

Regionalism and institutional reform

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The Pacific Islands¹ have developed one of the most robust and varied regional systems of any on the planet for a developing area. That this has been achieved in the face of some especially uncongenial circumstances make their success even more remarkable. Moreover, sustaining these arrangements has tested the participants regularly given the range of interests involved in this diverse system. Indeed, Pacific Islands regionalism has so many oddities, in contrast with regionalism elsewhere, that it might fairly be described as *sui generis*. Membership, financial commitments and even the very definition of the region, have often challenged the coherence of the system but, to date, have not broken it. A significant strength of the Pacific Islands' regional system appears to be its continuing importance to non-Island interests as well as to its Pacific Islands membership. The system is so heavily sponsored from outside the Islands that it is problematic this complex of organisations could exist without this non-Island support.

Currently, the institutional structure of the Pacific Islands regional system is under substantial and comprehensive review as part of a reform process known as the Pacific Plan. The Plan's broad aim is to advance the regional cooperation and integration along a number of fronts including institutional restructuring. The focus on organisational reform has been sharpened through the Regional Institutional Framework (RIF) process under the Pacific Plan. However, the RIF has had to thread its way through a historically charged minefield of organisational temporisations. As the current RIF reappraisal has progressed, it has exposed an increasingly prickly tension between two critical aspirations for the regional system—service

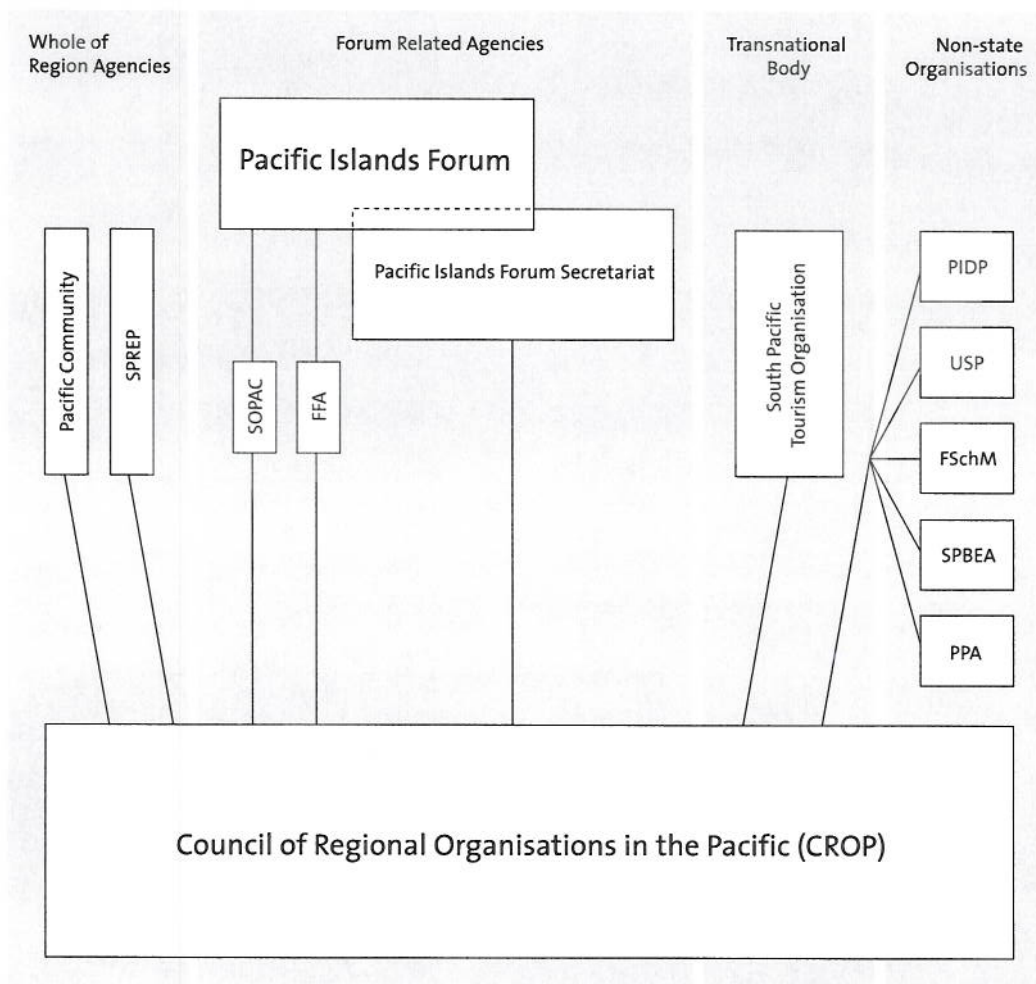
provision and institutional efficiency. These two objectives are not necessarily at odds; indeed, arguably one point of the Pacific Plan has been to extend service provision by securing greater institutional efficiencies. Nevertheless, the 2007 meeting of the Pacific Islands Forum in Nuku'alofa demonstrated that there is a fundamental division how to bridge this rift within the Forum membership.

Motive is a complicating factor both in terms of the Pacific Plan itself and in the specific proposals that have emerged from the RIF. The economic advantages of closer integration have been disputed as favouring the developed over the developing economies. Moreover, the evident desire of some to use the Pacific Plan to address the internal weaknesses of certain Forum Island countries (FICs), which they regard as a threat to stability in the Pacific Islands region, has engendered further suspicion about the process. Critics have questioned whether elements of the Plan are more for the security of external interests than to meet the internal needs of the PICs. On the other side of the ledger, donors and non-Islands participants have an apprehension that the inefficiencies in the institutional structure of the regional system is not as much a concern to the PICs as these should be because they do not meet the largest share of the financial burden of these institutions. While it could not be described as a stand-off, these differing perspectives have slowed progress on institutional reform at the regional level as demonstrated at the recent 38th Pacific Islands Forum in Nuku'alofa.

The contemporary Pacific Islands regional system

The Pacific Islands have constituted an increasingly self-conscious region for nearly two generations. This identity has expressed itself formally and informally over many decades in ways that have achieved important multilateral outcomes

Pacific Island Regional System



KEY:

- FFA Forum Fisheries Agency
- FSchM Fiji School of Medicine
- PPA Pacific Power Association
- SOPAC South Pacific Applied Geoscience Commission
- SPBEA South Pacific Board of Educational Assessment
- SPREP South Pacific Regional Environment Programme
- PIDP Pacific Islands Development Program
- USP University of the South Pacific

internally and externally. The development of inter-governmental organisations to express this identity has contributed significantly to the success and robustness of the contemporary Pacific Islands regional system. Indeed, regional associations have provided the primary means developing regional policy across the Pacific Islands for 60 years

from the establishment of the South Pacific Commission (SPC) in 1947. One indicator of the importance of these multilateral networks is the almost complete absence of bilateral relations amongst the FICs. Only Papua New Guinea has reciprocal bilateral relations with two other FICs—Fiji and Solomon Islands;

while each of these only has reciprocal relations with one other FIC, PNG. Thus, the crafting and implementation of regional policy has not been buttressed in this region by a reinforcing and strong network of bilateral ties. Insofar as a supportive bilateral framework exists at all it is provided by the extensive Australian and New Zealand missions that together blanket all the FICs except Tuvalu.

The Pacific Islands Forum has long been the central organ of the contemporary regional system. The Forum's authority derives from the fact that, like the Commonwealth Heads of Government meetings, it is a summit meeting of the region's prime ministers and presidents. Australia and New Zealand have been members of the Forum by right from its establishment in 1971 as the South Pacific Forum and remain its only developed members. In the meanwhile, the number of FICs has grown from the original five to the present fourteen as decolonisation swelled the range of the independent states eligible for inclusion. In 2005, an *Agreement Establishing the Pacific Islands Forum* was drafted to give the Forum legal personality more than thirty years after it was founded. The Forum's annual Heads of Government meetings are critical for setting the regional agenda as well as directing and overseeing the activities of a significant family of agencies, which operate under the aegis of the Forum or report to it.

The Forum Secretariat (ForSec) was the first of the Forum's family of agencies. It was established in 1972 as the South Pacific Bureau for Economic Cooperation (SPEC) to serve as a regional OECD to support the development aims of its members. SPEC's administrative responsibility for the Forum gradually developed and was ultimately recognised in 1988 with a change in the organisation's name. The Forum wanted to take advantage of the progress made by the United Nations

Third Conference on the Law of the Sea (UNCLOS III) but rather than put SPEC at risk in this speculative international environment, it established the South Pacific Forum Fisheries Agency (FFA) as a wholly independent inter-governmental organisation (IGO), which, reported to the Forum. The South Pacific Applied Geoscience Commission (SOPAC) was added to cover non-living marine resources in 1984 but not directly as a Forum-related agency initially although it has become closer through reporting mechanisms. Whether the South Pacific Tourism Organisation (SPTO), is genuinely an IGO has been open to some question. It claims a hybrid membership of member states and tourism organisations and might better be described as a trans-national association. It has a similarly somewhat indirect linkage to the Forum as that of SOPAC.

The Pacific Community (SPC)², known as the South Pacific Commission until late 1997, was founded as a purely technical organisation by the colonial powers that established it in 1947 as part of a post-war reconstruction plan for the Pacific Islands. The SPC played a central role in establishing the scope of the region and in developing its identity. Reform of the SPC, both successes and failures, in the early years of decolonisation were critical to the formation of the contemporary regional system. The SPC's survival as an effective regional organisation has always depended on some critical institutional resources that it enjoyed uniquely. The SPC delineated the extent of the authentic region. The FICs have never been willing to modify this definition. After the Forum was established, the SPC enabled the dependent territories, three permanent members of the UN Security Council who were SPC founding members (Britain, France and the US), and interested non-regional observers to continue to meet together to contribute to the regional agenda. In the early years, the SPC also served as a

lightening rod for the nascent Forum drawing away much of the political jealousy that frequently attaches itself to the multilateral delivery of development services. Although not now connected with the SPC, the South Pacific Regional Environment Programme (SPREP) has a membership (through the inclusion of dependent territories) and a functional work programme much closer to that of the SPC than to the Forum. The FICs forced the issue of SPREP as an autonomous programme within the SPC to give it independent legal personality but were unwilling to reduce its membership to bring it within the Forum family of agencies.

This relatively disordered expansion of regional organisations over four decades was driven by a range of factors including economic opportunity, political aspirations, historical accident and the like. Nevertheless, the unstructured nature of the growth raised fears virtually from the outset of duplication and unsustainable redundancies that, in turn, produced a fruitless quest by some FICs for a single regional organisation (SRO). This would have seen Britain, France and the US expelled from the regional system with the loss of their assessed institutional contributions and the equal participation of their territories in the SRO. As the twelve year intra-regional contest ground to a realisation that the FICs did not really want the consequences of an SRO themselves, other avenues began to be considered. Reform of the Forum could not surmount this impasse but it did yield one important diplomatic development. A 1987 report tabled by the Forum's Committee on Regional Institutional Arrangements (CRIA) borrowed the concept of 'dialogue partnerships' from ASEAN to enable interested extra-regional states to engage the Forum as a body. Dialogue partners were to be invited to attend post-Forum meetings with elements of the Forum from 1989 to discuss issues of mutual relevance. Initially

six governments—Canada, China, France, Great Britain, Japan and the US—were so designated. This gave the Forum an enhanced version of the SPC's observer corps and significantly enhanced the diplomatic reach of the Forum as a regional actor.

The second significant CRIA proposal, implemented in 1988 by the Forum after approval by other regional bodies, effectively ended the long running SRO campaign. It established a South Pacific Organisations Coordinating Committee (SPOCC) to rationalise the relations amongst the regional bodies and so insure less competitiveness and greater efficiencies. By consensus, from 1996, ForSec chaired SPOCC's annual meetings so adding substantially to the Forum's coordinating role in the region. It was renamed the Council of Regional Organisations in the Pacific (CROP) in 1999. An extraordinary feature of SPOCC/CROP, and undoubtedly a holdover from the temporising of the SRO issue, was the inclusion of a range of agencies that were not formally the equal in legal status with the regional IGOs. These now include the Fiji School of Medicine (FSchM), Pacific Island Development Program (PIDP), Pacific Power Association (PPA), the South Pacific Board for Educational Assessment (SPBEA) and the University of the South Pacific (USP) as CROP agencies. They are not formally IGOs and yet have enjoyed a form of equality within SPOCC/CROP that complicates the current efforts to reconfigure the institutional architecture of the Pacific Islands regional system. The inclusion of these bodies is symptomatic of the internal ambiguity of the regional states on the issue of sovereignty. They highly value their own sovereignty and seek to protect it but have proved diplomatically phlegmatic on this subject at the multilateral level despite the complications this insouciance creates.

Who benefits?

There can be little doubt that the regional system is mutually beneficial to both the Islands and to their external sponsors. Non-Island participants heavily fund the regional system with something on the order of 90 to 95% of all expenditure by this system arising from sources outside the region.

However, it would be quite erroneous to say these funds are from 'non-regional' sources. Australia and New Zealand contribute the larger share of 'non-Island' funding to the regional inter-governmental organisations but much of this arises as an obligation by membership. Nevertheless, there is a noteworthy difference between the role of non-Island members and the Island membership of the regional organisations. The Islands are the primary intended beneficiaries of the programme activities of these associations while often the two donor members are deliberately excluded from the programme and project outcomes. Thus, the mutual endorsement of the contemporary regional system is not based on an identity of perceived benefits amongst all parties.

In reality, while both sides benefit from the existence of a robust regional system, their perception of value derives from quite different assessments of 'benefit'. The primary advantage for the Islands has been calculated in terms of meeting national development aspirations. This is not to say that the regional system is regarded by the Island membership as their principal path to economic growth. Bilateral arrangements are vastly more important to these states and territories for this purpose. The regional arrangements are a useful additional avenue for development assistance but they serve a range of other purposes that may be of equal or greater importance to the Islands. Regional fora help to level some of the asymmetries of power that these states encounter internationally. The collective

strength these institutions afford has proved useful in fisheries access negotiations; resource security; environmental protection; arms control and many other areas of policy concern to the Islands. Given the limited financial cost to the Island members, such gains are easily substantial enough to justify the commitment the Islands have made to the regional system.

Australia and New Zealand are in the unusual situation of not being direct beneficiaries of regional programmes and yet are principal financial backers of the Pacific Islands' regional system. Thus, it is clear that the two ANZAC states look to different criteria to explain the very substantial involvement of the two developed economies in these organisations. Perhaps the principal return for Australia and New Zealand is a sympathetic, coherent and effective regional policy-making process. Critics have imputed from this a somewhat cynical, strategic motive for their support for regionalism. From the advent of European settlement of Australia, there has been an element of anxiety about security threats that might come through the Islands (rather than from them). Australasian demands that Britain claim all the Islands to prevent other powers from gaining a foothold in the region began early after settlement. The establishment of the Western Pacific High Commission in the latter third of the nineteenth century helped to promote a sense of internal stability through an extension of British law in the southwestern Pacific while its enforcement by the Royal Navy offered some protection against external threat. The 1944 ANZAC Pact proposed arrangements for both internal and external regional security but the latter failed. Australia's concern for a guarantee for regional protection against threats through the Islands then was delivered in the 1952 ANZUS Treaty. It was not until decolonisation in the 1960s

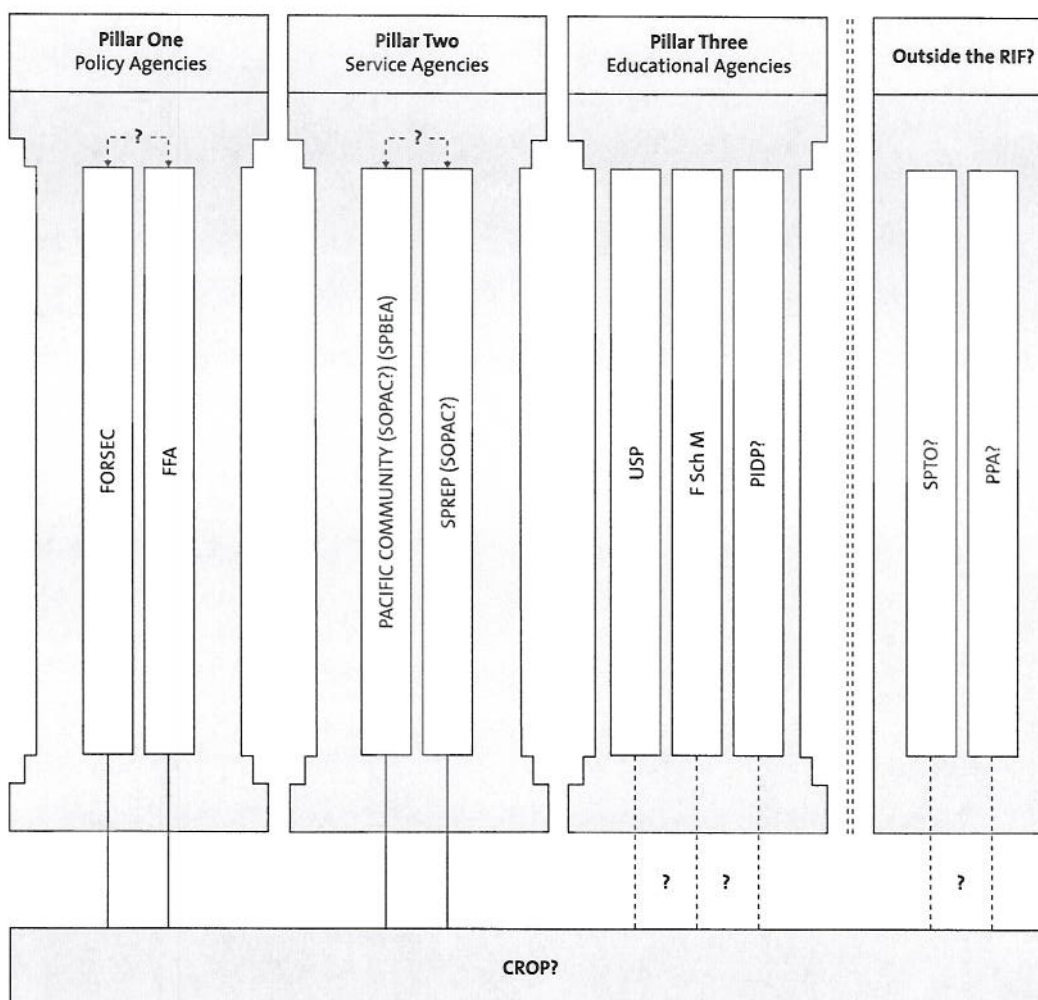
and early 1970s that the external threat was again linked to regionalism through the concept of 'strategic denial' only to be reinvented after the Cold War as a non-state threat through the risks posed by 'failing states'.

Despite the cynical tunnel vision of such security analysts, however, the regional system that exists today was not constructed to create a quarantine zone for the protection of Australia and New Zealand. It is true that successive governments in Canberra have generally found a strand of security running through their defence of financial support for Pacific Islands' regionalism before parliamentary estimates committees. The logic for this has varied depending on the nature of the international environment but commonly has been located in the outcomes of effective national development and continuing friendship. Until recently the security advantage in the regional system seemed to derive from the collective resistance to 'adventurism', that is, discouraging the sorts of international contacts that would be prejudicial to Australian interests. Broadly, it was argued, an effective regional system would promote the common interests amongst its participants such that the gossamer threads of peer pressure would dampen maverick behaviour. There have been other important considerations as well throughout the modern period to explain external support of the Pacific Island regionalism. The system, particularly the multiplicity of organisations, offers more precise points of access for making regional policy, offering aid, providing political support, containing undesired spill-over consequences and the like for both the Islands and external donors. Thus, for all the unruliness of the contemporary regional system, it was never disciplined, or even intended, to meet direct, overt security concerns as

its primary purpose even from a donor member perspective.

Perhaps the overwhelming impression of the benefits of the regional system is the extraordinary asymmetrical nature of 'benefit' as calculated against inputs and outputs. Unlike other regional systems elsewhere, national interest in the Pacific Islands regional system is not the same for all participants. The Islands' direct inputs are difficult to calculate since their financial contributions are relatively minor but the hidden costs are substantial. The amount of time and salary contributions made by the PICs in servicing regional meetings is real if rarely computed. Their putative national interest is assessed against the return to the Island members from programmes, staff salaries, headquarter expenditures and the range of multiplier effects that flowed from the regional organisations and their activities not to mention the savings to the national exchequer of not having to pay for programme activities offered by the regional institutions. Clearly, regionalism confers output benefits that are heavily in favour of the PICs relative to their direct inputs. Due to the vagaries of programme activities, project scope and headquarter location, these benefits are not spread evenly across the PICs but there is a certain tolerance for the effects of swings and roundabouts over time. The donor participants, on the other hand, generally do not expect to be the direct beneficiaries of the programmes and institutions they sponsor. Rather they seek the indirect returns of a congenial, stable and effective regional environment to secure their national interests. Here then the non-Island participants such as Australia confront the inherent schizophrenia of the modern regional system. Their financial inputs are critical to making the regional system viable yet the value of the regional system depends, in large measure, on

Pacific Island Regional System Post-2007 Tonga Forum



Questions:

1. Where is the Pacific Islands Forum in proposed system especially if the Forum Treaty enters into force?
2. What mechanisms will insure 'intra-pillar' coordination within Pillars One and Two?
3. What will be membership of CROP if it is retained?
4. What mechanism will link Pillar Three agencies to Pillars One and Two agencies (or to Pacific Island Forum)?
5. Is PIDP a Pillar Three agency?
6. Where does PPA fit in the new system?

KEY:

FFA	Forum Fisheries Agency
FORSEC	Forum Secretariat
FSchM	Fiji School of Medicine
PIDP	Pacific Islands Development Program
PPA	Pacific Power Association
RIF	Regional Institutional Framework
SOPAC	South Pacific Applied Geoscience Commission
SPBEA	South Pacific Board of Educational Assessment
SPREP	South Pacific Regional Environment Programme
SPTO	South Pacific Tourism Organisation
USP	University of the South Pacific

how well this system achieves the Islands' aspirations even when these do not coincide with those of the two principal donor members.

Regional reform

There has been pressure to look at relations with the Pacific Islands from a new geo-political perspective since the collapse of the Cold War and some further energy has been added since 9/11. These re-evaluations have produced more sceptical appraisals such as the World Bank's 'Pacific Paradox' interpretations of the impact of official development assistance in the Islands. More recently the region's perceived leitmotif seems to be that of 'our failing neighbours'. The Pacific Paradox emphasised economic efficiencies that impractically understated the intractable diseconomies of scale that virtually all the FICs must face in providing services to their citizens. The concern for fragile states is not without merit but it too is rather a broad brush to be an acceptable guide for policy. Foreign aid accounts for more than 20% of the GDP for half the FICs. Thus, dependence on external support is essential for the provision of governmental services in these countries putting them at risk of being identified technically as 'fragile' or at risk. Yet this situation has long been recognised as an enduring condition for the smaller states of the region. By definition, microstates are dependent on a congenial international system for their survival.

The strength and range of the regional system has emerged as being of critical importance in recent years as a means to address an increasing focus for extra-regional concern for the Pacific Islands. Strengthening the capacity of many regional states to meet the ramping up of international expectations for heightened state responsibility in the post-9/11 environment, the Forum has taken the lead

on this issue by using its privileged position in CROP to direct a renewed effort to deepen regional integration through what is known as the 'Pacific Plan'. This was proposed in 2004 and endorsed by the Forum at its 2005 annual meeting. In its ambitious essence, the Pacific Plan is intended to build on the expertise of regional institutions and their members to play a more substantial role in assisting the weaker FICs to cope with the greater demands in the exercise of sovereignty. The Plan thus is intended to help the FICs to better meet their international obligations and exploit better their opportunities through what former Prime Minister John Howard called 'pooled regional governance' but sometimes has been portrayed as 'pooled sovereignty' or 'shared sovereignty'.

These latter phrases may be rather unhappy ones when used in the context of the Pacific Plan, however. These descriptors are most commonly used in conjunction with the European Union and thus imply a degree of integration unlikely to be achieved amongst the Pacific Islands without a massive infusion of external resources to ratchet up the administrative machinery to support more extensive levels of multilateral cooperation. Moreover, they suggest a challenge to the sovereignty of the region's independent states that they appeared unwilling to accept. There are some indicators that the difficulty may not be entirely semantic in nature. The same October 2005 Port Moresby meeting of the Forum that endorsed the Pacific Plan opened an Agreement Establishing The Pacific Islands Forum for signature to give the Forum legal personality. To date, although all Forum members have signed this treaty, only Australia and New Zealand have ratified it. The hesitancy of the FICs to ratify a document that would give legal authority to their principal organ for regional cooperation is difficult to fathom apart from concerns

at the highest political level for too rapid an institutionalisation of the Pacific Plan.

This straw in the wind has to be balanced against the repeated rhetorical support for the Pacific Plan and apparent support for progressing the Regional Institutional Framework (RIF) reforms being developed under the Plan to redesign the region's organisational architecture. The importance of the RIF to the Plan is a point of some controversy since to many involved it appears to be central. The points at issue revolve around the extent of the architectural redesign and the influence of the regional bureaucracy through a new RIF. A 2005 review of CROP has influenced the way critics in the Islands have viewed the institutional aims of the Pacific Plan. The author of this report, Tony Hughes, proposed that the number of CROP members be reduced to five IGOs but that their activities be merged into, or coordinated through, a central organisation—a Pacific Commission. This, in effect, revived the old SRO issue. As with the earlier SRO proposal, this had strong managerial and economic rationalist arguments to support it but immediately was found to lack the political and institutional underpinnings needed to gain acceptance at the governmental level, at least amongst the FICs.

Consequently, the Hughes report was referred by the Forum's Pacific Plan Action Committee (PPAC) for review to a small group of officials for assessment and reporting to the 2006 Forum meeting. The subsequent report, *Reforming the Pacific Regional Institutional Framework*, took a somewhat less centralised approach but suggested more drastic institutional restructuring of the existing IGOs. Instead of the Hughes' SRO, the RIF study proposed a functional duopoly; an objective raised informally in 1997 by Australia's Foreign Minister Alexander Downer. The study's recommendation actually called for the existing CROP

organisations to be reorganised into 'three pillars'

- political and general policy institution, the Pacific Islands Forum and its secretariat
- sector-focused technical institution, the Pacific Community and its secretariat
- academic and training organisations, namely as the Fiji School of Medicine, the Pacific Islands Development Program and the University of the South Pacific.

Although this arrangement appeared to involve more continuity, it actually was perhaps a more rapid and equally extensive set of changes to those envisioned in the Hughes report. Leaving aside the third pillar organisations, which appeared to be entirely sidelined by the RIF proposal as far as decision-making influence is concerned, it is clear that the RIF sought to move quickly to reducing the CROP member IGOs to just two bodies—ForSec (or, one presumes, the Forum if its treaty comes into force) and the SPC.

The RIF study would make the SPC the key winner in institutional terms since it absorbed the work programmes of SOPAC, SPREP and the FFA's technical functions, in particular its fishery development work. In addition it would pick up the work of the SPBEA and possibly SPTO when its unusual membership issues were resolved. The Forum Secretariat is projected only to 'assimilate the current functions of the Forum Fisheries Agency that relate to political and international legal issues and negotiations.' If these proposals were implemented, the regional system would consist of just two IGOs and a handful of non-state agencies that will manage their relationships through a downgraded, more relaxed CROP-style meeting of the surviving organisations' CEOs.

The RIF study was not blind to the fact that there are difficulties with its proposals acknowledging some important issues

but nonetheless recommending a short transition period of two years to complete the key reforms. The RIF assessment and its recommendations were discussed at the 2006 Nadi meeting of the Forum where a Taskforce was established to work through the issues raised and report to the Forum's October 2007 meeting in Nuku'alofa. Anecdotal comments from the Islands suggesting that this report would prove controversial were realised at the Tongan Forum. The principal organised opposition came from those institutions that would lose out to the SPC in the proposed take-over; most publicly from the FFA. The strong representation of the former SPC staff on the Taskforce, with two ex-Directors-General on this committee, attracted adverse comment reinforcing a view that the SPC has engineered its own aggrandisement at the expense of other regional bodies.

While the RIF proposals that went forward to Nuku'alofa were solidly behind the rationalisation of regional organisations, there was a significant difference between them and the earlier proposals. A 2005 ADB–Commonwealth Secretariat joint report to the Forum Secretariat, *Toward a New Pacific Regionalism*, observed that, 'diseconomies of isolation are particularly high in the Pacific.' It drew the conclusion from this premise that 'only regional initiatives with large-scale benefits will be sustainable.' In fact, it went on to assert some general principles for regionalism:

- Intervene regionally only where there are significant economies of scale. Avoid interventions where there are significant costs associated with isolation.
- Intervene regionally only where the market cannot provide the good or service, and where there are significant net benefits over and above national provision.

- Subregional provision may prove optimal in the face of high isolation costs.

Nevertheless, this report did not dismiss the diseconomies issue altogether acknowledging that, 'specific initiatives are essential in many cases to assure services are provided to the smallest and poorest states.' This muted the case for institutional efficiency over service delivery but only very slightly. The Hughes report basically took a similar line with its emphasis on institutional efficiency.

This line has been subtly challenged by the RIF study in trying to steer a more conciliatory line between the donor interests (which extend well beyond just the donor states) and the FICs. The RIF recommendations have shifted the emphasis more to development assistance delivery with management control over the service provision concentrated into fewer hands. Thus, the RIF did not pursue an SRO as Hughes recommended or an apparently substantial reduction of regional services as the ADB–Commonwealth Secretariat report suggested. Indeed, the RIF study has implied many services would continue under more efficient management. It would even allow for the delivery of development assistance retention of multiple campuses across the region and, it seems, some autonomy for the merged programmes. The fundamental difficulty it cannot sidestep, however, is the aspiration expressed by the Forum Leaders for 'a regional institutions framework that is appropriate to the development of the Pacific Plan'. As long as there are doubts over the precise content of the Pacific Plan, it will be difficult for any institutional reform to enjoy unqualified support from the FICs. This impediment is exacerbated amongst the FICs themselves along a large FIC/small FIC cleavage that has been a political factor in regional affairs virtually since the origins of the Forum.

The fear that donors may coordinate their assistance to the Islands in a way that leaves the donors in control of the agenda for their national development is a long standing concern amongst the FICs. A 1976 SPEC report, *More Effective Aid*, which began the pursuit of a Pacific Islands SRO failed to win FIC support essentially because of its attempt to develop a system of aid coordination that the FICs saw as a threat to their exercise of sovereignty. The 2001 joint study into aid harmonisation by Australia and New Zealand reinforced concerns in some minds that this was still on the development assistance agenda for the FICs most important regional aid partners. Thus, the RIF proposals are being assessed in a climate of uncertainty as to the full reach of the Pacific Plan and against some significant historical baggage. The apparent urgency behind early and radical institutional reform is provoking further suspicion as is the concentration of technical activities and control in a non-Forum agency—the SPC. Any donor concerns regarding a consolidation of technical services primarily through the SPC has yet to appear as a factor but in earlier years there have been expressions of concern that the efficiency of the region's oldest and most comprehensive organisation could be compromised by lumbering the SPC with all the tasks unwanted by other agencies.

The way forward

The RIF recommendations for a quick and fundamental institutional change provoked a strong reaction amongst the FICs at the Nuku'alofa Forum. The tactical error of undermining the FFA, one of the genuine success stories of Pacific Islands' regionalism, had clearly jeopardised the RIF despite the equally evident need to renovate and redirect the FFA's mission in the post-Western and Central Pacific Fisheries Commission era.

Something like the FFA is genuinely essential to provide coherence and leverage for the FICs in the two-chambered voting system of the Western and Central Pacific Fisheries Commission despite the failure of the FFA members to give it the modern mandate it needs to deal with the changing realities of Pacific fisheries. The substantial effort by Australia and New Zealand to secure a separate and autonomous regional fisheries management organisation (RFMO) to deal with non-tuna issues demonstrates that modern fisheries management requires an effective and specialist organisation with recognised international legal personality. Thus, the Forum Leaders agreed to retain the FFA as a 'Pillar 1' agency in the RIF model.

With the FFA remaining an autonomous agency, the duopoly option looks less sustainable. The Leaders also agreed that the SPC and SPREP should 'rationalise' the work program of SOPAC between them 'with the view to absorbing those functions of SOPAC into SPC and SPREP'. SOPAC has occasionally struggled financially and to secure its organisational mission but, looking at the importance of mineral resources in the twenty-first century, it is impossible to imagine the FICs without a non-living marine resource capacity as interest in the exploitation of these resources grows. This is not to mention also the value of technical and administrative advice on managing sea level change issues. Still, growth in the resource development area has been slower than expected in the 1980s, not to mention programme funding, so its independence as an agency has appeared problematic in recent years. Putting SOPAC into the 'Pillar 2' category may make sense today but if significant offshore mineral exploitation occurs its role would fit more comfortably into the 'Pillar 1' policy stream. Provision for a future revival would be a prudent inclusion in any amalgamation agreement given the

likely growth in SOPAC's future work, which can be expected to expand with greater global focus on the exploitation of marine non-living resources and managing the impact of rising sea levels.

At best, at some point in the future, the RIF proposals that emerged from Nuku'alofa will see a reduction of only one IGO amongst the CROP agencies. Thus, inter-agency cooperation is back on the regional agenda. What now for CROP? The Hughes review would have hardened CROP into an SRO while the RIF recommendation would have obviated the need for it almost altogether. Few doubt that CROP has tended to concentrate power in the hands of the regional bureaucrats at the expense of the various agencies' plenums. The RIF study's recommendation that the agencies lacking full international legal personality should have a diminished influence on setting the regional agenda is long overdue. Precisely what role the bodies like the FSchM, PIDP, SPBEA, and the USP should have was not made clear by the RIF process other than to isolate and marginalise them from decision-making. The Nuku'alofa Forum decided that SPBEA should be absorbed into SPC while the University of the South Pacific and the Fiji School of Medicine should form 'part of Pillar 3 (Education)'. However, they do not appear to settle what is to be done with PIDP.

A significant indicator that not all members of the regional system were not singing from the same hymnal appeared only weeks before the Forum met. In late September 2007, the Pacific Power Association, an association of energy utilities, was authorised by the Forum Secretariat Officials' Meeting to become the eleventh CROP agency. This private sector organisation did not fit within the RIF proposals and only threw another spanner in the works as far as meeting the RIF aims were concerned. It is difficult to see how this body fits within

the CROP system even before the RIF review began. To add it at a time when the efforts are being made to rationalise the number of agencies seems inexplicable if all parties were genuinely pursuing the RIF aims. This contradiction appears even more compelling as there was a clear intention that inter-agency cooperation in the post-RIF regional system should revert to a more informal and consultative process. This pre-review consensus had reflected the wide concerns that CROP had become overly bureaucratic and formalised.

The way forward for regional institutional reform is almost as murky today as when the process began more than three years ago. The proposals for change have been more revolutionary than evolutionary and this, in itself, may slow the process as sceptics in the Islands suspect motives for change, doubt the practicalities of implementation and focus more on their objections than on the aspects they can accept. A slower process more closely linked to the specifics of the regional needs on agreed aspects of the Pacific Plan will meet with less resistance and, arguably, will promote the broader execution of the Plan itself. The separate and parallel approach to institutional renovation in the region seems to be slightly in front of where the Plan is itself and so adding unnecessary complications to both.

Bringing the two into alignment may be more essential than just a tactical manoeuvre to secure institutional reform. The Forum Treaty has changed the nature of the regional system in a potentially fundamental way. The *Agreement Establishing the Pacific Islands Forum 2005* provides for the same accession for membership that appears in the *Agreement Establishing the Pacific Islands Forum Secretariat 2000*. Yet there is a significant difference in the implications of the new treaty if it enters into force. Previously there

was never any doubt that the membership of the Forum family of agencies would reflect the membership of the Forum itself. Under the Forum Treaty, there is a technical opportunity, and perhaps an incentive, for countries such as France, the US, Japan and China to seek accession to the treaty and, by this mechanism to become eligible for membership in any coordinate agency linked to the Forum. It is difficult to see such an approach succeeding as historically, wider membership from outside the region has been a source of tension. Island opposition to granting France and the US the same membership rights in the regional system that Australia and New Zealand have enjoyed since 1971 is the most prominent example but other extra-regional interests such as Japan and Chile have made enquiries from time to time, which have been rejected. Nevertheless, all the Melanesian Spearhead Group states have expressed a desire to see China play a larger role in the region.

The place of external powers in the regional system is not limited to the remote prospect that new interests could be invited to join to re-balance this system. It may well be apposite for all parties to the current process to recall one of the fundamental principles of physics. The leverage that can be exerted by any application of energy depends on where the fulcrum is. A more coherent regional system may not secure all the advantages its proponents expect. Those who support the process believe it will concentrate the power of the Islands to better influence the extra-regional environment. Others, especially some sceptical FICs, have expressed concern that reform of the regional system will allow the developed economies to apply more pressure on them and their own view of national development. They fear that the fulcrum is more toward their end of the policy-making process thus allowing pressure exerted through the

reformed regional system to work against them. In the end, the risk that the regional system might be so easy to access and to use that non-Island states greater resources will be able to move the fulcrum in their favour cannot be ignored. This risk is not an argument against reform merely a caution against tunnel vision.

Where does this leave regional institutional reform in the wake of the face-saving retreat from the RIF recommendations at the recent 38th Pacific Islands Forum in Nuku'alofa? The number of agencies has not changed yet although, unless SOPAC is able to mount a defence similar to that of the FFA, the number of formal inter-governmental organisations may be reduced by one in the not too distant future. The three pillars approach may have some impact beyond merely categorising CROP members but precisely what is rather obscure. It appears intended to rationalise aid service delivery through the SPC but the extent of this remains problematic until further developments are agreed. The evidence to date does not guarantee that these steps will be taken. The one genuinely positive development from the three pillars approach advocated by the RIF review should be retained; this is the removal of the non-state agencies from a deliberative role in CROP. However, even this minor reform begs the question of why the PPA was brought into the coordinating committee at this late point in the RIF process.

If anything, the past three years of attempting to find a way to consolidate and rationalise the regional system in the Pacific Islands have demonstrated that the perceived institutional difficulties that have absorbed so much political energy and consultants' time over the past thirty years involve truly intractable issues. There is no simple way of cutting through the Gordian knot. If there is to be a solution, it

will not involve the essentially bureaucratic focus of the RIF process to date. The Forum member states have the numbers, resources and influence to resolve intra-regional demarcation disputes and to secure the desired efficiencies by agreement amongst themselves if they mustered the political will. The RIF process does not have the capacity to confect a consensus and so will have to follow rather than manufacture a political accord to achieve its substantive aims. A streamlined version of CROP limited to the agencies directly responsible to member Governments would be the first step to giving CROP a greater policy focus. The next step would be the inclusion of the new version of CROP agencies in a combined meeting of the full Forum and Dialogue Partners to give authoritative political direction to the regional agencies. This would scarcely resolve all the concerns of the FICs, the donors and the extra-regional contributors but it would engage them in the type of consultation more likely to lead to the necessary political consensus to allow further organisational refinement should this prove desirable.

Pacific Community with an unfortunate administrative/legal imprecision regarding the subordinate status of the organisation's administrative arm, which is the secretariat.

Endnotes

- 1 The terms 'Pacific Islands' and 'Islands' are taken throughout this paper to defer to the 22 islands that fall within the scope of the Pacific Community. The term Pacific Islands countries (PICs) is synonymous with this usage and is distinguished from the smaller group of 14 countries that are members of the Pacific Islands Forum. The Forum Island countries (FICs) comprise: Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The additional eight territories that make up the PICs include: American Samoa, French Polynesia, Guam, Northern Mariana Islands, New Caledonia, Pitcairn Islands, Tokelau, Wallis and Futuna.
- 2 The Pacific Community retained the familiar acronym 'SPC' after the name change. This has led to an increasingly common mislabelling of the organisation as the Secretariat of the