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Twenty Seventh SPREP Meeting

Alofi, Niue

19 – 21 September 2016

Agenda Item 6.12: Governance arrangements for Biennial SPREP Meetings

Purpose

1. To update Members on the proposed governance arrangements for the Biennial SPREP Meetings to commence in 2017 and to seek guidance on the future arrangements proposed.

Background

2. To improve Secretariat efficiencies, the 26th SPREP Meeting in 2015 agreed that the governing council of the SPREP Meeting would convene every two years hosted by the Secretariat in Samoa, commencing from 2017. The same meeting also approved the SPREP Troika Terms of Reference (TOR). Refer to Annex 1.
3. To accommodate the new biennial meeting decision, governance arrangements for making high-level decisions on issues of strategic importance in between SPREP Meetings must be considered and agreed upon by Members. Governance arrangements will need to include agreed means for reporting to the wider membership on issues considered, decisions taken, and Secretariat work progressed outside of SPREP Meetings.

Existing governance arrangements

SPREP Troika

4. The Troika comprises the past, present, and future chairs of the SPREP Meeting. The purpose of the Troika 'is to ensure Members' involvement in high-level decision-making and to ensure accountability from the Secretariat to its Members between SPREP Meetings'. The Troika undertakes the annual performance assessment of the Director General; participates in the SPREP Audit Committee; provides advice and direction on strategic issues, including matters discussed at the CROP Meetings; provides support and guidance on the planning and implementation of the annual SPREP Meeting; and provides support and guidance for any other matters considered relevant to the Troika. The term of membership must not exceed three years, and membership may be expanded if so desired to reflect issues such as sub-regional representation. In 2016, the Troika consisted of RMI, New Zealand, and Niue.

Audit Committee

5. The SPREP Audit Committee oversees and monitors governance, risk, and control issues affecting the Secretariat's operations. It has three independent members, including the Chair; two representatives of Members, which in 2016 are Tokelau and New Zealand; and two non-independent members, being the Secretariat's Legal Adviser and HR Adviser. The representatives of Tokelau and New Zealand each represent a Pacific island and metropolitan chosen from SPREP Members based in Samoa. As stated in the Audit Committee Charter (2013), selection of non-independent members is considered by the Director General upon advice of the Internal Auditor against core competencies that span financial literacy; broad operational and/or financial management experience; and understanding the roles of internal and external audit.
6. Since 2014, the Troika has participated in the Audit Committee, in at least one in-person Audit Committee meeting per year.

Friends of the Chair

7. The Friends of the Chair (FoC) mechanism is based on members volunteering to participate as a high-level advisory group to the Secretariat on any issue of importance to the SPREP Meeting. The FoC may meet during and outside of the SPREP Meeting and is required to report back to Members. In recent years, the FoC mechanism has been used in partnership with the Troika for the development of the SPREP Strategic Plan in 2016¹ and for advice on membership contributions in 2014/2015.

Changes to existing governance and reporting arrangements required by biennial SPREP Meetings

SPREP Troika

8. Under the new biennial arrangements for the SPREP Meeting, the Troika will still be required to ensure accountability from the Secretariat to its Members between SPREP Meetings, requiring some form and frequency of reporting to Members on issues in which the Troika has been involved. Options include direct reporting to Members annually and as the need arises, by email correspondence and circular.

SPREP Secretariat

9. The draft strategic plan requires the Secretariat to provide high-level strategic reporting on the performance of the plan to Members every six months. The Performance Implementation Plan, which is focussed at the operational level, will be reported every two years by the Secretariat at the SPREP Meeting.

Audit Committee

10. The Audit Committee will continue to meet every year in line with the Audit Charter to consider the Audit Report, which must also be presented to Members on an annual basis as a form of transparency and accountability.

¹ Friends of the Chair for the Development of the SPREP Strategic Plan included Australia, Cook Islands, French Polynesia, Kiribati, and New Caledonia as well as the Troika of New Zealand, Niue, and Marshall Islands.

Possible governance arrangements for decision-making in alternate years to SPREP Meetings

11. As the SPREP Meeting will meet biennially, there is a need to either enhance the level of decision making and reporting of the SPREP Troika to enable it to become the mechanism for decision making in alternate years or to develop an equivalent mechanism to serve the interests of the Members. The draft strategic plan identifies additional functions that the Troika will need to serve in non-SPREP Meeting years, including reviewing the annual work programme and budget prepared by the Secretariat. The Secretariat presents a number of options for Members to consider on the biennial governance arrangements, noting that these options may be further discussed in 2017 and come into effect in 2018.

Option 1: Enhanced SPREP Troika:

a) Troika and extended term

12. The chairing role of the SPREP Meeting is traditionally rotated in alphabetical order and reflects the membership of the Troika of the past, present and future chairs serving individually a maximum term of three years. Under an enhanced Troika arrangement, the term proposed for commencement in 2018 would extend the maximum term from three to four years and be based on a calendar year rather than from September to September of the following year. The reason for this change is that some Members under the current rotation would not chair a SPREP Meeting because they would assume the role in a non-SPREP Meeting year.
13. An example of the rotation is explained as follows. The 'Future Chair' becomes a member of the Troika in 2017 and in 2018 would shift to 'Present Chair' in a non-SPREP Meeting year and hold this position for two years through to the convening year of the SPREP Meeting in 2019. Holding 'Present Chair' for two years would enhance understanding and familiarity of SPREP and the expectations of the role, before chairing the SPREP Meeting in 2019. The 'Present Chair' would then shift to 'Past Chair' in 2020 and rotate off from the Troika in 2021.
14. However, with rotation under this proposed arrangement, the Troika would consist of only two members from 2018 and would require the addition of one extra member, at minimum. The Secretariat proposes additional options for Members to consider.

Option 2: Variations of the enhanced Troika

a. Addition of Member Non-Chair

15. The Secretariat has considered the inclusion of a 'Non-Chair' on a one-year alphabetical basis commencing with the letter 'A'. This inclusion would ensure exposure to the governance work of SPREP and faster rotation amongst the membership in being part of the Troika. An example is presented below in Table 1 and a full list is presented in Annex 2.

Table 1: SPREP Troika 2017–2023

Year	Past	Present	Future	Non-Chair
2017	New Zealand	Niue	Palau	
2018	Niue	Palau		American Samoa
2019		Palau	Papua New Guinea	Australia
2020	Palau	Papua New Guinea		Commonwealth Northern Marianas Islands
2021		Papua New Guinea	Samoa	Cook Islands
2022	Papua New Guinea	Samoa		Federated States of Micronesia
2023		Samoa	Solomon Islands	Fiji

*Yellow indicates SPREP Meeting year.

b) Addition of non-Member, non-chair Independent Expert based on skills and competence

16. An independent expert member of the Troika could add specialist expertise, such as in corporate governance to assist the decision-making process. The current arrangements for the Audit Committee provide an example of how this variation could be structured. This option will have budget implications for remuneration and travel.

c) Combination of addition of a) Non-Chair and b) Independent Expert based on skills and competence

17. Variation c) is simply a combination of a) and b) and would add both a member and non-member to the Troika to both enlarge membership involvement in decision-making and bring in independent expertise.

d) Friends of the Chair

18. The Troika may seek volunteers on a two-yearly basis or an agreed fixed term through the Friends of the Chair mechanism to complement the Troika. This option would require participation at the respective countries' own expense for physical attendance of meetings when required and a Terms of Reference for the Friends of the Chair role with respect to the Troika. This option would enable greater participation by Members in the governance arrangements of SPREP, although the coordination and availability of Members would need consideration.
19. The only alternative to an enhanced Troika arrangement is for a new body altogether. Only one has ever been considered, although it has not been favoured:

Option 3: Executive Board of the SPREP Meeting

20. Members may wish to explore the establishment of an Executive Board of the SPREP Meeting that convenes in person at least once in a non-SPREP Meeting year to receive and consider the Annual Work Programme and Budget, the Audit Committee Report, and any other matters that require the consideration of SPREP Members. The Executive Board would not replace the Troika but could broaden representation by including, for example, one member from each sub-region, territory, and metropolitan country. The term may be for a maximum of four years or an agreed fixed term and convene in non-SPREP Meeting years. The 'Present Chair' of the Troika would also serve as the Chair of the Executive Board.

Conclusion

21. The Secretariat has presented a number of options for Members to consider, which may require additional resources be set aside to ensure appropriate representation of Members' interests is maintained during the non-SPREP Meeting years commencing in 2018. The rotation of Troika members and extension of term to four years has to be considered, including the exploration of enhancing the Troika through the inclusion of an independent expert member and/or a 'Non-Chair' or the voluntary addition of a complementing 'Friends of the Chair'.
22. An Executive Board has also been presented as an option to consider in non-SPREP Meeting years for the consideration of the Annual Work Programme and Budget and the Audit Committee Report. This option may formally broaden the representation of Members for decision making and will include the Troika. The Executive Board of the SPREP Meeting will require additional resourcing but may enhance the level of ownership and representation by Members in key decision making, particularly in non-SPREP Meeting years.

Recommendations

23. It is recommended that Members consider the options for the biennial governance arrangements presented:
- an enhanced Troika:
 - a) through the inclusion of an independent expert member based on skills and competence to come into effect in 2018;
 - b) through an additional member of a 'Non-Chair' for one year on an alphabetical basis to come into effect in 2018;
 - c) through the inclusion of both an additional member of a 'Non-Chair' and an independent expert to come into effect in 2018; or
 - d) through the addition of the Friends of the Chair on a voluntary basis and set term to come into effect in 2018; or
 - establishment of an Executive Board of the SPREP Meeting convening in the non-SPREP Meeting years.
24. Should Members prefer one or other options for an enhanced Troika, it is recommended that Members:
- **direct** the Secretariat to revise the Terms of Reference for an enhanced SPREP Troika to reflect the new terms of Members and additional functions to come into effect in 2018, including reporting of the SPREP Troika directly to Members on an annual basis and as the need arises through email and circular.

25. Should Members prefer the option of an Executive Board, it is recommended that Members:

- **direct** the Secretariat to develop Terms of Reference for the Executive Board, including its composition, for presentation to the 2017 SPREP Meeting.

26. Regardless of which option is preferred, it is recommended that Members:

- **direct** the Secretariat to provide the budget implications of the new biennial governance arrangements to the 2017 SPREP Meeting.
