

**KVA**Consult Ltd

Ph: (685) 25 345  
Fax: (685) 22 087

P.O. Box L 6579  
Apia, Samoa

E-mail: [kva@kvaconsult.com](mailto:kva@kvaconsult.com)  
[kva@samoa.ws](mailto:kva@samoa.ws)  
Website: <http://www.kvaconsult.com>

## **SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME**

### ***Strengthening Regional Linkages: Cost Benefit Analysis of Establishing a Sub-Regional Presence***

#### **Part I: MAIN REPORT**

**7 August 2012**

## TABLE OF CONTENTS

1. EXECUTIVE SUMMARY .....	6
Criteria for SPREP Sub-Regional or In-Country Presence.....	8
Approaches to Sub-Regional Presence for SPREP .....	9
Summary of Sub-Regional Presence Options and Cost Implications.....	12
A Suggested Way Forward.....	15
2. CONTEXT AND BACKGROUND .....	16
a. DECISION OF 21st SPREP MEETING .....	16
b. GOWTY REPORT RECOMMENDATIONS.....	16
c. DECISION OF 22nd SPREP MEETING .....	16
3. TERMS OF REFERENCE .....	17
4. AGGREGATION OF RESPONSES FROM CONSULTATIONS WITH SPREP MEMBERS AND STAKEHOLDERS .....	18
a. KEY FINDINGS.....	18
b. APPROACHES TO SUB-REGIONAL PRESENCE FOR SPREP .....	21
5. CRITERIA FOR SPREP SUB-REGIONAL PRESENCE OR IN-COUNTRY PRESENCE .....	25
6. COST BENEFIT ANALYSIS .....	27
a. OPTION 1 – SUB-REGIONAL OFFICES CO-LOCATED WITH OTHER CROP AGENCIES OR REGIONAL ORGANISATIONS.....	28
Scenario 1.1 FSM: Co-location with SPC North Pacific Regional Office.....	29
Scenario 1.2 RMI: Co-location with PNA or UN Agency.....	29
Scenario 1.3 Republic of Vanuatu: Co-location with MSG Secretariat .....	30
Scenario 1.4 Solomon Islands: Co-location with FFA or SPC Solomon Islands Country Office.....	31
Option 1 Scenario Comparatives .....	31
b. OPTION 2 – SINGLE AGENCY OR COUNTRY OFFICE .....	33
Scenario 2.1 Federated States of Micronesia .....	33
Scenario 2.2 Republic of the Marshall Islands .....	34
Scenario 2.3 Republic of Palau.....	34
Scenario 2.4 Solomon Islands .....	35
Scenario 2.5 Republic of Vanuatu.....	35
Scenario 2.6 Papua New Guinea .....	36

Option 2 Scenario Comparatives .....	36
c. OPTION 3 – SPREP SIS DESK OFFICER (ADAPTED MODEL).....	38
d. OPTION 4 – STATUS QUO.....	39
7. SUMMARY OF OPTIONS AND COST IMPLICATIONS.....	41
a. Sub-Regional Office co-located with other CROP agencies or similar regional organization.....	41
b. Single Agency or Country Office .....	42
c. Adapted SPREP SIS Desk Officers Model .....	42
d. Status Quo.....	43
8. A SUGGESTED WAY FORWARD .....	44

#### [ATTACHMENTS:](#)

ATTACHMENT 1. TERMS OF REFERENCE .....	46
ATTACHMENT 2. SUMMARY OF CONSULTATIONS .....	49
ATTACHMENT 3. LIST OF PERSONS CONSULTED .....	58
ATTACHMENT 4. LIST OF DOCUMENTS REVIEWED .....	65
ATTACHMENT 5. COST BENEFIT ANALYSIS METHODOLOGY AND ASSUMPTIONS .....	66

## LIST OF TABLES AND FIGURES

---

Table 1: Summary of Costs Benefit Analysis (Options 1 to 3).....	14
Table 2: Summary of Costs Benefit Analysis (Option 4).....	15
Table 3: CBA Scenario 1.1 FSM Co-Location with SPC .....	29
Table 4: CBA Scenario 1.2 RMI Co-Location with PNA or UN Agency.....	29
Table 5: CBA Scenario 1.3 Vanuatu Co-Location with MSG Secretariat .....	30
Table 6: CBA Scenario 1.4 Solomon Islands Co-Location with FFA or SPC.....	31
Table 7: CBA Comparative Option 1 North Pacific.....	32
Table 8: CBA Comparative Option 1 South Western Pacific .....	32
Table 9: CBA Scenario 2.1 FSM Single Agency/Country Office .....	33
Table 10: CBA Scenario 2.2 RMI Single Agency/Country Office.....	34
Table 11: CBA Scenario 2.3 Palau Single Agency/Country Office .....	34
Table 12: CBA Scenario 2.4 Solomon Islands Single Agency/Country Office .....	35
Table 13: CBA Scenario 2.5 Vanuatu Single Agency/Country Office.....	35
Table 14: Scenario 2.6 CBA PNG Single Agency/Country Office .....	36
Table 15: CBA Comparative Option 2 North Pacific.....	36
Table 16: CBA Comparative Option 2 South Western Pacific .....	37
Table 17: Estimated Costs to Host Country under Single Agency/Country Office Option .....	37
Table 18: CBA Option 3 SPREP SIS Desk Officer .....	39
Table 19: CBA Scenario 4.1 Status Quo Base Case.....	40
Table 20: CBA Scenario 4.2 Status Quo Variation .....	41
Table 21: Summary of Cost Benefit Analysis (Options 1 to 3) .....	43
Table 22: Summary of Cost Benefit Analysis (Option 4) .....	44
 Figure 1. SPREP Budget Progression 2002 - 2012 .....	 40

## LIST OF ACRONYMS

ACP	African Caribbean Pacific
CBA	Cost Benefit Analysis
CROP	Council of Regional Organisations in the Pacific
DSA	Daily Subsistence Allowance
EDF	European Development Fund
EPOC	ESCAP Pacific Operations Centre
EU	European Union
FFA	Forum Fisheries Agency
FSM	Federated States of Micronesia
GEF	Global Environment Facility
GFC	Global Financial Crisis
GIZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HCA	Host Country Agreement
ICR	Independent Corporate Review
IUCN	International Union for Conservation of Nature
MOU	Memorandum of Understanding
MSG	Melanesian Spearhead Group
PEC	Pacific Environment Community Fund
PICTs	Pacific Island Countries and Territories
PIFS	Pacific Islands Forum Secretariat
PNA	Parties to the Nauru Agreement
PNG	Papua New Guinea
RAO	Regional Authorising Officer
REP	Renewable Energy and Energy Efficiency Project
RIF	Regional Integrated Framework
RMI	Republic of the Marshall Islands
SIS	Small Island States
SISDF	Small Island States Desk Officer
SM	SPREP Annual Meeting
SPC	Secretariat for the Pacific Community
SPBEA	South Pacific Board of Educational Assessment Division of SPC
SOPAC	Applied Geoscience and Technology Division of the SPC
SPREP	Secretariat of the Pacific Regional Environment Programme
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
USA	United States of America
USP	University of the South Pacific

## 1. EXECUTIVE SUMMARY

**The 2009 Report on the Independent Corporate Review (ICR) of SPREP** called on Members to consider implementing a strategy of decentralizing Secretariat activities within the region in order to improve its effectiveness at the operational level. Rather than employing the current ‘fly-in, fly-out’ approach, the ICR called for the placement of Secretariat staff in strategic sub-regional locations which would allow for sufficient time for both Government staff in the relevant PICTs that require extensive support, and Secretariat personnel to achieve planned outcomes.

**The 21st SPREP Meeting** endorsed the concept of establishing a subregional presence for SPREP and called for the Secretariat to investigate options. The Secretariat commissioned independent consultant David Gowty who presented a report to the 22nd SPREP Meeting. The Gowty Report identified a number of sub-regional approaches and key recommendations for the consideration of Members for a sub-regional presence in Melanesia and Micronesia.

**The 22nd SPREP Meeting** noted the recommendations of the Gowty Report as being exploratory in nature and directed the Secretariat to undertake further financial and risk analysis with which to guide their decision-making on the possibility of establishing a sub-regional presence for SPREP. The meeting also identified the following approaches to be further evaluated:

- Establishing of sub-regional offices, including co-location with other CROP Agencies;
- Periodic sub-regional forums;
- Project – based regional presence;
- Country desk officers based at SPREP Headquarters; and
- Placement of SPREP staff in line agencies in-country.

**KVAConsult was engaged to undertake a comprehensive Cost Benefit Analysis (CBA) of the options considered in the Gowty Report and as identified in the Report of the Friends of the Chair<sup>1</sup>.** The study methodology included meetings with senior Government Officials in Ministries of Foreign Affairs and of SPREP’s technical focal points, other CROP Agencies, Pacific Regional Organizations and Development Partners in countries visited and teleconferences with representatives of Member Countries not visited.

**The CBA Report (Report) provides summary descriptions of the main approaches for a sub-regional presence for SPREP. The Report also provides comparative cost benefit analysis of these approaches** to help guide the SPREP Members in their evaluation of the most cost effective and efficient delivery of regional services to support the achievement of priority national environmental and climate change outcomes.

**The Report also highlights the key findings and messages relating to the sub-regional presence initiative that came out of the consultations with Member Countries and key SPREP Stakeholders.**

---

<sup>1</sup> A report developed at the 22<sup>nd</sup> Annual SPREP Meeting by select Member Country Representatives in response to the Gowty Report which identified a pathway forward for the Secretariat to explore.

Most persons consulted were supportive of the concept of the Secretariat engaging a sub-regional presence to assist Member Countries with most need and where there is commonality of focal areas that require SPREP assistance. There were however, various views expressed as to how it would best be served in terms of approach and implementation.

While the main objective of the sub-regional presence was viewed as improving the implementation of SPREP's programme delivery and helping Members to implement projects in-country, Members felt it was critical to the sub-regional presence that any proposed expansion does not impact negatively or detract from the existing service delivery of the Secretariat to all its Member Countries.

Views also expressed a cautionary and incremental approach to establishing a sub-regional presence, conscious of the limited resources available and the limited technical capacity of the Secretariat as identified in the SPREP Strategic Plan 2011-2015 (Strategic Plan). Concerns on a sub-regional presence were also based on perceived fragmentation to the work of SPREP and current trends of CROP Agencies to synergize resources as prescribed through the RIF. Furthermore, given the current economic climate and in the wake of the Global Economic Crisis, Member Countries have competing demands on resourcing of national budgets and priorities regionally and are unwilling to consider any increases to membership contributions to fund a major sub-regional initiative.

Members were generally supportive of establishing a sub-regional presence in the North Pacific, targeting improved, cost effective and sustainable service delivery based on the most need and expense of service delivery due to geographic and related cost constraints of managing assistance to Members in this particular region from SPREP Headquarters in Apia. During country visits two location options were put forward - Pohnpei and Majuro. The MATA Communiqué<sup>2</sup> from the Micronesian Presidents Summit held in Majuro on 5 July 2012 noted that the Presidents of the Federated States of Micronesia and the Republic of Palau have supported the bid by the Republic of the Marshall Islands to host the SPREP sub-regional office for the North Pacific.

There were mixed views however on the need for a sub-regional presence in the South Western Pacific based on existing access to development assistance and technical capacity in-country, although Members recognized the need for SPREP to engage in a more structured way with other CROP Agencies and Regional Bodies to enhance collaboration and coordination of their respective services to support the achievement of national priority development outcomes in the relevant areas covered by their mandates. The Memorandum of Understanding recently signed by SPC and the MSG Secretariat which sets out areas of shared responsibility was cited as a model framework for such a collaborative partnership.

Increasing partnerships with other agencies at regional and international levels to deliver targeted national-level activities is one of the '*strategic shifts*' highlighted in the Strategic Plan in a '*not business as usual*' approach to making choices to match the expectations of Members to the Secretariat's current or anticipated future resources.

---

<sup>2</sup> 12<sup>th</sup> Micronesian Presidents Summit MATA Communiqué 5 July 2012

SPREP's financial regulations recognize two main funding categories – core funding and non-core funding. Non-core funding has two components, programme funding and project funding. Funding of the core budget, mainly from Members' assessed contributions, on the other hand has not increased in the 10 year period and currently accounts for approximately 14%<sup>3</sup> of the Secretariat's total budget for 2012. Without any considerable increase in core funding in the foreseeable future, the capacity of the Secretariat to support and sustain a sub-regional presence will be severely constrained.

Development Partners who are Members of SPREP have indicated they were not prepared to provide additional funding resources to meet the cost of a sub-regional presence and would support a sub-regional presence only if it was '*cost neutral*'. All Members consulted were unwilling to increase membership fees to fund a sub-regional presence.

### Criteria for SPREP Sub-Regional or In-Country Presence

The Report also suggests other considerations to complement the critical cost benefit analysis in guiding the Secretariat and its Members in the continuing review of the most cost effective and sustainable approaches to taking services to Members. These suggestions are:

- a. **To establish a minimum threshold level of the size or scale of the work programme and budget that the Secretariat delivers to its Members** and whether it warrants a sub-region or individual Member to benefit from the costs associated with establishing a sub-regional or in-country presence to help coordinate, manage and report on project implementation to the Members and to the Secretariat. Programme and budget information provided by the Secretariat indicates that in the last 3 years (up to 31 December 2011):
  - on average, 7 Members received assistance less than \$100,000 per annum;
  - on average, 6 Members received between \$100,000 and \$200,000 in assistance;
  - the remaining Members received between \$200,000 and \$400,000 except one who received slightly over \$600,000 of assistance in the year 2011.
  - In addition to assistance directly provided to Members at the national level, Members also benefit from regional programmes delivered by SPREP on behalf of all its Members which is 68% (USD\$ 7.0 million) of the total average of SPREP grants and assistance provided from 2009 to 2011.
- b. **A sub-regional office must have clearly articulated and specific goals** as well as measurable performance indicators to enable close monitoring of performance and review by the Secretariat of the continuing justification for each office or sub-regional presence. The effective and efficient delivery of SPREP services to its Members in the geographic area served by that office would be an ideal goal but will need to be continually evaluated against measurable indicators.
- c. **Member Countries interested in hosting a SPREP sub-regional or country presence must commit to Host Country Agreements (HCA)** which clearly articulates the roles and responsibilities of parties, including the following:

---

<sup>3</sup> SPREP Work Programme and Budget 2012



- Provision by the host country at its cost of adequate office accommodation for SPREP staff based in the country and those visiting periodically from Headquarters to undertake technical assistance work in the sub-region or in the country. Office space will include provision for a meeting/library room;
  - Facilitation of office access to adequate communications, power, water and security services;
  - Facilitation of residence and work permits/visas for SPREP contracted staff and families;
  - Facilitation of privileges and immunities (where appropriate);
  - Assistance in the provision of staff housing;
  - Tax free status for the office and SPREP staff who are not nationals of the host country; and
  - Some contribution to operating costs/maintenance of the office.
- d. **Sub-Regional Approaches be subject to a Cost Benefit Analysis:** CBA is an analytical tool used for assessing the financial soundness of the different approaches being considered for a sub-regional presence. It involves an analysis of the cost effectiveness of different alternatives in order to gauge whether the benefits outweigh the costs.

The operations and performance of all sub-regional presence options that may be implemented must be subject to periodic cost benefit analysis to ensure the perceived benefits to the Members being supported by such sub-regional presence and the Secretariat are not outweighed by the financial and human resources costs.

## Approaches to Sub-Regional Presence for SPREP

- a. **Option 1: SPREP Co-location:** This approach involves SPREP establishing a sub-regional office or a geographical office to coordinate and deliver targeted services for specific Members. The approach also involves co-location with an existing CROP Agency or comparable institution including sharing office accommodation, support staff, and corporate services and administrative, accounting and communication systems of that agency.

Four different scenarios under Option 1 have been presented below with co-location in:

- 1.1 **Federated States of Micronesia:** based on the recommendation by Gowty to co-locate with SPC;
- 1.2 **Republic of Marshall Islands:** based on the consultations with RMI authorities and the resolution of the Presidents of Palau, FSM and RMI at the 12<sup>th</sup> Micronesian Presidents' Summit on 5 July 2012, held in Majuro to support the bid by RMI to host a SPREP sub-regional presence;
- 1.3 **Republic of Vanuatu:** based on the recommendation by Gowty, feedback from Member Countries and the April 2012 MSG Leaders Declaration on Environment and Climate Change following the Leaders' Summit.
- 1.4 **Solomon Islands:** based on the feedback from consultations for SPREP to co-locate with SPC or FFA.

- b. **Option 2: Single Agency or Country Office:** Single Agency scenarios are presented for establishment of single agency offices in six countries listed below. The selection of the countries are based upon feedback from Member Countries of possible single agency locations (both from consultations undertaken by Gowty in 2011 and KVAConsult in 2012).

- 2.1 **Federated States of Micronesia**
- 2.2 **Republic of the Marshall Islands**
- 2.3 **Republic of Palau**
- 2.4 **Solomon Islands**
- 2.5 **Republic of Vanuatu**
- 2.6 **Papua New Guinea**

- c. **Option 3: SPREP SIS Desk officer (Adapted Model):** A good working model which Members may consider is the current PIFS arrangement of contracting desk officers in SIS Members to assist with the coordination, implementation and reporting to Members and to PIFS on the Pacific Plan.

The feedback from country consultations was positive towards the adaptation of the PIFS SIS/ Pacific Plan desk officer model as an effective approach to providing support to Member countries through the placement of technically qualified persons in the SPREP technical focal points particularly in the small island states. Critical areas for consideration however are the skill set that will be required in terms of specific expertise in the SPREP strategic priority areas that will have to be targeted to the host country, project management, monitoring and evaluation skills, as well as policy coordination and person capabilities for relationship building between the Secretariat and the Host country.

Several Member countries consulted advised they are prepared to work with SPREP to adopt a phased approach that would take into consideration the concerns of Development Partners that a sub-regional initiative be cost effective and that SPREP may not have funding for establishing a stand-alone office. In this regard, many countries noted that SPREP may need to look at first appointing desk officers (similar arrangements as the PIFS SIS/Pacific Plan desk officers) to assist with the national coordination and implementation of SPREP assisted national projects.

- d. **Option 4: The Status Quo:** The status quo option is a ‘*do nothing*’ option where the current situation remains and no sub-regional presence is implemented. This option is driven by a number of factors which include:
- The concerns of Members that any sub-regional presence should be ‘*cost neutral*’ and will not require any increase in assessed annual membership contributions to SPREP;
  - That priority attention be given to address the issues identified in the Strategic Plan 2011 – 2015 related to the Secretariat’s limited technical capacity and insufficient staff to respond effectively to the increasing expectations of Members; and
  - Concerns about possible impact of sub-regional approaches resulting in fragmentation and undermining of SPREP’s base or capacity to serve all its Members.

Through discussion with the SPREP Executive Management it is understood they are consolidating the work of the Secretariat to improve its service to Members, while at the same time working collaboratively with partner agencies to enhance its funding mechanisms for the long term benefit of Members.

The SPREP Executive Management have expressed their intention to establish a Strategic Policy, Planning, Monitoring and Evaluation Unit within the Secretariat to enhance its capacity to coordinate larger projects including the role of the GEF Implementing Agency for the Pacific as the lead CROP agency for Climate Change.

Two scenarios have been developed under Option 4:

- 4.1 **Status Quo Base Case** (no change to existing operations)
- 4.2 **Status Quo Variation** (establishment of the Strategic Policy, Planning, Monitoring and Evaluation Unit)

In terms of possible options on a sub-regional presence the SPREP Executive has taken a '*neutral position*' based on the view that the sub-regional presence study is Member driven and the Secretariat will be guided by the decisions to be taken by its Members based on this report. It is very much aware however of the challenges presented by its current limited resources.

#### e. Other Options and Issues

- (i) **Project-based Regional or Sub-Regional Presence:** This option is appropriate for the implementation of a large donor funded multi-country environment or climate change related projects requiring technical experts or advisers to be based in countries to assist with project implementation and close coordination with national focal points. Project based regional or sub-regional presence is limited to the duration of project funding so that experts engaged and based in Member countries for implementation and monitoring of national components of the project will leave when the project is completed or when project funds run out. A good example of such an arrangement is the North Pacific Renewable Energy Project (North REP) funded by the EU covering the Federated of Micronesia, the Marshall Islands and Palau where energy advisers are based in each of the three countries and supported by a small management team based in the SPC North Pacific Regional Office in Pohnpei.
- (ii) **Periodic Sub-Regional Forums:** An option for the Members to consider is to encourage more sub-regional forums, meetings, trainings and workshops especially for the North Pacific Members. Convening sub-regional meetings in the North Pacific is more cost effective and allows more representation from Members to attend compared to the cost of sending one participant per country to Samoa or Fiji for 'regional' meetings or workshops. Travelling to regional forums held in the south takes senior officials away from work and impacts on the capacity of Members to implement projects in-country. It was also suggested the number of meetings be reduced. Sub-regional forums in the north can be

linked to the annual Micronesian Presidents' Summit<sup>4</sup> and the Micronesian Chief Executive Officers meetings which are held to discuss key issues of common interest, mutual benefit and co-operation.

- (iii) **Country Specific SPREP Strategies:** A number of country representatives consulted were supportive of the Secretariat exploring the value of country specific SPREP strategies as a management tool to strengthen priority setting of national-level and regional activities that the Secretariat will support. These strategies will reflect the specific national development outcomes mutually agreed to by the individual Member and the Secretariat to be supported as well as the agreement between the two parties of their mutual obligations in terms of the counterpart contributions of the Member and the specific technical and advisory assistance to be provided by the Secretariat to ensure the successful achievement of the agreed outcomes.

## Summary of Sub-Regional Presence Options and Cost Implications

In considering the various scenarios of the CBA each aspect of costs and benefits are valued in monetary terms over a period of five years based on data made available at the time. The CBA has been undertaken in strictly financial terms only. There are however important qualitative factors both in terms of potential benefits and risks highlighted by Members during the consultation process which have not been factored into the analysis but will need to be considered together the CBA results when deciding on the preferred options for a sub-regional presence.

The following is a summary of the CBA outcomes based on the sub-regional presence options:

**a. Sub-Regional Office co-located with other CROP Agencies or similar regional organization.**

**Northern Pacific:**

- First:** Co-location with PNA Secretariat or UN in Majuro, RMI  
**Second:** Co-Location with SPC North Pacific Office in Pohnpei, FSM  
**Third:** Single Agency or Country Office in Palau

*(Note: The benefits to SPREP and Members from coordinated approaches and synergies of co-locating with SPC given their complementary and sometimes overlapping mandates are not factored in the CBA).*

**South Western Pacific:**

- First:** Co-location with MSG Secretariat in Vanuatu  
**Second:** Co-Location with SPC or FFA in Solomon Islands  
**Third:** Single Agency or Country Office in Vanuatu

---

<sup>4</sup> The Micronesian Presidential Summit is held annually where membership includes the Presidents of the Federated States of Micronesia, Republic of Palau and the Republic of the Marshall Islands. The Micronesian Chief Executive Officers Summit meets annually and sometimes twice a year subject to the key issues requiring discussion. Membership includes the Governments of the Federated States of Micronesia, the Republic of Palau and the Republic of the Marshall Islands.

*(Note: As with the North Pacific option, the benefits from coordinated approaches and synergies of co-locating SPREP in the South Western Pacific with the SPC, FFA or the MSG Secretariat given the complementary nature of their technical mandates are not factored into the CBA).*

**b. Single Agency or Country Office**

In terms of the limited core funding resources of SPREP, the current economic climate affecting most of the Pacific Development Partners and the unwillingness of Members to increase their assessed membership contributions to the organisation, the option of establishing single agencies or country offices is costly and unsustainable.

**c. Adapted SPREP SIS Desk Officers Model**

Members generally favored this model as a cost effective means of providing the Secretariat and their technical focal ministries in the small island states an in-country capability to assist with the coordination, planning, project management including monitoring and reporting to the Member and to the Secretariat on all SPREP supported or facilitated services and technical assistance to the Member on an ongoing basis. Table 1 below provides the summary CBA of placing SPREP technical desk officers in its technical focal ministries based on host country agreements, engagement of appropriately qualified and skilled personnel and provision of support services similar the arrangements currently in place for PIFS SIS desk officers.

The Secretariat may decide not to place desk officers in all SIS members and instead selectively place them in those Members where the need is justified in term of the relative size of the SPREP work programme in the country as well as the need for capacity supplementation to enable the national focal point to effectively coordinate and manage such programme.

Table 1 below depicts the outcomes of the CBA for the various scenarios under Options 1 to 3 including ranking based on the least excess of costs over benefits.

**d. Status Quo**

The comparative CBA for the two different Status Quo scenarios are summarized in Table 2.

Table 1: Summary of Costs Benefit Analysis (Options 1 to 3)

	OPTION 1		OPTION 2		OPTION 3	Overall Ranking
	5 yr Annual Average	Rank	5 yr Annual Average	Rank	5 yr Annual Average	
NORTHERN PACIFIC						
Federated States of Micronesia						
Total Benefits	70,194		53,486			2
Total Costs	205,794	2	290,352	3		Co-Location
Excess of Costs over Benefits	-135,599		-236,866			5
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390		2,390			Single Ag
Republic of Marshall Islands						
Total Benefits	85,169		70,177			1
Total Costs	214,387	1	279,979	2		Co-Location
Excess of Costs over Benefits	-129,217		-209,802			4
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,343		2,343			Single Ag
Republic of Palau						
Total Benefits			80,101			3
Total Costs			285,993	1		Single Ag
Excess of Costs over Benefits			-205,893			
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View			2,343			
SOUTHWESTERN PACIFIC						
Republic of Vanuatu						
Total Benefits	101,875		84,293			1
Total Costs	225,449	1	268,778	1		Co-Location
Excess of Costs over Benefits	-123,574		-184,485			3
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390		2,390			Single Ag
Solomon Islands						
Total Benefits	96,894		65,013			2
Total Costs	223,138	2	276,094	2		Co-Location
Excess of Costs over Benefits	-126,244		-211,081			4
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,331		2,331			Single Ag
Papua New Guinea						
Total Benefits			75,004			
Total Costs			294,152	3		5
Excess of Costs over Benefits			-219,148			Single Ag
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View			2,480			
SPREP SIS Adapted Model						
Total Benefits					399,535	
Total Costs					410,592	1
Excess of Costs over Benefits					-11,057	

**Table 2: Summary of Costs Benefit Analysis (Option 4)**

<b>OPTION 4</b>	<b>5 Yr Annual Average</b>
<b>Status Quo Base Case</b>	
Total Benefits	0
Total Costs	0
<b>Excess of Costs over Benefits</b>	<b>0</b>
<b>Status Quo Variation</b>	
Total Benefits	0
Total Costs	229,148
<b>Excess of Costs over Benefits</b>	<b>- 229,148</b>

## A Suggested Way Forward

The Report suggests that Members and the Secretariat proceed cautiously with the implementation of a sub-regional presence in the light of the difficult economic environment the Development Partner Agencies and Members are experiencing as well as the current limited funding resources of the Secretariat. The following prioritized steps as key components of a minimal but strategic way forward for a SPREP sub-regional presence for the remaining period of the Strategic Plan and including a critical capacity building initiative to strengthen the capacity to engage with Development Partner Agencies that provide project and programme funding to the Secretariat and to its Members.

1. Proceed with a minimal sub-regional presence in the North Pacific which is the sub-region with the greatest need because of its geographic remoteness and cost of managing and delivering services from Apia as well as weak national capacities.
2. The North Pacific sub-presence can either be a sub-regional office co- located with an existing CROP Agency or a similar Pacific regional organization, headed by a Sub-regional Coordinator and supported by a SPREP contracted technical desk officer in each of the two countries other than the country hosting the office. The desk officers will be placed in the SPREP focal contact ministry in each country.
3. The other option is to place a SPREP contracted desk officer in the technical focal ministry in each of the 3 Members in the North Pacific.
4. SPREP will negotiate with the MSG Secretariat in Port Vila, Vanuatu, a partnership agreement which will provide a structured and formal arrangement to collaborate and coordinate the work programmes and service delivery of the two organizations to the South Western Pacific sub-region, namely Papua New Guinea, Solomon Islands and Vanuatu. There will be no need to place a SPREP staff member in the MSG Secretariat.
5. Maintain the status quo representing a ‘do nothing’ option for the Secretariat is not a satisfactory option at all. The Report strongly endorses the initiative of SPREP Executive Management to establish a Strategic Policy, Planning, Monitoring and Evaluation Unit within the Secretariat.

## 2. CONTEXT AND BACKGROUND

The 2009 Report on the Independent Corporate Review (ICR) of SPREP called on Members to consider implementing a strategy of decentralizing Secretariat activities within the region in order to improve its effectiveness at the operational level. Rather than employing the current ‘fly-in, fly-out’ approach, the ICR called for the placement of Secretariat staff in strategic sub-regional locations which would allow for sufficient time for both Government staff in the relevant PICTs that require extensive support, and Secretariat personnel to achieve planned outcomes.

### a. DECISION OF 21st SPREP MEETING

The 21st SPREP Meeting in Madang endorsed the concept of establishing a subregional presence for SPREP and called for the Secretariat to investigate options. The rationale for establishing a sub-regional presence is to further strengthen and better align SPREP Member activities with the SPREP Strategic Plan 2011-2015 and fulfill its regional mandate which is: *“To promote cooperation in the Pacific region and to provide assistance in order to protect and improve its environment and ensure sustainable development for present and future generations”*.

### b. GOWTY REPORT RECOMMENDATIONS<sup>5</sup>

The Gowty Report commissioned by SPREP in response to the decision of the 21st SPREP Meeting recommended the following options:

- Option 1: Co-location with a CROP or other agency
- Option 2: Single Agency with a number of staff supporting various regional projects
- Option 3: Single Agency with a number of staff dedicated to supporting national projects
- Option 4: Single Agency with staff dedicated to supporting a national project

### c. DECISION OF 22nd SPREP MEETING

The 22nd SPREP Meeting in Apia directed the Secretariat to undertake financial and risk analysis of the Gowty Report recommendations and of the following approaches identified by the Friends of the Chair to guide Members in their consideration of cost effective approaches to establishing a sub-regional presence:

- Establishment of sub-regional offices, including co-location with other CROP agencies;
- Periodic sub-regional forums;
- Project-based regional presence;
- Country desk officers based at SPREP Headquarters; and
- Placement of SPREP staff in line agencies in country.

---

<sup>5</sup> Gowty 2011, *Preliminary Report to Assist the SPREP Secretariat in Exploring Options for Establishing a Sub-Regional Presence in the Pacific Region*.



### 3. TERMS OF REFERENCE

KVAConsult Ltd was engaged towards end June 2012 to undertake a comprehensive Cost Benefit Analysis of the options considered in the Gowty Report and approaches as suggested in the Report of the Friends of the Chair.

The approach undertaken for the Cost Benefit Analysis was as follows:

1. **Literature Review, Desk Review and Research:** included the review of SPREP policies and plans, annual work programmes and budgets, actual expenditure for the period 2007 to 2012 and the Gowty Report and supplementary documentation. A full list of the documents reviewed is attached for information (*Attachment 4*).
2. **Survey Questionnaire:** It was agreed that given the very low response rate from Members to the previous survey questionnaire and time constraints, the consultations with Members would be conducted through a combination of selected country visits and teleconferences.
3. **Country Visits:** consultations and country visits were undertaken between 28 June and 27 July 2012. The following countries were selected:
  - **Fiji** due to the location of PIFS and SPC, key development partners in the Region and Diplomatic Offices of several Pacific Island Members of SPREP;
  - **Federated States of Micronesia** for meetings with National Government officials, SPC North Pacific Regional Office personnel, the WCPFC Secretariat and to learn about the experience of the SPC North Pacific Regional Office;
  - **Republic of the Marshall Islands** for consultations with RMI authorities and the PNA Secretariat;
  - **Solomon Islands** for consultations with Solomon Islands authorities, the management of FFA and Head of the SPC Solomon Islands Country Office;
  - **Vanuatu** for consultations with the Vanuatu Government and the MSG Secretariat; and
  - **Samoa** for consultations with the Government of Samoa as Host Country for the SPREP Secretariat, the Australian and New Zealand diplomatic missions based in Apia as well as the Tokelau Administration headquartered in Apia.
4. **Teleconferences:** teleconferences were arranged and held with representatives of Member countries that were not visited.

The complete list of persons consulted during the country visits and through teleconferences is found in Attachment 3. Although best efforts were made to arrange and coordinate teleconferences with Member Countries not visited, as of 7 August 2012, teleconferences with four Member Countries had yet to be completed (American Samoa, Cook Islands, Republic of Palau and the Kingdom of Tonga).

5. **Presentation to SPREP Management:** A presentation of the draft report was made to Senior SPREP Management for their inputs and comments in August 2012 ahead of the 23rd SPREP Meeting.

## 4. AGGREGATION OF RESPONSES FROM CONSULTATIONS WITH SPREP MEMBERS AND STAKEHOLDERS

### a. KEY FINDINGS

- Most persons consulted were supportive of the concept of SPREP engaging a sub-regional presence to assist Member countries with most need and where there is commonality of focal areas that require SPREP assistance, however there were various views expressed as to how it would best be served in terms of approach and implementation.
- Critical to the sub-regional presence is that any proposed expansion does not impact negatively or detract from the existing service delivery of the Secretariat to Member Countries. The main objective of the sub-regional presence is viewed as improving the implementation of SPREP's programme delivery and helping Members to implement projects in-country, rather than the *'fly-in and fly-out'* approach that is currently used.
- A key aspect identified in the consultation process was whether the Secretariat has the capacity both in terms of technical and financial resources with which to support such an initiative and whether the expansion of the work of SPREP at a sub-regional level will truly add value to the aspiration of Member countries. There is also real concern about the impact of pursuing an aggressive sub-regional presence of SPREP given issues identified in the Strategic Plan related to limited technical capacity and insufficient staff to respond effectively to the expectations of Members.
- Other key issues relating to a sub-regional presence were based on perceived fragmentation to the work of SPREP and current trends of CROP Agencies to synergize resources as prescribed through the RIF. Furthermore, given the current economic climate and in the wake of the Global Economic Crisis, Member Countries have competing demands on resourcing of national budgets and priorities regionally and are unwilling to consider any increases to membership contributions to fund a major sub-regional initiative.
- It was raised that the Members which require the most assistance from the Secretariat are the Micronesian and smaller Polynesian countries. The Melanesian countries on the other hand were generally perceived to be relatively better placed to respond to national needs due to greater access to bilateral and multilateral development assistance, where they have relatively stronger human and financial capacities in the public sector, and are rich in natural resources. There is however a consensus view emerging that if there is to be a SPREP sub-regional presence outside of Apia in the immediate to medium term it will need to be one targeting the North Pacific Members because of their remoteness and cost of service delivery from Apia.
- There is general support for SPREP co-locating with another CROP agency as a *'logical'* option to minimize the costs of setting up an office and to enhance collaboration and coordination of assistance that is responsive and better targeted to Members needs. Improved coordination to

minimize overlaps were highlighted in the North Pacific as a positive impact of a sub-regional presence there.

- The model of SPC in both Melanesia and the North Pacific is viewed as the benchmark in terms of a possible approach should SPREP seek to adapt a co-location model for furthering its sub-regional presence. Persons interviewed noted the existing synergies between the two CROP agencies of SPC and SPREP as technical agencies, where there are complementarities and compatibility. However there is some concern that SPC has a larger mandate, institutional arrangements and work programmes that co-location may subsume the work of SPREP to the detriment of the latter. SPC supports co-location with SPREP. SPC is continuing to build up its staff numbers in the Northern Pacific and this may require SPREP looking at its own office premises in the long term.
- There is merit in examining how MOUs between CROP Agencies and other Pacific Regional Organizations similar to the recent SPC - MSG Secretariat arrangement could be used to enhance coordinated regional, sub-regional as well as national interventions to enable cost effective and efficient service delivery to assist Members achieve their priority development outcomes in sectors covered by their respective mandates. This is to ensure enhanced synergy, minimize duplication of efforts and resources, but most of all to ensure project and programme implementation has greater impact on Member Countries and their respective peoples.
- FFA uses a number of avenues to establish its presence in the region and sub-region, where all of its work and engagement must be justified as an integral technical part of a programme being implemented. The contracted FFA personnel involved are directed by the terms and conditions of the FFA programme. FFA views this approach as providing flexibility and allays the fears of the donors and major funding countries to their regular budget.
- With respect to the Melanesian countries consulted, the role and importance of SPREP was noted but there is a desire to enhance at the ground level in-country capabilities of Members of the MSG. An initiative is in the pipeline for the establishment of an Environment and Climate Change Unit to be established within the MSG Secretariat in Port Vila, Vanuatu. It is at the conceptual phase where they are still developing the framework, work plan and costing for its establishment. This is a critical area where SPREP will require greater engagement with the MSG Secretariat to discern what the best approach would be for the Melanesian sub-region.
- Concern was also raised on the use of sub-groupings defined on “Micronesian” and “Melanesian” as it was viewed as a problematic issue for countries such as Nauru and Kiribati which are integral to Micronesia but would see little or no added value if a sub-regional office or equivalent is established in the North Pacific.
- Several Member Countries consulted are prepared to work with SPREP to adopt a phased approach that would take into consideration the concerns of Development Partners that a sub-regional initiative be cost effective and that SPREP may not have funding for establishing a stand-alone office. In this regard, many countries noted that SPREP may need to look at first

appointing desk officers (similar arrangements as PIFS SIS/Pacific Plan desk officers) to assist with the national coordination and implementation of SPREP assisted national projects.

- A modified model of the PIFS SIS/ Pacific Plan desk officer was also looked upon favorably by Members interviewed but that the effectiveness of the position was often subject to the person recruited in terms of their capabilities and knowledge of national processes as well as their ability to coordinate and link national issues with the work of the PIFS. Specific skill sets and experience of the position would require knowledge in national processes, policy coordination, project management and monitoring. Preference for technically qualified and experienced national officers who will be able to assist with project implementation based in the SPREP technical focal points evaluation of projects.
- Some concern from Development Partners that any sub-regional presence should be strictly on the basis of cost effectiveness and cost neutrality. The counter view is that there will always be a cost to deliver services to any Member but will vary from Member to Member depending on distance from Apia, the frequency and competitiveness of sea and air travel, national capacities and Members' commitment to contribute to the funding and implementation of national projects. Some suggested it was '*naive thinking*' and the question was asked *if it is not cost effective to provide a service or assistance to a Member, does that mean SPREP should not be providing that service? What if no one else is providing that service?*
- All interviewees noted the issue of cost implications to Member countries should SPREP explore a greater sub-regional presence where comments varied from: (a) a user pays concept; (b) to development assistance available subject to competitive process; and (c) the sub-regional presence of SPREP should be viewed as a long term investment that will add value and cut costs in the long term. Furthermore the current economic climate was also viewed as a critical consideration for Members to consider, where a sub-regional presence in the wake of the GFC, is viewed as premature.
- Some Members suggested that SPREP look at reducing the number of regional meetings (whether Ministerial or Officials), workshops and training in the south, mainly in Fiji and Samoa. Instead it was suggested it is far more cost effective and relevant to the Members in the north to convene these meetings and workshops on a sub-regional basis. Examples cited by Officials in the north and by SPC Officers in the Pohnpei Office suggest that a sub-regional meeting held in Guam for example which includes 3 to 4 participants is still much cheaper than sending one representative from each country to a regional meeting in Fiji or Samoa.
- It was raised that SPREP needed in the interim to develop an overarching policy or guideline with regards to decentralization (similar to SPC initiative and UNEP). UNEP developed such a policy in 2009 to assist in determining UNEP's strategic presence worldwide. The main emphasis was on clearly defining the roles and responsibilities of UNEP's presence in the regions and at Headquarters; UNEP's physical presence in the regions; and leveraging additional regional and country capacity through various UNEP initiatives and projects.

Please refer to *Attachment 2* for the Summary of Consultations.

## **b. APPROACHES TO SUB-REGIONAL PRESENCE FOR SPREP**

A number of options or approaches to a sub-regional presence for SPREP were identified in the Gowty Report and by the Friends of the Chair Report. These are briefly described below:

### **(i) Establishment of Sub-Regional Offices, including Co-Location with other CROP Agencies**

This approach involves SPREP establishing a geographical office to provide services or to respond promptly to enquiries from a group of its Members with such office either sharing office accommodation with an existing CROP Agency in the same location or with some other Pacific Regional Organization. Examples of this approach are possible co-location with PNA or USP in Majuro or with SPC in Pohnpei for a sub-regional office in the North Pacific and with SPC or FFA in Honiara or with the MSG Secretariat in Port Vila for a sub-regional office for the South Western Pacific (Solomon Islands, Papua New Guinea and Vanuatu).

The goal of a sub-regional office will be the effective and efficient delivery of SPREP services to its Members served by that office. Its key objectives will be to maintain close relations with the governments of the Members served by the office and to coordinate the delivery of SPREP's technical services to Members and including representation of SPREP at sub-regional and national planning and policy forums or dialogue related to its mandate and programmes.

The benefits of this approach are:

- A more cost-effective way of establishing a presence in the country by sharing costs;
- The agency is able to expand staff and programme activities incrementally and relatively smoothly;
- Personnel are able to engage in professional cross sectoral interaction in a creative and fruitful collegial environment; and
- Enhanced coordination and coherence of sub-regional approaches and programme activities by the co-located agencies resulting in cost effective and efficient service delivery to members.

On the other hand, the risks of this approach as highlighted by Gowty are:

- That one agency may dominate office space and facilities, unfairly cost split and the arrangement lead to divided loyalty amongst shared support staff;
- Ending the co-location arrangement could lead the remaining agency or agencies disadvantages; and
- Shared offices may experience personality issues where one agency staff person is unable, for various reasons to happily share the office space harmoniously.

### **(ii) Establishment of Country Presence or Offices in selected Member Countries to provide an in-country focal point for all SPREP assisted or facilitated work in a country.**

The criteria for selection of qualifying Member Countries for such offices will need to be developed but will generally be based on the size of SPREP supported or facilitated programmes

in a country and the need for technical assistance and capacity supplementation support for the Member to effectively implement the programme.

This approach will involve the options of either SPREP setting up its own stand-alone office or placing SPREP contracted staff in the line ministries who are its technical focal points in the countries. An example of a country office dedicated to supporting, coordinating and reporting on implementation of a large agency programme at national level is the SPC Country Office in the Solomon Islands (*refer to Case Study 1*).

*Case Study 1: Country Office*

**SPC Solomon Islands Country Office**

The goal of SPC's Solomon Islands Country Office is the effective and efficient delivery of SPC services to Solomon Islands. The office has a key role in facilitating the implementation of the Solomon Islands-SPC joint country strategy. It also supports SPC field staff in Solomon Islands and visiting staff from other SPC locations.

Objectives include:

- Maintain excellent relations with the Solomon Islands Government and with Honiara-based missions of SPC Members and development partners.
- Coordinate delivery of SPC's technical services to Solomon Islands.
- Manage the country office in accordance with SPC corporate policies and procedures
- Contribute to maintaining effective liaison between all SPC offices.

A good working model which SPREP may adopt is the current PIFS arrangement of contracting desk officers in SIS Members to assist with the coordination, implementation and reporting to Members and to PIFS on the Pacific Plan (*refer to Case Study 2 below*). Responsibilities of the PIFS SIS Desk Officers include:

- Provide advice to Government and other stakeholders of the Forum Leaders' decisions and Secretariat's programmes, resources and assistance available from the PIFS and other CROP agencies and through the Pacific Plan.
- Liaise with Government on the implementation and mainstreaming of the Pacific Plan initiatives into national planning processes and provide such assistance as appropriate.

*Case Study 2: Pacific Plan Desk Officer in Vanuatu*

**Work of a Pacific Plan Desk Officer**

Ms. Moana Matariki was seconded in 2010 from the Ministry of Trade for the Government of Vanuatu and serves as the Pacific Islands Forum Secretariat Pacific Plan Desk Officer within the Ministry of Foreign Affairs. Ms. Matariki's role includes field coordination for PIFS and assisting with the exchange of information between the various agencies. As part of her role as the Pacific Plan Desk Officer she also assists other CROP agencies with logistics in setting up meetings and has been active in supporting SPC with the necessary in-country preparations for establishing a Melanesian sub-regional office in Port Vila in the next 12 months.

The Pacific Plan Desk Officer is based within the Ministry of Foreign Affairs through a Host Country Agreement where the host government agrees to pay for the overheads of operating the office and the PIFS agrees to meet the costs associated with Ms. Matariki's salary, travel and support training in Suva. For practical purposes the PIFS employs Ms. Matariki under a consultancy service agreement where there are set milestones, tasks and workplans which she must meet. Her key point of contact within the PIFS is the SIS/ Pacific Plan Programme Officer who serves as the overall programme coordinator for the Smaller Island States Desk Officers and the Pacific Plan Desk Officers located throughout the Pacific in the Cook Islands, Niue, Kiribati, Tuvalu, Marshall Islands, Palau, and Vanuatu.

*Case Study 3: CROP Agency Model Forum Fisheries Agency*

**Sub-Regional Engagement by CROP Agency Based on Technical Needs Assessment**

FFA uses a number of avenues to establish its presence in the region and sub-region but all must be justified as an integral technical component of an existing programme. The programme being implemented and the contracted FFA personnel involved are guided by the terms and conditions of the specific FFA programme. FFA views this approach as providing flexibility and helps to allay fears by donors and major funding countries, in terms of impact to their regular budget. FFA operates on the principle of an efficient centralized management and administrative operations, with technical expertise decentralized when justified and linked to resourcing from an existing FFA programme.

Based on a Country Service Level Agreement with each country FFA determines if the country needs are temporary or long term and can be accommodated by an existing design and resourcing of an existing programme so that any FFA presence is fully funded by the programmes and not through the regular budget. FFA has the Solomon Islands, Kiribati and Tuvalu covered under this option. FFA also has a programme whereby it supplements the salary of a contact person in the respective Ministry of Fisheries to act as the FFA information collection and coordination person in each country. This is also covered under the Country Service Level Agreement. FFA has established its presence in the Federated States of Micronesia by attaching an FFA contracted technical person with the SPC sub regional office in Pohnpei. The engagement by FFA is periodically reviewed and has to be justified on technical grounds in order for it to continue. FFA also has sub regional programmes for each of the sub regions which are designed to address common sub-regional interests.

Related to this option is the placement of country desk officers in SPREP headquarters to assist with the planning, coordination and reporting of SPREP services to their respective countries. An added benefit of such arrangement is building the capacity of desk officers by working alongside the programme staff at SPREP and gaining a good understanding of SPREP programmes and how their respective countries can better access and benefit from these.

**(iii) Project-Based Regional or Sub-Regional Presence**

This option is appropriate for the implementation of large donor funded multi-country environment or climate change related project requiring technical experts or advisers to be based in countries to assist with project management and implementation and close coordination with national focal points. Project based regional or sub-regional presence is limited to the duration of



project funding so that experts engaged and based in Member countries for implementation and monitoring of national components of the project will leave when the project is completed or when project funds run out, whichever comes first. A good example of such an arrangement is the North Pacific Renewable Energy Project (North REP) funded by the EU covering the Federated of Micronesia, Palau and the Marshall Islands where energy advisers are based in each of the three countries and supported by a small management team based in the SPC Pohnpei office (*refer to Case Study 4 below*).

*Case Study 4: North-REP Programme a Partnership with Development Partner the EU, and Northern ACP Members the Federated States of Micronesia, Republic of Palau and the Republic of the Marshall Islands with CROP Agency SPC.*

#### **North-REP Programme a Creative Approach to a Real Need from a Development Partner Perspective**

Three Northern Pacific ACP Members pooled resources of 14.4 million Euro of EDF 10 resources under the Renewable Energy and Energy Efficiency Project (North-REP) Programme, which had been identified for the development of the energy sectors in the Federated States of Micronesia, Palau and the Republic of the Marshall Islands. The North-REP Programme is a unique model for a greater sub-regional presence which the EU with the respective Member countries has been directly involved with developing in partnership with SPC. The SPC's regional office for the Northern Pacific in Pohnpei, houses the North-REP management office with Energy Specialists based in their respective countries. The rationale for the undertaking was the complexities in the EDF funding processes for the three countries and that it was a creative approach to address a real need.

The funding is through a Multi-country Programme where funds are pooled according to country allocation. The Contribution Agreement is a contract between the EU and SPC to manage and deliver the programme, where SPC oversee the administration, technical expertise and inputs as well as the overall implementation. In addition to delivering the programme SPC also receives a separate management fee over and above the budget of the programme which includes the administration and technical inputs that are provided to support the delivery and implementation of the programme. From a different perspective it could be argued as an example of Member countries being empowered into urging an agency to deliver according to its mandate.

#### **(iv) Periodic Sub-Regional Forums**

An option for the Members to consider is to encourage more sub-regional forums, meetings, trainings and workshops especially for the North Pacific Members. Convening sub-regional meetings in the North Pacific is more cost effective and allows more representation from Members to attend compared to the cost of sending one participant per country to Samoa or Fiji for 'regional' meetings or workshops. Travelling to regional forums held in the south takes senior officials away from work and impacts on the capacity of Members to implement projects in-country. It was also suggested the number of meetings be reduced. Sub-regional forums in the north can be linked to the annual Micronesian Presidents' Summit<sup>6</sup> and the Micronesian Chief

<sup>6</sup> The Micronesian Presidential Summit is held annually where membership includes the Presidents of the Federated States of Micronesia, Republic of Palau and the Republic of the Marshall Islands. The Micronesian Chief Executive Officers Summit meets



Executive Officers meetings which are held to discuss key issues of common interest, mutual benefit and co-operation.

#### **(v) Country Specific SPREP Strategies**

A number of country representatives consulted were supportive of the Secretariat exploring the value of country specific SPREP strategies as a management tool to strengthen priority setting of national-level and regional activities that the Secretariat will support. These strategies will reflect the specific national development outcomes mutually agreed to by the individual Member and the Secretariat to be supported as well as the agreement between the two parties of their mutual obligations in terms of the counterpart contributions of the Member and the specific technical and advisory assistance to be provided by the Secretariat to ensure the successful achievement of the agreed outcomes.

The country strategies will take into consideration what the other development partner agencies and CROP agencies are doing in the member country to minimize duplication and overlaps and to recognize the likely impact of additional work at national level on the capacity of implementing agencies and ministries.

These strategies will not only assist in strengthening the relevance, responsiveness and effectiveness of SPREP interventions and work at country level but will also represent a positive response to the following key messages from the Strategic Plan:

- SPREP needs to increase its delivery of national-level activities;
- SPREP needs to continue to work at the regional level but also ensure that this is clearly where SPREP can add value;

## **5. CRITERIA FOR SPREP SUB-REGIONAL PRESENCE OR IN-COUNTRY PRESENCE**

The Report also suggests other considerations to complement the critical cost benefit analysis in guiding the Secretariat and its Members in the continuing review of the most cost effective and sustainable approaches to taking services to Members. These suggestions are:

- To establish a minimum threshold level of the size or scale of the work programme and budget that the Secretariat delivers to its Members** and whether it warrants a sub-region or individual Member to benefit from the costs associated with establishing a sub-regional or in-country presence to help coordinate, manage and report on project implementation to the Members and to the Secretariat.

In 2012, the annual budget for SPREP is USD\$ 14.0 million compared to that of peer CROP Agency SPC that receives an estimated USD\$ 17.0 million for Climate Change and Environmental

---

*annually and sometimes twice a year subject to the key issues requiring discussion. Membership includes the Governments of the Federated States of Micronesia, the Republic of Palau and the Republic of the Marshall Islands.*

related development assistance. The SPC Solomon Islands Country Office was established in 2009 to manage a sizable country programme due mainly to funding resources including the Global Fund to fight HIV/AIDS, tuberculosis and malaria, provided through SPC for the health sector.

Programme and budget information provided by the Secretariat indicate that on average, 7 Members received SPREP assistance in the last 3 years (up to 31 December 2011) of less than \$100,000 per annum; 6 Members received between \$100,000 and \$200,000 in assistance, and the rest received between \$200,000 and \$400,000 except for Fiji which received slightly over \$600,000 of assistance from SPREP in 2011. In addition to assistance directly provided to Members at national level, Members also benefit from regional programmes delivered by SPREP on behalf of all its Members.

- b. **A sub-regional office must have clearly articulated and specific goals** as well as measurable performance indicators to enable close monitoring of performance and review by the Secretariat of the continuing justification for each office or sub-regional presence. The effective and efficient delivery of SPREP services to its Members in the geographic area served by that office would be an ideal goal but will need to be continually evaluated against measurable indicators.

In addition to the effective and efficient delivery of SPREP services to its members, a sub-regional office will have similar goals as the SPC Solomon Islands Country Office, namely to:

- Maintain excellent relations with the host government and other SPREP Members including key stakeholders such as development partners, other regional organizations and environmental NGOs based in the Member countries covered by the operations of a particular office;
- Coordinating the provision of a range of SPREP's services for the Members; and
- Making SPREP services more accessible to Members who are geographically and logistically distant from SPREP's Headquarters.

- c. **Member countries who are interested in hosting a SPREP sub-regional or country presence are willing to commit to Host Country Agreements (HCA)** with SPREP which clearly articulate the roles and responsibilities of parties, including the following:

- Provision by the host country at its cost of adequate office accommodation for SPREP staff based in the country and those visiting periodically from Headquarters to undertake technical assistance work in the sub-region or in the country. Office space will include provision for a meeting/library room;
- Facilitation of office access to adequate communications, power, water and security services;
- Facilitation of residence and work permits/visas for SPREP contracted staff and families;
- Facilitation of privileges and immunities (where appropriate);
- Assistance in the provision of staff housing;
- Tax free status for the office and SPREP staff who are not nationals of the host country; and

- Some contribution to operating costs/maintenance of the office.

- d. **Sub-Regional Approaches be subject to a Cost Benefit Analysis (CBA):** CBA is an analytical tool used for assessing the financial soundness of the different approaches being considered for a sub-regional presence. It involves an analysis of the cost effectiveness of different alternatives in order to gauge whether the benefits outweigh the costs.

The establishment of a sub-regional presence will need to be funded primarily from core resources sourced from any savings resulting from efficiencies and cost reductions from such presence and/or from savings resulting from expenditure reductions elsewhere in the SPREP budget or from donor funding. Funding for a sub-regional presence, whatever the option is, will mainly be the salary and remuneration benefits of the person appointed as head or officer in charge of the office and support staff, purchase of some office equipment (laptop and printer), some contribution to operating costs to be negotiated with the co-location agency or ministry, transport and duty travel, and furnished staff accommodation including utility charges.

The cost benefit analysis of a sub-regional presence needs to take into consideration the qualitative factors as well which may not become as obvious as the financial costs in the initial stages of the move toward *‘taking services closer to the people’*, but which reflect the sentiments of the ICR to assist Members to achieve national development outcomes. A sub-regional presence will also enable SPREP to foster and strengthen strategic partnerships and collaborations with Members, development partners, communities and non-governmental organizations.

## 6. COST BENEFIT ANALYSIS

Cost Benefit Analysis is an analytical tool used for assessing the financial soundness of the different approaches being considered for a sub-regional presence. In considering the various scenarios of the CBA each aspect of costs and benefits are valued in monetary terms over a period of five years based on data made available at the time. The CBA has been undertaken in strictly financial terms only. There are however important qualitative issues both in terms of potential benefits and risks highlighted by Members during the consultation process which will need to be considered together with the CBA results when deciding on the preferred options for a sub-regional presence and reviewing the performance of such presence on a periodic basis.

The operations and performance of all sub-regional presence options that may be implemented must be subject to periodic cost benefit analysis to ensure the perceived benefits to the Members being supported by such presence and the Secretariat are not outweighed by the financial and human resources costs.

The method used for the Cost Benefit Analysis (CBA) was the “Least Cost Approach”. The costs and benefits were adjusted in accordance with the change of inflation rates for the respective member countries selected for the CBA exercise. The CBA explored four options:

- **Option 1: SPREP Co-location:** Examination of co-location with an existing institution such as a CROP Agency or comparable institution.
- **Option 2: Single Agency or Country Office:** Establishment of a single agency or country office.
- **Option 3: Adapted SPREP SIS Desk Officer:** An adapted model based on the Pacific Islands Forum Secretariat SIS/Pacific Plan Desk Officers.
- **Option 4: Status Quo:** The Base Case where SPREP currently operates with no expansion of operations or changes to the annual work programme and budget. The Variation to the Base Case is the establishment of a Strategic Policy, Planning, Monitoring and Evaluation Unit within SPREP Headquarters, Apia, Samoa.

The detailed assumptions for each of the options can be found in Part II: Cost Benefit Analysis.

#### a. **OPTION 1 – SUB-REGIONAL OFFICES CO-LOCATED WITH OTHER CROP AGENCIES OR REGIONAL ORGANISATIONS**

A CBA has been undertaken on the basis that SPREP establishes a sub-regional presence co-locating with another CROP Agency or with another Pacific regional organization in the absence of a CROP agency.

Four different scenarios have been presented below with co-location in:

- 1.1 **Federated States of Micronesia:** based on the recommendation by Gowty to co-locate with SPC;
- 1.2 **Republic of Marshall Islands:** based on the consultations with RMI authorities and the resolution of the Presidents of Palau, FSM and RMI at the 12<sup>th</sup> Micronesian Presidents' Summit on 5 July 2012, held in Majuro, FSM to support the bid by RMI to host a SPREP sub-regional presence;
- 1.3 **Republic of Vanuatu:** based on the recommendation by Gowty, feedback from Member Countries and the April 2012 MSG Leaders Declaration on Environment and Climate Change following the Leaders' Summit.
- 1.4 **Solomon Islands:** based on the feedback from consultations for SPREP to co-locate with SPC or FFA.

## Scenario 1.1 Federated States of Micronesia: Co-location with SPC North Pacific Regional Office

Table 3: CBA Scenario 1.1 FSM Co-Location with SPC

Federated States of Micronesia	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Benefits</b>					
Travel Cost Savings - Airfares from SPREP headquarters, Apia, Samoa to North Pacific	35,259	35,800	36,348	36,905	37,470
Travel Cost Savings - Daily Subsistence and Incidental Allowances	19,900	20,205	20,514	20,829	21,148
Increased quality of SPREP service and relevance to SPREP Members - North Pacific	12,861	13,086	13,315	13,548	13,785
<b>Total Benefits</b>	<b>68,020</b>	<b>69,090</b>	<b>70,177</b>	<b>71,281</b>	<b>72,403</b>
<b>Costs</b>					
New SPREP staff salaries	85,740	87,240	88,767	90,321	91,901
Accommodation and Other Staff Benefits - New SPREP staff	34,296	34,896	35,507	36,128	36,760
SPREP share of operating costs	19,560	19,902	20,251	20,605	20,966
- office equipment and laptop	3,000	-	-	3,000	-
- stationery	500	500	500	500	500
Programme related travel from SPREP Headquarters	27,580	28,002	28,431	28,867	29,309
Travelling Cost within North Pacific from Federated States of Micronesia	30,430	30,755	31,084	31,417	31,754
<b>Total Costs</b>	<b>201,106</b>	<b>201,296</b>	<b>204,540</b>	<b>210,837</b>	<b>211,190</b>
<b>Excess of Costs over Benefits</b>	<b>- 133,085</b>	<b>- 132,206</b>	<b>- 134,362</b>	<b>- 139,556</b>	<b>- 138,787</b>

The average benefit per annum for the first five years is USD\$ 70,200 compared to the average cost per annum of USD\$ 206,000 with a net average impact of USD\$ 135,600 (excess of costs over benefits).

## Scenario 1.2 Republic of the Marshall Islands: Co-location with PNA or UN Agency

Table 4: CBA Scenario 1.2 RMI Co-Location with PNA or UN Agency

Republic of Marshall Islands	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Benefits</b>					
headquarters, Apia, Samoa	42,875	43,196	43,520	43,847	44,175
Daily Subsistence and Incidental Allowances	27,906	28,115	28,326	28,539	28,753
Increased quality of SPREP service and relevance to SPREP Members - North Pacific	12,861	13,086	13,315	13,548	13,785
<b>Total Benefits</b>	<b>83,642</b>	<b>84,398</b>	<b>85,161</b>	<b>85,933</b>	<b>86,713</b>
<b>Costs</b>					
New SPREP staff salaries	85,740	87,240	88,767	90,321	91,901
Accommodation and Other Staff Benefits - New SPREP staff	34,296	34,553	34,812	35,073	35,337
SPREP share of operating costs	19,560	19,902	20,251	20,605	20,966
- office equipment and laptop	3,000	-	-	3,000	-
- stationery	500	500	500	500	500
Programme related travel from SPREP Headquarters	35,390	35,656	35,923	36,193	36,464
Travelling Cost within North Pacific from Republic of Marshall Islands	32,061	32,473	32,890	33,314	33,744
<b>Total Costs</b>	<b>210,547</b>	<b>210,324</b>	<b>213,144</b>	<b>219,006</b>	<b>218,912</b>
<b>Excess of Costs over Benefits</b>	<b>- 126,906</b>	<b>- 125,927</b>	<b>- 127,982</b>	<b>- 133,073</b>	<b>- 132,198</b>

The average benefit per annum for the first five years is USD\$ 85,200 compared to the average cost per annum of USD\$ 214,400 with a net average impact of USD\$ 129,200 (excess of costs over benefits).

It should be noted that the Communiqué of the 12th Micronesian Presidential Summit July 5, 2012 under “Other Business” the Presidents of Palau and the Federated States of Micronesia endorsed SPREP hosting a sub-regional presence in the North Pacific and furthermore the President of the Republic of the Marshall Islands request to host a SPREP Sub-Regional Presence in the North Pacific.

### Scenario 1.3 Republic of Vanuatu: Co-location with MSG Secretariat

**Table 5: CBA Scenario 1.3 Vanuatu Co-Location with MSG Secretariat**

<b>Republic of Vanuatu</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Benefits</b>					
Travelling Cost Savings from Other Pacific to SPREP headquarters, Apia, Samoa	42,823	43,573	44,335	45,111	45,900
Daily Subsistence and Incidental Allowances	42,687	43,434	44,194	44,968	45,754
Increased quality of SPREP service and relevance to SPREP Members - Other Pacific	12,861	13,086	13,315	13,548	13,785
<b>Total Benefits</b>	<b>98,371</b>	<b>100,093</b>	<b>101,844</b>	<b>103,627</b>	<b>105,440</b>
<b>Costs</b>					
New SPREP staff salaries	85,740	87,240	88,767	90,321	91,901
Accommodation and Other Staff Benefits - New SPREP staff	34,296	34,896	35,507	36,128	36,760
SPREP share of operating costs	19,560	19,902	20,251	20,605	20,966
- office equipment and laptop	3,000	-	-	3,000	-
- stationery	500	500	500	500	500
Programme related travel from SPREP Headquarters	42,755	43,503	44,265	45,039	45,827
Travelling Cost within Other Pacific from Republic of Vanuatu	33,100	33,972	34,873	35,803	36,764
<b>Total Costs</b>	<b>218,951</b>	<b>220,014</b>	<b>224,162</b>	<b>231,396</b>	<b>232,719</b>
<b>Excess of Costs over Benefits</b>	<b>- 120,580</b>	<b>- 119,922</b>	<b>- 122,318</b>	<b>- 127,770</b>	<b>- 127,279</b>

The average benefit per annum for the first five years is USD\$ 101,900 compared to the average cost per annum of USD\$ 225,500 with a net average impact of USD\$ 123,600 (excess of costs over benefits).

## Scenario 1.4 Solomon Islands: Co-location with FFA or SPC Solomon Islands Country Office

Table 6: CBA Scenario 1.4 Solomon Islands Co-Location with FFA or SPC

Solomon Islands	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Benefits</b>					
Travelling Cost Savings from Other Pacific to SPREP headquarters, Apia, Samoa	30,627	31,096	31,572	32,056	32,547
Daily Subsistence and Incidental Allowances	50,427	51,199	51,984	52,780	53,589
Increased quality of SPREP service and relevance to SPREP Members - Other Pacific	12,861	13,086	13,315	13,548	13,785
<b>Total Benefits</b>	<b>93,915</b>	<b>95,381</b>	<b>96,871</b>	<b>98,384</b>	<b>99,921</b>
<b>Costs</b>					
New SPREP staff salaries	85,740	87,240	88,767	90,321	91,901
Accommodation and Other Staff Benefits - New SPREP staff	34,296	34,467	34,640	34,813	34,987
SPREP share of operating costs	19,560	19,902	20,251	20,605	20,966
- office equipment and laptop	3,000	-	-	3,000	-
- stationery	500	500	500	500	500
Programme related travel from SPREP Headquarters	40,527	41,148	41,778	42,418	43,068
Travelling Cost within Other Pacific from Solomon Islands	34,113	35,009	35,932	36,883	37,862
<b>Total Costs</b>	<b>217,736</b>	<b>218,267</b>	<b>221,867</b>	<b>228,539</b>	<b>229,284</b>
<b>Excess of Costs over Benefits</b>	<b>- 123,821</b>	<b>- 122,885</b>	<b>- 124,996</b>	<b>- 130,155</b>	<b>- 129,363</b>

The average benefit per annum for the first five years is USD\$ 96,900 compared to the average cost per annum of USD\$ 223,500 with a net average impact of USD\$ 126,600 (excess of costs over benefits).

### Option 1 Scenario Comparatives

Of the two scenarios presented under Option 1 for the North Pacific, the establishment of a sub-regional presence in Majuro, RMI is considered marginally favorable by USD\$ 6,000.

However, in addition to the cost factors, other considerations to be noted are:

- The Communiqué of the 12th Micronesian Presidential Summit July 05, 2012 which endorsed SPREP hosting a sub-regional presence in the North Pacific, and furthermore the Presidents of the Federated States of Micronesia and Palau agreed to the request of the President of the Republic of the Marshall Islands to host the SPREP Sub-Regional Presence.
- The FSM government and SPC have both agreed to the co-location with SPC and that the host agreement signed between the FSM Government and SPC has provided the template for a host agreement with SPREP should it decide to set up a sub-regional office in Pohnpei.
- Due to the technical nature of SPC and SPREP mandates, there are many opportunities and areas for mutual cooperation and coordination in the delivery of their respective services.
- Members will have to consider that while the PNA Secretariat and UN Agencies are comparable institutions located in the sub-region they are not CROP Agencies.

Table 7: CBA Comparative Option 1 North Pacific

<b>Federated States of Micronesia</b>	<b>5 yr Annual Average</b>	<b>Rank</b>
Total Benefits	70,194	
Total Costs	205,794	2
Excess of Costs over Benefits	- 135,599	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390	
<b>Republic of Marshall Islands</b>		
Total Benefits	85,169	
Total Costs	214,387	1
Excess of Costs over Benefits	- 129,217	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,343	

Of the two scenarios presented for the South Western Pacific (Papua New Guinea, Solomon Islands and Vanuatu):

- Co-location with the MSG Secretariat in Port Vila, Vanuatu is considered more favorable in that the excess of Costs over Benefits is the least compared to the Solomon Islands.
- Furthermore the MSG Leader's Summit in 2012 and the subsequent Leader's Declaration on Environment and Climate Change enabled a political commitment for the establishment of the Climate Change and Environmental Unit within the MSG Secretariat to service the MSG Members, where a Working Group has since been established to enact the initiative.
- Member Countries will have to consider that while the MSG Secretariat may be a comparable institution located in the sub-region it is not a CROP Agency.
- Furthermore while the MSG Secretariat is a willing and capable partner currently developing a Climate Change and Environmental Unit *at present* it may not have the technical capacities, core expertise and institutional arrangements for effective delivery of climate change and environmental services. There is an opportunity for SPREP to collaborate in a structured manner with the MSG for complementarities in the development and delivery of SPREP mandated services to the South West Pacific Members.

Table 8: CBA Comparative Option 1 South Western Pacific

<b>Republic of Vanuatu</b>	<b>5 yr Annual Average</b>	<b>Rank</b>
Total Benefits	101,875	
Total Costs	225,449	1
Excess of Costs over Benefits	- 123,574	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390	
<b>Solomon Islands</b>		
Total Benefits	96,894	
Total Costs	223,138	2
Excess of Costs over Benefits	- 126,244	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,331	



## b. OPTION 2 – SINGLE AGENCY OR COUNTRY OFFICE

Single Agency scenarios are presented for establishment of single agency offices in six countries listed below. The selection of the six countries has been based upon feedback from Member Countries of possible single agency locations (both from consultations undertaken by Gowty in 2011 and KVAConsult in 2012).

- 2.1 Federated States of Micronesia
- 2.2 Republic of the Marshall Islands
- 2.3 Republic of Palau
- 2.4 Solomon Islands
- 2.5 Republic of Vanuatu
- 2.6 Papua New Guinea

### Scenario 2.1 Federated States of Micronesia

Table 9: CBA Scenario 2.1 FSM Single Agency/Country Office

<b>Federated States of Micronesia</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Travel Cost Savings from SPREP Headquarters					
- airfares	17,725	18,035	18,351	18,672	18,999
- daily subsistence allowances	8,389	8,536	8,685	8,837	8,992
<b>Total Travel Cost Savings</b>	<b>26,114</b>	<b>26,571</b>	<b>27,036</b>	<b>27,509</b>	<b>27,991</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	25,979	26,434	26,897	27,367
<b>Total Benefits</b>	<b>51,647</b>	<b>52,551</b>	<b>53,470</b>	<b>54,406</b>	<b>55,358</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	73,379	74,663	75,970	77,299
Additional SPREP staff salaries (Project Officer)	40,515	41,224	41,945	42,679	43,426
Additional SPREP staff salaries (Support Officer)	15,031	15,294	15,562	15,834	16,111
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>129,897</b>	<b>132,170</b>	<b>134,483</b>	<b>136,836</b>
Staff Travelling Costs	44,777	45,449	46,131	46,823	47,525
Accommodation and other Staff benefits	51,065	51,959	52,868	53,793	54,734
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>158,502</b>	<b>151,980</b>	<b>154,500</b>	<b>166,062</b>	<b>159,668</b>
<b>Total Costs</b>	<b>286,165</b>	<b>281,877</b>	<b>286,670</b>	<b>300,545</b>	<b>296,504</b>
<b>Excess of Costs over Benefits</b>	<b>- 234,518</b>	<b>- 229,326</b>	<b>- 233,200</b>	<b>- 246,139</b>	<b>- 241,146</b>

## Scenario 2.2 Republic of the Marshall Islands

Table 10: CBA Scenario 2.2 RMI Single Agency/Country Office

Republic of Marshall Islands	Year 1	Year 2	Year 3	Year 4	Year 5
Travel Cost Savings from SPREP Headquarters					
- airfares	27,056	27,259	27,463	27,669	27,877
- daily subsistence allowances	16,544	16,668	16,793	16,919	17,046
<b>Total Travel Cost Savings</b>	<b>43,600</b>	<b>43,927</b>	<b>44,256</b>	<b>44,588</b>	<b>44,923</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	25,724	25,917	26,111	26,307
<b>Total Benefits</b>	<b>69,132</b>	<b>69,651</b>	<b>70,173</b>	<b>70,699</b>	<b>71,230</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	72,658	73,929	75,223	76,539
Additional SPREP staff salaries (Project Officer)	40,515	40,819	41,125	41,433	41,744
Additional SPREP staff salaries (Accounts/Administration) Officer	15,031	15,144	15,257	15,372	15,487
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>128,620</b>	<b>130,311</b>	<b>132,028</b>	<b>133,770</b>
Staff Travelling Costs	37,407	37,968	38,537	39,115	39,702
Accommodation and other Staff benefits	51,065	51,448	51,834	52,223	52,614
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>151,132</b>	<b>143,989</b>	<b>145,873</b>	<b>156,785</b>	<b>149,725</b>
<b>Total Costs</b>	<b>278,794</b>	<b>272,608</b>	<b>276,184</b>	<b>288,812</b>	<b>283,495</b>
<b>Excess of Costs over Benefits</b>	<b>- 209,662</b>	<b>- 202,958</b>	<b>- 206,011</b>	<b>- 218,113</b>	<b>- 212,265</b>

## Scenario 2.3 Republic of Palau

Table 11: CBA Scenario 2.3 Palau Single Agency/Country Office

Republic of Palau	Year 1	Year 2	Year 3	Year 4	Year 5
Travel Cost Savings from SPREP Headquarters					
- airfares	31,393	31,628	31,865	32,104	32,345
- daily subsistence allowances	21,983	22,148	22,314	22,481	22,650
<b>Total Travel Cost Savings</b>	<b>53,376</b>	<b>53,776</b>	<b>54,179</b>	<b>54,586</b>	<b>54,995</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	25,724	25,917	26,111	26,307
<b>Total Benefits</b>	<b>78,908</b>	<b>79,500</b>	<b>80,096</b>	<b>80,697</b>	<b>81,302</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	72,658	73,203	73,752	74,305
Additional SPREP staff salaries (Project Officer)	40,515	40,819	41,125	41,433	41,744
Additional SPREP staff salaries (Accounts/Administration) Officer	15,031	15,144	15,257	15,372	15,487
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>128,620</b>	<b>129,585</b>	<b>130,556</b>	<b>131,536</b>
Staff Travelling Costs	44,104	44,765	45,437	46,119	46,810
Accommodation and other Staff benefits	51,065	51,448	51,834	52,223	52,614
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>157,829</b>	<b>150,786</b>	<b>152,772</b>	<b>163,788</b>	<b>156,833</b>
<b>Total Costs</b>	<b>285,491</b>	<b>279,406</b>	<b>282,357</b>	<b>294,344</b>	<b>288,368</b>
<b>Excess of Costs over Benefits</b>	<b>- 206,583</b>	<b>- 199,906</b>	<b>- 202,261</b>	<b>- 213,647</b>	<b>- 207,066</b>

## Scenario 2.4 Solomon Islands

Table 12: CBA Scenario 2.4 Solomon Islands Single Agency/Country Office

Solomon Islands	Year 1	Year 2	Year 3	Year 4	Year 5
Travel Cost Savings from SPREP Headquarters					
- airfares	16,867	16,951	17,036	17,121	17,207
- daily subsistence allowances	21,967	22,077	22,187	22,298	22,410
<b>Total Travel Cost Savings</b>	<b>38,834</b>	<b>39,028</b>	<b>39,223</b>	<b>39,419</b>	<b>39,616</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	25,660	25,788	25,917	26,047
<b>Total Benefits</b>	<b>64,366</b>	<b>64,688</b>	<b>65,011</b>	<b>65,336</b>	<b>65,663</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	73,379	74,663	75,970	77,299
Additional SPREP staff salaries (Project Officer)	40,515	41,224	41,945	42,679	43,426
(Accounts/Administration) Officer	15,031	15,294	15,562	15,834	16,111
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>129,897</b>	<b>132,170</b>	<b>134,483</b>	<b>136,836</b>
Staff Travelling Costs	32,208	32,691	33,181	33,679	34,184
Accommodation and other Staff benefits	51,065	51,320	51,577	51,835	52,094
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>145,933</b>	<b>138,584</b>	<b>140,260</b>	<b>150,960</b>	<b>143,686</b>
<b>Total Costs</b>	<b>273,595</b>	<b>268,480</b>	<b>272,429</b>	<b>285,443</b>	<b>280,522</b>
<b>Excess of Costs over Benefits</b>	<b>- 209,229</b>	<b>- 203,793</b>	<b>- 207,418</b>	<b>- 220,107</b>	<b>- 214,859</b>

## Scenario 2.5 Republic of Vanuatu

Table 13: CBA Scenario 2.5 Vanuatu Single Agency/Country Office

Republic of Vanuatu	Year 1	Year 2	Year 3	Year 4	Year 5
Travel Cost Savings from SPREP Headquarters					
- airfares	29,639	29,787	29,936	30,086	30,236
- daily subsistence allowances	27,636	27,774	27,913	28,053	28,193
<b>Total Travel Cost Savings</b>	<b>57,275</b>	<b>57,562</b>	<b>57,849</b>	<b>58,139</b>	<b>58,429</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	25,979	26,434	26,897	27,367
<b>Total Benefits</b>	<b>82,808</b>	<b>83,541</b>	<b>84,283</b>	<b>85,035</b>	<b>85,797</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	73,379	74,663	75,970	77,299
Additional SPREP staff salaries (Project Officer)	40,515	41,224	41,945	42,679	43,426
(Accounts/Administration) Officer	15,031	15,294	15,562	15,834	16,111
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>129,897</b>	<b>132,170</b>	<b>134,483</b>	<b>136,836</b>
Staff Travelling Costs	23,841	24,198	24,561	24,930	25,304
Accommodation and other Staff benefits	51,065	51,959	52,868	53,793	54,734
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>137,566</b>	<b>130,730</b>	<b>132,931</b>	<b>144,169</b>	<b>137,446</b>
<b>Total Costs</b>	<b>265,228</b>	<b>260,626</b>	<b>265,100</b>	<b>278,652</b>	<b>274,282</b>
<b>Excess of Costs over Benefits</b>	<b>- 182,420</b>	<b>- 177,085</b>	<b>- 180,817</b>	<b>- 193,617</b>	<b>- 188,486</b>

## Scenario 2.6 Papua New Guinea

Table 14: Scenario 2.6 CBA PNG Single Agency/Country Office

<b>Papua New Guinea</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Travel Cost Savings from SPREP Headquarters					
- airfares	14,327	14,843	15,377	15,931	16,504
- daily subsistence allowances	29,935	31,013	32,129	33,286	34,484
<b>Total Travel Cost Savings</b>	<b>44,262</b>	<b>45,855</b>	<b>47,506</b>	<b>49,216</b>	<b>50,988</b>
Increased quality of SPREP service and relevance to SPREP Members	25,532	26,452	27,404	28,390	29,413
<b>Total Benefits</b>	<b>69,794</b>	<b>72,307</b>	<b>74,910</b>	<b>77,607</b>	<b>80,401</b>
<b>Costs</b>					
Additional SPREP staff salaries (Manager)	72,117	73,379	74,663	75,970	77,299
Additional SPREP staff salaries (Project Officer)	40,515	41,973	43,484	45,050	46,671
(Accounts/Administration) Officer	15,031	15,572	16,133	16,713	17,315
<b>Total Personnel Costs</b>	<b>127,662</b>	<b>130,924</b>	<b>134,280</b>	<b>137,733</b>	<b>141,286</b>
Staff Travelling Costs	37,618	38,182	38,755	39,336	39,926
Accommodation and other Staff benefits	61,278	61,584	61,892	62,202	62,513
SPREP Operating Costs	52,160	53,073	54,002	54,947	55,908
- office equipment and laptop	9,000	-	-	9,000	-
- stationery	1,500	1,500	1,500	1,500	1,500
<b>Total Office Operating Expenditures</b>	<b>161,556</b>	<b>154,339</b>	<b>156,149</b>	<b>166,984</b>	<b>159,847</b>
<b>Total Costs</b>	<b>289,218</b>	<b>285,263</b>	<b>290,428</b>	<b>304,717</b>	<b>301,133</b>
<b>Excess of Costs over Benefits</b>	<b>- 219,424</b>	<b>- 212,956</b>	<b>- 215,518</b>	<b>- 227,110</b>	<b>- 220,732</b>

## Option 2 Scenario Comparatives

Table 15: CBA Comparative Option 2 North Pacific

<b>Northern Pacific</b>	<b>5 yr Annual Average</b>	<b>Rank</b>
<b>Federated States of Micronesia</b>		
Total Benefits	53,486	
Total Costs	290,352	3
Excess of Costs over Benefits	- 236,866	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390	
<b>Republic of the Marshall Islands</b>		
Total Benefits	70,177	
Total Costs	279,979	2
Excess of Costs over Benefits	- 209,802	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,343	
<b>Republic of Palau</b>		
Total Benefits	80,101	
Total Costs	285,993	1
Excess of Costs over Benefits	- 205,893	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,343	

**Table 16: CBA Comparative Option 2 South Western Pacific**

<b>South Western Pacific</b>	<b>5 yr Annual Average</b>	<b>Rank</b>
<b>Solomon Islands</b>		
Total Benefits	65,013	
Total Costs	276,094	2
Excess of Costs over Benefits	- 211,081	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,331	
<b>Republic of Vanuatu</b>		
Total Benefits	84,293	
Total Costs	268,778	1
Excess of Costs over Benefits	- 184,485	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390	
<b>Papua New Guinea</b>		
Total Benefits	75,004	
Total Costs	294,152	3
Excess of Costs over Benefits	- 219,148	
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,480	

In terms of the limited core funding resources of SPREP, the current economic climate affecting most of the Pacific Development Partners and the unwillingness of Members to increase their assessed membership contributions to the organisation, the option of establishing single agencies or country offices is costly, unsustainable and cannot be supported.

However, should a Member Country wish to host a single agency/country office, the estimated costs for such an undertaking is presented below:

**Table 17: Estimated Costs to Host Country under Single Agency/Country Office Option**

<b>Construction Costs (including labour)</b>	<b>Costs</b>
<b><i>Land and Building</i></b>	
Building (40 square meters - 4 offices, library, meeting room, restrooms, etc)	120,000
Land - 1/2 acre	600,000
Clearing and Landscaping	27,000
<b><i>Installation costs</i></b>	
Electricity	1,000
Water	1,000
Telephone	1,000
<b>Total Cost to Host Country</b>	<b>750,000</b>

### c. **OPTION 3 – SPREP SIS DESK OFFICER (ADAPTED MODEL)**

A good working model which Members may consider is the current PIFS arrangement of contracting desk officers in SIS Members to assist with the coordination, implementation and reporting to Members and to PIFS on the Pacific Plan. Responsibilities of the PIFS SIS Desk Officers include:

- Provide advice to Government and other stakeholders of the Forum Leaders' decisions and Secretariat's programmes, resources and assistance available from the PIFS and other CROP agencies and through the Pacific Plan.
- Liaise with Government on the implementation and mainstreaming of the Pacific Plan initiatives into national planning processes and provide such assistance as appropriate.

The feedback from country consultations was positive towards the adaptation of the PIFS SIS/ Pacific Plan desk officer model as an effective approach to providing support to Member countries through the placement of technically qualified persons in the SPREP technical focal points in the small island states. Critical areas for consideration however are the skill set that will be required in terms of specific expertise in the SPREP strategic priority areas that will have to be targeted to the host country, project management, monitoring and evaluation skills, as well as policy coordination and person capabilities for relationship building between the Secretariat and the host country.

Several Member countries consulted advised they are prepared to work with SPREP to adopt a phased approach that would take into consideration the concerns of development partners that a sub-regional initiative be cost effective and that SPREP may not have funding for establishing a stand-alone office. In this regard, many countries noted that SPREP may need to look at first appointing desk officers (similar arrangements as PIFS SIS/Pacific Plan desk officers) to assist with the national coordination and implementation of SPREP assisted national projects.

Table 18: CBA Option 3 SPREP SIS Desk Officer

- Adopted Model	Year 1	Year 2	Year 3	Year 4	Year 5	Average
<b>Benefits</b>						
Travel Cost Savings - Airfares from Headquarters	189,636	192,541	195,490	198,484	201,525	195,535
Travel Cost Savings - DSA from Headquarters	182,200	184,991	187,825	190,702	193,623	187,868
Increased quality of SPREP service and relevance to SPREP Members	15,746	15,936	16,129	16,324	16,522	16,132
<b>Total Benefits</b>	<b>387,582</b>	<b>393,468</b>	<b>399,444</b>	<b>405,511</b>	<b>411,670</b>	<b>399,535</b>
<b>Costs</b>						
Additional SPREP staff salaries - consultancies						
<i>SISDF Cook Islands</i>	25,925	26,314	26,709	27,109	27,516	26,715
<i>SISDF Kiribati</i>	15,560	15,832	16,109	16,391	16,678	16,114
<i>SISDF Nauru</i>	21,299	21,618	21,943	22,272	22,606	21,948
<i>SISDF Niue</i>	4,241	4,305	4,369	4,435	4,501	4,370
<i>SISDF Palau</i>	23,567	23,744	23,922	24,101	24,282	23,923
<i>SISDF Tuvalu</i>	22,813	23,162	23,517	23,878	24,243	23,523
<i>SISDF Rep. Marshall Islands</i>	44,059	44,389	44,722	45,058	45,396	44,725
SPREP share of operating costs	5,000	5,075	5,151	5,228	5,307	5,152
- office equipment	3,000	-	-	3,000	-	1,200
- stationery	500	500	500	500	500	500
Cost for Travelling to SIS Countries	54,552	55,371	56,201	57,044	57,900	56,214
Cost of continual travelling for technical staff from Headquarters	96,270	94,818	94,818	94,818	94,818	95,108
Cost of continual technical staff travelling Daily Subsistence Allowance from Headquarters	91,100	91,100	91,100	91,100	91,100	91,100
<b>Total Costs - SIS Desk Officer</b>	<b>407,887</b>	<b>406,228</b>	<b>409,062</b>	<b>414,934</b>	<b>414,847</b>	<b>410,592</b>
<b>Excess of Costs over Benefits</b>	<b>- 20,305</b>	<b>- 12,760</b>	<b>- 9,618</b>	<b>- 9,423</b>	<b>- 3,177</b>	<b>- 11,057</b>

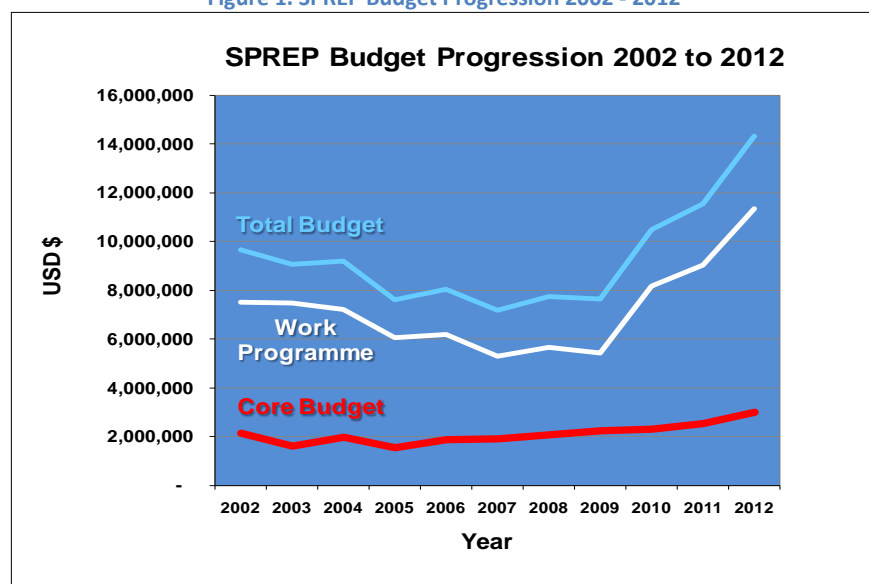
#### d. OPTION 4 – STATUS QUO

The status quo option is driven by a number of factors which include:

- the concerns of Members that any sub-regional presence should be cost neutral and will not require any increase in assessed annual membership contributions to SPREP;
- that priority attention be given to address the issues identified in the Strategic Plan 2011 – 2015 related to the Secretariat's limited technical capacity and insufficient staff to respond effectively to the increasing expectations of members
- concerns about possible impact of a sub-regional approaches resulting in fragmentation and undermining of SPREP's base or capacity to serve all its members.

Information on SPREP budget progression in the period 2002 to 2012 indicate that the Secretariat's work programme funding has increased substantially since 2009 driven mainly by increased project funding. Funding of the core budget, mainly from Members' assessed contributions, on the other hand has hardly increased in the 10 year period. Without any considerable increase in core funding in the foreseeable future, the capacity of the Secretariat to support and sustain a sub-regional presence will be severely constrained.

Figure 1. SPREP Budget Progression 2002 - 2012



The CBA outcome of the Status Quo Base Case (where SPREP currently operates with no expansion of operations or changes to the budget) is as follows:

Table 19: CBA Scenario 4.1 Status Quo Base Case

Status Quo Base Case	5 Yr Annual Average USD\$
Total Benefits	0
Total Costs	0
Excess of Costs over Benefits	0

Through discussion with the SPREP Executive Management it is understood they are consolidating the work of the Secretariat to improve its service to Members, while at the same time working collaboratively with partner agencies to enhance its funding mechanisms for the long term benefit of Members. The SPREP Executive Management have expressed their intention to establish a Strategic Policy, Planning, Monitoring and Evaluation Unit within the Secretariat to:

- Enhance its capacity to coordinate larger projects including the role of the GEF Implementing Agency for the Pacific as the lead CROP Agency for Climate Change;
- To provide the Secretariat with a strong 'whole of Secretariat' Monitoring and Evaluation capability; and
- To undertake the development of country specific SPREP strategies to enable the organization to respond strategically to the messages that came through during the consultations for the development of the Strategic Plan which called for increased delivery of national –level activities and increased practical engagement with Members.



The CBA outcome of the Status Quo Variation (for the establishment of a Strategic Policy, Planning, Monitoring and Evaluation Unit within SPREP Headquarters, Apia, Samoa) is as follows:

**Table 20: CBA Scenario 4.2 Status Quo Variation**

<b>STATUS QUO COSTS</b>	<b>Year 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>
Programme Manager - Strategic Planning and Policy Unit	85,740	87,026	88,549	90,099	91,675	88,618
Programme Officer - Evaluation and Monitoring	40,515	41,122	41,842	42,574	43,319	41,875
Support Staff - Officer	15,031	15,256	15,523	15,795	16,071	15,535
Accommodation and other Staff Benefits	56,514	57,362	58,366	59,387	60,426	58,411
Travel Budget	20,000	20,300	20,605	20,914	21,227	20,609
SPREP Operating Costs	-	-	-	-	-	-
- office equipment and laptop	9,000			9,000		9,000
- stationery	500	500	500	500	500	500
	<b>227,300</b>	<b>221,567</b>	<b>225,385</b>	<b>238,269</b>	<b>233,220</b>	<b>229,148</b>

In terms of possible options on a sub-regional presence the SPREP Executive has taken a 'neutral position' based on the view that the sub-regional presence study is Member driven and the Secretariat will be guided by the decisions to be taken by its Members based on this report. It is very much aware however of the challenges presented by its current limited resources.

## 7. SUMMARY OF OPTIONS AND COST IMPLICATIONS

In considering the various scenarios of the CBA each aspect of costs and benefits are valued in monetary terms over a period of five years based on data made available at the time. The CBA has been undertaken in strictly financial terms only. There are however important qualitative factors both in terms of potential benefits and risks highlighted by Members during the consultation process which have not been factored into the analysis but will need to be considered together the CBA results when deciding on the preferred options for a sub-regional presence.

The following is a summary of the CBA outcomes based on the sub-regional presence options:

### a. Sub-Regional Office co-located with other CROP agencies or similar regional organization.

North Pacific:

- First:** Co-location with PNA Secretariat or UN in Majuro, RMI  
**Second:** Co-Location with SPC North Pacific Office in Pohnpei, FSM  
**Third:** Single Agency or Country Office in Palau

*(Note: The benefits to SPREP and Members from coordinated approaches and synergies of co-locating with SPC given their complementary and sometimes overlapping mandates are not factored in the CBA).*

South Western Pacific:

- First:** Co-location with MSG Secretariat in Vanuatu  
**Second:** Co-Location with SPC or FFA in Solomon Islands  
**Third:** Single Agency or Country Office in Vanuatu

*(Note: As with the North Pacific option, the benefits from coordinated approaches and synergies of co-locating SPREP in the South Western Pacific with the SPC, FFA or the MSG Secretariat given the complementary nature of their technical mandates are not factored into the CBA).*

## **b. Single Agency or Country Office**

In terms of the limited core funding resources of SPREP, the current economic climate affecting most of the Pacific development partners and the unwillingness of Members to increase their assessed membership contributions to the organisation, the option of establishing single agencies or country offices is costly and unsustainable.

## **c. Adapted SPREP SIS Desk Officers Model**

Members generally favored this model as a cost effective means of providing the Secretariat and their technical focal ministries in the small island states an in-country capability to assist with the coordination, planning, project management including monitoring and reporting to the Member and to the Secretariat on all SPREP supported or facilitated services and technical assistance to the Member on an ongoing basis. The table below provides the summary CBA of placing SPREP technical desk officers in its technical focal ministries based on host country agreements, engagement of appropriately qualified and skilled personnel and provision of support services similar the arrangements currently in place for PIFS SIS desk officers.

The Secretariat may decide not to place desk officers in all SIS members and instead selectively place them in those Members where the need is justified in term of the relative size of the SPREP work programme in the country as well as the need for capacity supplementation to enable the national focal point to effectively coordinate and manage such programme.

Table 20 below presents a summary of the sub-regional presence Options 1 to 4 associated CBA and overall ranking.

Table 21. Summary of Cost Benefit Analysis (Options 1 to 3)

	OPTION 1		OPTION 2		OPTION 3	Overall Ranking
	5 yr Annual Average	Rank	5 yr Annual Average	Rank	5 yr Annual Average	
NORTHERN PACIFIC						
Federated States of Micronesia						
Total Benefits	70,194		53,486			2
Total Costs	205,794	2	290,352	3		Co-Location
Excess of Costs over Benefits	-135,599		-236,866			5
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390		2,390			Single Ag
Republic of Marshall Islands						
Total Benefits	85,169		70,177			1
Total Costs	214,387	1	279,979	2		Co-Location
Excess of Costs over Benefits	-129,217		-209,802			4
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,343		2,343			Single Ag
Republic of Palau						
Total Benefits			80,101			3
Total Costs			285,993	1		Single Ag
Excess of Costs over Benefits			-205,893			
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View			2,343			
SOUTHWESTERN PACIFIC						
Republic of Vanuatu						
Total Benefits	101,875		84,293			1
Total Costs	225,449	1	268,778	1		Co-Location
Excess of Costs over Benefits	-123,574		-184,485			3
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,390		2,390			Single Ag
Solomon Islands						
Total Benefits	96,894		65,013			2
Total Costs	223,138	2	276,094	2		Co-Location
Excess of Costs over Benefits	-126,244		-211,081			4
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View	2,331		2,331			Single Ag
Papua New Guinea						
Total Benefits			75,004			
Total Costs			294,152	3		5
Excess of Costs over Benefits			-219,148			Single Ag
Time Savings on SPREP Member Countries' officials from SPREP Member Point of View			2,480			
SPREP SIS Adapted Model						
Total Benefits					399,535	
Total Costs					410,592	1
Excess of Costs over Benefits					-11,057	

#### d. Status Quo

The comparative CBA for the two different Status Quo scenarios are summarized below:

Table 22: Summary of Cost Benefit Analysis (Option 4)

OPTION 4	5 Yr Annual Average
<b>Status Quo Base Case</b>	
Total Benefits	0
Total Costs	0
Excess of Costs over Benefits	0
<b>Status Quo Variation</b>	
Total Benefits	0
Total Costs	229,148
Excess of Costs over Benefits	- 229,148

## 8. A SUGGESTED WAY FORWARD

The consultation process for the development of the Strategic Plan revealed a huge mismatch between the Members' expectations of the support and services the Secretariat should provide for them and the capacity of the Secretariat to meet these expectations with the resources available to it or anticipated to have access to during the Strategic Plan period.

Information on the SPREP budget progression in the period 2002 to 2012 show that the Secretariat's work programme funding has increased substantially since 2009 driven mainly by increased project funding. Funding of the core budget on the other hand has hardly increased in the 10 year period. Without any considerable increase in core funding in the foreseeable future, the capacity of the Secretariat to support and sustain a sub-regional presence will be severely constrained.

The funding issue has been compounded by the global economic crisis and the impact of it where Member countries have competing demands on resourcing of national budgets and priorities in light of limited development assistance available regionally. Consultations for this Report also indicated that Members were unwilling to increase their assessed membership contribution to pay for the implementation of the sub-regional presence initiative.

The Report therefore recommends that Members and the Secretariat proceed cautiously with the implementation of a sub-regional presence in the light of the difficult economic environment the Development Partner Agencies and Members are experiencing as well as the current limited funding resources of the Secretariat.

The Report suggests the following prioritized steps as key components of a minimal but strategic way forward for a SPREP sub-regional presence for the remaining period of the Strategic Plan and including a critical capacity building initiative to strengthen the capacity to engage with Development Partner Agencies that provide project and programme funding to the Secretariat and to its Members.

6. Proceed with a minimal sub-regional presence in the North Pacific which is the sub-region with the greatest need because of its geographic remoteness and cost of managing and delivering services from Apia as well as weak national capacities.
7. The North Pacific sub-presence can either be a sub-regional office co- located with an existing CROP Agency or a similar Pacific regional organization, headed by a Sub-regional Coordinator and supported by a SPREP contracted technical desk officer in each of the two countries other than the country hosting the office. The desk officers will be placed in the SPREP focal contact ministry in each country.
8. The other option is to place a SPREP contracted desk officer in the technical focal ministry in each of the 3 Members in the North Pacific.
9. SPREP will negotiate with the MSG Secretariat in Port Vila, Vanuatu, a partnership agreement which will provide a structured and formal arrangement to collaborate and coordinate the work programmes and service delivery of the two organizations to the South Western Pacific sub-region, namely Papua New Guinea, Solomon Islands and Vanuatu. There will be no need to place a SPREP staff member in the MSG Secretariat.
10. Maintain the status quo representing a '*do nothing*' option for the Secretariat is not a satisfactory option at all.

The SPREP Executive Management have expressed their intention to establish a Strategic Policy, Planning, Monitoring and Evaluation Unit within the Secretariat to enhance its capacity to coordinate larger projects including the role of the GEF Implementing Agency for the Pacific as the lead CROP Agency for Climate Change, to provide the Secretariat with a strong 'whole of Secretariat' Monitoring and Evaluation capability, and to undertake the development of country specific SPREP strategies to enable the organization to respond strategically to the messages that came through during the consultations for the development of the Strategic Plan which called for increased delivery of national –level activities and increased practical engagement with Members. The Report strongly endorses this initiative of the Executive Management which clearly calls for donor funding to enable its early implementation.

## ATTACHMENT 1. TERMS OF REFERENCE

### Background

The 21st SPREP Meeting held in Madang, Papua New Guinea in September 2010, endorsed the concept of establishing a subregional presence for SPREP in the Pacific region and called for the Secretariat to investigate options. The rationale for establishing a regional presence is to further strengthen and better align SPREP Member activities with the 2011 – 2015 SPREP Strategic Plan and fulfill its regional mandate which is: “To promote cooperation in the Pacific region and to provide assistance in order to protect and improve its environment and ensure sustainable development for present and future generations” In July 2011 the terms of reference (TOR) for a consultant to undertake a study of the options concerning establishing a subregional presence for SPREP in the Pacific region were completed and a consultant appointed.

The process involved extensive consultation during field visits to 7 Member countries in 2 sub-regional areas of Melanesia and Micronesia. During the visits to the selected countries in Micronesia and Melanesia, consultations were held with relevant/key government officials of SPREP Members, donors and other partners and stakeholders. Additionally, follow up consultations were held with relevant CROP Agencies regarding the possibilities for colocation of SPREP staff and their experiences with decentralization. Other consultations included discussions with SPREP Secretariat staff, as well as with relevant donors to ascertain options and interest in providing support for the establishment of a sub-regional presence for SPREP.

This report was tabled for discussion among Members at the 22nd SPREP Meeting in September 2011. Members welcomed the initiative of establishing a subregional presence for SPREP in principal, but stated that a decision on whether to proceed with this initiative would have to be made in light of a comprehensive cost-benefit analysis of the options outlined in the report.

### The Consultancy

Following the direction of SM22, the following broad approaches were identified as requiring further evaluation:

- Establishing a of sub-regional offices, including co-location with other CROP Agencies;
- Periodic sub-regional forums;
- Project-based regional presence;
- Country desk officers based at SPREP Headquarters; and
- Placement of SPREP staff in line agencies in-country.

The Meeting tasked the Secretariat to bring forward a Paper on ‘Strengthening Regional Linkages’ to the 23rd SPREP Meeting, which presents a detailed evaluation of options and seeks endorsement of a programme of action. The meeting identified the following elements as critical elements in moving forward:

- A formal consultation with all Members prior to SPREP’s 2012 Meeting;
- Specific Proposals, along with the rationale for support, linked to the efficient and effective delivery of programs and strategic plan priorities;
- A small number of illustrative case studies of successful regional presences;
- Identification of the Pacific Island Countries that would be the focus for improving regional linkages, including specific programmes and projects requiring on-ground support;
- Robust assessment of the costs and benefits of the proposals;

- Identification of the implications of proposals particularly on delivery of services and advice into the future, including the financial impact on the core budget; and
- Identification of any factors, including external factors, likely to significantly impact on SPREP's delivery of services and advice over the term of the Strategic Plan.

Accordingly, the consultancy shall build on the general findings of the initial study and examine the cost implications of each option and benefits in light of the SPREP Strategic Plan 2011-2015. This will involve rigorous analysis of the costs and benefits of establishing a subregional presence based on tangible, readily quantifiable data. The analysis will use the existing headquarters situated in Apia as a baseline, and will articulate the benefits in terms of increased efficiency and effectiveness relative to SPREP's current institutional set up. It will assist Members in arriving at a decision of whether or not to proceed with sub-regional expansion and as such must contain clear analysis of the available options.

The consultant shall also identify other options for a subregional presence where appropriate and provide a cost-benefit analysis of those options. The report will identify the potential costs to SPREP in establishing a sub-regional presence along with the benefits in terms of better delivery of existing and future programmes in line with the SPREP Strategic Plan 2011-2015.

This exercise and costs benefit analysis will include, but not necessarily be limited to, the following areas:

- Establishment costs;
- Taxation and other fiscal implications;
- Location;
- Staffing costs (inc. insurance, healthcare provision, costs of living including relocation costs);
- Comparison of costs with SPREP's current work operating from its base in Apia;
- Overheads;
- Availability and quality of infrastructure (e.g. internet, telephony); and
- Consideration of alternatives, such as secondments to other CROP Agencies.

The benefits to SPREP Members will be articulated predominantly in terms of the SPREP Strategic Plan 2011-2015, which commits the Secretariat to:

- Deliver quality service to Members by expanding funding for the priorities identified in the Strategic Plan;
- Change management and institutional strengthening to ensure that programmes are relevant and viable; and
- Work in partnership with other organizations and stakeholders that support SPREP priorities.

The consultancy will give clear and quantifiable recommendations on the benefits of establishing a sub-regional presence which take account of the potential risks to the organization and its employees.

The final report will assist Members in reaching a decision regarding the most cost effective means of establishing a sub-regional presence for SPREP and will analyse the benefits of such a move to furthering the objectives outlined in the SPREP Strategic Plan 2011-2015.

The consultant shall actively engage Members in the consultancy and ensure that the outputs are produced as a result of close collaboration with relevant governments, CROP Agencies, SPREP Partner Agencies and SPREP Senior Management and Staff.

### **Outputs**

In addition to the list of critical elements above:

- i. The consultant will prepare a cost benefit analysis of all options for establishing a sub-regional presence for SPREP, including co-locating staff at other CROP Agencies. The report will outline the financial, legal, fiscal and geographical implications of each option. The report will also contain a synthesis of the questionnaire responses of Members available at the time of publication.
- ii. The consultant shall prepare reports for each-country consultation detailing the views of the individuals and organizations consulted, and options (where appropriate) available for establishing a sub-regional presence in that country. A full listing of all data used in the consultancy will also be prepared.
- iii. A presentation of this report will be made to Senior SPREP Management for their input before the SPREP Meeting in August 2012.
- iv. The Consultant shall attend the SPREP Meeting in Noumea, New Caledonia in August 2012 to be available to provide assistance or clarification to Members on the findings of the report, as required.

### **Specific Tasks**

The specific tasks of the consultancy shall include, but will not necessarily be limited to:

- i. Collaboration with PICTs and Partners/ donors on the questionnaire to ensure that adequate and effective financial information is received;
- ii. Travel to selected Member countries and Territories in the Melanesia/Micronesia/Polynesia sub-regions and consult with relevant Government officials to conduct a cost benefit analysis of establishing a sub-regional presence for SPREP;
- iii. Provide a synthesis of key inputs from consultations with SPREP Members, partners and donors;
- iv. Consult and work closely with the SPREP secretariat in finalising key inputs in the development of a draft report;
- v. Provide the SPREP Secretariat with a draft report/study containing a cost benefit analysis establishment of a sub-regional presence for SPREP in the Pacific region including, but not limited to, those listed above;
- vi. Provide assistance and/or clarification of the report to SPREP Members at the 23rd SPREP Meeting in New Caledonia in August 2012, as required.



## ATTACHMENT 2. SUMMARY OF CONSULTATIONS

The following is a summary of comments and feedback from Member Countries, Development Partners and CROP Agencies following the consultations undertaken over the period 28 June to 27 July 2012.

**(1) Co-Location with a CROP Agency or other Agency and/or Single Agency with a number of staff supporting various regional projects**

**a) Synergy of SPREP and SPC and Efficiency of Technical and Financial Resources**

- A co-location and collaborative approach between the agencies would benefit Member countries in terms of cutting down costs and working together where there is mutual benefit.
- Need for synergies of approaches and resources by SPREP if it was to co-opt with another CROP agency such as SPC. Due to technical nature of both agencies there are many areas for mutual co-operation in both Micronesia and Melanesia.
- Partnering with SPC is seen as a cost effective approach to service delivery of Members especially as mandates of both CROP agencies are technical where SPC is a good model in terms of developing country profiles and building relationships, and programmes where there is need.

**b) Issues regarding co-location in terms of SPREP Mandate, Size and Resources**

- Co-location with another CROP agency such as SPC will not necessarily work to advantage of SPREP as smaller in institutional arrangements, operation and mandate. Present trend CROP agencies to synergize technical and financial resources i.e. SOPAC and SPBEA incorporated within SPC, hence while may be need for expansion the timing economically is not conducive to trends and available resources.

**c) Supportive of Co-Location with CROP Agency as long as does not impact on current service delivery**

- Support for SPREP engaging a sub-regional presence as long as it will not affect the current quality of servicing arrangements for Member countries. There is need for a one stop shop for CROP agencies including SPREP to have an integrated and coordinated approach to servicing Members.

**d) Models of Co-Location to consider**

- Co-location with a CROP or other agency and/or single agency with a number of staff supporting various regional projects viewed as important to have an “Officer-in-Charge” to ensure accountability and responsibility for areas of in-country assistance.
- North-REP Programme unique model. In working through a Contract Agreement with SPC the Renewable Energy and Energy Efficiency Project (North-REP) Programme established for energy sectors in FSM, Palau and RMI. SPC's regional office for Northern Pacific in Pohnpei, houses North-REP management office with Energy Specialists based in countries.
- UN Agencies Development Framework was suggested for the various CROP Agencies in terms of synergies of approaches, resources and reporting requirements.

**(2) PIFS SIS/ Pacific Plan Desk Officer Model**

**a) Need for Defining Focus of In-Country/ Sub-Regional Work**

- Clear directions and understanding of what purpose is and level of engagement required. The SPREP by mandate is technical and hence a desk officer may be more administrative or policy oriented than a technical expert.
  - Preferred if position enabled person to have authority and clear roles of reporting and accountability to in order to effectively facilitate matters on behalf of SPREP in close coordination and consultation with host country.
- b) Experience and skill set required**
- Viewed favorably as a possibility for SPREP to explore but the skill set would require expertise in national processes, policy coordination, project management and monitoring and evaluation of projects.
  - Success often about persons recruited and their level of engagement and understanding of national processes, as well as their established relations with the host government and effective relationship building with host country and Secretariat.
- c) Benefits**
- Merit in approach in terms of people resourcing in Member countries as well as maintaining relations with Secretariat to enhance work of CROP agency and needs of country. The benefit for one country has been the neutral coordination of in-country issues in relation to work of PIFS which has strengthened internal coordination and built upon existing national mechanisms.
- (3) Co-Location with National Entity**
- a) Challenges to consider in light of SPREP Mandate and Limited Resources Available**
- Staff employed by SPREP may be engaged at bilateral level which is not role of SPREP as a CROP agency.
  - Benefits to a country or few countries rather than to region as a whole.
- b) Benefits**
- On options of such a presence in Melanesia noted co-operative arrangements with IUCN, which has worked well and is a possible model for SPREP to consider.
  - To have an in-country presence of SPREP would help CROP Agency enhance national profile and assist areas where there are real challenges. The need for greater internal co-ordination was viewed as critical to enhance impact of activities implemented in-country and by same token not detract from core work required by environmental officials.
  - An in-country presence is an easier way to deal with SPREP on a regular basis as they have seen the benefits of the UN and SPC country representatives in making their coordination work easier. They see great merit in the MSG Secretariat being a sub-regional conduit for the Melanesian countries but still sees value of the in-country presence as the ultimate goal as a SPREP Member.
- (4) Views on Sub-Regional Approach**
- An issue close to Government, the process of which has permeated from the 2010 Madang 21st SPREP Meeting and further strengthened at political leadership level.
  - Other sub-regions which desire SPREP sub-regional office or equivalent in their respective areas of Melanesia and Micronesia, may be supported based upon outcome of consultancy report.
  - Any proposed contribution would need to be an unequivocal commitment in order for it to be a firm basis for consideration, including land tenure issues.

- a) **Challenges in Sub-Regional Presence and Managing Member Expectations**
- On expansion of Gowty Report for sub-regional presence in Melanesia and the options noted in the report for possible co-location with MSG Secretariat it was observed that assessment on costs and benefits to SPREP Members for such an arrangement and whether co-location with an existing entity is tangible due to different mandates, reporting requirements and challenges associated with physical distance from SPREP Headquarters.
  - Sub-regional presence arrangement is not always effective. An example of sub-regional office of UN in Samoa which is responsible for coordination of projects and technical assistance for Cook Islands, Samoa, Tokelau and Niue which was not as effective as it could be given high staff turnover, limited in-office technical expertise with which to help the Member countries and limited agency engagement at the ground level.
- b) **Distinction of Northern Pacific Member Countries**
- Micronesia is vast and diverse, and there are different needs and political priorities especially in Northern Pacific and respective bilateral relationships with US. If a sub-regional presence established in Northern Pacific for Micronesia there would be no benefit to Micronesian countries with close transportation links to Fiji.
  - Based upon need and geographical location merit for Northern Pacific Member countries to have sub-regional presence through SPREP, the mode of which may be explored in collaboration with SPC.
- c) **Concerns on Fragmentation of SPREP in light of Limited Resources**
- Greater merit in sub-regional presence in Fiji based on need not sub groupings of Micronesia or Melanesia. The point is made with respect to effective and direct engagement to enhance in-country capacities, where Fiji would be preferred option of a sub-regional presence by virtue of accessibility.
  - Presence along Micronesia, Polynesia and Melanesia viewed as fragmenting the work of SPREP and the respective work of CROP Agency mandates.
  - Precautionary approach to be made where rationale for such initiatives should be based on real need to Member countries in light of limited resources available.
- d) **Role of MSG Secretariat and Areas for Co-operation with SPREP**
- The Leaders of MSG have made a Leaders Declaration on Environment and Climate Change signed by respective Leaders on 30 June 2012 articulating collective commitment to issues pertaining to Climate Change and the vast ray of environmental issues pertinent to the sub-region. As a result of the Declaration a technical working group/ advisory committee has been established to develop a framework, work plan and subsequent costings for development of a unit to be situated in MSG Secretariat (Port Vila). Government is fully committed to hosting a sub-regional presence of SPREP with preference through co-location with MSG Secretariat.
  - MSG Secretariat has started collaboration with SPREP in recent joint efforts at Rio meeting. They have coordinated mainly through an official in SPREP.
  - The MSG sub regional model is seen as providing a pilot on how to also organize through other sub regional groupings being evolved in the Micronesian and Polynesian sub groups.
  - Would support another Member country hosting a sub-regional presence for Melanesia through co-location with MSG Secretariat noting the Cost Benefit Analysis to present

quantified options in terms of operating costs of such a presence with comparative examples for Members to be able to assess.

- Political Dynamic: MSG does not include Government of New Caledonia but rather a political party, hence political sensitivities on issue of MSG.

**e) Melanesian Sub-regional Priorities**

- With respect to Melanesian sub-regional presence needs are different from Northern Pacific and that an arrangement can be explored through a similar arrangement with SPC.
- Melanesian sub-regional presence was for an office or equivalent arrangement to meet the technical needs on the ground to assist Members in the identified priority areas for the Melanesian sub-region in forestry, land degradation, climate change and waste management.
- Support hosting arrangements for a sub-regional presence in Melanesia and that it would be beneficial to Members in terms of cost effectiveness given their establishment as international hub for Pacific as well as likely support of Government to facilitate hosting arrangements for such a presence.

**(5) Role of Secretariat**

**a) Status Quo**

- Generally pleased with how SPREP conducts its operations.

**b) Technical Capacity to Expand Approach and Engagement of SPREP in Sub-regions**

- Whether SPREP has technical capacity as an organisation to expand its engagement on a sub-regional basis, as it may be spread too thinly given its current scope of engagement across the region.
- Room for Secretariat to enhance technical capacity to take on larger projects of significance to region and various sub-regions. Great potential regionally for more to be done on environment by SPREP but it has to evolve and take on challenges accordingly for sake of Members.

**c) Secretariat Need to Prioritise and Determine Focal Work for Sub-regional Engagement**

- What type of work is to be done by SPREP through a sub-regional presence and whether the in-country presence will require a management type approach or a technical one and how will that enhance capacity, as well as aligning with other agencies where there is synergy.
- SPREP to focus on existing work and reorganizing current structure and approach to mandate first, rather than expanding to include sub-regional engagement which in current economic climate and trends of CROP agencies for synergy of resources, may be premature.
- SPREP to identify specific needs of local countries and differentiate localized needs from what are common issues across Member countries, as issues unique to a country can be dealt with on bilateral basis between country and a development partner and not necessarily role of SPREP.
- Main objective of sub-regional presence should be about mapping effective delivery of service, thematic commonality particularly by activity and addressing capacity constraints of Member countries that urgently require assistance.
- Tantamount to improving implementation of SPREPs programme delivery which in the long term would be more cost effective, as it would enable more technical support on the ground for project implementation rather than “fly-in and fly-out” approach that is currently being used. Upon detailed examination of budget allocation of programmes and projects serviced

by SPREP budget components for airfares and per diems relating to SPREP technical advisors takes away from in-country project implementation.

**d) Role of MSG Secretariat and Areas for Co-operation with SPREP**

- MSG Secretariat views SPREP as lead regional agency for environment and climate change agency but feels that SPREP needs to take a more pro-active role in leading and chairing the regional agenda in the environment and climate planning and coordination. MSG Secretariat sees an urgent need for SPREP to take lead in bringing together the organizations at the regional, sub regional levels, and with development partners now and to be more active in environment and climate change area and to work out a common framework to minimize potential duplication of efforts and reinforce synergy of regional and sub regional initiatives.
- MSG Secretariat view more can be achieved in formal and active arrangement e.g. two institutions systematic exchanging of information and attending ministerial meetings as each organisation tries to work out best way forward to collaborate.
- MSG Secretariat are willing to collaborate with SPREP, and indicated willingness for SPREP to consider MSG environment and climate change unit for its sub regional presence in the Melanesian subgroup.

**e) Regional Fragmentation**

- Need to consider perceived fragmentation of the work of SPREP which may detract from its key mandate as a CROP agency and work to its disadvantage if not approached with caution.
- Shifting away from present approach may require SPREP to redefine role and reassess institutional objectives and unique identity within the region, especially in light of regional reforms within CROP agencies such as RIF.
- Fragmenting work of SPREP may not be in best interests of region or indeed SPREP. However acknowledgement given to other CROP agencies which have set precedents that been successful such as USP and their satellite centres.

**f) CROP Agencies and Sub-Regional Co-operation**

- Need for environmental agencies within the region to have greater coordination of its activities so that there is maximum impact to the intended people and does not unintentionally create bureaucratic burden on the Members themselves.
- Water identified as a key priority area where country currently receives assistance from SPREP and SPC through SOPAC, but that there are different reporting requirements in the same sector which impacts upon time and people resources. The other issue is duplication and repetition of work in terms of going to various CROP agencies and international organizations for the same sector, when they would prefer contacting one delegated official who will be able to coordinate information and or assistance to Members.
- In scanning regional environment and climate change activities, examples of the PIFS direct implementation of the PEC Fund, SPC and EPOC active regional environment and climate change initiatives were identified as needing a more formal approach to coordination.
- Major environmental components of SOPAC programmes which had been identified in the RIF PIFS exercise as potential transfers to SPREP have now mostly been incorporated into SPC programmes.
- Pacific Plan Desk Officer may be able to cope if asked to also be a national SPREP, subject to the exact level of additional tasks SPREP management will require from the Pacific Plan officers and co-operational arrangements with the PIFS on this issue if it is explored as a model of engagement.

**g) Need for Greater Engagement and Level of Communication with Members and Partners**

- Physical visits to Member countries by SPREP top management suggested as significant in promotion and lifting profile and lead role of SPREP among key players in regional and sub regional networks.
- Expressed desire for officials of SPREP that attend international fora to seek views of Member countries before their participation so that positions articulated are indeed the position of Members, especially with respect to smaller island countries that are not always able to attend.
- The need for SPREP officials to reciprocate as a courtesy to Member countries, reports on key outcomes for Member countries upon their return. SPREP through its officials often attend such international fora with the clout of its Member countries, where it would be appreciated to know first-hand the value and impact of such attendance for Members.
- “Virtual capacity” and use of technology to enhance communications of a sub-regional approach.

**(6) Needs of Member Countries and Sub-Region**

**a) Member Countries to Articulate Specific Needs for Sub-regional Engagement**

- Responsibility in identifying needs are with Members in how they utilize the services available for effective programme delivery in-country.
- Members that desire a sub-regional presence need to identify in specific terms what true needs are and to come up with a range of possible option(s) that address those needs effectively and efficiently within the regional constraints that SPREP currently operates in.

**b) Sharing of Common Issues and Means to Address Need for Sustainable Development**

- Sub-regional presence viewed as a mechanism to enhance service delivery and to add value to work SPREP does on ground in Member countries as well as building national capacities to deliver. The main drivers for desire to have a sub-regional presence is to ensure that programmes are specifically targeted based on need. For example some key drivers for Melanesian sub-region are environmental impact of mining and logging, and the collective need for effectively managing resources with economic development that is sustainable. A sub-regional mechanism of SPREP is seen as a vehicle where shared knowledge and approaches can build best environmental practices, developing solutions and strategies based on shared and mutual experiences that may not necessarily be relevant to other Members of SPREP.
- MSG Secretariat tasked by Leaders to plan and coordinate the four priority commitments in the Climate Change and Environment area deemed important by Melanesian countries but had not been accorded appropriate priorities under existing national and regional development frameworks. A special unit is being set up within MSG Secretariat to coordinate and plan implementation of these sub regional initiatives. A meeting of MSG officials was held in Port Vila during 23 to 25 July to advance planning for implementation of or implementation of the four commitments. MSG Secretariat suggested the possibility of addressing the committee of officials on the SPREP sub-regional presence.

**c) Smaller Island States**

- How can SPREP assist small countries with small populations and limited in-country technical capacities? A sub-regional presence in Suva is preferred due to ease of access in

transportation and established in-country national mechanisms of a diplomatic mission and strong bilateral relations with Fiji.

- A streamlined approach is required across the board in terms of effective engagement of various environmental agencies with smaller island countries, where personnel within Government are relatively small and capacity constraints very real in terms of project management and monitoring and evaluation.
- Accessing funding is not necessarily an issue but the vast requirements of managing funds received, reporting, monitoring and evaluation of projects in conformance with the standards required by partner agencies is a critical need and concern.
- Many regional and international commitments that must be implemented and coordinated at the national level where there are not enough personnel to implement at ground level. For example within the region itself there are Climate Change initiatives being led by SPREP, GEF, and SPC (including SOPAC) which is immense given limited people resources available within the Department of Environment, hence the various agency requirements for reporting, monitoring and evaluation of projects often impacts on in-country project implementation and overall service delivery to the country.
- The needs with respect to climate change are great, as there are environmental concerns because of the physical impact on the country daily hence why Climate change is a strategic national priority.
- On issue of Renewable Energy it was noted that this is important because of the impact of climate change and areas it affects in health, hence there is a need to act on environmental matters because of immediacy of its impact on the life and wellbeing of the nation.

**d) Northern Pacific Sub-regional Presence**

- Acknowledged need for a sub-regional presence of the Northern Pacific Members based on their remote distance from SPREP and the respective technical capacity needs of the Member countries.

**(7) Views on additional Funding/ Financing**

**a) Economic Climate and Current Trends**

- Present trend CROP agencies to synergize technical and financial resources i.e. SOPAC and SPBEA incorporated within SPC, hence while there may be need for expansion the timing economically is not conducive to trends and available resources.
- Limited funding available in region was reiterated especially with respect to 11th EDF where relations with other Members of SPREP is a political dimension that has to be considered.

**b) Financial Impact to Members**

- Impact of sub-regional mechanism should not increase Member country contributions (subscriptions) as this will impact on direction of financial resources.
- Cost Benefit Analysis must ensure costed options for Members to consider will be affordable and sustainable to Members in long term and have a positive impact.
- The costing of proposed options for sub-regional office needs to clearly identify financial impact on current core functions of SPREP. Key concerns to take note of include:
  - Proposed options for sub-regional presence have to be financially viable and self-sustaining;



- Cross-subsidisation of sub-regional offices from core funding is not supported if the main objective of the office is to implement specific national/regional projects and programmes
  - With respect to the funding and costs of such a sub-regional presence, it was re-affirmed that the options would need to be cost neutral and most cost efficient.
- c) User Pays and Cost Sharing of Hosts**
- The endorsement by SPREP whether in Micronesia and/ or Melanesia should be a commitment by leaders for a sub-regional presence where SPREP will have competitive edge and comparative advantage to such an arrangement and one of which users of the service are prepared to pay for.
  - Potential host countries will have to explore cost sharing measures such as housing and office etc and whatever benefits they can enable for SPREP.
  - With respect to cost sharing for an in-country presence that this could be something where funding could be accessed through a project or programme in partnership with a development partner or peer agency where there is mutual benefit for such an arrangement
- d) Investment**
- Need to enhance capacity in country and to be looked at as investment that may add value in long term, and not as an expenditure item.
  - Efforts must be made to be cost effective where user pay arrangements need to be addressed from outset for a sub-regional presence.
  - Mindful that there are cost implications but there is a need for in-country capacity building to improve the services provided in the technical areas of climate change.
  - Most important aspect is pathway forward is responsive to needs of Member countries and their respective people and will add value to work of SPREP and not compromise current quality of programme delivery.
  - Sub-regional presence should add value to the existing work of SPREP and have direct impact to the recipient Member countries and their respective peoples.
  - If there are cost implications to Member countries for such a level of engagement that is something for Members to consider, where benefits and value added will be key factors for Members to consider.
  - The exercise to emphasize whether the sub-regional presence will have a greater impact in terms of programme and project delivery and the financial contribution of countries to enable it. Consideration would be given to contribute if there is justified return for such a sub-regional presence.
- e) Development Assistance in the Region**
- Aid is increasing to Pacific however critical issue is for SPREP to improve delivery of service through increased business which has direct impact to civil societies. The outcomes of the proposal are by competitive process and assessed in relation to usefulness and priority needs. The PIFS as RAO for the EDF of the Pacific has much influence on process and outcomes. Hence funding from EU (by competitive process) is available to SPREP given mandate on environmental matters concerning climate change, waste management etc but up to SPREP to be pro-active in development of proposals that will enhance delivery of programmes.
  - Rationale for North-REP approach was complexities in EDF funding processes and a creative approach to address a real need. Funding is through a Multi-country Programme where



funds are pooled according to country allocation. The Contribution Agreement is a contract between EU and SPC to manage and deliver programme, SPC oversee administration, technical expertise and inputs as well as overall implementation. In addition to delivering programme SPC also receives a separate management fee of 7% over and above budget of programme which includes administration and technical inputs that are provided to support delivery and implementation of programme.

- Funding may become available for areas of work in which SPREP is active under 11th EDF but proposal(s) would have to be developed in compliance with EU requirements and strategic priorities identified in Pacific Plan.

### ATTACHMENT 3. LIST OF PERSONS CONSULTED

MEMBER COUNTRY	NAME OF PERSON CONSULTED
Australia	H.E Dr Stephen Henningham High Commissioner Australian High Commission Apia, SAMOA
	Sam Upritchard First Secretary and Consul Australian Embassy Kolonias, Pohnpei, FSM
	AusAID Officer Australian Embassy Kolonias, Pohnpei, FSM
FSM	Hon. Mr. Gerson Jackson Ambassador Extraordinary and Plenipotentiary FSM Embassy to Fiji Suva, Fiji
	Hon. Samson Pretrick Deputy Secretary Foreign Affairs Department of Foreign Affairs Pohnpei State, FSM
	Ricky F Cantero Assistant Secretary for the America and Europe Affairs (former FSM Assistant Secretary for the Pacific Islands) Department of Foreign Affairs Pohnpei State, FSM
	Brendy H Carl Deputy Assistant Secretary for Asian Affairs Department of Foreign Affairs Pohnpei State, FSM
	Mr Marion Henry Secretary Department of Economic Affairs Palikir, Pohnpei State, FSM
	Mr Andrew Yatilman Director

	Office of Environment and Emergency Management Palikir, Pohnpei State, FSM
Fiji	Joep Davetanivalu Director of Environment Ministry of Local Government, Urban Development, Housing and Environment Department of Environment Suva, Fiji
France	H.E Gilles Montagnier Ambassador Embassy of the Republic of France Suva, Fiji
Kiribati	H.E Reteta Rimon High Commissioner Kiribati High Commission Suva, Fiji
Republic of the Marshall Islands	Casten N. Nemra Chief Secretary Office of the Chief Secretary Majuro, RMI
	Warwick Harris Director Office of Environmental Planning and Policy Coordination Majuro, RMI
	Kino S. Kabua Secretary of Foreign Affairs Ministry of Foreign Affairs
	Doreen deBrum Assistant Secretary, Bureau of Multilateral Affairs Ministry of Foreign Affairs
	Thomas Kijiner Jr. Secretary of Resources & Development Ministry of Resources & Development
	Lowell R. Alik Deputy General Manager Environmental Protection Agency

	Samuel K. Lanwi, Jr. Deputy Director Marshall Islands Marine Resources Authority
Nauru	H.E Jarden Kephas High Commissioner Nauru High Commission Suva, Fiji
New Caledonia	Anne-Claire Goarant Head of Multilateral Cooperation and Regional Organisations Ministry of Foreign Affairs Government of New Caledonia Noumea, New Caledonia
New Zealand	Stuart Horne Deputy High Commissioner New Zealand High Commission Apia, SAMOA
Niue	Sauni Tongatule Director of Environment Environment/ Takatakaimotu Fonuakula Alofi, NIUE
Papua New Guinea	H.E Peter Carmichael Lake Eafeare High Commissioner Papua New Guinea High Commission Suva, Fiji
	Varigini Badira ACCD Government of Papua New Guinea Port Moresby, PNG
Samoa	H.E Aliioaiga Feturi Elisaia Ambassador Extraordinary & Plenipotentiary/ Head of Mission Samoa Mission to the UN New York, USA
	Hon. Faamoetauloa Ulaitino Faale Tumaalii Minister of Natural Resources and Environment Ministry of Natural Resources and Environment Government of Samoa

	<p>Taulealeausumai Tuifuisaa Laavasa Malua  Chief Executive Officer  Ministry of Natural Resources and Environment  Government of Samoa</p>
Solomon Islands	<p>Channel Iroi  Under Secretary/Acting Permanent Secretary  Ministry of Environment Climate Change Disaster Management &amp; Meteorology  Honiara, Solomon Islands</p> <p>Mr Joe Horokou  Director of Environment &amp; Conservation  Ministry of Environment Climate Change Disaster Management &amp; Meteorology  Honiara, Solomon Islands</p>
Tokelau	<p>Jovilisi Suveinakama  General Manager  Director of the Office for the Council of the Ongoing Government  Tokelau Apia Liaison Office  Apia, Samoa</p> <p>Ake Puka-Mauga  Senior Policy Advisor Office of the Council for the Ongoing Government of  Tokelau  Tokelau Apia Liaison Office  Apia, Samoa</p>
Tuvalu	<p>H.E Aunese Makoi Simati  High Commissioner  High Commission of Tuvalu  Suva, Fiji</p>
USA	<p>Norman H. Barth  Regional Environmental Officer for the Pacific  American Embassy  Suva, Fiji</p> <p>Sandeep K. Singh  Regional Environmental Specialist  American Embassy  Suva, Fiji</p>
Vanuatu	<p>Albert Williams  Director Environment  Department of Environment and Conservation  Ministry of Lands and Natural Resources</p>

Port Vila, Vanuatu

Sylvain Kalsakau  
Department of Foreign Affairs and External Relations  
Port Vila, Vanuatu

Jean Sese  
Director of Foreign Affairs  
Department of Foreign Affairs and External Relations  
Port Vila, Vanuatu

Although best efforts were made to arrange and coordinate teleconferences with Member Countries not visited, as of 7 August 2012, teleconferences with four Member Countries below had yet to be completed:

American Samoa      Fanuatele Dr Toafa Vaiagae  
Director  
American Samoa Environmental Protection Agency  
Pago Pago, American Samoa

Cook Islands      Vaitoti Tupa  
Director  
National Environment Service  
Rarotonga, Cook Islands

Carl Hunter  
Director of Pacific Division  
Ministry of Foreign Affairs and Immigration  
Rarotonga, Cook Islands

Republic of Palau      Sebastian Marino  
National Environment Planner  
Government of Palau

Kingdom of Tonga      'Asipeli Palaki  
Director Environment and Climate Change  
Ministry of Environment and Climate Change  
Nukualofa, Kingdom of Tonga

OTHER AGENCIES	NAME OF PERSON CONSULTED
Commonwealth Pacific Governance Facility (CPGF)	Mose Saitala Head of Commonwealth Pacific Governance Facility Honiara, Solomon Islands
Delegation of the European Union for the Pacific	Malcolm Ponton Attache North Pacific Suva, Fiji

Forum Fisheries Agency (FFA)	Tanielu Sua Director General
	James T Movick Director General Designate
Melanesian Spearhead Group (MSG)	Peter Forau Director General
	Peni Sikivou Director Social Affairs
Pacific Islands Forum Secretariat (PIFS)	<b>PIFS Headquarters, Suva, Fiji:</b> Fakavae Taomia SIS Programme Officer
	Alan Knox Pacific Plan Officer
	Ioane Alama Regional Security Adviser Political, Governance & Security Programme
	Filipo Masaurua Human Rights Adviser
	<b>Vanuatu:</b> Sapai-moana Matariki PIFS Pacific Plan Desk Officer Asia-Pacific Division Department of Foreign Affairs Ministry of Foreign Affairs & External Trade
Parties to the Nauru Agreement (PNA)	Dr Transform Aqorau Chief Executive Officer
	Maurice J. Brownjohn Commercial Manager
Secretariat of the Pacific Community (SPC)	<b>SPC Suva Regional Office, Suva, Fiji:</b> Fekita Utoikamanu Deputy Director General
	Patricia Sachs-Cornish Senior Planning Advisor Strategic Engagement, Policy & Planning Facility

John Yee Chief  
Deputy Director  
Corporate Services

**SPC Solomon Islands Country Office, Honiara, Solomon Islands**

Mia Rimon  
Coordinator

**SPC North Pacific Regional Office, Pohnpei, FSM**

Aliti Vunisea  
Officer in Charge  
Adviser-Human Development Programme

Chris Ryan  
Statistics Adviser/Survey Specialist

Mereseini Seniloli  
Participatory Extension Officer  
Land Resources

Fenno Brunken  
Climate Change Advisor  
SPC/GIZ Coping with Climate Change in the Pacific Islands Region (CCCPIR)

Pasha Carruthers  
Climate Change Advisor  
North Pacific Global Climate Change Alliance: Small Island States (covering  
FSM,RMI, Palau and Kiribati)

Western and Central  
Pacific Fisheries  
Commission (WCPFC)

**WCPFC Headquarters, Pohnpei, FSM:**

Lara Manarangi-Trott  
Officer In Charge  
Compliance Manager

Aaron Nighswander  
Finance & Administration Officer

Women United  
Together in the  
Marshall Islands  
(WUTMI)

Mary Treanor  
  
Marie Maddison  
Founder/Adviser



## ATTACHMENT 4. LIST OF DOCUMENTS REVIEWED

- 12<sup>th</sup> Micronesian Presidents Summit MATA Communiqué 5 July 2012
- 21<sup>st</sup> SPREP Meeting Report 2010
- 22<sup>nd</sup> SPREP Meeting Report 2011
- Consolidated Responses from Member Countries on the Draft Terms of Reference for the Cost Benefit Analysis Study
- David Gowty, Preliminary Report to Assist the SPREP Secretariat in Exploring Options for Establishing a Sub-Regional Presence in the Pacific Region 2011
- PIFS Budget and Work Programme 2007, 2008, 2009, 2010 and 2011
- PIFS SIS Desk Officers Costs 2012
- PIFS Agreement between Government and PIFS on hosting of SIS Desk Officers
- PIFS Terms of Reference for SIS Desk Officers
- PNA Concept Paper
- Simone Gigli and Graham Sem, Appraisal Mission Report - Managing the Impact of climate change on land resources in the Pacific: Roles and Responsibilities of Relevant Actors on Climate Change in the Pacific, 2008
- SPC Host Agreement for the SPC North Pacific Regional Office
- SPC Annual Budget 2012
- SPC Corporate Plan 2007-2012
- SPC Decentralization of Regional and National Offices 2009
- SPC North Pacific Regional Office Personnel and Operational Costs 2012
- SPREP Agreement Establishing SPREP June 1993
- SPREP Annex 5 Report of Friends of the Chair: Study on Options for establishing a Sub-regional Presence for SPREP 2011
- SPREP Annual Report 2011
- SPREP Annual Report 2010
- SPREP Country Disbursements 2009, 2010 and 2011
- SPREP Daily Subsistence Allowance Rates July 2012
- SPREP Financial Regulations 2005
- SPREP Headquarters Agreement April 1996
- SPREP Staff Regulations 2007
- SPREP Strategic Plan 2011-2015
- SPREP Travel Data 2007-2011
- SPREP Travel Policy May 2011
- SPREP Work Programme and Budget 2007, 2008, 2009, 2010, 2011 and 2012
- UNDP Human Development Indicators Report 2011
- UNEP Strategic Presence Guidelines 2010-2013 Senior Management Team Policy Paper 2009
- World Bank Ease of Doing Business Report 2012

## ATTACHMENT 5. COST BENEFIT ANALYSIS METHODOLOGY AND ASSUMPTIONS

The Cost Benefit Analysis (CBA) is an analytical tool used for assessing the financial soundness of the different approaches being considered for a sub-regional presence. It involves an analysis of the cost effectiveness of different alternatives in order to see whether the benefits outweigh the costs.

The method used for the Cost Benefit Analysis (CBA) was the “Least Cost Approach”. The costs and benefits were adjusted in accordance with the change of inflation rate for the respective Member Countries selected for the CBA exercise.

The CBA explores four options:

- **Option 1: SPREP Co-location**  
Examination of co-location with an existing institution such as a CROP Agency or comparable institution.
- **Option 2: Single Agency or Country Office**  
Establishment of a single agency or country office.
- **Option 3: Adapted SPREP SIS Desk Officer**  
An adapted model based on the Pacific Islands Forum Secretariat SIS/Pacific Plan Desk Officers.
- **Option 4: Status Quo**  
The Base Case where SPREP currently operates with no expansion of operations or changes to the budget. Variation to the Base Case is the establishment of a Strategic Policy, Planning and M&E Unit within SPREP Headquarters, Apia, Samoa.

Below are the detailed assumptions utilised.

### OPTION 1: SPREP CO-LOCATION

#### Costs

- For the Northern Pacific the countries used for the CBA were FSM and RMI as existing entities for possible co-location are already established such as the SPC for FSM and the PNA and UN Sub-Regional Office in RMI.
- For South West Pacific countries used for the CBA were Vanuatu and the Solomon Islands as existing entities for possible co-location are already established such as the MSG Secretariat and the soon to be established SPC and in the Solomon Islands two CROP agencies of FFA and SPC.
- The employment of one person with seniority and technical expertise using the average of the SPREP Staffing Salary Category “L” i.e. salary range of USD\$68,000 – USD\$102,000 has been assumed.
- An allocation of 40% of the average salary of Category “L” to cover for accommodation and other staff benefits has been assumed.
- The SPREP share of operating costs is 15% of the total recurrent expenditure of the SPC Pohnpei Northern Pacific Office (USD\$89,000). 15% has been used based on the assumption that the co-location will be for one technical employee only with shared administration with SPC or comparable entity.

- Allocation for office equipment of USD\$3,000 for every three years to cater for procurement of a laptop and printer etc.
- Annual allocation of stationary amount of USD\$500
- Programme related travel from SPREP Headquarters, DSA and incidentals is 50% of 2011 actual SPREP Travel Costs.
- Travelling costs within the Northern Pacific when operating from FSM to RMI and Palau will be quarterly travel within the Northern Pacific.
- Two return trips to SPREP Headquarters in Apia, Samoa is assumed for an Annual Meeting and Management Briefings.

## **Benefits**

### **Northern Pacific**

- Increased quality and relevance of SPREP work to Member Countries in the sub-region.
- Increase of SPREP in-country presence enhances profile and working relationship with member countries including awareness of their regional environmental mandate which is valued at 15% of the proposed new position (SPREP Salary Category L).
- SPREP savings on airfares based on the 2011 SPREP Travel Actual Costs.
- SPREP savings on DSA and incidentals on the 2011 SPREP Travel Actual Costs.

### **South Western Pacific**

- Increased quality and relevance of SPREP work to Member Countries in the sub-region where SPREP in-country presence enhances the profile and working relationship with member countries including awareness of their regional environmental mandate which is valued at 15% of the proposed new position (SPREP Salary Category L).
- SPREP savings on airfares based on the 2011 SPREP Travel Costs
- SPREP savings on DSA and incidentals on the 2011 SPREP Travel Costs

### **SPREP Member Country Benefit**

- Time savings for SPREP Member Countries Vanuatu, Solomon Islands and Papua New Guinea as officials will spend less time on travel to and from SPREP meetings due to location and convenience of sub-regional office and more time for in-country work. This is based on the assumption that two officials per country gaining one week in reduced travel time to SPREP meetings enabling more in-country work, valued at USD\$2,500 per annum. This is based on the assumption of each official's salary being USD\$30,000 and the gain of one week for in-country work instead of travel for the benefit of the member country.

## **OPTION 2: SINGLE AGENCY OR COUNTRY OFFICE**

## **Costs**

- A single agency office of three staff employed by SPREP. One Programme Manager using the average of the SPREP Salary Grading "Category K" for Professional Staff (average of range USD\$61,000 – USD\$83,000). Two additional staff including a Project Officer in "Category I" (average of range USD\$33,000 – USD\$48,000) and support staff of an accounts administrator "Category F3" (average of range USD\$12,000 – USD\$18,000).

- We have made the allocation of 40% of the average salary of the three staff employed Categories K, I and F3 to cover for accommodation and other staff benefits.
- Operating costs includes communications, utilities, insurance, capital expenditure and transportation etc are 40% of the total recurrent expenditure of the SPC Pohnpei Northern Pacific Office (USD\$89,000). 40% has been used based on the assumption that the single agency will be for three SPREP employees for SPREP Salary Grading K, I, F3.
- Travel costs including airfares, DSA and incidentals for the three SPREP staff travelling to and from the six selected countries (FSM, RMI, Republic of Palau, Solomon Islands, Vanuatu and Papua New Guinea) to the SPREP Headquarters in Apia twice a year USD\$45,000.
- Allocation for office equipment of USD\$9,000 for every three years to cater for procurement of a laptop and printer etc.
- Annual allocation of stationary amount of USD\$1500

#### **Benefits**

- Increased quality and relevance of SPREP work to Member Countries in the respective sub-regions.
- Increase of SPREP in-country presence enhances profile and working relationship with member countries including awareness of their regional environmental mandate which is valued at 20% of the proposed new positions (SPREP Salary Categories K, I, F3).
- Six countries were considered the FSM, RMI, Republic of Palau, Solomon Islands, Vanuatu and Papua New Guinea.
- In terms of the benefits we looked at the SPREP savings of travel including airfares and DSA and incidentals using the 2011 SPREP Travel Actual Costs to the respective countries.

#### **Single Agency - SPREP Member Country Benefit**

- Time savings for SPREP Member Countries as officials will spend less time on travel to and from SPREP meetings due to location and convenience of sub-regional office and more time for in-country work. This is based on the assumption that two officials per country gaining one week in reduced travel time to SPREP meetings enabling more in-country work, valued at USD\$2,500 per annum. This is based on the assumption of each official's salary being USD\$ 30,000 and the gain of one week for in-country work instead of travel for the benefit of the member country.

#### **Single Agency - Host Country Obligations**

- The establishment costs of a SPREP single agency at cost to the host country is USD\$ 750,000. This amount is based on the procurement of 0.5 acre land with the construction of a 40 square metres building including installation costs, utilities, basic furnishing and fittings based on USD\$ 3000 per square metre.

### **OPTION 3: SPREP SIS DESK OFFICER (ADAPTED FROM PIF SIS MODEL)**

#### **Costs**

- Used actual spending from the PIFS Budget for the SIS Personnel costs.
- In terms of operating costs used the comparable amount of USD\$ 5,000 as a base amount which is higher than the allocated PIFS annual budget.

- Allocation for office equipment of USD\$ 3,000 for every three years to cater for procurement of a laptop and printer etc.
- Annual allocation of stationary amount of USD\$ 500.
- The CBA examined provision of travelling for each officer based on travel twice a year from host country to headquarters including DSA and incidental allowance based on the SPREP current rates which is approximately 80% of the UN rate. Duration of trips calculated at an average of seven days from host country to Apia, Samoa return.
- The cost of travel for technical staff from Headquarters was taken at 50% of the travel budget for the 2011 SPREP Travel Actual Costs based on the assumption that key technical needs will be more precise, specific and targeted hence efficiency with an in-country officer to facilitate all necessary matters before in-country technical visits take place.

#### **Benefits**

- Travel cost savings on airfares, DSA and incidentals from SPREP Headquarters.
- Increased quality and relevance of SPREP work to Member Countries in the sub-region.
- Increase of SPREP in-country presence enhances profile and working relationship with SIS member countries including awareness of their regional environmental mandate which is valued at 10% of the SIS Desk Officer Salary.
- Given the targeted approach of assistance technical inputs can be more precise, specific and targeted with which to meet the needs of the member country.

### **OPTION 4: STATUS QUO**

#### **Option 4 Base Case**

- No additional financial costs
- No additional benefits

#### **Option 4 Establishment of a Strategic Policy, Planning and M&E Unit within SPREP Headquarters.**

##### **Costs**

- Assumed recruitment of a Programme Manager (Strategic Planning and Policy Unit) at SPREP Salary Grading “L” with average of salary range USD\$68,000 – USD\$102,000.
- Assumed recruitment of a Programme Officer (Monitoring & Evaluation) at SPREP Salary Grading “I” with average of salary range USD\$33,000 – USD\$48,000.
- Assumed recruitment of a Support Staff member at Officer level at SPREP Salary Grading “F3” with average of salary range USD\$12,000 – USD\$18,000.
- Percentage of Accommodation and Staff Benefits to Salaries and Benefits equivalent to 40%.
- Travelling Budget for Strategic Planning and Policy Unit assumed to be USD\$ 20,000.
- Additional Operating Costs incurred for this unit will be absorbed by SPREP.
- Number of Laptops for office assumed to be 3 (one per person).
- Budget Allocation for a Laptop and a Printer is USD\$ 3,000 per person every three years.
- Stationery Budget assumed constant at USD\$ 500 per annum.

##### **Benefits**

- No additional benefits

# KVAConsult Ltd

R & L Vaai House  
1 Taufusi Street  
Taufusi  
PO Box L6579  
Apia, SAMOA

Phone: 685-25345  
Fax: 685-22087  
Email: [kva@kvaconsult.com](mailto:kva@kvaconsult.com)  
Web: <http://www.kvaconsult.com>  
Skype: kvaconsult

