

Working Group Briefing #3

14 August 2014

Midway through the review, this briefing note summarises some of the principal issues and options emerging from the review team's consultations with member countries, SPC management, and other international organisations, and from its reading and research to date.

Its purpose is to provide the Working Group with prior sight of what the team considers to be some of the potential parameters defining SPC governance requirements, to be debated at the 19 August meeting.

Briefing Note #3 represents work in progress. We continue to welcome any and all feedback on the direction being taken and look to the Working Group for a steer on where the review should focus its efforts in the final phase of its work.

I. What we have learned

The governance of international membership organisations *in general*

- Members emphasise the legitimacy and importance of each and every member having their voice heard on a regular basis;
 - But with that comes:
 - Governing bodies are so large and ritualised that their effectiveness is significantly compromised;
 - Variable seniority, specialisation (political/administrative/technical) and quantity of participation;
 - "Representation of national interests" predominates over the "representation of the interests of the organisation and its objectives";
 - The perennial problem of properly governing and funding *international* public goods¹ in a development context: national priorities invariably hold more sway;
 - High meeting costs to both organisations and members.
- There are particular trials and tribulations for organisations that are majority-funded by external donors:
 - "Bilateralisation" of governance. 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.

¹ That is to say (without getting into overly complicated economic definitions) the delivery of benefits and services that is better organised and managed through collective action at the *international* level, as opposed to being organised and managed through collective action at the *national* level. (For various reasons.)

- 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] oversight mechanisms.
- This, in turn, can lead to vicious circles: parallel donor governance → marginalised governing bodies → suboptimal governance → further incentives for bilateralisation.
- But 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.
- Nonetheless, while the trend is for donors to move towards core funding the incentives for earmarked funding remain (not least in terms of visibility and attribution). Trends and priorities may change quickly as they are politically dependent.
- In practice it appears that, in many organisations, both donors and middle-management prefer to set up bilateral deals.
- The need to be clear about the roles and responsibilities of governing bodies vs. the roles and responsibilities of management.
- The importance and impact of appropriate, high quality, briefing materials; induction of committee members; excellence in chairing; ‘real’ issues to debate and strategic choices to be made as opposed to ‘noting’, ‘endorsing’ and rubber-stamping.

Why governance is important – including for SPC

- Good governance is needed to advance the organisation’s aims and objectives efficiently and effectively, such that it best serves its members’ and other stakeholders’ collective needs. Those needs will always be evolving. (And have certainly evolved since SPC was established.)
 - So what the organisation is about, what it is trying to achieve and how, both now and in the foreseeable future, needs to be continuously shaped and challenged by its governing bodies.
 - The ‘Governance Areas’ outlined in Briefing Note #1 seem to be standing up to scrutiny.
 - *N.B.* SPC is a technical and scientific organisation serving a development agenda. ‘What success looks like’ for such an organisation is going to be different to, for example, PIFS.
 - Note the special role of ministerial and sectoral meetings outside of the established governing bodies.

- Is the governing body governing the organisation’s programmatic content, or is it governing the fitness and ability of the organisation to make the right programming choices?
- There is a growing and more explicit frustration with inefficient and unwieldy international organisations:
 - Sense of needing to “refresh” such organisations’ fitness for purpose and concepts of efficiency.
 - Funding won’t be getting easier.
 - ‘Zero Nominal Growth’ in running costs now a *lingua franca* for international organisations
 - Rationalisation, collaboration, bigger bang-for-bucks being expected by all (members and funders).
- First signs in the Pacific region too – e.g. 2014 Forum Leaders Communiqué on rationalising regional meetings; 2013 Pacific Plan Review; contemporary policy positions of major funders.
- Wider contextual issues:
 - Regional institutional architecture.
 - Duplication, lack of meaningful collaboration, expense, governance and management challenges.
 - But where are the incentives for change?
 - Alternative financing models developing, incentivising (requiring) better performance.
 - Alternative service-delivery and knowledge-management models / providers.
- There is a role – and tactical advantage – in SPC leading the reforms implied by the above and being part of shaping a more fit-for-future-purpose regional institutional architecture – including smart, efficient, to-the-point and influential governance arrangements.

Strengths and weaknesses of current arrangements

- Strengths
 - Given the inherent constraints to governing any international membership organisation, SPC is not doing too badly!
 - So it’s about being modern and forward-looking, not about fixing something that is badly broken.
 - The high degree of delegation to the DG that is accepted, and with which members are comfortable, is a real asset.
 - For much of all this is actually about management and leadership.
 - Major SPC are donors already moving towards more flexible programmatic, funding.
 - The organisation remains valued.

- Weaknesses
 - Perceived downward trend in the seniority and influence of delegations.
 - “Show and tell”, and “note and endorse” governing body agendas.
 - Sometimes less-than-strategic direction being provided by the governing bodies:
 - National interest vs regional issues
 - Lack of debate over how SPC is to remain fit for purpose, dependent on changing contexts
 - Critical analysis of programme of work and budget, performance, etc.
 - Holding donors to account
 - Difficulty (as elsewhere) in championing multi-sectoral working
 - Currently missing the opportunity to lead the way with respect to regional institutional governance, as SPC could/should be.

II. Exploring Governance Models for SPC

The Working Group could consider what elements of SPC’s governance system are important to SPC’s success and the interests of its members. These might include questions around:

- universality of representation;
- frequency of meetings;
- the types of people who should attend and their skills, roles and responsibilities;
- the appetite for change; and
- costs.

The Working Group could then consider how these values could be incorporated into possible governance models for SPC.

Examples of possible models – or concepts – which have emerged from discussions with members and other international organisations are presented below. They are not recommendations: it is probable that different models (or combinations of models) will emerge from the workshop discussion and be stress-tested for their appropriateness to SPC.

Model 1– retain current arrangements – same composition and practices

Governance Body	Meeting 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	6 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	DG	DG has broad delegated powers. Sets agenda and briefs CRGA & Conference powers.
Sector Heads / Ministers	Varies – average 2 years	Sector Ministers of all PICTS	Influences work programs that go to CRGA/Conference (but with what authority?)
Comment	Donors have their own M&E, Review and funding decision processes		

Model 2– Build capacity and leadership of existing governance bodies in Model 1

This would involve the same composition of governing bodies as Model 1 and include training of CRGA chairs and representatives on their roles and responsibilities, assistance with analysing papers and preparing questions for clarification, strategic thinking and decision making. SPC would be supported to produce more useful CRGA and Conference papers and set items with options for clear decisions. It should be noted that change in SPC briefing is already underway and will be evident at the 2014 CRGA.

Model 3– Less frequent CRGA meetings with more sub-committees

(Yellow highlighting represents changes from Model 2 above.)

Governance Body	Meeting Frequency (once every)	Representatives	Authority
Conference	2 years	Every Member (26) Ministers – Foreign Affairs	Decisions
CRGA	2 years	Every Member Senior Officials – Foreign Affairs +	Firm recommendations to Conference
Sub-committees			
- Audit & Risk	6 months	1 x member rep and 2 x independents	Appoints independent auditors, reports to CRGA/Conference
- Program and budget	6 months	x member reps, y Donor & z independents	Provide clear options and firm recommendations
- Performance & Relevance	6 months	x member reps, y Donor & z independents	Provide clear options and firm recommendations
Working Groups	Various	Various	Recommends to CRGA/Conference
SPC	Ongoing	DG	DG has broad delegated powers. Sets agenda and briefs CRGA & Conference
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Comment	Donors have their own M&E, Review and funding decision processes		

Model 4 – Members represented by merit-based representatives.

As with Model 1, all members are directly represented. However, the person representing each Member at CRGA is selected on merit and is not automatically a senior official and may have business, community, governance, technical experience, etc. The representative would be briefed by Ministries of Foreign Affairs and the offices of the leader (PM, President etc.). This group may demand their own sub-committees and be stronger advocates for SPC in their home countries.

Model 5 – Members represented by merit-based and sub-regional representatives.

Conference would remain as the sole body for universal (one for one) member representation and decisions. It would meet every 2 years and be informed by a hard-edged CRGA/sub-committee made up of sub-regional representatives and independents. This may be closest to the notion of a modern 'board' which might meet every 6 months or so. It may also have a role in advocating and extending SPC's work in countries – here board members could advise SPC of any political and cultural implications of its technical advice and advocate its uptake.

Model 6 – Conference meets every year

Model 7 – Leaders’ Level Conference

Conference meets every 2 years at leaders’ level on the back of PIF as part of a broader leaders’ discussion on development. CRGA meets on the back of FOC every 2 years to prep for Leaders’ Conference. This model is beyond SPC Conference’s authority to decide, but may meet Leaders’ calls for less regional meetings and closer alignment of regional organisations.

In all cases the Regional Sector / Ministerial meetings should be reviewed for overlaps and frequency in line with the 2014 PIF Leaders’ directions to lessen regional meeting demands. The role of these meetings in proposing/endorsing or approving SPC sector work plans needs to be clarified and communicated.

In all cases the roles of the official governing bodies and the internal donor governance arrangements and incentives will need to be considered.

III. Contacts

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