominate the principal officers. It met twice each year.

42. A major organisational review of SPC was conducted in 1996 leading to many changes in organisational structure, programming, management and governance. A significant outcome of the review was to refocus the relationship between SPC’s governing bodies and its executive management, leading to new governance arrangements set out in the 1999 Tahiti Nui Declaration. SPC was renamed The Secretariat of the Pacific Community. The Secretary General was re-titled as a Director General and with wide-ranging delegated powers and responsibilities.

SPC’s current governance arrangements

43. The governance structure set in the late 1990s largely exists today and can be considered as comprising four key areas:

- The structure for governing the organisation;
- Governance arrangements for SPC’s technical and scientific work programme;
- Leadership and management of the organisation; and

- Governance arrangements (including appraisal, monitoring, evaluation and reviews) of development partners relating to their funding of SPC projects and programmes.

Governance Body	Frequency (once every)	Representatives	Authority
Conference	2 years	Every Member (26) Ministers – Foreign Affairs	Decisions
CRGA	1 year	Every Member Senior Officials – Foreign Affairs +	Decisions in non-Conference years
Sub-committees - Audit & Risk	4 months	1 x member representative and 2 x independents	Appoints independent auditors, reports to CRGA/Conference
Working Groups	Various	Various	Recommends to CRGA/Conference
SPC	Ongoing	Director General supported by a senior leadership team	DG has broad delegated powers. Sets agenda and briefs CRGA & Conference powers
Sector Heads / Ministers	Varies – average 2 years	Sector Ministers and officials of all PICTs and often development partners	Influences work programs that go to CRGA/Conference
Comment	Donors have their own M&E, Review and funding decision processes		

Governing structure of the organisation

44. The current governing structure of SPC comprises:
- The Conference of the Pacific Community, which meets every two years;
 - The Committee of Representatives of Governments and Administrations (CRGA), a ‘committee of the whole of conference’, which meets annually; and
 - The Audit and Risk Committee (ARC), a standing committee of CRGA established in 2011.
45. CRGA’s two principal roles are:
- Oversight of SPC’s technical programme delivery – a programmatic role; and
 - Oversight of SPC’s governance, policy and organisational mechanisms – a direct governance role.
46. A summary of the roles of the Conference and CRGA are presented in paras 22–30 and 31–40, respectively, of the Tahiti Nui Declaration.

Governance of SPC's technical and scientific work programmes

47. The governance of SPC's technical and scientific work programmes is strongly influenced by regional sectoral meetings of ministers and department heads. These regional meetings are responsible for:

- i. Identifying and agreeing on the key regional priorities that each of SPC's technical divisions should focus on in their work programmes;
- ii. Reviewing progress on implementing previously agreed priorities; and
- iii. Recommending for CRGA's consideration and approval the budget required by each division to implement its work programme.

48. Currently these regional sector meetings include:

SPC Division	Agreed sector regional meetings	
	Heads of sector regional meetings	Ministerial meetings
Applied Geoscience and Technology	<ul style="list-style-type: none"> • Annual meetings of regional disaster managers • Annual meeting of the Pacific Platform for Disaster Risk Management 	<ul style="list-style-type: none"> • Biennial divisional meeting involving officials and ministers
Economic Development	<ul style="list-style-type: none"> • Biennial meetings for directors / secretaries of transport • Biennial meetings for directors / secretaries of energy 	<ul style="list-style-type: none"> • Biennial joint ministerial meetings for ministers of transport and of energy
Education, Training and Human Development	<ul style="list-style-type: none"> • Triennial meeting of directors / secretaries of women's affairs • Triennial meeting of heads of culture and arts • Annual meeting of directors of education 	<ul style="list-style-type: none"> • Triennial meeting of ministers for women's affairs • Triennial meeting of ministers for culture and arts
Fisheries, Aquaculture and Marine Ecosystems (FAME)	<ul style="list-style-type: none"> • Biennial meeting of directors / secretaries of fisheries (where possible, in the years in-between, shorter Heads of Fisheries meetings are held on the back of other regional gatherings) 	<ul style="list-style-type: none"> • Through its collaboration with the Forum Fisheries Agency, FAME participates in FFA's annual directors / secretaries of fisheries and ministers of fisheries meetings
Land Resources	<ul style="list-style-type: none"> • Biennial meeting of heads / directors / secretaries of Agriculture and Forestry 	<ul style="list-style-type: none"> • Ministers of agriculture and forestry meetings every 4 years
Public Health	<ul style="list-style-type: none"> • Annual meetings of heads / directors / secretaries health (from 2013) 	<ul style="list-style-type: none"> • Biennial health ministers meeting (in conjunction with WHO)

SPC Division	Agreed sector regional meetings	
	Heads of sector regional meetings	Ministerial meetings
Statistics for Development	<ul style="list-style-type: none"> • Triennial meeting of heads of planning and statistical services 	<ul style="list-style-type: none"> • Annual update on the Ten Year Pacific Statistic Strategy 2001-2020 implementation to Forum Economic Ministers meeting.

Source: SPC Policy Discussion Paper for the 43rd CRGA Meeting: Agenda Item 5.2: SPC Governance Arrangements – A Policy Discussion Paper (2013)

Leadership and management of the organisation

49. The Director-General is the chief executive officer of SPC (paragraphs 41–44, Tahiti Nui Declaration) and has full responsibility and authority to lead and manage SPC within the guidelines and policies established by Conference and CRGA. He or she develops the vision, sets the goals, makes decisions relating to SPC’s delivery of services to members, and is fully accountable to CRGA and Conference for any failure to meet the organisation’s objectives.

50. The Director-General supports the functions of the Audit and Risk Committee, CRGA and Conference. He or she provides leadership for the development of the organisation’s strategic direction, work programme, and budget and performance framework against which the organisation’s performance is measured.

51. The Director-General is currently supported by a Senior Leadership Team (SLT) comprising 17 members drawn from the three Deputy Directors-General, senior Program, Policy, Operations and Management Directors and country/sub-regional managers. A number of working groups and committees also support the Director General including a Finance Committee and working groups focussing on communications, sectors and integrated programming and several other areas.

52. The relationships between the governing bodies, development partners and the Secretariat are very important to the success of the Pacific Community. A key indicator of the quality of relationships is trust which is a measure of sincerity, reliability, competence and involvement and sense of ownership. As the Secretariat tends to set the detailed agenda for CRGA and Conference meetings as well as developing discussion papers and formulating options and recommendations, much of the impact of these bodies is determined by the quality of inputs from SPC, and the constant inter-sessional dialogue there is between the governing bodies and the executive.

Development partner systems

53. Each development partner and donor to SPC has its own arrangements for designing, appraising and accounting for its funds used by SPC. This includes monitoring and evaluation processes for each investment and occasional organisation-wide reviews. Over recent years major funders and members Australia and New Zealand have moved from largely project- based funding to multi-year program funding. A new funding arrangement with the other major funder the European Union is under discussion and also likely to be set at a higher level. As development

partners move to higher level objectives SPC's internal governance, management and performance arrangements become more important.

54. Development Partner funding has entered a constrained period, it still comprises the vast majority of SPC funding. As they are often legally obliged to account to their parliaments and donors for these funds, development partners have a keen interest in, and influence on, the governance of SPC's work. A summary of SPC's 2013 funding by type and source is provided at Annex 6.

Clarity of purpose a prerequisite

55. A recurring theme throughout this review has been the need for the governing body/bodies to focus on shaping a fit-for-purpose organisation that is strategic, efficient and effective in achieving its objectives. Having satisfied itself that the organisation is doing that, then it leaves the management of that process to the executive.

56. But to effect that level of strategic focus and direction, the owners of the organisation (represented by the governing body) clearly have to be certain about what the organisation is supposed to be achieving and how it can best be configured to do that.

57. This is more than merely endorsing a work programme. (Although interrogation of the work programme is certainly part of it.) It is more fundamentally about clarity of purpose in terms of the kind of things a science-and-technology based organisation can contribute to Pacific development, and why. Again, this is unlikely to be simply a list of projects but, rather, clarity over mandate, emphasis and direction in terms of the many things that *could* be done, but almost certainly *can't* all be done.

58. For example, to what extent is the organisation about focusing on the needs of smaller island states? What should be the balance between service delivery and capacity substitution at national level *vs.* attention to regional and international public goods? Where should the organisation be pulling back and encouraging alternative service providers to meet demand? Are future priorities necessarily going to match the organisation's traditional areas of experience and expertise?

59. Having real clarity of purpose then allows the governing body to define what success looks like, at the most strategic level, and that then allows wholly more effective performance management, monitoring, evaluation and learning functions to be developed.

60. In this last regard, the review was interested in how the current enthusiasm for describing SPC as a "development organisation" should translate into realistic and tangible definitions of organisational success. SPC, it appears to the review, is fundamentally about providing the scientific and technical basis for policy-making at national and regional levels⁹ – but in the context of contemporary regional development issues. SPC cannot therefore be held accountable for the development outcomes that are dependent on such policy (and public expenditure) choices being made among sovereign states, but it can be held accountable for the relevance and quality of its advice in serving a development agenda. The look of 'organisational success', from a governing

⁹ Although there is, clearly, also an important service / capacity function, particularly for smaller island states.

body's perspective, may therefore be more about that (the relevance, quality and uptake of the organisation's advice), then, rather than measures of development at national level.

4. What the review learned (including stakeholder views)

Current arrangements

61. Informants to the review have been candid in what they see as the main achievements and shortcomings of SPC's governance system. This is borne out by a review of the agendas, briefing packs and outcomes documents from meetings. Informants advise that:

62. Beyond appointing the Directors General the CRGA and Conference perform few 'governance' functions (at least as defined in paras 5 and 6 above). They provide neither effective oversight of technical programs, strategic or policy direction. They do relatively little to hold the Secretariat to account or raise its profile or credibility in the region. While members feel an ownership of – and indeed pride in – SPC, and specialist agencies in each country are often strong supporters, representatives at CRGA often have little engagement with SPC and its work from one year to the next. Major issues such as members in arrears on their core contributions, prioritisation of programs, location pressures and emerging regional concerns are not robustly debated or resolved. Representatives are more likely to speak on requests to fund or continue to fund activities relating to their country than on issues of importance to the regional development or the overall success of SPC.

63. Most informants reported the Conference meetings to be repeats of the CRGA meetings (same agenda and with many of the same participants) with little or no added value derived. Both meetings are too long and have agendas which do not call for the type of discussion required for effective governance. The typical approach is for the Secretariat to make recommendations on "x" with CRGA endorsing them, typically with minor or no alternations. This is then fed-back to future meetings as being a 'direction from the governing bodies for SPC to do "x"'. This may appear to work for the Secretariat when it thinks it knows what the answers should be but, when it is grappling with how to prioritise between programs with limited funds and can't make a firm recommendation, it risks having programs endorsed that can't be funded – or indeed may not in fact represent true priorities for the membership.

64. Sometimes debates will arise, but they are often on issues of lesser importance to the governance of SPC. Matters are decided by consensus, which some argue leads to the lowest-common-denominator outcome, while others feel consensus discussion often leads to wiser outcomes. Either way, it only counts when the matters being discussed are suitable.

65. Briefing packs provided by the Secretariat are too long to be useful. Until now, each Division has provided 10 to 70 pages of briefing followed by a 'show-and-tell' session at the meeting. The format of financial reporting (Green Book – over 200 pages) is inaccessible to most representatives. For 2014, the Secretariat is moving to reduce the size of the briefing pack

providing one synthesis report of around 100 pages on the work of the whole organisation, rather than seven separate divisional reports, and cutting back the show-and-tell components.

66. Many CRGA delegates attend multiple meetings for SPC and other CROP agencies, while some are new to the system. Some prepare very well with reference to their whole-of-government colleagues and the briefing papers; others are less well prepared and experienced.

67. Sector governance meetings are reported to hold more frank and useful discussions. This is attributed to the close engagement the representatives have with their sector which cannot be replicated through CRGA. This lends added weight to arguments that CRGA should not try and focus on the details within sectors/countries, but take a 'helicopter' view of the overall picture, value and relevance of SPC's work.

Committee structures and behaviours

68. The effectiveness of any governance system is a function of its structure (including membership, meeting frequency, mandate etc.) and the behaviour of the people involved (including their skills, experience, attitudes and beliefs around SPC, its relation to the region and development partners).

69. The people involved in SPC's governance include the member representatives that attend Conference and CRGA; SPC Secretariat Directors and senior managers; development partner staff and contractors; and sector representatives including ministers from across the region. Observers have reported a decline in the level seniority and experience of representatives at SPC governance meetings over time. Annex 7 provides an analysis of this, and supports some but not all of this assertion. It does appear, for example, that there may be a trend towards a more 'technical' or sectoral balance to representation at CRGA.

70. Some express concerns that many member representatives are not always familiar with the day to day work of SPC and have little interest or engagement in the formal governance meetings. This is consistent with most governing bodies for international organisations where *'Boards lack relevant skills and knowledge, in relation both to what the organisation delivers and to topics that make up the governance agenda strategy, finance, risk, program/project appraisal, performance reporting, evaluation, management of people, etc.'* (Beattie p.14). However, this should not be taken as an adverse judgement on the quality of the people attending governance meetings, as the low levels of engagement may have more to do with the quality of the meeting agendas, briefing and presentations: engagement is understandably likely to be lower where the material is not engaging and representatives are mostly being asked to 'note' and 'endorse' previously agreed programs and positions. Topics where representatives are being asked to decide on issues that are clearly put and readily assimilated, such as staff pay increases, are well debated and have the interest of most representatives.

71. Nonetheless, the review considers there to be much merit in further developing a suite of sub-committees that can be more focused and interrogative on specific issues. (Paras 109 to 122 following.)

72. So, who sets the agenda and decides what is up for decision? Currently the Secretariat sets the agenda for the governing bodies, pays part of the costs of attendance of one representative from each non-Metropolitan Member country and provides the papers and recommendations.

Leadership and management (by SPC and Members)

73. Internal SPC leadership and management issues are surely as important to SPC's governance as formal governing body structures and performance and the role of donor project and program governance procedures. In 1996 Conference delegated significant authority to the Director General of SPC. CRGA and Conference retained a small range of responsibilities including membership, the appointment Directors General and assessment of their performance. With significant power delegated to the Director General, the role and de facto responsibility of the Secretariat is greater than those of most other international organisations and a key driver of the organisation's success.

74. The review found no discernible push from members for powers to be withdrawn from the Director General. On the contrary, the review observed the CRGA Governance Working Group encouraging the Secretariat to make more of its delegated powers and refer less to CRGA on issues that it had the authority to deal with within the Secretariat.

75. Over the past decade and through the RIF process, SPC's size, roles and responsibilities have significantly increased. As SPC merged with other regional organisations it replaced the governance structures of the smaller merging organisations with its own, and absorbed their management processes. The governing bodies of the merged organisations were retained in membership, but had their responsibilities altered to become advisory groups. Thus SPC's governance and management structures find themselves governing a much larger and broader portfolio than in the past.

76. Alert to this increase, the 2012 IER recommended the DG stop taking direct reports from all SPC senior managers and concentrate more on communication and representational roles.

77. It also recommended the creation of a Senior Management Team (SMT) in SPC, bringing together the DG, with three newly created DDGs and the new Director of SEPPF to oversee SPC's strategy development and implementation performance and other major management issues. The SMT was established in 2012 and broadened in 2014 to form a 17 member Senior Leadership Team (SLT), adding key program and corporate Directors, the manager of the Solomon Islands Country Office and director of the North Pacific Regional Office, and the Director General's Principal Advisor.

78. Like the SMT, the SLT was established to improve communication and integration of divisions across the organisation, set SPC priorities, steer reforms and make budget and resource allocations decisions. It is designed to ensure both that the DG is kept in the loop on key opportunities and issues and that a range of views can be heard from across the organisation on areas of concern. Recognising the newness of the SLT, GIZ is supporting SPC to build a high-performing senior leadership team based on trust, collegiality, accountability and achievement of results.

79. While by no means in the league of some UN governing bodies, which have memberships exceeding 100, the 17 member SLT and the 26 member CRGA still struggle to be effective due to their large size. (Beattie p.10). The 2009 Walker review of corporate governance in UK's financial sector reported a *'widely held view that the overall effectiveness of the board, outside quite a narrow range, tends to vary inversely with the size. That view would tend to converge around an 'ideal' size of 10-12 members, not least on the basis that a larger board is less manageable, however talented the chair, and that larger size inevitably inhibits the ability of individual directors to contribute. This view appears to be confirmed by behavioural studies of optimal group size...'*

Cost of governance

80. The costs of SPC's governing-body meetings are considerable. SPC estimates that a typical annual CRGA meeting costs the organisation approximately AUD 728,000¹⁰, or AUD 775,000 when combined with a biennial Conference. By contrast a meeting of the four-person Audit and Risk (sub-) Committee (ARC) costs approximately AUD 15,000. (These figures are based on face-to-face meetings held in Noumea.) Further costs (over and above these estimates) will be incurred by member countries in terms of their own staff time, and the travel and subsistence costs of any additional delegates not funded by SPC.

Where there is at least a majority consensus

81. The review was encouraged by the level of consensus there was over many elements of the discussion. The meeting of the Working Group on SPC's governance arrangements also reached a considerable degree of consensus.

82. The review team would consider there to be at least majority consensus over the following:

- That the governing bodies are not performing as full a governance function as they should or could.
- Change and improvement in SPC governance arrangement is needed.
 - Members are on the whole up for change.
- SPC's impact on development processes is ultimately relate to the extent to which governance ensures that the organisation's agenda is relevant, that it delivers efficiently and effectively, and that it stewards its resources appropriately to that end.
 - And improved governance should lead to a better performing SPC, and that to more [relevant] impact.
- Members feel ownership of SPC and want SPC to continue - but many are not contributing well to its governance, and focus on their country's issues and priorities, as opposed to the organisation's or regional ones.
- Governance 'mind-sets', skills and behaviours in the governing bodies and in the secretariat are as important as committee structures.

¹⁰ Includes costs related to travel and per diems for delegates an SPC staff, staff time for meeting preparation and attendance, receptions and meals, freight, printing, interpretation and translation, and merchandise.

- But that change needs to consider the incentives and disincentives for that.
- Internal management and leadership are equally important as governance structures.
 - SPC could do a lot to lift its own game.
- We need to be clearer about what SPC is about and what organisational success looks like. (Advice, or relevant advice, that takes regard of local culture and politics, regional public goods or national capacity substitution, a scientific and technical agency or 'development agency' etc. – with much less consensus on the answer.)
- SPC is entering a challenging period – there are both potential threats and potential opportunities.
- The regional institutional framework will inevitably have to be revisited at some stage.
- SPC can't do everything and needs to prioritise its work more vigorously. (But while the secretariat looks to the governing bodies for help on that, not all members agree that a committee of the whole can do that effectively.)
- CRGA and Conference do not meet too often.
- There is no need to be constrained by current founding documents. (But very difficult to change in practice, easily vetoed by the few who don't agree with this.)
- Sector meeting set priorities for sectors, not SPC committees of the whole. (But there remains a challenge in deciding priorities *between* sectors.)

Where there is less consensus

83. However there was a lack of consensus over some areas of the review's enquiries:

- Existing founding documents must be adhered to / cannot be changed (a minority view - but one that is crucially influential as to what can and can't be done.)
- There are too many governing bodies.
- CRGA is too big and needs to consider moving to constituency representation.
- Whether one needs development thinkers to govern SPC as a development organisation, or foreign affairs officials to consider the organisation as a regionally-owned inter-governmental organisation.
- The need for a 'board'-style governing body.
- The need for [more] sub-committees.
- That current governance arrangements cost too much. (Refer to para 80 above.)

84. Some of these areas reflect diametrically opposing views, and on some questions opinions moved during the course of the review.

Observations from other organisations

85. Much of what the review learned about SPC governance arrangements, and the trials and tribulations thereof, is directly echoed across many – if not most – of the other international

membership organisations consulted. (A brief synopsis of what the review learned from other organisations is provided at Annex 3.)

5. Discussing options for reform

Recap: what governance reform must achieve

86. From all the above, we can say that governance reform must achieve this and more for SPC:

- Fitness for purpose – the ‘why’ of the organisation:
 - Above all else, in the context of a changing development context and – as the Pacific Plan Review concluded – deepening vulnerabilities and dependencies in the Pacific region, governance must project the organisation into a new, re-thought, set of priorities and ways of working such that it retains and further develops its place as a leading provider of technical and scientific advice for Pacific development.
- Strategic direction – the ‘how’ of the organisation
 - Intelligently analysed and clearly articulated corporate strategies for addressing higher-level objectives (or the ‘why’ of the organisation above).
 - Including making the right choices in allocating the organisation’s human, financial and physical resources.
- Technical and scientific relevance and quality – the ‘what’ of the organisation:
 - Within such a fit-for-purpose and strategically-directed organisation, technical divisions must be able to demonstrate the relevance of their programmes of work, as well as technical and scientific excellence if the organisation is to continue to be valued in the long term.
- Accountability to its investors – the ‘for whom’ of the organisation
 - In the context of ever-increasing scrutiny over value for money, SPC must be able to demonstrate absolute probity, efficiency and effectiveness in its stewardship of members’ and donors’ funds. This can also then be expected to increase donors’ comfort levels as regards more flexible and longer-term funding models.
- Maintain the organisation’s credibility and ability to provide value-adding services to members and wider development community – the future of the organisation.

87. Can this be done within the current institutional and governance set-up, and how much change are members up for? What’s possible?

Limits and boundaries to what is possible

Legal and constitutional

88. The review is conscious of the primacy of the principles established in the basic texts of the organisation – principally the extant 1947 Canberra Agreement and the re-contextualisation of those provisions in the (revised 2011) sub-treaty-level Tahiti Nui Declaration. Amendment and updating of these texts (particularly the Canberra Agreement), while also needed and overdue for other reasons, is a medium- to long-term undertaking of some complexity and undoubtedly involving considerable negotiation.

89. For those reasons, and as its view is that governance reforms can and should be implemented with some expediency, the review recommends that, for pragmatic reasons, any reforms entertained by members should be tailored to remain within the bounds of the provisions of the basic text.

That said, there has already been considerable ‘re-contextualisation’ of the provisions of the Canberra Agreement and one must assume that such a pragmatic approach will continue – particularly where the fundamental principles of the organisation are being protected and enhanced rather than eroded.

Structural

90. Whatever reforms are suggested and pursued, the hard reality is that the governance of international membership organisations is complex and subject to many internal and external influences, for the reasons set out in paras 16 to 25 above.

91. If SPC is to bite the bullet on governance, it will take the concerted and coordinated efforts of its staff, its members and its investors to make it happen.

The political economy of governing Pacific membership organisations

92. The lessons suggested by developments in governance in international organisations offer learning to SPC and other Pacific regional organisations. However, what works elsewhere may not be a panacea in the Pacific context.

93. The Pacific is rightly proud of its ability to come together and meet to resolve important issues through respectful and largely harmonious consensus discussions. Often when very difficult issues need resolving, advisers and Secretariats are excused from the discussion and the country and territory representatives progress the issues drawing on their strong sense of culture and traditional ways.

94. As many SPC members are from relatively new countries the desire to retain and highlight their sense of independence, sovereignty and separateness can be high. While some independent countries are keen to consider the potential of shared sovereignty and sub-regional representation of their concerns, it may be too soon to expect such notions to be wholeheartedly embraced. For some territories and their metropolitan countries, representation can be a source of major concern and SPC is highly valued for its “one country/territory one vote” governance system.

95. While many informants described short comings of SPC's current governance system, no doubt it works for a number of actors who know how to play the game under the current rules. They are likely to adopt new strategies to try and make the system work for them no matter how the new rules and structures evolve.

A range of value-based possibilities

96. *"How long a piece of string were you thinking of?"* was one of the first questions the review team asked.

97. In many ways, SPC's model of governance works: it has 'allowed' (as opposed perhaps to a stronger word such as 'driven') the organisation to live through challenges and grow to become the respected and influential pan-Pacific organisation that it is. Much of its success from a governance perspective possibly derives from the high levels of delegation afforded to its Directors General over time, and the well-deserved trust that members have developed in that arrangement.

98. What, then, members decide to do as regards improving and streamlining SPC's governance arrangements will not be born out of any sense of imminent institutional demise or profound disquiet. Rather it will depend on:

- The extent to which members and investors agree that the region's future requirements (for an organisation such as SPC) are going to be more challenging, and probably rather different to the past.

And following that judgement:

- A second judgement as to whether 'business as usual', in terms of governance arrangements (albeit tweaked a little perhaps), will be enough to drive any such matching organisational development.

99. The review team's view is that SPC's governance arrangements do in the future need to have a more transformational effect on the organisation's agenda and bite harder in terms of holding the organisation, and others that shape its efficiency and effectiveness, to account. But how this should be achieved is as much a political and values-based judgement as it is technical.

100. In the following section the review sets out a range of possibilities:

A. Making current arrangements work more effectively

- A conservative¹¹ approach, which members may feel is appropriate for both institutional and contextual reasons. It would maintain the current arrangements as they are, but invest in making them work better.

B. Revisiting committee structures and responsibilities

- A more assertive approach, probably associated with members sensing a need to face considerably more demanding organisational governance issues in the future.

¹¹ 'Conservative' only in that it conserves the current committee structures and mandates, but it nonetheless represents a significant amount of work, and the reaffirmation of pivotal functions of the governing body.

It would reconfigure committee structures and responsibilities somewhat, (while maintaining what is valued about the current governance system) to provide – when taken together – altogether harder-hitting and more assiduous organisational governance.

C. Placing SPC within a Pacific-wide organisational governance context

- o The review was not mandated to look at issues of regional governance. However, there are contemporary debates about regional governance, and any reforms within SPC should take into account of that context.

101. Where on this range of options members place themselves depends on how they call those political and value-based judgements referred to in para 99 above.

A. Making current arrangements more effective

102. Inspired by requests to consider “what would be the minimum that we could do to get the most out of the existing governance structures?”, the review team considers that significant improvement is possible through relatively uncomplicated improvements to how the current system functions – without necessarily building new structures or amending the base documents.

103. Under this scenario committees and committee structures would remain the same, but the executive would work harder to induct and brief them and their members, serve them up with a more strategic agenda, and continue to otherwise strengthen internal systems and processes.

104. Greater clarity would also be brought to defining the roles and responsibilities of SPC’s governing bodies and mechanisms, and the extent to which the executive is delegated to deliver on a more clearly-defined notion of ‘what organisational success looks like’.

105. This would involve a change in mind-set and capacity of the key actors – especially representatives to CRGA and the Secretariat.

106. There are at least two good examples of improved governance through better processes and awareness: the University of the South Pacific and the Pacific Islands Regional Multi-Country Coordinating Mechanism (PIRMCCM) of the Global Fund to Fight AIDS, TB and Malaria. (SPC provides the secretariat for the latter.) There are many lessons from these processes which can readily be applied to other sector governance mechanisms, as well as CRGA and Conference.

107. Specifically:

Sector meetings

- i. Regional sector meetings maintain their roles as advisory to CRGA and Conference. The meetings could be streamlined in line with Leaders’ expectations including grouping some sectors together where this is practical and helpful. The chair CRGA could write to the chairs of sector meetings setting out how their input will be used in the SPC-wide context and resource constraints.

CRGA

- ii. Drawing on the lessons from USP and PIRMCCM, CRGA could benefit from new or improved:
- Terms of Reference for the Committee, making clear its mandate and authority. This may include a standing orders and meeting processes. This would include a review of the current rules and procedures of CRGA.
 - Clarified roles and responsibilities of representatives and the Chair of CRGA – akin to individual terms of reference
 - Suggested processes for Members to select their representatives to CRGA and encourage continuity of representation and commitment to SPC
 - Induction, training and support for representatives and chairs. This should include:
 - Publication of an induction kit containing summary information on SPC and terms of reference of representatives
 - Training in how to get the most out of governance, including how to set meaningful agendas and critically analyse and interrogate financial, strategy and planning documents. Representatives could effectively learn from each other, particularly on approaches to getting whole-of-government comments on SPC performance and priorities.
 - Workshops to analyse and interrogate financial, strategy and planning documents as they arise in preparation for consideration at the next CRGA meeting
 - Introduce a decision tracking system to monitor the timeliness of implementation of CRGA decisions
 - Adjust meeting times and locations to:
 - Better align meeting dates with SPC's financial year and planning cycles. Changes here would need to also be made with due regard to the annual timetable of other key regional meetings
 - Shorten the duration of CRGA meetings from up to five days down to two days. This would require greater focus with no time for *show and tell* sessions in the main meeting. This may be augmented by offerings on the days prior to the formal meetings including:
 - 1 to 2 days of induction and training sessions including an opportunity to workshop analysis of key papers for the meeting
 - 1 day to meet and discuss progress with SPC Corporate and Sector teams and observe field operations.
 - Save costs by holding more meetings at SPC headquarters in Noumea

- Introduce a process for CRGA to assess, discuss and rate its own performance and propose improvements
- Clarify and strengthen the role of the CRGA chair to:
 - Maintain more regular interaction with the Secretariat and support for the Director General over their term and
 - Tightly focus meetings on higher level and strategic issues rather than specific country and sector level concerns and requests which can be pursued through other means.
- Specific induction, training and support should be offered to each Chair.
- Establish a Troika of Chairs with clear terms of reference – the current, immediate past and next Chairs of CRGA. This would give ongoing and consistent approaches to chairing and leading CRGA and give a greater opportunity for them to assess the Director General's performance and offer support to the Director General. Additional responsibilities could include:
 - Having quarterly meetings (often via teleconference or video conference) with the Director General (possibly following each of the Secretariat's Senior Leadership Team meetings) to discuss SPC progress against the decision matrix and emerging issues and challenges.
 - Engaging with the broader Membership on emerging developments and progress should this be required.
 - Actively promoting the work of SPC through media opportunities and officiating at major signing ceremonies and launches.

Conference

- While the Tahiti Nui Declaration clarifies the differences in roles between the Conference and CRGA, in practice most observers and outcome statements describe Conference meetings as being near repeats of the CRGA meetings held just prior – and often with many of the same representatives. Conference meetings should clearly focus on its functions to:
 - a. Appoint the Director-General;
 - b. Consider major national or regional policy issues in the areas of competence of the organisation, and the organisation's strategy to address them; and
 - c. Approve changes to the Financial and Staff Regulations approved by the CRGA.

Given the preparation expected by CRGA, functions a) and c) should take very little time to resolve, so the main focus of the meeting should be on major policy issues particularly as they relate to the region and small island states. If there are no issues of significant importance to be profitably discussed under function b), Conference meetings could be held via videoconference or electronically. Member governments and administrations

could be supported in their development of Conference agendas and preparation of analysis and briefing material for their representatives to Conference. Where a strong agenda is developed, the incumbent chair of Conference should actively encourage senior Ministerial representation at the next meeting of Conference.

Secretariat roles

- iii. The Secretariat's handling of, and support to, the governance bodies should also be improved by providing better suggested agenda items and clearer sets of options for CRGA and Conference to consider. These could be accompanied by recommendations that make clear the program and financial and other resource implications and trade-offs of any decisions.

The Director General should make greater use of significant powers delegated to him or her through the Tahiti Nui Declaration and only seek approval from the governing bodies for decisions outside their delegation.

It may be too much to expect CRGA and Conference to analyse all the competing demands and opportunity costs of deciding relative funding levels between sector or development challenges facing countries and the region – this is something the Secretariat would have to apply its professional expertise to and make its own decision and/or take clear options and recommendations to the Troika and governing bodies for advice and endorsement. In either case it needs to manage the expectations of Secretariat staff who may disagree with the conclusions such that they do not lobby Members to overturn the decisions.

The Secretariat could set up its own small internal committees of selected staff, stakeholders and independent advisers to progress issues with clear terms of reference and lifespans. While perhaps not meeting the expectations of the European Union for full membership, such committees offer the opportunity for staff and other stakeholders to more effectively engage with the EU and other key non-member funders on important matters.

The Secretariat is already making progress down this path with greater engagement with members and improved briefing and reporting protocols.

108. While these options may not require amendments to the base documents, they would require additional initial and ongoing resources and funding to work well. SPC's experience of managing governance arrangements for PIRMCCM, highlights the need for a dedicated coordinator. This will ensure CRGA Chair, Troika and SPC's senior leadership are engaged throughout the year, and are provided tracking data and key point analysis on important issues, so that CRGA can make informed decisions on the recommendations that the Secretariat tables at meetings. They would also provide the material for, and delivery of, the induction, training and workshops described above.

B. Revisiting committee structures and responsibilities

109. The review team considers the 'Scenario A' adjustments above to be a minimum in terms of effecting tangibly improved governance. However, if (as the review team does) members think

more than that needs to be done to meet future challenges and maintain SPC's central role, then the next step will be to revisit committee structures and responsibilities.

110. Under such a scenario, all or most of what is recommended under 'A' above would still be done but, in addition, SPC would develop a wider, more incisive, **suite of sub-committees**.

111. 'Committees of the whole' (CRGA and Conference), which the review found to be valued by members (with some qualification) would be retained – but only for what a committee of the whole is necessary for and good at. For example allowing members voices to be heard, appointing Directors General and approving corporate strategies, and the programme of work and budget, and dealing with statutory matters. (And, of course, promoting a sense of community across the region.) But a suite of specialised sub-committees would be put in place to provide the analytical and interrogative functions of corporate governance that a committee of the whole cannot possibly provide.

Role of sub-committees

112. Sub-committees would be equipped to drill-down into specific functions of the organisation and would produce reports and advice to the committee(s) of the whole. (Or in areas where the Director General holds delegated authority, to the Director General), but they would not normally be decision-making.

113. As informed and specialist committees, their role would be to:

- Analyse and interrogate data, reports and plans from the secretariat in key areas of the organisation's performance (see below);
- Challenge and contest in a constructive and supportive way the secretariat's assumptions, priorities and strategies – not least by bringing-in relevant experience and expertise from outside the membership;
- Report to and advise the committee(s) of the whole on their analysis and recommended course of action.

114. In this way the suite of sub-committees would provide a level of analysis of the organisation's work and performance that a committee of the whole cannot efficiently provide, add value to the work and decisions of the secretariat, and provide for enhanced technical, financial and other accountabilities.

115. The current Audit & Risk Committee is a good model, established with exactly this sort of structure, membership and role.

Membership of sub-committees

116. Each sub-committee would be small, and its members would be appointed by Conference/CRGA on merit according to the respective tasks of each sub-committee. Sub-committee members would be nominated by SPC's members, but the individuals would not necessarily be serving public servants: the most appropriate skills may be located in the private sector or elsewhere.

What sub-committees?

117. The review received some diverse opinions on a sub-committee model. There is a natural sentiment against “more committees”. However, where the discussion was founded on the sort of model of sub-committees described above, with specific roles and limited size, a number of SPC functions were seen to be areas where a sub-committee could add real value and accountability, and help the committee(s) of the whole make more informed and strategic decisions.

118. While some of these are suggested for conflation in the next section, the full range of sub-committee mandate-areas that have been suggested to the review include:

Permanent sub-committees

- **Audit and Risk** – as already established.
 - Noting however, that there is probably a wider and deeper agenda for this committee to grow into, over time.
- **Programme of Work and Budget**
 - *Ex ante*, the analysis and interrogation of the secretariat’s proposed annual programme of work, the allocation of its budget and their alignment with the Corporate Strategic Plan.
 - Crucially the sub-committee would prepare a paper for CRGA recommending or otherwise their approval of the programme of work and budget, with comments.
 - Note that SPC’s basic texts do already provide for such a (sub-) committee.
- **Development Effectiveness**
 - *Ex post*, the assessment of relevance, effectiveness, efficiency, impact and sustainability in the delivery of SPC’s programmes.
 - This would not involve actual evaluation activities (that is a programme responsibility), but rather a dialogue over the appropriateness of the organisation’s monitoring and evaluation systems and processes, quizzing individual programmes (a small selection each year) and perhaps commissioning, or recommending the commissioning of, critical evaluations.
 - Such efforts should lead to a shift in responsibility for programme reviews and evaluations from donors to the secretariat itself.
- **Scientific and Technical**
 - As discussed earlier in this report, ensuring scientific and technical excellence is – for SPC – also a critical governance function. It is clearly an issue that requires specialist technical and scientific input, and is probably not something that a committee of the whole is likely to take on themselves without advice and guidance.
 - This sub-committee would provide that advice and guidance to the committee(s) of the whole on the quality and relevance of SPC science but, like the other sub-

committees, it should at the same time be constructive and supportive and add value to scientists' and technicians' own debates.

- Note that SPC's basic texts do already provide for such a (sub-) committee.
 - There may be alternative ways to crack this nut. For example by re-configuring a lot of the current 'show and tell' activity associated with CRGA and Conference to become a proper scientific conference for the region, in which SPC's (and others') science is subject to peer review and debate.
- **Human Resources**
 - It was suggested to the review team that a Human Resources sub-committee should be a priority. This relates to concerns across parts of the organisation that terms and conditions, pay parities (including across CROP agencies more widely), grievance processes, and more, need independent consideration and independent recommendations made to the committee(s) of the whole.

Temporary / task-specific sub-committee

- **Corporate Strategic Plan**
 - *Ex ante*, the analysis of the organisation's three-yearly corporate strategic plan as it is developed, considering in particular its relevance to the current regional development context, expressed member priorities, and pan-Pacific institutional mandates.
 - Crucially the sub-committee would prepare a paper for Conference recommending or otherwise their approval of the corporate strategic plan with comments.

Potential for conflation?

119. Although each mandate-areas above appears to be both important in its own right, and central to providing the scope and quality of governance suggested as necessary at para 86 above, the review is aware of a reluctance to establish too many committees.

120. Some organisations might include efficiency, effectiveness and performance within the scope of an [expanded] audit function. That could be considered, but it would represent a significant departure from the current Audit & Risk Committee's much more restricted – essentially fiduciary – mandate.

121. Questions over the programme of work and budget are closely linked to development effectiveness questions, and share many of the same skills. These two committees perhaps could be conflated, but their overall responsibility and work load would be considerable, and perhaps unmanageable.

122. Both the 'scientific and technical' and the 'corporate strategic plan' mandates above are potentially able to be tackled through more of an informal peer review process. (Note the suggested 'scientific conference' concept above in that respect.)

C. Placing SPC within a Pacific-wide organisational governance context

123. The review was not asked to consider wider Pacific Regional Organisation governance issues that may impact on SPC (or *vice versa*). However, there is certainly an argument for considering some of the recommendations of this report in the context of contemporary debates emerging about regional governance.

124. At the very least, in deciding on its own future governance arrangements, SPC should be part of the discussion that has started about the frequency, cost and burden of the totality of the regional meetings which effectively call on the same people's time. (Noting of course the flag raised at the last Forum leaders' meeting about streamlining the plethora of regional meetings that has spawned.)

125. While beyond the scope of this review, it seems clear that considerable cost and time-efficiency gains could be derived from:

- Better alignment of major Pacific-wide meetings, conferences and summits – notably those of the Forum. While the different organisations have different mandates and memberships, in reality these meetings involve mostly the same people discussing many of the same things (or at least the same generic issues), all in the same context. Where agendas become more selective and strategic – as is recommended both in this report and in the Pacific Plan Review – then there may be even less to differentiate the agendas.
 - The review team was struck by the interest in – for example – making joint SPC/PIFS meetings work, with only small adjustments necessary to reflect differing memberships.
- Investment in improved information and communication technology across the members – again almost certainly as a cooperative effort across all the CROP agencies – such that teleconferencing can become an easy and reliable norm.

126. But the time may also be right now to explore a much bigger and more substantive debate about further enhancing the complementarities, efficiency and effectiveness of the CROP system as a whole. With or without universal enthusiasm for revisiting the regional institutional framework, SPC undoubtedly has a central and catalytic role to play in securing a more robust direction and momentum in Pacific regionalism, working in close partnership with the Forum Secretariat.

6. Conclusion

127. As discussed above, the ‘answer’ to this review is not principally a technical prescription but a matter of members making some important value-judgements about the extent to which the organisation needs to address, through more robust and interrogative governance, a substantially different and more complex set of challenges in the future. And if the consensus is that it does, then another value judgement needs to be made over the depth and breadth of any reconfiguration of governance arrangements.

128. The review team’s advice is that:

- i. The future is likely to make much more taxing demands on the organisation, from both technical and financial perspectives;
- ii. The ‘low case’ scenario of making current arrangements work better (paras 102 to 108 above), but not introducing more incisive governance capabilities, will be sufficient in the short- to medium-term, but not in the long-term;
- iii. If members are committed to robustly setting SPC onto the trajectory of becoming an organisation that is wholly fit for purpose in the long term, and as such able to compete for what seems likely to be increasingly constrained funding in the long-term, then more analytical and interrogative governance capabilities are going to be required. (Of the kind outlined in paras 109 to 122 above.)
- iv. It seems inconceivable that the regional institutional framework and its governance will not be revisited at some time in the future. This exercise of reflecting on SPC’s governance should take that into account. There is a role – and a tactical advantage – in SPC leading the reforms implied by this, and being part of shaping a more fit-for-purpose regional institutional architecture – including smart, efficient, to-the-point and influential governance arrangements.

7. A process to make it happen

Committee work

129. The CRGA Working Group on Governance will meet by teleconference to consider this report in September and early October. Changes to the report may be suggested by the Working Group as it considers what recommendations it would like to propose to CRGA 44 in November 2014.

130. The Working Group members should work with the Secretariat and member governments and administrations to understand the issues and recommendations so that they come to CRGA prepared for the discussion.

131. A workshop of all CRGA representatives should be held on the day before the CRGA meeting proper to discuss the recommendations and test the recommendations. This should be facilitated by the Working Group spokesperson. A review team member will be on-hand to answer any questions relating to the review's analysis if required.

132. Members should also consider if they or their development partners would be willing to contribute funds and/or services to any enhanced governance arrangements.

Executive work

133. The Secretariat should prepare a short management response to the review and develop indicative costings and work plans for the recommendations.

134. The Secretariat should sound-out development partners and members who may be interested in supporting the recommendations with funding or services in kind.

135. Depending on the nature of the recommendations adopted by CRGA, the Secretariat will likely need to form an internal taskforce to establish any new arrangements, tools, advisory services, terms of reference for committees etc. Some continuity of input from the review team may be appropriate as this progresses to develop some of the concepts which time has not allowed to be fully worked-up at this stage.

Annex 1

Terms of Reference

Review of SPC's Governance Arrangements

A. Background

SPC's governance structure is defined by the Canberra Agreement of 1947 and further detailed in the Tahiti Nui Declaration of 1999 and subsequent amendments. The 2012 independent external review (IER) of SPC recognised the value of SPC's governance arrangements (including the key role played by the CRGA and Conference) but also noted significant limitations. Strengthening SPC's governance is seen as a priority under the 2013-2015 corporate plan; this was acknowledged at the November 2013 Conference, which tasked SPC to commission a review of governance arrangements and present its findings and recommendations at CRGA 44. The Terms of Reference (TORs) hereby seek to outline the review process.

B. Key issues

Governance is defined as "the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organization" (Cornforth 2005). "Responsibilities of the 'board' include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting" (Cardbury 1992).

Three inter-related governance processes currently exist within SPC: (1) the structure for governing the organisation; (2) governance arrangements for SPC's technical and scientific work programme, and (3) internal processes for leadership and management of the organisation. Given the tremendous change undergone by SPC since its creation¹², governance arrangements have not evolved sufficiently to meet the requirements of the current SPC organisational context.

There are several issues at play. In particular, and as noted by the Independent External Review (IER), CRGA functions well as a body comprising delegates from the membership who represent the interest of their respective constituencies/countries but does not operate as a "board" that considers and makes decisions on SPC's core business including strategy and accountability. This role of trustee or "steward" of the organisation is not fully realised at the CRGA level with member states largely exercising a *representative* as opposed to a *governance* role. In addition, CRGA is primarily concerned with overseeing SPC's technical programme delivery, this contends and is sometimes confused with the priorities typically determined by regional sectoral meetings of ministers and department heads. Other challenges include the current format and mandate of CRGA, the respective roles of CRGA and Conference, the timing of the meetings in relation to the financial year, member's representation at meetings (Foreign Affairs or domestic ministries) and the significant costs and resource requirements involved.

¹² Including major changes in its membership, size and representation, as well as in its scope of work and budget.

C. Objective and Scope of the Review

The objective of the review is to analyse SPC's current governance arrangements and likely future requirements and make recommendations for streamlining and strengthening them to be fit for purpose.

More specifically the review will:

1. Clarify the role and purpose of governance in international and regional membership organisations like SPC.

The review will assess the role and functions of governance and will reference other effective international and regional membership organisations from which SPC may acquire learning and experience (such as, but not limited to, SPREP, USP, EU, UN). It will clarify the key role governance plays in defining strategy and priorities, bringing order and coherence to members' diverse priorities, identifying and overseeing the management of risks, providing supervision and accountability, assessing organisational performance, and reporting to stakeholders. It will also outline the risks of inadequate or failed institutional governance.

2. Assess the strengths and weaknesses of SPC's current governance arrangements:

In light of best practice above, the review will identify the benefits and limitations/gaps of the current structure in terms of:

- (i) Effectiveness: the capacity of governance arrangements to deliver high quality, timely results, in terms of goal/strategy setting, accountability and oversight of SPC business, and in terms of collective decision-making;
- (ii) Efficiency: minimizing costs of governance, both financial and in terms of staff and board members' time while maintaining expected results;
- (iii) Accountability: the use of robust benchmarks against which to judge performance, concise and effective reporting and monitoring mechanisms, clear lines of authority and the ability to address situations where performance falls short;
- (iv) Voice: the ability of members to have their views considered in decisions and the ability of other key stakeholders to be heard by and influence the governing body in a timely manner.

3. Propose options for a streamlined, improved governance structure and processes:

The review will identify the optimal governance structure(s) or "board" for SPC including:

- (i) its role and purpose
- (ii) its structure, composition and ideal size (e.g. smaller, more efficient subcommittees of CRGA whether for budget sign off or other purposes)
- (iii) the key competencies required of "board" members
- (iv) the frequency, duration and timing of "board" meetings
- (v) the information tools required to facilitate decision-making (concise, useful, adapted reports).

The review should also provide recommendations on the governance role of existing structures in particular the Conference, the CRGA and Ministerial/Heads of sector meetings (and clarify the interface between them). The review will also seek to assess the need for and potential benefits of formal connections between SPC and the governance mechanism of other CROP agencies (and if so determine the nature and purpose of connections).

If several governance options are outlined, the review will assess the benefits and trade-offs of the various proposals.

The review should reference and connect with the SPC working group on membership regarding how potential new membership categories will relate to the proposed governance option(s).

4. Offer practical ways forward to implement the governance reform, including:

- (i) an assessment of the implications of changing SPC's current governance structure from a legal perspective (whether formal changes to the Canberra agreement are required vs. a CRGA resolution or endorsement only), including feasibility of various options.
- (ii) an assessment of funding and timelines required to implement the governance reform proposal.

D. Review Process

To facilitate the review process, a Governance working group of eight members (minimum) and two executive staff will be established and led by a chair. The working group will seek to bring together a representative cross-section of SPC membership and executive staff to oversee the review; its role will be to steer the process, provide guidance and finalise the governance reform recommendations to submit to CRGA 44. The frequency of meetings will be determined at the first meeting in conjunction with group members. It is expected to meet approximately three times, with an initial virtual meeting in May to agree TORs, a second virtual meeting with the consultant in June and a face-to-face meeting in September to finalise recommendations to CRGA.

SPC (via its Strategic Engagement Policy and Planning unit) will act as convenor and secretariat to the working group. In this role, it will provide administrative and logistical support to the working group including the commissioning of an appropriately qualified consultant.

The consultant, a high-level governance expert, will play a key role in the review. He/she will undertake a desk review, conduct consultations¹³ with members and relevant organisations, provide substantive analysis, and develop recommendations for the Governance working group to consider. The consultant is to be recruited in May.

E. Indicative time schedule for the Governance Review

March-April

SEPPF distributes draft TORs to Senior Leadership Team (SLT)

SLT finalises TORs

SPC shares TORs with members

SPC finalises TORs based on WG/members' comments

SPC develops budget and TORs for consultancy

Reach agreement on Working Group (WG) composition

¹³ Consultations will be conducted virtually (via phone or skype) as it would be prohibitive to travel to each member country. Ahead of the consultations, a short discussion paper will be circulated to stakeholders to prepare for the discussion with the consultant.

May

SPC initiates consultant tendering process and identifies consultant

SPC convenes first WG via telcom to review TORs and way forward (incl. agreement on consultant)

June-July-August

Consultant conducts desktop review (other documents and resources, similar organisations)

Consultant interviews members, SPC and other CROP agencies (remotely for the most part)

Consultant compiles draft report including recommendations/options

Consultant sends draft report to WG (late Aug)

SPC convenes WG for a face-to-face meeting to meet with consultant and comment on report (end Aug)

September

Consultant/SPC/WG finalise report and recommendations

SPC submits report/recommendations for translation and to larger membership

October

SPC distributes the final report to members with CRGA pack

SPC follows up to hear preliminary views and to understand any concerns which may prevent the recommendations from being accepted

November

CRGA – report formally submitted for approval.

F. Additional requirements for the Consultancy

Qualifications of the successful consultant

The consultant should possess the following competencies:

1. High-level expertise in governance, with a particular focus on the internal governance of international/regional membership organisations (a combination of academic knowledge and practical experience preferred, including experience as a board member)
2. Familiarity with the Pacific region including the political and institutional context
3. Excellent communications and consultations skills, ability to relate to bilateral donors, multilateral organisations, and governments of small island states

Consultancy timeline and deliverables¹⁴

The consultant will be expected to work for 45 to 50 days over the period 1 June-31 September 2014, divided as detailed below:

¹⁴ Subsequently adjusted

Timing	Activities	Deliverables
June-July-August	Initial preparations (including planning and methodology) Desk review incl. research and analysis on best practice Discussion note to members/others for optimal preparations before consultations Consultations with members, donors, SPC, CROP agencies, other stakeholders Report writing Draft report submission (late Aug) Face-to-face working group meeting with members to discuss results (end August)	Methodology and action plan Research report Discussion note Consultations' timeline Draft report Presentation
September	Revisions and submission of final report	Final report

He/she will be expected to travel to Noumea and Suva for face-to-face meetings with SPC, CROP agencies and members based there. Consultations with other members will be via telecon. The consultant will also be expected to attend the face-to-face working group meeting to present the review results (planned for end Aug – Suva or Noumea).

Institutional arrangements for the consultancy

Coordination and supervision of the work of the consultant will be undertaken by the SPC's Governance Review point person based in SEPPF. Regular progress updates will be required to monitor progress and highlight challenges and adjustments needed.

Annex 2

Stakeholders Consulted

Countries

Australia

John Davidson, Minister Counsellor, Department of Foreign Affairs and Trade (DFAT)

Lauren Waugh, Acting SPC Focal Point, DFAT

Ili Masivesi, Programme Manager, Environment & Climate Change, SPREP Focal Point, DFAT

Lori Banks Dutta, Senior Programme Manager, Regional Education, DFAT

Melinia Nawadra, Senior Programme Manager, Regional Governance, UN Partnerships & Social Inclusion, DFAT

Marina Illingworth, Acting Senior Programme Manager, Regional Organisations, DFAT

Sheona McKenna, Regional Program Director, Health, Education & Leadership, DFAT

Camille Maljette, Assistant Programme Manager, Regional Organisations, DFAT

Tu Tangi, Programme Manager, Resilience & Growth, DFAT

Frances Bingwor, Programme Manager, Regional Health, DFAT

Solstice Middleby, Regional Counsellor, Development Cooperation, Australian High Commission, Suva

Heidi Bootle, Consul General to New Caledonia

Federated States of Micronesia (FSM)

Gerson Jackson, Ambassador, Embassy of the Federated States of Micronesia to Fiji, Suva

Fiji

Litia Mawi, Roving Ambassador/HC to PICs and Special Envoy to CROP agencies

Luke Daunivalu, Deputy Secretary, Ministry of Foreign Affairs and International Cooperation

Soko Naiyaga Foreign Service Officer, Political and Treaties Division, Fiji

France

Jean-Luc Fauré-Tournaire, Deputy Permanent Representative of France to the Pacific Community

French Polynesia

Maurice Lau Pouï Cheung, Office of the President of French Polynesia, International, European and Pacific Affairs Division

New Caledonia

Francois Bockel, Head, Office of Regional Cooperation and External Relations, New Caledonia Government

Anne-Claire Goarant, In charge of Multilateral Cooperation and Regional Organisations, Office of Regional Cooperation and External Relations, New Caledonia Government

New Zealand

Helen Leslie, First Secretary, Regional Development Programme, New Zealand High Commission, Suva

Matthew Howell, Deputy Director, Multilateral & Pacific Regional Partnerships, Humanitarian and Multilateral Division, Ministry of Foreign Affairs and Trade

Linda Te Puni, Consul General, New Zealand Consulate in Noumea

Sandra Hamilton, Ministry of Foreign Affairs and Trade

Niue

Richard Hipa, Secretary of Government

Republic of the Marshall Islands (RMI)

Frederick Muller, Ambassador, Embassy of the Republic of the Marshall Islands, Suva

Anjanette Kattil, Assistant Secretary, Bureau of Bilateral Affairs, Ministry of Foreign Affairs

Solomon Islands

Joseph Atkin Tada, Chief Desk Officer, Regional Economic Cooperation Branch, Ministry of Foreign Affairs and External Trade

United States of America

Jason Brendan, Regional Environmental Officer, Embassy of the United States Suva

Ellen Connorton, Science Advisor, U.S. Department of State, Australia, New Zealand and Pacific Islands Affairs

Bureau of East Asian and Pacific Affairs

Jenny M Wright

Jessica M Karbowski

Sameer V Sheth

Emily F Rose

SPC

Executive

Colin Tukuitonga, Director General

Fabian McKinnon, Deputy Director General, Programmes

Cameron Diver, Deputy Director General, Operations and Management

Fekitamoeola 'Utoikamanu, Deputy Director General, Suva

Cameron Bowles, Director, Strategic Engagement, Policy and Planning Facility (SEPPF)

Patricia Sachs-Cornish, Principal Advisor to the Director General

Audit & Risk Committee

Alan Morris, Independent Chair

Programmes

Moses Amos, Director, Fisheries, Aquaculture and Marine Ecosystems Division

John Hampton, Fisheries, Aquaculture and Marine Ecosystems Division

Gerald Haberkorn, Director, Statistics for Development Division

Vicci Lawrence, Public Health Division

Brenton Clark, Economic Development Division

Caroline Fusimalohi, Economic Development Division

Allan Illingworth, Economic Development Division

Sairusi Bulai, Land Resource Division

Vili Caniogo, Land Resource Division

Sandra Bernklau, Education, Training and Human Development Division

Linda Petersen, Education, Training and Human Development Division

Brigitte Leduc, Education, Training and Human Development Division

Operations and Management

Angela Templeton, Manager Publications Section

Sheryl Mellor, Translation and Interpretation Unit

Julian Heinz, Publications

Duane Sutton, Printery

Estelle Grazzi, Procurement

Akhilesh Prasad, Administration

Phill Hardstaff, ICT

Rupen Nand, Finance

John Yee Chief, Director of Finance

Mary-Clare Ame, Library

Pierre-Henri Suatton, Director of Human Resources

Virginie Cadenat, Conference and Travel

Strategic Engagement, Policy and Planning Facility (SEPPF)

Olivier Auguin, Planning Adviser, SEPPF

Mei Lin Harley, Monitoring and Evaluation Advisor, SEPPF

Frederique Lehoux, Strategy and Planning Advisor, SEPPF

Other Organisations

CGIAR Fund

Jonathan Wadsworth, Executive Secretary to the Fund Council

Delegation of the European Union for the Pacific

Renato Mele, First Counsellor / Head of Cooperation

Pacific Islands Forum Secretariat (PIFS)

Neroni Slade, Secretary General

Seini O'Connor, Pacific Plan Adviser

[Pacific Islands Regional Multi-Country Coordinating Mechanism (for the Global Fund) (PIRMCCM)

Via Vicci Lawrence, SPC]

UK Department for International Development (DFID)

Liz Nasskau, UK Permanent Representation to the United Nations Agencies in Rome [FAO, IFAD, WFP]

University of the South Pacific (USP)

Professor Rajesh Chandra, Vice-Chancellor and President

Fekitamoeloa 'Utoikamanu, as Vice-Chair of USP Council

World Food Programme (WFP)

Jim Harvey, Chief of Staff and Director, Office of the Executive Director

Other Individuals

Rosalind David, SPC Monitoring, Evaluation & Learning Consultant

Lynn Pieper, DFAT Contractor, Regional Governance and Public Policy

Jimmie Rogers, Former Director General of SPC

Annex 3

Observations of governance across other international organisations

SPC is certainly not alone among international organisations in being aware of the need to reflect on organisational governance. For many international membership organisations, governance arrangements represent a perennially challenging set of issues. The recurring themes are those set out in paras 16 to 25 above and are not rehearsed here.

The interesting thing perhaps is to note where organisations are having some success in bringing about change through improved governance, and how, and also where reforms have been thwarted.

As most of the review's discussions about governance issues were under Chatham House rules, this annex does not identify which organisations highlighted what issues.

The pressure is on

The recent emphasis being placed by donors on multilateral effectiveness and value for money (Annex 4, for example) has caused several agencies to redouble their efforts to modernise and streamline the efficacy of their governance arrangements.

Leadership

Above all else, and unsurprisingly, delivering on governance reforms (and ultimately organisational performance) can be seen time and again to succeed or fail according to the leadership provided: the leadership of the chief executive always, but usually also by the chief executive working in close partnership with equally dynamic chairs of governing bodies.

Better briefing, and real choices

The better performing governing bodies end to be the ones who are better briefed about strategic issues, and who are given real (but informed) choices to debate and decide on. Governing bodies that are only ever asked to "note", "endorse" or "welcome" what the executive serves up tend to take their responsibilities less seriously.

The better performing governing bodies – and particularly their chairs – tend to have strong and regular contact with executive between sessions, and work on the basis of 'no surprises' at governing body meetings. The executive knows where the governing body's interest and priorities lie, and the governing body understands where the executive is coming from – not through formal meetings but through regularity of contact and engagement, usually informal.

Better performing governing bodies invariably enjoyed formal induction and briefing processes as to the roles and responsibilities of the governing bodies and its members, the mandate of the

organisation, and often formal and informal briefings on contemporary issues impacting on the organisation's role and performance.

Good strategic plans are key

The strongest relationships between governing bodies and the executive, and the most value-adding functions of the governing bodies, often revolved around the interrogation of the organisation's strategic plan, the alignment of the programme of work and budget with that, and the analysis of performance against that.

Constituency representation

Several organisations base committee membership on *constituency* – as opposed to *one-country-one-vote* – representation. (*I.e.* one or more committee member(s) represents the interests of a whole constituency of members – sub-regional or geographic, sectoral, donors, etc.). There was an even spread as to whether this had advantages or not. Committee sizes are reduced, and there is probably greater scope for merit-based appointments from a wider pool of nominees, but there are also potential problems of countries feeling under- or misrepresented. In such circumstances organisations face pressure to expand the number of seats on the governing bodies.

Organisations basing committee membership on constituency representation tended to place the responsibility for selection and representation on the constituencies themselves, rather than have a formula or 'rules' for how that should be done.

Donor financing – the challenges don't go away, but they can be made better

There has been a considerable shift in the ways in which donor financing is provided. The global principles of aid effectiveness – which suggest less fragmentation, less project funding and greater amounts of core, or at least programmatic, funding are being applied to a greater or lesser extent.

Some very interesting governance models have developed to reward such moves – for example the allocation of additional 'merit seats' on governing bodies for donors who substantially remove earmarking from their funding, encouraging more substantive debate in the governing bodies about allocative choices. However, such bold experiments haven't always endured: there is an ever-present attraction for some degree of – and in some cases a reversion to – 'bilateralisation'. (Paras 19 to 24 above.)

That said, one international organisation whose projectised extra-budgetary support all but dried up (for other reasons) reported a much more constructive and strategic dialogue with funders once the governing bodies were 'put back in charge' of what gets funded.

The 'other people's money' problem

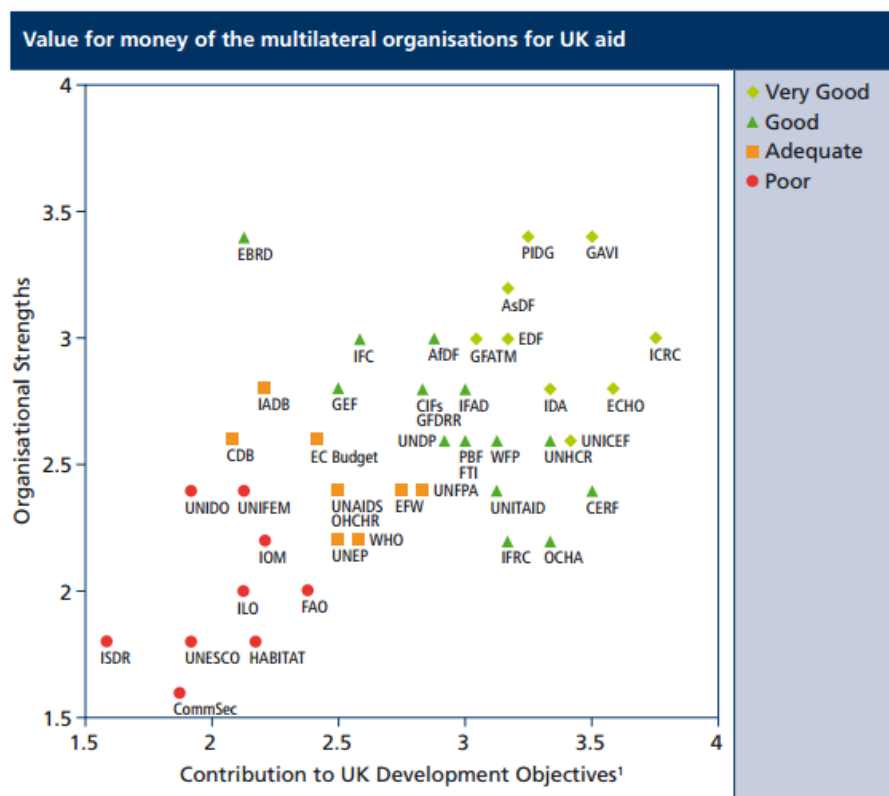
Where donors had moved to providing much greater flexible and un-earmarked funding, organisations sometimes reported the emergence of perverse influences, put down to a willingness to be less strategic when deliberating the allocation of 'other people's money'. However, the majority saw un-earmarked funding as where they wanted to be heading.

Whose organisation is it anyway?

Some interesting points were raised about the new geopolitical constructs and influences globally, and how the western “Anglo-Saxon” model of governance – often effectively constructed around a distinction between donor- and non-donor members – doesn’t always sit comfortably with those new balances of power and influence.

Annex 4

An example of how donors are assessing value for money in funding multilateral organisations



“The review confirmed that the multilateral system is a critical complement to what the UK government can do alone. Together the multilateral organisations mobilise large-scale funding, bring specialist expertise, support innovation, play pivotal leadership roles with other donors, have the mandates and legitimacy to help to deal with conflict situations, and provide a platform for action in every country in the world. Multilateral organisations – particularly those assessed as offering very good value for money for UK aid such as UNICEF, the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria – are saving poor people’s lives and increasing their life chances.

But the review also found that the system is complex and fragmented, with overlapping mandates and co-ordination problems. There was not enough evidence of multilaterals consistently delivering results on the ground, particularly in fragile states. Too many organisations lack a clear strategic direction, and systems to get the right staff in post at the right time, and ensure that management and staff are focused on achieving results and held to account for this. Most multilaterals are not paying sufficient attention to driving down costs or achieving value for money. Most multilaterals are not concentrating enough on gender issues. There is still much room for improvement for the multilaterals as a group on transparency and accountability. And poor partnership working between multilateral organisations is undermining the effectiveness of the system.”

Source: ‘Multilateral Aid Review – ensuring maximum value for money for UK aid through multilateral organisations’ (2011), Department for International Development, UK

Full report available at: <https://www.gov.uk/government/publications/multilateral-aid-review>

Annex 5

Relevant SPC reviews and regional reviews

The 2001 Review of SPC

The 2001 Review of SPC initiated and financially supported by Australia suggested:

- A greater focus on strategic planning;
- Donors make SPC funding more secure;
- Improving quality assurance and performance assessment systems;
- More efficiency and transparency; and
- A further strengthening of the governance mechanisms.

The 2005 Corporate Review

The 2005 Corporate Review, referring to Tony Hughes's study on regional architecture which was underway at the time, proposed a greater leadership role for SPC. For SPC's membership in particular, the equal status of each member should not be compromised.

Regional institutional framework

Tony Hughes's 2005 report on the regional institutional framework¹⁵ called for change to overcome coordination weaknesses and, more generally, to improve effectiveness and efficiency by consolidating the main regional organisations into a single "Pacific Commission". Among other issues, some stakeholders suggested the proposed dual governance arrangements were unworkable and that the status of territories, and of France and the United States of America, as full members of SPC might be jeopardised.

A subsequent *Report on Reforming the Pacific Regional Institutional Framework* (2006) made a series of recommendation including that:

- Existing CROP agencies be reorganised in a regional institutional framework that is based on three pillars:
 - A political and general policy institution – the Pacific Islands Forum and its secretariat;
 - A sector-focused technical institution – the Pacific Community and its secretariat; and

¹⁵ 'Strengthening Regional Management – A Review of the Architecture for Regional Co-operation in the Pacific: Report to the Pacific Islands Forum', Anthony Hughes, 2005.

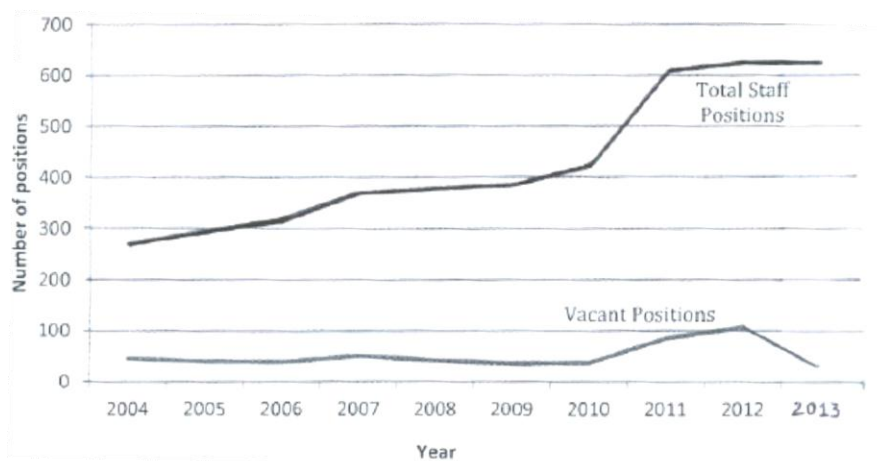
- Academic and training organisations, namely the Fiji School of Medicine, the Pacific Islands Development Programme and The University of the South Pacific.
- The Pacific Islands Forum Secretariat should, within two years, assimilate the current functions of the Forum Fisheries Agency that relate to political and international legal issues and negotiations.
- The Pacific Community Secretariat should, within two years, integrate the current work programmes of SOPAC, SPBEA, SPC and SPREP along with FFA's technical functions, in particular its fishery development work.
- SPTO should be integrated into the Pacific Community Secretariat if and when membership issues are addressed in a way that makes its integration feasible and desirable.
- Governance and management arrangements of the academic and training institutions that are current members of CROP – FSM, PIDP and USP – should not be changed as part of the proposed institutional reform process.

And for the Pacific Community and its secretariat, specifically:

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

Of these recommendations most have been implemented except for the merging of SPREP and SPTO into SPC.

As a consequence, SPC's responsibilities, services and staff numbers have grown substantially over the past ten years. (Chart, following page.)



2007 USP Governance Project

<http://www.gmesproject.usp.ac.fj/>

“As the leading higher education and training institution in the region, the University of the South Pacific is expected to model “good practice” in governance and management and to ensure that it operates ethical, transparent and effective systems and processes at all levels of its governance, managerial, academic, resource management and financial systems.

“The University Council and USP Management reached the view in 2007 that a comprehensive USP Governance and Management Enhancement & Strengthening Project was required to position USP to meet the overarching goals of quality and relevance and the focus areas of its Strategic Plan. Its aims would be to fulfil the objectives of Goal 5.2 of the USP Strategic Plan 2006-2010 to “Increase effectiveness of governance, administrative and management systems” and to address the recommendations of the external Quality Audit Report 2007 on governance and management.

“New Zealand ... as part of its Strategic Partnership with the University of the South Pacific ... enabled USP to embark on this Project. Through a Grant Funding Arrangement under its Pacific Regional Education Programme, NZAID will [was to] provide funding up to NZ\$1,201,439 for the Project between September 2008 and December 2010.

“[The initiative] offers the University an opportunity to consolidate and confront the many challenges that face universities in the twenty-first century and enables it to better respond to the needs of its member countries and the region. In that regard, the Project promises to be one of the most important initiatives for the University over the coming years.

“The USP Governance and Management Enhancement & Strengthening Project (2008-2010) [is] under the direct oversight and leadership of the Pro Chancellor and Chair of Council.”

<http://aid.dfat.gov.au/countries/pacific/fiji/Documents/university-south-pacific-evaluation-review.pdf>

"Funding basis and confidence

"USP operates in an uncertain funding environment. While some member countries pay their agreed contributions on time, others do not, and some have been, or are, years in arrears. The A\$2 million p.a. in the past triennial arrangement represented only a small percentage of the USP operating budget. An increase in core funding by the GoA would provide much needed certainty. It would also contribute to institutional strengthening given new management.

"However, the University has to do much work to improve its governance, management, administrative and support functions before AusAID might have confidence that the institution has been strengthened enough to deliver its core functions at an appropriate standard. And USP might need project funding to achieve this. Therefore the balance between core funding and project funding might not be fixed but shift in favour of core funding over the period of four years on the basis of demonstrated increased institutional capacity by USP to perform its core functions at a satisfactory level of quality and excellence."

The 2012 Independent External Review of SPC (IER)

The 2012 Independent External Review¹⁶ of SPC noted (IER Annex C) that SPC had undergone a series of organisational and programme-specific reviews since it began. Some of the reviews were commissioned by the Secretariat or its governing body, others by members and donors.

The IER was informed by:

- Corporate-wide reviews:
 - 1996 SPC corporate (organisational) review¹⁷;
 - 2005 SPC corporate (organisational) review;
 - 2012 Maximise Review of Corporate Services
- Member-initiated reviews:
 - 2001 AusAID independent review¹⁸
 - 2008 ANZ joint triennial review of ANZ support to regional organisations. This review involved all CROP (Council of Regional Organisations in the Pacific) agencies including SPC.
- External reviews of SPC programmes:
 - 1999 Library Services
 - 2000 Community Health Programme

¹⁶ 'Independent external review of the Secretariat of the Pacific Community: report prepared by the Independent External Review team', June 2012, SPC

¹⁷ 'Organisational Review of the South Pacific Commission', Savenaca Siwatibau, Bruce Davis and Makurita Baaro, October 1996.

¹⁸ 'Review of the Secretariat of the Pacific Community', Independent Report to the Australian Agency for International Development – Quality Assurance Series No. 27, Richard Her et al, October 2001.

- 2001 Oceanic Fisheries Programme
- Pacific Women's Bureau
- 2002 Regional Media Centre
- 2003 Land Resources Division
- Finance review
- Regional Maritime Programme
- Population and Demography Programme
- Coastal Fisheries Programme
- 2004 Pacific Youth Bureau
- 2005 Cultural Affairs Programme
- 2006 Public Health Programme
- 2011 Corporate and programme support services
- Reviews relating to organisational mergers and the RIF reforms involving SPC:
 - 2000 SOPAC–SPC integration study
 - 2006–2009 Various reviews related to RIF reform
- Review of SPC's core business:
 - 2010 KVA Consult – Long-term sustainable financing strategy for SPC: Part 1 – Core business
 - 2012 Report of the Expert Reference Group (ERG) appointed to assist in finalising the work on the Core business and Services that SPC should provide to members in the long term.
- Donor requirement reviews:
 - 2002 Global Fund Institutional Assessment
 - 2005 Global Fund Institutional Assessment [new grants]
 - 2007 Global Fund Institutional Assessment [new grants]
 - 2009 Global Fund Institutional Assessment [new grants]
 - 2007 EU Institutional Assessment
 - 2011 EU Institutional Assessment.

What the 2012 Independent External Review subsequently said about governance:

The IER reported that it recognised the value of SPC's governance arrangements (including the roles played by the CRGA and Conference) but also noted significant limitations, and recommended a series of adjustments to the organisation and its governance.

The IER suggested that the CRGA functions well as a body comprising delegates from the membership who represent the interest of their respective constituencies/countries but does not operate as a "board" that considers and makes decisions on SPC's core business including strategy and accountability.

- The key annual governance meetings for SPC should be chaired by a senior representative of the host government and should increasingly engage senior finance and planning officials from the region.

- The Secretariat's reporting to these meetings should be more results focused, should specify the allocation of resources to each member PICT and should include a summary of its progress on institutional reform.

A second set of IER recommendations involved proposals to strengthen and ensure more continuous interaction between SPC and its members:

- Support to SPC's proposal to establish an independent audit committee.
- In addition, the IER proposed the establishment of a second committee focusing on program and funding issues.
- It proposed that both committees would meet twice a year, once after the turn of the year (to review year-end financial and audit performance) and once before the annual CRGA meeting.
- The IER emphasised that for these groups to be effective, it would be important for participation to involve key officials, well briefed on the financial needs of SPC. Ensuring continuity of participation would be a clear asset in this regard.

A third area of concern to the IER was the need to ensure that the reform program proposed in this report is properly supported:

- A team of two to three people with appropriate management skills from outside SPC to be available to work with senior management on the implementation of the reform program.
- For SPC to complete the successful integration of SOPAC and SPBEA and to forge the single-organisation approach that is expected by both members and donors, it would be essential that all operations be brought into a single business framework that has a whole-of-organisation perspective. The challenge of developing corporate systems that work and effectively support the organisation would be substantial.
- The proposed roles of DDG Programs and DDG Finance and Services were deemed critical for the future of SPC. These two people must be able to work with the DG to bring together a disparate workforce and instil common values, common business models, common expectations of performance, and common high standards of service delivery.
 - The IER proposed that SPC establish three DDG positions – a Program DDG, a Finance and Services DDG and a DDG Special Representative for Suva. To provide systematic oversight of SPC's strategy and operations and to support the DG in managing SPC, the IER proposed that a Senior Management Team (SMT) composed of the DG, the three DDGs proposed above, and the Director of SEPPF be established.
- Reflecting this concern, the IER underlined the importance of having [all] key management functions located in Noumea.

Strengthening SPC's governance was subsequently included as a priority under SPC 2013-2015 Corporate Plan.

2013 Pacific Plan Review

Sir Mekere Morauta's wide-ranging review of the Pacific Plan in 2013, which consulted with over 700 Pacific stakeholders, noted a "palpable frustration" with progress towards greater regional integration and the continuing – quite possibly deepening – vulnerabilities and dependencies of the region as a whole. In particular he challenged the institutional set-up supporting regionalism, and pointed towards the governance and financing arrangements of Pacific regional organisations as being central to gaining direction and momentum.

The Pacific Islands Forum largely endorsed Sir Mekere's recommendations and has already put in place revised governance arrangements within the Forum Secretariat to better prioritise and strategize, recognising the need for political – as opposed to technocratic – leadership of the regional agenda.

While the 2013 Pacific Plan Review was not mandated to consider the regional institutional framework, its findings and recommendations leave no doubt in the reader's mind that the reviewers considered reform to the regional institutional architecture – and putting in place the right incentives for more effective and better coordinated regional organisations – 'unfinished business'.

Annex 6

SPC 2013 Funding Sources

(Source: SPC-provided spreadsheet)

CFP units	2013 ACTUAL			Equivalent in USD*
	Core	Project	Total	
Metropolitan members				
Australia	12,018,235	22,335,118	34,353,353	39,941,115
France	2,864,000	347,696	3,211,696	3,734,096
New Zealand - Core funding			-	-
New Zealand - Programme funding			-	-
New Zealand	2,044,447	3,635,710	5,680,157	6,604,066
United States of America	1,417,665	939,802	2,357,467	2,740,922
Total - metropolitan members	18,344,347	27,258,326	45,602,673	53,020,199
Island members				
American Samoa	58,600		58,600	68,132
Cook Islands	52,000	889	52,889	61,492
Federated States of Micronesia	69,000		69,000	80,223
Fiji	186,989	12,962	199,951	232,474
French Polynesia	131,000	276,727	407,727	474,046
Guam	69,000		69,000	80,223
Kiribati	69,000		69,000	80,223
Marshall Islands	52,000		52,000	60,458
Nauru	56,000	879	56,879	66,131
New Caledonia	1,395,464	1,407,906	2,803,370	3,259,354
Niue	43,000		43,000	49,994
Northern Mariana Islands	58,600		58,600	68,132
Palau	52,000		52,000	60,458
Papua New Guinea	131,000	44,701	175,701	204,280
Pitcairn Islands	43,600		43,600	50,692
Samoa	85,000		85,000	98,826
Solomon Islands	85,000		85,000	98,826
Tokelau	56,600		56,600	65,806
Tonga	85,000		85,000	98,826
Tuvalu	56,000	11,320	67,320	78,270
Vanuatu	85,000		85,000	98,826
Wallis and Futuna	43,600	940	44,540	51,785
Total island members	2,963,453	1,756,324	4,719,777	5,487,477
Total all members	21,307,800	29,014,650	50,322,450	58,507,676

Non-members				
ACIAR		1,111,006	1,111,006	1,291,717
Asian Development Bank		513,639	513,639	597,185
AFD		100,444	100,444	116,782
Bureau of Meterology Aust		437,911	437,911	509,140
Canada		32,370	32,370	37,635
Centre for Disease Control US		362,877	362,877	421,901
Commonwealth Secretariat		123,629	123,629	143,738
CTA		52,691	52,691	61,261
European Union		30,214,631	30,214,631	35,129,207
Food and Agriculture Organization		295,537	295,537	343,608
FFA		175,674	175,674	204,248
Global Environment Facility			-	-
Global Fund		9,475,790	9,475,790	11,017,079
GIZ (Germany)		501,499	501,499	583,071
Heinz Australia		85,068	85,068	98,905
ICLAR		24,028	24,028	27,936
IFAD		294,575	294,575	342,489
International Maritime Organization		234,099	234,099	272,176
IRD Noumea		146,268	146,268	170,059
ISSF		43,240	43,240	50,273
James Cook University		39,589	39,589	46,028
Japan		110,308	110,308	128,250
Korea		163,742	163,742	190,376
National Fisheries Authority PNG		274,860	274,860	319,567
Pacific Islands Forum Secretariat		296,231	296,231	344,415
SPREP		51,338	51,338	59,688
Taiwan (ROC)			-	-
The Netherlands			-	-
UNDP		929,277	929,277	1,080,429
UNESCO		16,381	16,381	19,045
UNICEF		332,205	332,205	386,240
UN other		898,949	898,949	1,045,168
UN WOMEN			-	-
UNFPA			-	-
UN Intl. Strategy for Disaster Reduction			-	-
University of Hawaii		60,579	60,579	70,433
WCPFC ('Tuna Commission')		1,669,365	1,669,365	1,940,896
World Bank		461,427	461,427	536,481
World Diabetes Foundation		12,565	12,565	14,609
Other partners		1,470,572	1,470,572	1,709,769
Non-members	-	51,012,364	51,012,364	59,309,804
Other income and from reserves		-	-	-
Total	21,307,800	80,027,014	101,334,814	117,817,480
				* 1 USD = 86.01

Annex 7

Participation at CRGA meetings, 2003-2013

The review sought some data on trends in participation at CRGA meetings, following the concern raised that the seniority and experience of representatives is declining over time.

The review is grateful to SPC for the following analysis:

The requested study of the typology of CRGA participants from 2003 to 2013 looked at the evolution in:

- The category of participants; and
- The typology of office involved.

The results are presented per year and per country in the following spreadsheet, one column for each year being for the type of participants category (M for Minister, S for Secretary, OB for Other Bureaucrats) and the second column for the typology of office (FA for Foreign).

A first simple analysis of the results figures lead to few remarks:

- There is no direct trend (increase or decrease) observed in the category of participants involved. There is overall the same number of Ministers, Secretaries and other bureaucrats attending CRGA, along years and within each of the member countries.
- Regarding the number of participants per country, there are a few delegations outnumbering others during some years (22 persons for Samoa in 2007, 13 for Palau in 2005) surely related to the location of the meeting. Some delegations do often have several participants consistently, such as Australia, France and New Caledonia.
- Regarding the countries attending, most countries always attended, except Palau and Northern Mariana. Palau has been absent for the past three years. (And the UK ceased attending of course when it retired from its SPC membership.)
- Looking at the typology of office involved in CRGA, it is interesting to note that there has been a large increase in the involvement of technical partners during this event. From planning to fisheries, science, transport and climate change or land management offices, many new type of partners have been attending. This might be a hint on shifting of CRGA's 'role' - members countries seeing themselves as SPC's technical partners rather than the diplomatic and institutional partners.
- Regarding the involvement of funding agencies into CRGA, Australia and New Zealand are taking part in every CRGA meeting, while only recently (2008) did the AFD (French Funding Agency) and USAID (in 2011) start attending regularly.

See SPC-provided spreadsheet, next page.

Year	2003		2004		2005		2006		2007		2008		2010		2011		2012		2013		
	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	category participants	office typology	
Chair	OB	FA	secretary	FA	M	FA	OB	FA	M	FA	M	FA	S	FA	M	FA	M	FA	M	FA	
Vice-Chair	OB	FA	M	FA	OB	FA	OB	FA	M	FA	M	FA	M	FA	M	FA	M	FA	M	FA	
American Samoa	OB	FA			minister	FA			M	FA	M+2OB	FA	M	FA	M+OB	FA	OB2	FA			
Australia	M	FA	OB	FA	OB 3, Minister2, secretary	FA, Part	M 1, OB 4	FA, Consulate	M, OB	FA, consulate	M+3OB	FA+ 2 consulate	M+2 consul	FA+ consul	M+OB3+S	FA+consulate	M+Cconsul+S+OB2	FA, consulate	M2,S, consul, OB	FA, consulate	
Cook Islands	OB	FA	OB	FA	OB	FA	OB	FA	S+OB	FA, planning/prime minister	OB	FA	S+OB	FA	OB	FA	OB2	Ministry of Foreign inf. and Planning	OB	reg prog & disaster risk mangt	
FSM	M	FA	M	FA	S 2	FA	M	FA	M+S3+OB	FA	M	FA	M+S+OB	FA/archit bureau	OB	FSM embassy Suva	M+S	FA	S2+M	FA	
Fiji	S4	FA	S	FA	M+OB	FA	OB	FA	OB+S2	FA	OB+S	FA	S+OB	FA	M+OB	FA	M+OB	FA	M2+OB3	FA, Min industry, strategic planning	
France	S1+OB	FA	M	FA	M+OB	FA	M+OB	FA	M2	FA	M+OB	FA+ AFD	M+OB	FA	M+OB4	FA+ AFD 3	M+OB7	FA, AFD	M2+OB2	FA	
French Polynesia	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	M	FA	
Guam			OB	FA	OB	Statistics														OB	FA
Kiribati	M+S	FA	M	FA	M2,OB1	FA	M+S	FA	M+S	FA	M	FA	M	FA	M+OB	FA	M+OB	FA, planning	M2+S2	FA	
Marshall Islands	M	FA	M	FA	M, S	FA	M	FA	M+OB	FA+Marine Res. Authority	M	FA	M	FA	M2+S+OB	FA	S	FA	M2+S2	FA	
Nauru					S	FA	S	FA	M+OB	FA+Marine res. Authority	OB	FA	OB	FA	OB	FA	OB	FA	M+S+OB	Home affairs, FA	
New Caledonia	OB 3	FA, Education	OB 7	FA, Provinces, energy dept, coop reg	OB 3	FA	OB 4	FA	OB	FA	OB3	FA	S+4OB	FA, Provinces	OB16	FA, Gov., Univ., Provinces, agric, fisheries, stat, health	OB4	FA	OB2	FA	
New Zealand	OB	FA	M2	FA	M1	FA	OB	FA+ consulate	OB 2	FA	OB3 (consul 2)	FA + consulate	OB	Consul+FA	OB4	FA, Consulate2	OB3	FA, consulate	S+2OB	FA	
Niue	S	FA	OB	FA	OB	Trade Comm.	S	FA	S+OB	FA	S	FA	OB	FA	S	FA	S	FA	M+S+OB	FA	
Northern Mariana																		OB	FA		
Palau	OB	FA	OB	FA	M+ OB 12	FA, Health, educ, Agric, Fisheries, Commerce, social, community	OB	FA	OB	FA	OB	FA	OB	FA							
PNG	M+S+OB	FA	M	FA	S	FA	M	FA	M+S	FA	M	FA	M+OB	FA	M	FA	M	FA	M+OB12+S3	FA, finance, agr, planning, transport, treasury, C.C., land	
Pitcairn			M	FA	M	FA			M+OB	FA	M2	FA	OB	FA	M	FA					
Samoa	S+OB	FA	OB 2	FA	S 2	FA	OB	FA	OB 22	FA, finance, agr and fish, Stat, youth and women	OB	FA	OB	FA	OB	FA	OB2	FA	M+OB12+S3	FA	
Solomon islands	S	FA	S	FA	OB	FA	S	FA	M+S	FA	S2	FA	S+4OB	FA, Planning, inshore fisheries, agriculture	2 S	Planning office, FA	OB	FA	M3+S2+OB	planning, dev pt, FA	
Tokelau	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA	OB	FA						M2+OB2	Health, FA
Tonga	S	FA	S2	FA	S, M	FA	S	FA	S	FA	S	FA	2S+OB	FA	S+OB	FA, fisheries forests	OB	FA	S+OB	FA	
Tuvalu	M+OB	FA	M + OB	FA	M	FA	M+OB	FA	M+OB	FA	M+OB	FA	M+S+OB	FA			S+M	FA	M	FA	
UK	M	FA																			
USA	OB2	FA	OB 2	FA	OB 2, S	FA	OB+S	FA	OB 2	FA	OB	FA	M+2OB (env)	Embassy in Fiji	OB3	US embassy in Fiji, FA, Usaid	OB	OFA, office of energy, env, science	M+OB5	FA, Science, envt, USAID	
Vanuatu	OB	FA	OB	FA			OB	FA + consulate	OB	FA	OB2	FA+consulate	OB	FA	OB+ consul	FA+consulate	OB3	FA	OB3	FA	
Wallis and futuna	OB3	territory	OB 3	territory	OB 2, S	territory	S+ 2OB	territory+cultural affairs	OB3	territory rep	4OB	territory rep	OB4	FA + territory	OB	Territory	OB	territory	OB2	territory, agriculture	

Legend The results are being presented per year and per country:

- the first column for each year being for the category of participants: M = Minister; S = Secretary; OB = Other Bureaucrats
- the second column for the typology of office: FA = Foreign Affairs

Pink shading = Involvement of technical partners

Green shading = absent

