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From the Rt. Hon. Mekere Morauta, KCMG
Review Chair
Port Moresby
31 October 2013

Tuiloma Neroni Slade
Secretary-General
Pacific Islands Forum Secretariat
Suva, Fiji

Dear Secretary-General,

The 2013 Review of the Pacific Plan (‘the Review’) started its consultations in earnest in late January 2013. Since then the Review team has visited all 18 member or associate-member countries of the Pacific Islands Forum, met more than 700 stakeholders across and beyond the Pacific, received nearly 70 public submissions, commissioned its own studies on specific issues, and researched a large volume of relevant literature. The Review represented, I believe, one of the most substantive consultations about contemporary Pacific issues ever mounted.

Interim papers and presentations were published on the Review’s website as they were produced and we benefited greatly from feedback on those. Drafts of the main sections of the report were presented, in the form of working papers and other products, to officials at the Pacific Plan Action Committee meeting in August 2013.

On 4 September 2013, at their meeting in Majuro, I briefed Forum Leaders on the principal conclusions of the Review and our proposed direction in terms of recommendations. Leaders broadly welcomed the direction I suggested and we subsequently agreed that I should submit my report on that basis by the end of October 2013.

I am consequently pleased to present here, for your onward transmission to the Forum Leaders, my report on the Review.

I will not summarise the Review here but I should like to emphasise a few points by way of preface:

While our consultations were both deep and broadly based, they delivered a remarkably consistent message. The region as a whole is experiencing significant social, economic and environmental change and challenges; it is also the subject of new levels of geopolitical interests within and beyond its shores. But the region is vulnerable and it remains significantly dependent on the economies and goodwill of others – again both within and beyond the region.
Citizens are aware and often nervous of these changes and challenges, and are looking for a new level and quality of political debate, policy and cooperation at the regional level – better to guide the region through the short term and to secure the long term in a way that properly reflects the values and diversity of the region while managing the common natural resources on which all Pacific islanders depend.

And there is widespread support for a high-level political forum – the Pacific Islands Forum – to debate these issues, as there is for some sort of framework to guide the process of regionalism.

But, we were told, that debate needs to be more robust and the process of advancing regionalism needs to deliver bigger results: to be genuinely game-changing in terms of mitigating the region’s vulnerabilities and dependencies, which will otherwise dog its social, economic and environmental well-being.

My report recommends a number of reforms, aimed at achieving more robust political debate and supporting a bigger, better, deeper process of regionalism. Forum members will need to reflect on how ready they are for deeper forms of integration, including difficult issues such as sharing sovereignty and the recognition of regional priorities that may not always equate to national priorities.

Some of those reforms will not be comfortable to those tasked with delivering on regionalism – the Pacific Islands Forum Secretariat and other Pacific regional organisations included. However, I was encouraged by the commitment to, and enthusiasm for, change among the staff of those agencies, and I hope that you too will feel that this is change worth pursuing vigorously and urgently.

Through your good offices, I commend my report to the Forum’s leadership.

Yours sincerely,

The Rt. Hon. Mekere Morauta, KCMG
## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CROP</td>
<td>Council of Regional Organisations of the Pacific</td>
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<tr>
<td>CROP Agencies</td>
<td>The Pacific regional organisations associated with the CROP</td>
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<tr>
<td>FIC/FICs</td>
<td>Forum island country/countries</td>
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<td>FOC</td>
<td>Forum Officials Committee</td>
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<td>FSM</td>
<td>Federated States of Micronesia</td>
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<td>MFI</td>
<td>Multilateral finance institutions</td>
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<td>MSG</td>
<td>Melanesian Spearhead Group</td>
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<tr>
<td>NDP</td>
<td>National development plan</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<tr>
<td>PIC/PICs</td>
<td>Pacific island country/countries</td>
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<td>PIF</td>
<td>Pacific Islands Forum (‘the Forum’)</td>
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<td>PIFS</td>
<td>Pacific Islands Forum Secretariat (‘the Forum Secretariat’)</td>
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<td>PNG</td>
<td>Papua New Guinea</td>
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<td>PPAC</td>
<td>Pacific Plan Action Committee</td>
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<td>RAMSI</td>
<td>Regional Assistance Mission to Solomon Islands</td>
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<td>SIS/SISs</td>
<td>Smaller Island State/States</td>
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<td>SPC</td>
<td>Secretariat of the Pacific Community</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
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<td>USP</td>
<td>University of the South Pacific</td>
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EXECUTIVE SUMMARY

Part 1: Introduction provides the background to the Pacific Plan and to the Review, and outlines our approach, emphasis and sources of information.

Part 2: Our Diagnosis discusses issues facing the region, the need and appetite for regionalism, and the current governance and financing of regionalism, and presents what we think needs to be addressed.

Part 3: A New Framework for Pacific Regionalism reconceptualises what the Pacific Plan (‘the Plan’) should be and do, and proposes some next steps.

PART 1: INTRODUCTION

Origins of the Pacific Plan
In 2004, Forum Leaders (‘Leaders’) embodied in the Auckland Declaration (see Annex 4) an aspirational vision for the region:

“Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all its people can lead free and worthwhile lives. We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed. We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values, and for its defence and promotion of human rights. We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all.”

Leaders agreed to give effect to this vision through:

1. The development of a ‘Pacific Plan’ to create links between the sovereign countries of the region and to identify where the region could gain from sharing resources, governance and aligning policies.

2. Recognition of the particular needs of Smaller Island States (SISs).

3. Recognition of the importance of cultural identity, regional inclusiveness, sub-regional representation, human rights, women and gender, youth and civil society.

4. Improvement of the way the Pacific Islands Forum (‘the Forum’) communicates its work.

5. Reform of the Forum’s procedures, its meetings, and the role of Leaders, the Chair, ministers and officials.
The plan was endorsed by Leaders in 2005 as the **Pacific Plan for strengthening regional cooperation and integration**.

**The 2013 Review**

The purpose of the 2013 Review was to assess the effectiveness of the Pacific Plan and ensure that it remains the driver of regional efforts for integration and cooperation. It was to build consensus on the future direction of the Pacific Plan and provide a platform for prioritising regional integration and cooperation efforts over the next decade.

The Review was, among other things, asked to consider governance and priority-setting, and to what extent the regional institutional architecture supports the strategic directions of the Plan.

The Review was also asked to consider how the priorities of SISs can be more effectively reflected.

Terms of Reference for the Review were approved by Pacific leaders, who appointed the Rt. Hon. Sir Mekere Morauta to chair the Review.

**Methodology**

The Review’s principal period of evidence-gathering was from January to May 2013 and sought to establish the breadth of issues that stakeholders perceived as important to the discussion of regionalism. The Review team visited all 18 member and associate-member countries of the Forum, consulting political leadership, government officials, non-governmental and civil society organisations, private-sector representatives, academia, development partners, and regional and intergovernmental organisations. More than 700 Pacific stakeholders were consulted.

In parallel, the Review received almost 70 public submissions, commissioned its own studies, and undertook background research and analysis of the literature on Pacific regionalism.

The Review’s interim findings were endorsed by the Pacific Plan Action Committee (PPAC) in May 2013, following which the Review proceeded with a period of further research into specific issues and some second-round consultations.

A draft report, in the form of a series of working papers and other products, was presented to PPAC in August 2013 for the purposes of briefing the region’s political leaders and officials.

Because of the political nature of the Review’s conclusions, the Chair briefed leaders at a special session of the Pacific Islands Forum in Majuro in September 2013 prior to finalising the report.
The Direction and Emphasis the Review Assumed

Early discussions raised questions, published in interim Review Notes, over (among other things):

- The changing social, economic, environmental and political context for Pacific regionalism;
- What ‘regionalism’ actually means;
- The unclear translation of the Pacific leaders’ original ‘plan for regionalism’ into a ‘regional development plan’;
- The institutions and processes surrounding the Plan, particularly with respect to priority-setting;
- The likely pathways to development in the Pacific, where both growth and poverty have particular characteristics.

The team increasingly questioned whether the Plan, in its current form, is driving regionalism or, rather, reacting to events and disparate imperatives emerging from other national and international forums. Ownership of the Plan, it became clear, is limited at the political level.

Improving the Conversation: Defining Regionalism

Regional Cooperation

Regional cooperation has been defined as the development of agreements between national governments where implementation is left to the national level. Regional cooperation has been the principal mode of Pacific regionalism since the 1960s.

Examples of regional cooperation range from joint statements on climate change to the projection of wider international norms and values into the Pacific, such as the championing of gender equality, good governance, anti-corruption, democracy and the rule of law.

Regional Integration

In some cases, regional cooperation has led to a deeper form of regionalism — regional integration through the creation of supra-national bodies to deliver services, and through moves to increase economic integration.

Reasons for pursuing integration include:

- Realising economies of scale through regional provision of services;
- Delivering regional public goods;
- Creating larger markets and improving resource allocation; and
- Overcoming national capacity constraints.
**A Plan for Regional Development?**

The Pacific Plan, as originally conceived, was a plan for regional cooperation and integration, focusing on initiatives that were more efficiently or effectively delivered at the regional level. But the Plan has been reinterpreted by some as something more akin to a ‘regional development plan’ for the Pacific.

A regional development plan would need to:

- Be comprehensive – covering all government activities in the region. National development plans would need to align with it;
- Prioritise expenditure across the region and be backed up by a regional budget process; and
- Involve redistribution between states in the region, and within states.

This would require substantial pooling of sovereignty.

While there is nothing incoherent about the suggestion that the Pacific Plan could be a regional development plan, it is clear that in the absence of any decisions on pooling sovereignty, regional systems for budgeting and spending funds, transfers across the region, and the subordination of national development plans to the Pacific Plan (none of which is currently in existence to any substantive degree), it is not accurate to say that the Pacific Plan is a regional development plan. It is a plan for progressing regionalism.

**From Regional Integration to Federalism**

Moves towards market integration usually require some pooling of sovereignty. While there is a continuum between this and full federalism, it is important to recognise that there are many way-stations along this path and there is no inevitability about moving from one point along it to the next. It may be that the nations of the Pacific have no desire to move past some form of economic integration; however, it is equally possible that some parts of the Pacific do. Determining how far the Forum members wish to go along this path is the prerogative of the people of the Pacific and their leaders.
PART 2: OUR DIAGNOSIS

The Region, and the Regionalism, We Found

There is a compelling argument for regionalism: Pacific economies, with small populations and tax bases on which to draw, need to do all they can to leverage voice, influence and competitiveness, and to overcome their inherent geographical and demographic disadvantages. The Pacific leaders’ original intent to develop “a Plan to create links between the sovereign countries of the region and identify where the region could gain from sharing resources, governance and aligning policies” is even more valid than it was at the outset.

The strength of this vast but low-populated, diverse region is its social and natural capital. This implies a nuanced interpretation of ‘growth’ and ‘poverty’, of pathways to development, and of the centrality of culture, religion and societal values, in any consideration of ‘the region’.

New Vulnerabilities

However, according to some estimates, by 2015 the Pacific will constitute the slowest-growing region of the world – effectively meaning that it is going backwards rather than forwards. In aggregate, the Pacific region is significantly off-track to meet many of the Millennium Development Goals.

But Pacific citizens have real concerns about other, more complex, vulnerabilities and uncertainties as the region grapples with modernity and the inevitable forces and processes of globalisation, including the erosion of natural and social capital, evolving social structures as new forms of employment and migration evolve, monetisation, the impact of foreign investment and new interpretations of ‘insecurity’.

Thus, regionalism is not just about geography and economics: it is also about the governance of a region that is, collectively, under increasing strain, and whose societies are experiencing new vulnerabilities, including new forms of poverty.

But economics is important, too, and again, regional governance needs to address the diseconomies of scale that exist, the high costs of doing business in and across the region, and of slow, expensive and unreliable transport and communications.

Multiple Dependencies

Vulnerabilities are exacerbated in the Pacific by multiple dependencies, which serve to define the ability of the region to respond: aid and aid flows, the predominately foreign nature of investment, limited access to markets, constrained abilities to travel and communicate, restricted pools of skilled labour – and, of course, climate change.

An overriding observation is that, for many things, Pacific development is – or is often perceived to be – something that happens through supra-national agency. And that is frustrating to many Pacific citizens and politicians.
The State of Pacific Regionalism

The kind of regionalism envisaged under the Leaders’ 2004 Auckland Declaration – of sovereign countries of the region gaining from sharing resources and governance, and aligning policies under the auspices of a Pacific Plan – has been slow to emerge. But there are nonetheless some significant examples of regionalism in the Pacific.

In terms of regional cooperation we see some sharing of common technical and developmental resources – through the commonly owned (but mostly aid-dependent) technical agencies. The University of the South Pacific has delivered societal benefits across the region that few countries could provide themselves. Pooling of resources among Pacific island countries in sea and air transport services improved frequency and reliability for a while, but ultimately failed, as did attempts to institutionalise common bulk purchasing of fuel and pharmaceuticals. Many aid-funded development programmes assume a regional nature.

However, those impact and efficiency gains are not universal, and there are also costs and inefficiencies in such multi-country programming.

Deeper forms of regional integration have been slower to emerge, but the common management of oceanic fish stocks has been largely successful. The Pacific community has rallied to ensure safety and security in times of civil unrest and potentially contagious instability. The Pacific as a whole is listened to more, and is better off as a result, when it has successfully presented itself and its values collectively – on such important issues as a nuclear-free Pacific, and climate change.

Similarly, the championing of common norms and standards on such things as gender, education, audit and trade has exemplified the sort of benefits to be derived from an integrated regional approach. The Forum Compact has championed best practice across the island countries, and pioneered a world-leading peer-review system, in managing aid effectiveness and development effectiveness.

However, these – comparatively few – long-standing examples of Pacific regionalism have diverse origins. They cannot be said to be the result of regular, purposeful, institutionalised, contemporary political processes and dialogues about the future of the region.

Neither can they be said to be products of the Pacific Plan, although the Plan captures them in its oversight of regional initiatives.

The Role of Pacific Regional Technical Agencies

The technical agencies of the region – separately governed international membership organisations falling under the non-mandatory coordination of the Council of Regional Organisations of the Pacific (CROP) – are often seen as the implementers of the regional agenda. This was not a review of the CROP agencies, but it was nonetheless clear that they deliver technical excellence, and are valued.
The place of the CROP agencies in prosecuting regionalism is an interesting one from a political perspective. Their activities are almost invariably ‘in line with’ the Pacific Plan, and they are a necessary resource for its implementation. There is therefore an assumption that the CROP agencies are the embodiment of regionalism: that regionalism is the product of the CROP agencies’ work. However, the Review takes the view that regionalism is in the first instance a political, not technical, process. This Review did not recognise such a robust political dialogue about regionalism. While cooperation at a technical level is relatively good across the Pacific, hard political choices being made about economic integration and the future of the Pacific are much more difficult to pinpoint.

The Right Conversations Are Not Taking Place

A consistent message that the Review received across the Pacific is that citizens feel that the right conversations are not being had about the region’s new vulnerabilities – social, economic, political, cultural and environmental – and that citizens’ voices about the kind of Pacific that is emerging are not being heard in the absence of coherent, effective regional governance.

The Pacific Plan

On one hand, the Pacific Plan is described as the ‘master strategy’ for driving Pacific regionalism; it is the framework for the collective action; it defines the structure and functions of the CROP agencies. Stated relevance to the Plan is used as a justification for the funding of regional initiatives. Plan priorities, endorsed at the highest level of Pacific leadership, are assumed to define and shape the course of development in the region.

On the other hand, the Plan is not widely known about beyond its immediate stakeholders. It has so many priorities, and is so broadly framed, that it effectively has no priorities. It is not mandatory, and carries no powers of enforcement. It has no budget, timeline or robust indicators of what success looks like. It lacks ownership.

Significantly, reports of progress under the Plan struggle to identify and articulate outcomes and impacts: change often has to be described through the proxy measures of the activities of national and regional implementing partners.

For many Pacific citizens, the Plan and its implementation just aren’t making enough of a difference.

Yet leaders do attach importance to the Plan and to getting it right. Indeed, a clear and consistent message from the Review’s consultations is that:

1. The principles espoused by the Pacific Plan, of creating links between the sovereign countries of the region and identifying where the region could gain from sharing resources, governance and aligning policies, remain valid and important, even if they have not progressed rapidly; and

2. A framework for articulating and guiding the priorities and processes of regional integration is still needed.
Surrounding Institutions and Processes

Prosecuting Pacific regionalism is a political agenda: a pan-Pacific political discussion about values, vulnerabilities and dependencies that must be resolved through political choice and policy measures. It is about making political choices on, perhaps, such complex matters as sharing sovereignty, pooling resources and delegated decision-making.

Crucially, it needs to recognise the need for space and time for collective leadership on Pacific regional issues that cannot be resolved by single nations acting alone.

So if that is the need, and if we have a forum (the Forum) for such political debate, and if we have a vehicle for advancing regionalism (the Pacific Plan), then why has it not progressed with greater scope, scale and speed?

It became clear that the answer lies in an examination of the institutions and processes that surround and support the Plan. It seemed likely that the governance and financing of regionalism, and the organisations that prosecute regionalism, were at the heart of why the original political vision for, and ideals of, regionalism had been ‘lost in translation’.

What we found was a lack of space in the Forum for the kind of political conversations needed. Instead, we found a largely officials-led process, in which clarity over who are the principals in, and who are the agents of, regionalism has become confused. A priority-setting process in which the agents of regionalism are incentivised to prosecute their own agendas, whereby the importance of having the agents’ technical agendas prioritised in the Plan, for funding purposes, is perceived to be of such importance that it starts to drive and determine the whole priority-setting process of the Plan.

The result is the prosecution of an agenda that is ‘in line with’ the Leaders’ vision of regionalism, but that is not necessarily representing political choice or strategy, or – it is clear – yielding the pace, scale and quality of change that is needed to achieve meaningful levels of regional integration.

This led the Review to its primary, most central, conclusion: what is needed to progress regionalism is not a revised list of priorities, but an overhaul of the processes, institutions and governance of the Plan.

The Governance and Financing of Pacific Regionalism

The Pacific Plan is about translating high-level aspirations about regionalism into change resulting in tangible benefits for Pacific society. The vehicle is an international membership organisation – the Pacific Islands Forum (PIF) and its Secretariat (and other related organisations: the CROP agencies) – and within that Forum the mechanism is the deliberation of a board – PPAC.

Governance is about this process of translating the wishes of an organisation’s owners into a performance that efficiently and effectively yields desired outcomes and impacts. In this case the desired outcomes and impacts are improved regional cooperation and deeper social, economic and political integration.
International Governance

The governance of international membership organisations is notoriously fraught. There are inherent tensions and difficulties in reconciling the diverse interests and perspectives of individual member countries with the need for a single collective position on supranational issues. The executive functions and responsibilities of ‘boards’ become confused with the need for, and comfort of, ‘representation’.

These inherent difficulties are often further complicated by how and whom the organisation is financed. Cash-strapped developing countries will rarely be able to prioritise supranational activities and investments above more pressing national requirements. So, as with PIFS and many of the CROP agencies, a significant component of the financing of international collective action is typically derived from the donor community.

Governance Questions are Central to the Pacific Plan

A fundamental conclusion of the Review is that it is very difficult to see how the Pacific Plan, or the processes surrounding it, are driving regional integration with the scope, pace and scale intended or necessary. The processes around the Plan appeared to the Review to be dominated by bureaucratic and institutional interests, the result being that the Plan contains too many priorities, often of the wrong sort. How has this come about?

Governance of the Pacific Plan

Oversight of the Pacific Plan is provided by the PPAC, whose role is to “review implementation of the Pacific Plan and provide high-level advice to Leaders on strengthening regional cooperation and integration”.

PPAC comprises representatives of every Forum member and associate member, as well as executives of each of the CROP agencies. The PPAC Chair and members receive no induction, nor do they accede to any formalised accountability, or to any executive responsibilities (as regards the Pacific Plan) between meetings.

The direct cost to the Secretariat of convening a PPAC meeting is approximately FJD120,000 (±USD64,000).

The convening of a PPAC meeting (for which airfares are paid) back to back with a Forum Officials Committee (FOC) meeting (for which airfares are not paid) creates incentives that serve to shape the governance of the Forum and the Pacific Plan:

- PPAC meetings essentially fund member countries’ participation at the FOC;
- The same person will usually represent a member country at both meetings;
- Representation at PPAC meetings often not including development specialists.

There is a view that there is duplication in the memberships and functionalities of FOC and PPAC.
**PPAC’s Ability to Provide ‘Governance’**

While PPAC may be a comfortable forum for ensuring that member countries are represented, it is difficult to see how such a large committee, with significant variation in attendance and backgrounds, can be the most effective decision-making organ for what is effectively a managed project (the project that is the prosecution of Pacific regionalism). The task at hand is not one of representing national or organisational interests but one of seeing to the development and implementation of a collective supra-national agenda handed down by the region’s leaders.

Our review examined the steps involved in establishing the agenda for the Leaders Forum (as far as the Pacific Plan is concerned) and found that it is heavily influenced by the views of officials and technocrats, and organisational priorities, and rather less by those representing the region’s political interests and values. Yet the Forum is the region’s ‘peak political body’, and the Pacific Plan is fundamentally about the expression of social and political values and making hard political choices.

**Financing the Plan**

Support for the delivery of international public goods is typically heavily dependent on the wider international community, and that is as relevant as it is understandable. Hence about 80% of the CROP agencies’ total annual budgets are derived from donor finance. Furthermore, just two donors – Australia and New Zealand – provide the great majority (around 70% in the case of PIFS) of that external finance.

However, donor financing of international membership organisations invariably brings with it tensions and frustrations. On one hand, accusations abound that donors ultimately control, through the ‘power of the purse’, the programme of an otherwise sovereign membership organisation and, on the other hand, that anything less than a hands-on approach by donor agencies will not suffice in terms of meeting legitimate accountability requirements to their taxpayers.

**Bilateralisation**

Managers within the organisation become as frustrated with governance as do donors, while both remain keen to get initiatives funded. The environment is then set for the ‘bilateralisation’ of the multilateral organisation’s agenda: the direct financing of initiatives, outwith the organisation’s priority-setting or governance processes, by donors effectively contracting directly with parts of the organisation. So starts the marginalisation of governance and increasing bilateralisation, and through that the erosion of ownership.

Pacific regional organisations mostly struggle to secure the funding they need. The temptation is consequently great to accept increasingly diverse sources and forms of donor finance. Care needs to be taken to ensure that agencies established with a clear mandate to progress a particular agenda do not thus become ‘project hotels’ for an increasingly diverse and off-mandate set of transactional activities.
The Review supports previous recommendations that PIFS, for example, should not be implementing projects and programmes on behalf of donors: its role is a political one, not a project management one. But that then reinforces the need for non-earmarked, non-programmatic (i.e. ‘core’) funding. And that will only ever be possible so long as governance is rated highly.

Where donors are also bona fide members of the organisation it then becomes important to separate clearly – and be clear about the purpose of:

1. The discussions that a member may rightfully wish to have relating to their status as one of many equal members of the organisation (and what they expect to get out of their membership); and

2. The discussions that that same country will also legitimately wish to have about the utilisation and effectiveness of its aid investment in the organisation – regardless of whether or not they are also members.

What Would Have to be Addressed?

From this discussion the Review concludes that the following would need to be addressed for Pacific regionalism to progress with the necessary scope, pace and scale:

• The Pacific Plan needs to be seen more explicitly as a political rather than technical process in which game-changing agreements are reached and subsequently prosecuted, such that the Forum island countries (FICs) better leverage voice, influence and competitiveness to overcome their inherent geographical and demographic disadvantages.

• The Pacific Plan thus becomes a framework for, specifically, advancing Pacific regionalism, rather than any form of ‘regional development plan’.

• Pacific regionalism needs to be seen as a decades-long, but actively managed, project with different countries (or sub-regions) entering into different forms of cooperation and integration in different places at different times.

• The institutions and processes supporting the prosecution of this Pacific regionalism project need to be overhauled:

  o to support better a political, as opposed to technical, conversation;

  o to identify, advise on and implement game-changing political initiatives that bring about significantly enhanced levels of regional cooperation and integration;

  o to operate and collaborate more efficiently, through more predictable and sustainable, and less distortionary, forms of financing; and

  o to be governed in such a way that the totality of effort constitutes the strategically right thing to do to achieve the aspirations of the Pacific’s leadership as regards regionalism. (As opposed to being merely ‘in line
PART 3: A NEW FRAMEWORK FOR PACIFIC REGIONALISM

Overview
The Pacific Plan needs to be reimagined as a journey towards deeper regional integration. It is not simply a set of initiatives aimed at delivering more efficient and effective services. It needs to be recast as a project, grounded in a shared culture and approach, aimed at constructing a common polity. This is a political project that must be driven by Forum Leaders, and it is this that the current Plan, and processes associated with it, have lost sight of.

There is a need for an overhaul that addresses not just the documents, but also the system and incentives that surround them. There is a need to go back to the original vision of the Pacific leaders who launched the Plan: to a plan that advances the political and institutional aspects of regionalism (as opposed to being a ‘coordinating mechanism’ for region-wide activities); a plan that covers only regional initiatives – services that are more efficiently or effectively delivered at the regional level – and that is supported by processes that ensure the initiatives are manageable in number, of the highest priority and drive increased integration; a plan that gives political voice to the vision of a united Pacific as articulated by successive generations of Pacific leaders.

• Arrangements for the Pacific Plan’s governance and accountability – notably the construction and remit of PPAC – need to be revisited.

• The reform of these processes and institutions needs to be managed as a project in itself – with appropriate oversight and with the necessary technical advice.

• While much of the reform will be internal to the Forum and PIFS, and to some extent to the wider regional institutional architecture, there are also important issues to be considered by the region’s financiers – about the security and predictability of the funding that allows Pacific regional organisations to deliver on their mandates, and about the characteristics and wider implications of the Pacific’s development.
A key attribute of the Plan is its link to the Forum Leaders: no other document has this. Initiatives under the Plan must reflect this opportunity: they should be about regional integration and regional cooperation at the highest level and they should require the attention of Leaders: if they don’t, they should be sent to other forums for decision.

Key to this transformation is a move away from the idea that the Pacific Plan is a ‘plan’ – either a regional development plan or a more conventional one – and towards what the Review is calling the New Framework for Pacific Regionalism (‘the Framework’). This new Framework needs to:

- Be more politically led, relevant, inclusive and value-adding;
- Articulate a path towards increased regional integration that is owned by leaders and understood and supported by citizens;
- Be flexible enough to cope with the region’s diversity;
- Accept differing pathways to development;
- Recognise vulnerabilities and resilience in dealing with modernity;
- Contain a robust public policy process rather than a plan;
- Be manageable and managed; and
- Consider (complex) governance and financing issues.

**Changing the System**

There is a need for comprehensive reform to the processes, institutions and meetings that support the Plan. Key elements of this change include:

- Forum meetings in which Leaders think about the bigger picture, including the political processes and settlements needed to progress regional integration;
- An open, transparent prioritisation process owned by Leaders that distinguishes the regional from the national;
- The development of a robust public policy process that delivers high-quality, impartial advice to Leaders (independent from existing regional organisations and not skewed by stakeholders, bureaucratic and otherwise);
- Further empowerment of regional organisations and regional meetings: CROP agencies have their own governing bodies that can and should do this;
- Efficient and effective donor support for regionalism; and
- Changed incentives: current incentives do not always align with the best interests of the Plan and the regional project.
**Paths to Deeper Integration**

Progress on economic integration has been limited and progress towards political integration through shared regulation has been almost non-existent. A critical part of resurrecting regionalism is articulating and agreeing on a path to regional integration that sets out possible further steps on the journey to a more economically and politically integrated region. The new Plan should include such a path.

**A Path for Pacific Integration**

<table>
<thead>
<tr>
<th>Pacific Plan for Strengthening Regional Integration and Cooperation</th>
<th>Regional Development Plan</th>
</tr>
</thead>
</table>
| Cooperation  
• Strong external voice (e.g. statement on climate change) |  |
| Shared service delivery  
• e.g. USP  
• SPC TA |  |
| Economic integration  
• Free trade agreement  
• Labour mobility |  |
| Political integration  
• e.g. Shared supreme court (OECS) |  |
| Political Union  
• e.g. European Union |  |
| Federation  
• Establishing single political entity (e.g. united Germany)  
- usually irreversible |  |

Increasing integration

However, it is important to acknowledge that no consensus exists to go down such a path, although Leaders have said that this discussion should be happening. Given the diversity of the Pacific, it is likely that groups of countries will proceed at their own pace (or not at all) down this path, and regional processes must be flexible enough to cope with differing speeds and approaches to integration.

**Building Momentum and Ownership, and Improving Communications**

Another key aspect of resurrecting regional integration in the Pacific is building momentum, understanding and ownership of the project. Steps include:

- Improving communications;
- Addressing social, cultural and political barriers to regionalism – including the development of trust, goodwill and leadership;
- Ensuring flexibility – to respond to a changing environment, including threats to integration and to values, changing external influences and partnerships;
• Embracing sub-regionalism as a natural building block of wider regionalism; and
• Identifying some quick wins to build credibility and momentum.

A New Framework for Pacific Regionalism

The Review calls for a paradigm shift in how regional integration and cooperation is perceived and presented. As part of this, there is a need to reconceptualise and rename the Pacific Plan itself as something that articulates a regional vision/strategic direction for the Pacific, plus a set of processes that enable Leaders to identify and implement initiatives they believe are needed to move the regional project forward.

The new Plan should be nothing more than this: a strategic superstructure that covers the vision, values and strategic direction articulated by Leaders plus some processes that prioritise initiatives. It will not contain a set of initiatives.

The Review favours a New Framework for Pacific Regionalism, in two parts:

Part 1: A New Framework for Pacific Regionalism, comprising four sections:

1. Vision. Support for the current vision is widespread, but Leaders should reflect on it and update it;
2. A Statement of the Region’s Values, as articulated in current and recent Forum processes, including through Leaders’ declarations;
3. A Statement on a Strategic Direction for the Pacific, covering the situation facing the region, its challenges, its many strengths and the compelling arguments for working together and moving towards a closer union; and
4. Paths to Deeper Integration, illuminating the possible forms of deeper sorts of integration. This is a critically important.

Part 2: Prioritising Initiatives would have two sections:

1. A Process for Prioritising Initiatives (not a list of priorities); and

Annexes should cover detailed processes and criteria for selecting initiatives.

Delivering Results: the Need for a New Process

Despite efforts to reduce their number, the Pacific Plan still contains too many priorities. Too many priorities dilutes management attention and diminishes accountability.

There is a need to redesign the prioritisation process so that fewer, higher-priority issues get on the agenda. The new process should be more transparent, more inclusive, give rise to a more manageable number of regional priorities, be simple, be independent, be supported by proper and timely analysis, and ultimately be under the direction of Leaders, and it needs to begin at country level.
Addressing the Pacific Plan’s Governance

Many and diverse activities are draped in the flag of the Pacific Plan and regionalism, but relatively few can be said to be part of a considered, driven strategy to achieve the aspirations of the region’s political leadership, or the expression of the region’s evolving political and social values.

One of the Review’s primary conclusions is that the configuration, roles and accountabilities of the Pacific Plan’s governance arrangements are not fit for the purpose of driving the strategically managed, long-term, game-changing initiative that the Pacific regionalism project represents. Current arrangements result in confused and compromised principal–agent relationships, the agenda is established principally through bureaucratic and technical imperatives rather than political choice, and decision-making is ultimately reactive rather than proactive.

The Pacific Plan Action Committee

PPAC is too large, too part-time and too cumbersome to discharge its role of identifying and advising Leaders on policy options in progressing regionalism, and of directing the development and implementation of the Pacific Plan. It can neither drive nor be accountable for its results.

The Review cannot see how the scope, pace and scale of what is needed to progress meaningful, game-changing regional integration can be achieved in the absence of more dynamic and proactive governance arrangements.

A More Effective ‘Board’

If the Plan is to retain its relevance, it should be recast so that it is about driving a political process of regional economic and political integration. This fundamental change in the nature of the Plan needs to be reflected in the processes and institutions that support it.

In particular, PPAC needs to change to reflect a new role that is about implementing the Leaders’ vision for the Pacific rather than representing national and organisational interests in regional programming. So this is not the work of a committee of representatives; rather, what is needed is a small group of active executive directors who represent the collective will of the Leaders and who are charged by them with directing the regionalism project.

The Review proposes therefore that PPAC be re-established as a much smaller board – a Board for Pacific Regionalism (the ‘Board’) – to direct the reinvigorated process of progressing regionalism.

The Board will have a clearer role, improved governance arrangements and fewer members than PPAC (this is elaborated in the main report).

The Implications for PIFS Capabilities

The Review was not asked to consider the wider functions and capabilities of PIFS as a whole, but our recommendations suggest an upping of the game in terms of the Forum
Secretariat’s ability to support more independent, evidence-based policy choices in Pacific regionalism. PIFS needs to be able to identify more proactively the big-picture political, social and economic determinants of progressing regionalism and advise Leaders accordingly. It then needs to have the authority and capability to harness support for, and champion, such reforms, and to account for progress at the level of outcomes and impacts.

The Wider Governance of Regionalism

The Review was not mandated to consider the regional institutional architecture or, by inference, the governance of the nine autonomous Pacific regional organisations that, under the ‘coordination’ of the CROP, play an important role in the implementation of the Pacific Plan.

However, it was clear to the Review that many questions remain about the efficiency of the wider regional institutional architecture and the effective governance of such a network of regional organisations. Many would say that wider reform of the regional institutional architecture, and its governance, represents unfinished business.

Overview of the New Process

Schematic of the Proposed New Process

- **Stakeholders** (governments, CROP agencies, civil societies, etc.) develop proposals
- **PIFS** uses criteria to assess all proposals and provides a short list of initiatives to Leaders
- **PIFS** oversees implementation of Leaders’ decisions, develops policy in response to Leaders’ request, and assesses proposals against criteria
- **PIFS** uses criteria to assess all proposals and provides a short list of initiatives to Leaders
- **FORUM**: Leaders decide on initiatives from list given by PIFS, leaders set direction for policy development by PIFS for next PIF meeting
- Decisions on initiatives and new policy directions communicated to PIFS
- Review by Board

Proposals to PIFS
Key elements of the proposed new process include:

- A clearer role for PIFS, including a mandate to act as the guardian of Forum processes;
- All stakeholders will be able to propose initiatives they believe meet the criteria established by PIFS and approved by Leaders;
- Regional ministerial meetings will be empowered to take decisions without referring them to Leaders; and
- Progress on all initiatives will be reported on annually.

**Improved Criteria for Prioritising Initiatives**

The November 2007 revision of the Pacific Plan included tests for regional approaches: a market test, a subsidiarity test and a sovereignty test. The Review endorses the 2007 tests but they need to be clarified if they are to be more effective. They also need to be supplemented with additional measures if they are to effectively reduce the number of initiatives going forward to the Forum:

- A net benefit test;
- A political test;
- A ‘success’ test; and
- A duplication test.

These are elaborated in the main report.

**Implementation**

Progress on implementing regional initiatives – particularly those that involved regional service delivery – has been mixed. The reasons are complex and probably often project-specific, but some common issues appear to be:

- Failure to secure (or provide) sufficient political oversight to enable the sorts of difficult decisions that some initiatives required;
- No clear implementation plan, with timelines, responsibilities and a risk-management strategy;
- Not all PIFS staff have had project management training;
- Projects were begun without an understanding of their cost;
- Projects were begun prior to securing adequate funding and support;
- Failure fully to recognise the incentives at play and to take action to change or mediate them;
- Failure to secure the support of donors and other key stakeholders; and
- Failure to define linkages from country, regional and global processes.
Improving Pacific-wide Development Effectiveness

Many Pacific island countries (PICs) will remain dependent on aid flows and foreign assistance for a long period of time yet. Aid as a percentage of Gross National Income – a measure of aid dependency – has risen over the last decade across the whole Pacific, with the exception of the United States Compact countries and Papua New Guinea, placing four PICs in the top six most heavily aid-dependent countries in the world.

The importance of this aid in terms of being effective and being provided in a way that reflects the unique challenges of sustainability in PICs – and the longevity with which aid flows – is absolutely paramount.

But the quid pro quo for more efficient and effective forms of aid flows and transfers has to be improved governance and accountability in the institutions that translate aid flows into development outcomes.

For these reasons we see a major role for the region’s peak political agency – PIFS – in more robustly championing with the donor community improved coordination, alignment, ownership and harmonisation, and a greater results focus, on behalf of its whole membership. The Forum should build on its gains from the Forum Compact to become an engine of debate, a champion of good practice, an advocate of reform, a setter of norms and standards, and a source of practical advice and support to its members, as a knowledge hub, in the field of improved development effectiveness in the Pacific.

Responding to the Needs of Smaller Island States

Unsurprisingly, some of the Smaller Island States exhibit the most acute vulnerabilities and dependencies of any, and it is in some of these SISs that we are seeing new – and unacceptable – forms of Pacific poverty.

The benefits of being truly more integrated within the region and with its metropolitan neighbours, of significantly improved movement of people, goods and services within and beyond the region, and of increasingly sharing resources, governance and aligning policies, will likely be of greatest impact in the SISs. This would be particularly so for the central Pacific SISs that are not de facto already integrated to some degree with New Zealand or the USA.

The Review attaches particular importance and urgency to addressing the long-term social and economic sustainability of the Pacific SISs through meaningful regional integration, but is unsure that a separate ‘SIS strategy’ under the Plan is appropriate, for two reasons:

1. The SISs require ‘game-changing’ shifts in the way they do business and integrate more robustly with their Pacific and metropolitan neighbours. Such transformational adjustments, which represent the crux of regionalism, will not be achieved through a list of project interventions but through political dialogue and new political settlements about their dependencies on others, and their practical – tangible – integration with bigger economies (including, probably, settlements on the scope and form of foreign assistance in the medium to long term); and
2. The central thrust of the Review’s recommendations is that taking regionalism forward is a matter of putting in place a better priority-setting process, rather than prescribing – in a ‘plan’ – a revised set of priorities. One of the explicit criteria we are recommending for such an improved, more politically driven, priority-setting process is that the special requirements of the SISs are addressed.

We propose that SIS initiatives be dealt with through the same PIFS-managed processes as those initiatives that are to be considered at the Leaders Forum: they will be nominated by members or other stakeholders, and PIFS and the new Board for Pacific Regionalism will assess proposals against the above criteria and generate an agenda for the SIS meeting.

**Implementing Agreed Recommendations and Change**

**Political Leadership of Change**

A key theme of the Review has been the need for greater political direction of regionalism, and it is the political leadership of the region that must decide and drive the reforms explicit or implicit in the Review’s findings. For these reasons the Review recommends that the organisational and governance reforms deriving from the Review are overseen and directed by a temporary leadership-level ‘council’ (‘the Council’; a sub-committee of the Leaders Forum). The Council should have the Leaders’ mandate to decide, as oppose to simply advise, on change within agreed bounds, and will ensure that the scope, scale and pace of reform is as the Leaders would wish.

**Managing the Process of Change**

The Review has major implications for PIFS, including a much more proactive role in regional policy analysis, as the primary adviser to the Forum meetings, and the conduit to the Leaders Forum in terms of progressing regionalism. The Secretariat was not designed for, and is not currently equipped to play, this role.

Importantly, PIFS needs to take ownership of the new arrangements and processes. To this end it needs to be intimately involved in the implementation of the Review and the changes that this brings. In order to do this well, it is critical that the Secretary-General of the Forum be able to access professional assistance to manage what is a major process of change. The required actions are set out in the main report.

**Relaunching Regional Projects**

The Review is not recommending priority initiatives – rather, it has recommended a process through which candidates need to be put. It has, however, compiled a list of possible regional initiatives (or candidates) as suggested to it by stakeholders during its consultation.

**Engaging With Non-state Actors**

The Review’s proposal to open up the process for nominating initiatives to all stakeholders
will, if adopted, provide non-state actors with a clear route through which they can seek to
progress matters that are important to them through the Pacific Plan – provided that they
meet the requirements for submissions (the initiative is genuinely regional, important,
etc.). The Review proposes that civil society and the private sector are represented on the
Board for Pacific Regionalism.

RECOMMENDATIONS
Recommendations are set out in the relevant part of the main report and are also listed on
page 25 immediately following.
THE REVIEW’S RECOMMENDATIONS

Recommendation 1: PIFS works with multilateral finance institutions (MFIs) to offer PICs the opportunity to develop more highly prioritised growth strategies, designed so as to be within their capacity to deliver, covering the particular set of opportunities for growth that face them.

Recommendation 2: PIFS works with relevant CROP agencies to investigate the merits of reforming the management of the southern albacore fishery and establishing a self-funding secretariat to assist PICs with the development of seabed mining.

Recommendation 3: PIFS expedites its work on developing concrete policies on sustainable development for the region to use and policy to help the countries and the region manage trade-offs between the different elements of sustainable development.

Recommendation 4: PIFS works with relevant CROP agencies to investigate how to improve knowledge-sharing in the area of sustainable development.

Recommendation 5: PIFS works with one or more of the multilateral development organisations to examine the following issues:

- What, in the Pacific context, is a ‘reasonable’ standard of living?
- How close can different PICs reasonably expect to get to this level of per capita income over the next 20–40 years?
- What is the cost of government service delivery to a ‘reasonable’ level?¹
- What is the cost of a ‘reasonable’ standard of governing – e.g. a reasonable court and justice system, parliament, etc. – in these countries?
- Can assistance be delivered in a way that does not undermine enterprise, compromise the culture of the islands, or generate unacceptable side effects?
- How much of a role can increased labour mobility play in reducing this gap?
- Who is going to deliver this assistance and how can this be made politically and economically sustainable?²
- What is the quid pro quo (e.g. further improvements to public financial management) for providing this assistance and how will it be decided?

Recommendation 6: PIFS works with PICs and multilateral development agencies to develop uniquely Pacific indicators of both poverty and progress.

¹ There are reasons for believing that the cost of service delivery for SISs may be much higher than for larger countries and that sharing services will not reduce the cost of this much at all: see http://devpolicy.org/pooling-pacific-20130625 for a discussion of this.

Recommendation 7: PIFS explicitly debunks the misunderstanding – and thereby removes the significant consequences of – the myth that an issue or an initiative must appear in the Pacific Plan if it is to attract funding. The Plan is not a regional development or funding plan, but a framework for, specifically, advancing Pacific regionalism.

Recommendation 8 (as per Recommendation 22): PIFS develops, in consultation with the CROP agencies, their members and their other major financers, terms of reference for furthering the analysis of options for the more effective governance and financing of collective action in pursuit of regionalism (including of the network of Pacific regional organisations), and subsequently recruits specialist short-term advisory inputs for that purpose.

Recommendation 9: Leaders endorse the recasting of the Plan as the New Framework for Pacific Regionalism:

- That is founded in a shared culture and approach to life, aimed at constructing a common polity;
- That is supported by processes around it that are focused on advancing the political and institutional aspects of regional integration;
- That articulates a vision, a shared set of values and a strategic direction for the Pacific; and
- That gives rise to only a small number of significant regional initiatives that address significant regional issues and require the backing of Leaders.

Recommendation 10: Leaders agree to the consequent need for extensive change to the Plan, the way it is perceived and the way it is managed, including overhaul of the processes and institutions that support it.

Recommendation 11: Leaders note the need for systemic change and endorse the following aspects of it:

- Forum meetings in which Leaders have the space to debate how best to progress regional integration, discuss proposed initiatives, identify priorities and direct further policy work be undertaken;
- An open, transparent prioritisation process;
- Further empowerment of regional organisations and regional meetings;

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3 This recommendation deliberately appears twice in the report: once as Recommendation 8 in the discussion of the governance of regionalism, and once as Recommendation 22 in the discussion of the financing of regionalism.
EXECUTIVE SUMMARY

• A robust public policy process;
• A stronger, better-governed PIFS with a clear mandate to act as a conduit to the Forum, capable of providing quality policy advice;
• Efficient and effective donor support for regionalism; and
• Changed incentives.

Recommendation 12: Leaders endorse the path for regional integration on page 88 as a guide for the region and note the initiatives in the table on page 89-90 (see main report).

Recommendation 13: Leaders direct PIFS to develop paths for increased regional integration in key areas.

Recommendation 14: PIFS works with multilaterals to update the case for regional integration.

Recommendation 15: Leaders note the need to improve reporting on, and communication about, the Plan and request PIFS to do the following:

• Relaunch the Plan with a series of meetings and events in member countries (details on this are set out further below);
• Ensure senior executives make annual visits to all member and associate member countries to meet with key stakeholders to discuss the Framework, progress against it and any concerns they have;
• Develop a new communications strategy with clear, simple supporting materials (while much has already been done in this area, all materials will need to be redrafted in light of the new Framework); a premium should be placed on simplicity, clarity and improved stakeholder analysis, and tailoring messages to individual countries and groups within them;
• Determine the level of awareness of the Framework that it should be aiming for within particular groups (i.e. how would we measure success in this area?); and
• Determine how to measure the success of this in a cost-effective way?

Recommendation 16: PIFS develops and implements a formal policy on increasing public access to documents, minutes and policies based on the presumption that all papers and minutes should be freely available to the public.

Recommendation 17: The new Pacific Plan be called the New Framework for Pacific Regionalism.

Recommendation 18: Leaders endorse the key elements of the New Framework for Pacific Regionalism set out below and direct PIFS to oversee an inclusive drafting process for the Framework:
Part 1: A New Framework for Pacific Regionalism would have four sections:

1. Vision;
2. The Region’s Values;
3. A Strategy for Pacific Regionalism; and
4. Paths to Deeper Integration.

Part 2: Prioritising Initiatives would have two sections:

1. A Process for Prioritising Initiatives; and

Annexes should cover detailed processes and criteria used in selecting priorities.

Recommendation 19: The Leaders endorse the following key elements of the prioritisation process:

- It should be transparent. If the process is to have and maintain the confidence of stakeholders, it needs to be grounded in a set of clear, relevant criteria (see below), which need to be applied consistently and objectively. This in turn will give stakeholders confidence in the prioritisation process and its outcomes.

- It should be inclusive. All stakeholders need to feel that they can access the process and propose initiatives they believe will meet the criteria.

- It should give rise to a manageable number of regional priorities. Ensuring that the number of priorities is such that the Leaders are able to consider and debate them effectively is critical to achieving anything.

- It should be timely. The best advice is worthless if those who receive it do not have the time to consider it properly. The agenda and supporting analysis need to be provided to Leaders sufficiently prior to their annual meeting for the information to be ‘digested’ and assessed.

- It should be simple. There should be a single route along which all proposed initiatives pass and a single guardian or monitor who has ultimate responsibility for determining the initiatives that go forward and the agenda for the Leaders’ meeting.

- It should be independent. The process needs to be insulated from intervention by stakeholders who have an interest in seeing their particular initiative making it onto the Plan or onto the Leaders’ agenda.

- It should be supported by proper analysis. Decisions need to be informed by analysis that shows how a proposal meets the criteria established to determine whether something should be a regional initiative or not. Proposals should include cost-benefit analyses and an implementation plan.
It should be overseen by Leaders. Leaders need to feel they are in charge of the process and need to be confident that the initiatives that make it onto the agenda reflect their interests, the nature of the Forum and the regional integration project.

**Recommendation 20:** Subject to further professional analysis per Recommendation 8, a new, more business-like Board for Pacific Regionalism replaces PPAC. This new Board will have a clearer role, a wider skill-set, improved governance arrangements and fewer members than PPAC, and its members will be appointed by Leaders on the basis of merit and relevant experience (and should include members with private sector and civil society experience). The Secretary-General of PIFS should be its chair.

**Recommendation 21:** PIFS should invest in upskilling and professionalising the capabilities, accountabilities and responsiveness of the new Board (and the Review suggests other regional organisations should do likewise for boards governing regional initiatives). (As noted earlier, the University of the South Pacific has introduced exemplary reforms in this regard.)

**Recommendation 22 (as per Recommendation 8):** PIFS develops, in consultation with the CROP agencies, their members and their other major financers, terms of reference for furthering the analysis of options for the more effective governance and financing of collective action in pursuit of regionalism (including of the network of Pacific regional organisations), and subsequently recruits specialist short-term advisory inputs for that.

**Recommendation 23:** Leaders endorse the following details of the prioritisation process:

- A clearer role for PIFS, including a mandate to act as the guardian of Forum processes. PIFS will assess the initiatives proposed to it (and may, with the blessing of the Board, propose initiatives itself). It will also be mandated to ensure that no initiative goes to the Forum without first having been assessed by it itself against the criteria for whether something should be a regional initiative (see below) and go on the agenda for the Leaders Forum; it will oversee implementation but will not implement initiatives itself; and it will develop policy proposals in response to the Leaders’ requests.

- All stakeholders will be able to propose initiatives they believe meet the criteria established by PIFS and approved by Leaders. Leaders will be asked at the end of each Forum to decide what initiatives they wish to see analysed for consideration at next year’s Forum. PIFS will provide advice on this, but the Leaders may also receive advice from other quarters.

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4 This recommendation deliberately appears twice in the report: once as Recommendation 8 in the discussion of the governance of regionalism, and once as Recommendation 22 in the discussion of the financing of regionalism.
• Regional ministerial meetings will be empowered to take decisions without referring to Leaders. In general, the results from these meetings will be provided to the Leaders for information only, unless the ministerial meeting wishes to put forward an initiative that it believes it does not have the authority to decide on. This sort of initiative will, in line with the thinking above, go through the normal screening process before being considered for the agenda for the Leaders Forum.

• Progress on all initiatives will be reported on annually. Where significant progress has not been made, PIFS – through and with the agreement of the Board – will make a recommendation to the Leaders as to whether the initiative should be discontinued.

Recommendation 24: Leaders endorse the market and sovereignty tests, and the expanded subsidiarity test, including the eight categories set out on pages 107-108 (see main report).5

Recommendation 25: Leaders adopt the following additional criteria:

• The net benefit test. Will the proposed initiative bring substantial net benefits: has some estimate of the costs and benefits been made? Is it a ‘big-ticket’ item?

• The political test. Does the initiative really require the Leaders’ attention/input or can it be sent to another forum (e.g. regional ministerial meeting)?

• The success test. Is the proposed initiative likely to succeed? Is there an implementation plan? Is funding available for it? In light of available capacity to implement it, is it too complicated?

• The duplication test. Is the initiative being undertaken elsewhere by another organisation or process (i.e. no duplication of effort)?

Recommendation 26: It is recommended that:

• All Pacific Plan initiatives be accompanied by a formal implementation plan.

• The implementation plan for complex projects should include: (1) risk-management matrices and associated risk-reduction strategies; and (2) stakeholder mapping and analysis.

• PIFS staff who are likely to implement or oversee the implementation of projects should be given project management training.

Recommendation 27: PIFS oversees a comprehensive review of pooled service initiatives to identify why some initiatives have been very successful and why others have failed, and

5 These eight categories are not intended to be exclusive. Initiatives may fall into more than one category. Thus, the University of the South Pacific (USP) was established on the grounds that there are economies of scale in providing tertiary education, many of the countries that access its services do not have the capacity to set up a national university, and there are regional (and national) externalities that warrant the provision of subsidies.
uses these lessons to improve implementation.

**Recommendation 28:** Leaders approve the reporting arrangements, including reporting only the following:

- Proposed initiatives and decisions made on them at the Leaders Forum;
- Leaders’ priorities for development and consideration at the following year’s Forum;
- Progress on implementation of approved initiatives; and
- Progress on regional integration.

**Recommendation 29:** Recognising the enduring nature of much of the region’s dependency on aid flows, PIFS should build on the advances made in implementing the Forum Compact/peer-review process and deepen and expand its role in advocating for, and supporting, development effectiveness in the Pacific.

**Recommendation 30:** Leaders endorse the use of PIFS and the Board for Pacific Regionalism as the conduit to the SIS meeting and charge them with ensuring that initiatives proposed by stakeholders are relevant to SIS and meet the criteria developed for identifying SIS and other initiatives under the new Framework.

**Recommendation 31:** Leaders establish a temporary decision-making (as opposed to advisory) council comprised of a triumvirate of the immediate past, current and next identified Forum chairs to oversee the implementation of the Review’s recommendations.

**Recommendation 32:** Leaders endorse the following critical steps and associated timetable, and request the Secretary-General of the Forum to provide them with a more detailed implementation plan for the approved recommendations of the Review within one month of the Review’s recommendations being accepted (according to a timeline\(^6\) established at the acceptance or otherwise of this report):

- Personally oversee and account for the implementation of agreed recommendations. The Secretary-General should report to the Council (above) quarterly on the process of implementing the Review’s recommendations;
- Develop (per Recommendations 8 and 22), in consultation with the CROP agencies, their members and their other major financers, terms of reference for furthering the analysis of options for the more effective governance and financing of collective action in pursuit of regionalism, and subsequently recruit specialist short-term advisory inputs for that purpose;

\(^6\) We suggest this timeline should exhibit considerable, if not ambitious, pace.
EXECUTIVE SUMMARY

• Subject to such early professional analysis, establish (per Recommendation 8) the new Board for Pacific Regionalism,7 replacing PPAC;

• Engage professional organisational development specialists to redesign PIFS’ structure, draft job descriptions, assist with organisational reform and assist with the implementation of the Review’s recommendations;

• Engage two people with cabinet office experience to assist with design, implementation and operation (including mentoring of, and support to, PIFS staff) of new internal processes;

• Complete the drafting of the new Framework through necessary consultation and dialogue with, and between, Leaders; and

• Noting the current low level of understanding in the region of the objects and intents of the Pacific Plan, develop a robust communications strategy for progressing Pacific regionalism. This should include explaining (through PIFS senior executives’ visits to member countries) the outcomes of the Review and bringing clarity to stakeholders over the fundamental concepts and notions of regionalism, and the utility of the New Framework for Pacific Regionalism as opposed to a ‘plan for regional development’.

Recommendation 33: Leaders request PIFS to develop policy proposals on:

• Establishing the feasibility, costs and benefits of sub-regional action to improve critical transport and communication services for groups of SISs;

• Establishing a body to provide commercially focused advice on maximising revenue from seabed mining modelled on the self-funding secretariat that supports the Parties to the Nauru Agreement on fishing; and

• Putting the possibility of expediting the expansion of the seasonal employment schemes in Australia and New Zealand on the agenda for the next Forum meeting.

Recommendation 34: Leaders request the Secretary-General of the Forum to develop and implement a comprehensive plan to relaunch the Pacific Plan as a New Framework for Pacific Regionalism.

Recommendation 35: It is recommended that:

• PIFS be reorganised to enable it to discharge its new role effectively; and

• Those unimplemented recommendations of the review of PIFS that are compatible with its new role be implemented immediately.

Recommendation 36: Forum member countries collectively undertake funding of the one-off costs associated with implementing the Review.

7 Membership, governance arrangements, etc., would then need to be confirmed at the subsequent Leaders Forum.