• 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

Review by Board

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

PIFS:
- Oversees implementation of Leaders’ decisions
- Develops policy in response to Leaders’ request
- Assesses proposals against criteria

Decisions on initiatives and new policy directions communicated to PIFS

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.

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\(^1\) 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.