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*The Pacific environment, sustaining our livelihoods and natural heritage in harmony with our cultures.*



## Twenty Seventh SPREP Meeting of Officials

Alofi, Niue

19 – 21 September 2016

### Agenda Item 6.5: Framework for Pacific Regionalism

#### Purpose

1. The purpose of the paper is to update Members on the Framework for Pacific Regionalism.

#### Background

2. In 2013, a review of the *Pacific Plan* led by Sir Mekere Morauta, former Prime Minister of Papua New Guinea, assessed the effectiveness of the *Pacific Plan* and whether it continued to deliver on deeper regional integration and cooperation. In May 2014, a Special Leaders Retreat of the Pacific Islands Forum considered the recommendations of the *Pacific Plan Review*. A key decision was the re-casting of the *Pacific Plan* as the Framework for Pacific Regionalism.
3. The Framework was adopted by the Forum Leaders Meeting in 2014. The Framework sets out a range of options for pursuing regionalism, including coordination, cooperation, collaboration, harmonisation, economic integration, and institutional integration; and processes for priority setting. As part of the CROP<sup>1</sup> family SPREP supports the Framework and works closely with other CROP agencies to support the Framework, and will continue its collaborative efforts into the future on areas of SPREP's mandate. The Framework is a key regional document of importance in the new SPREP Strategic Plan.
4. Since the initial review of the *Pacific Plan* a series of further studies were identified by the Forum in support of the Framework. Additional studies included the review of the CROP Charter, governance, finance and the streamlining of CROP meetings. The purpose of the reviews focused on the need for deeper and more participatory engagement with and for the Pacific region.

#### Update

#### Submissions under the Framework for Pacific Regionalism

5. SPREP submitted under the Framework for Pacific Regionalism two regional policy initiatives for consideration of the Specialist Sub-Committee on Regionalism (SSCR). As noted in Circular 16/21 dated 15 April 2016, the two submissions from SPREP included:
  - a) Supporting Pacific Island Countries to Benefit from the Implementation of the Paris Agreement; and
  - b) Integrated Oceans Management - getting better outcomes for our oceans and coasts.

<sup>1</sup> The members of the Council of Regional Organisations of the Pacific (CROP) are: the Pacific Islands Forum Fisheries Agency (FFA), Pacific Islands Development Programme (PIDP), Pacific Islands Forum Secretariat (PIFS), Secretariat of the Pacific Community (SPC), Secretariat of the Pacific Regional Environment Programme (SPREP), South Pacific Tourism Organisation (SPTO), The University of the South Pacific (USP), Pacific Power Association (PPA), and the Pacific Aviation Safety Office (PASO).

6. Forty seven (47) submissions were received and considered by the SSCR in June and the Forum Officials Committee (FOC) in August. The two submissions made by SPREP were not recommended as priorities for the Leaders agenda. The first climate change initiative was considered to be already addressed under the Framework for Resilient Development of the Pacific (FRDP) which will be presented for the Leaders endorsement in September; and the oceans submission is to be referred to the Office of the Pacific Oceans Commissioner and to be raised for Leaders' attention through the Pacific Ocean Commissioner's report on implementation of the Pacific Oceanscape Framework.

**Pacific Islands Forum led review of the Governance and Financing Framework for the CROP and the role of SPREP**

7. On the regional studies commissioned since the Pacific Plan Review, the Governance and Financing Framework was first discussed by the CROP Heads in early 2015. Given the experience of SPREP through the Regional Institutional Framework (RIF) the Secretariat was initially resistant to the study as the original intent was not clear. Furthermore given the limited resources within CROP agencies to assist with external consultancies, it was viewed that studies should build upon existing reviews that had been completed within the CROP agencies.
8. The Pacific Islands Forum as the Chair of the CROP invited the current and incoming chairs of all CROP agencies to the Joint Steering Committee (JSC) on Analysis of Governance and Financing Options for the Pursuit of Pacific Regionalism. The current and incoming Chair of SPREP through New Zealand and Niue attended the Suva meeting. The aim of the meeting was *"the opportunity to engage participants in open dialogue about the governance and financing mechanics of Pacific regionalism and to confirm the role of the JSC in providing strategic direction to the analytical process"*. The timeline for reporting back to Forum Leaders will be in 2016 to 2017.
9. The initial Forum Secretariat analysis identified key issues focused on five of the nine CROP agencies i.e. Pacific Community (SPC), Pacific Islands Forum Secretariat (PIFS), Pacific Islands Forum Fisheries Agency (FFA), University of the South Pacific (USP), and SPREP. As noted in the analysis "CROP agencies' income in 2015 revealed that over 90% of total financing moved through five of the nine CROP agencies". The most for SPC (35%), followed by USP (30%)<sup>2</sup>, PIFS (18%), FFA (9%), SPREP (7%) and SPTO (1%). The three remaining CROP agencies are believed to be on par with SPTO funding levels. The initial desk top analysis also identified what it viewed as emerging findings on regional financing over the period 2014 and 2015:
  - a) Consistent levels of total income across all five CROP agencies.
  - b) Relatively consistent levels of total income at an institutional level.
  - c) An average 33% of total income is discretionary, which in the SPREP context is similar in meaning to core funding.
  - d) Earmarked finance, collectively and at an institutional level, comprises upward of 60% of total income, which in the SPREP context earmarked is primarily project funding.
  - e) An average 47% of total collective expenditure goes towards running costs, and 53% towards activity costs.

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<sup>2</sup> As noted by the Forum the analysis USP's financing model is viewed as an outlier, and requires attention on how it is to be treated in the overall analysis.

## SPREP Context

10. In the SPREP context the initial analysis undertaken by the Forum has confirmed the situation is not unique to SPREP on the level of core funding of 5% compared with project funding of 63% and other income of 11%. With respect to other CROP agencies SPREP receives 7% of total funding to CROP agencies in the region only 2% less than FFA. The dominance of the Pacific Community with 35% of total funding to the region is on par with their vast mandate and size of the organisation.
11. It is an opportune time for the discussion on clarity of mandates, roles and responsibilities in the context of SPREP with respect to the environment and climate change, as a multi-sectoral issue for the region. All CROP agencies are facing challenges on direct funding from members compared to income received from donors. This also highlights one of the critical issues of what drives the work of CROP agencies, in light of limited resources available to meet the development aspirations of PICT members.

## CROP Harmonisation and Project Cost Recovery

12. A separate but related issue to the regional financing and governance study is CROP harmonisation of programme management fees and project cost recovery. SPREP submitted to the CROP Heads in November a paper that addressed these issues as discussed in the SPREP Meeting in 2015. The CROP Heads minute noted: *"Executives tasked the CROP Harmonisation Working Group to develop a paper on options for harmonising CROP agencies' project management fees, and requested that this be prepared by the next CROP meeting in early 2016. SPREP agreed to circulate the paper on this topic that had been discussed at the 2015 SPREP Governing Council meeting, as one input to this process"*<sup>3</sup>. To date the CROP Harmonisation Working Group has yet to present on this issue to the CROP Heads.

## Review of the CROP Working Groups and Charter

13. A joint CROP management response to the CROP working groups, was agreed at the CROP Heads meeting in November 2015 which included: to review the CROP Charter and CROP's regional engagement strategy; and rationalise working groups to align to the Forum Leaders' priorities. As noted by the Forum the purpose of the review of the CROP Charter is *"to revisit the role of the Council, and its membership arrangements, in relation to a prioritized regional agenda set by Pacific Islands Leaders through the Framework for Pacific Regionalism processes"*. The review is to be completed in September, and may have implications for CROP membership. Proposed revisions to the CROP Charter are to be presented to the Forum Officials Committee (FOC) and related meetings of CROP governing bodies, later this year.

## Recommendation

14. The meeting is invited to:
  - **note** the update on the Framework for Pacific Regionalism and its implications for SPREP; and
  - **provide** advice and guidance on any of the matters covered above.