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**MANAGEMENT ISSUES: OUTCOME OF THE EVALUATION OF THE REGIONAL
INSTITUTIONS AND THE ESCAP PACIFIC OPERATIONS CENTRE**

(Item 3 (c) of the provisional agenda)

OUTCOME OF THE EVALUATION OF THE ESCAP PACIFIC OPERATIONS CENTRE

Note by the secretariat

Background

1. The ESCAP Pacific Operations Centre (EPOC) is located at Port Vila, Vanuatu, and was established in July 1984, merging the operations of the ESCAP Pacific Liaison Office in Nauru and the United Nations Development Advisory Team for the Pacific at Suva. The main objective of the Centre has been to provide technical assistance in a timely manner to Pacific island countries at the specific request of their respective Governments in a wide range of economic and social fields. The main stakeholders of the Centre are the 19 members and associate members of ESCAP in the Pacific, which benefit directly from the Centre's activities.

2. In 2001, ESCAP embarked on a substantial restructuring of its programme of work and conference and secretariat structures to sharpen its focus on selected issues in an effort to be more relevant to the needs of the region. This revitalization package was endorsed by the Commission at its fifty-eighth session in May 2002. The restructured programme of work now focuses on three themes, namely, poverty reduction, managing globalization and emerging social issues. Under the new secretariat structure, EPOC has been retained and is now placed under the subprogramme on poverty and development. The Executive Secretary felt that there was a strong need to refocus the technical assistance/advisory activities of the Centre in line with the thematic priorities of ESCAP. For that purpose, the Executive Secretary decided to arrange for an independent evaluation of the Centre to consider means of revitalizing ESCAP's activities for the Pacific island countries.

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Objective, scope and methodologies

3. The objective of the evaluation exercise was to review the operational, institutional and programming needs of EPOC with a view to ascertaining how the Centre could best serve the needs of Pacific island countries in the context of the revised ESCAP programme structure.

4. An external evaluator was hired to carry out an independent review of EPOC during the period January-March 2003. The evaluator was requested to consider how the Centre could best serve the needs of its members on a long-term sustainable basis. In particular, the evaluator was requested to analyse the level and the areas of focus of the Centre in terms of its comparative advantage under the thematic priorities of ESCAP and make specific recommendations on how the Centre could better serve its members and the ESCAP region in general. The evaluation was not bound by the current institutional framework. The evaluator was advised that the report could contain proposals on other feasible institutional arrangements.

5. A survey based on questionnaires was conducted with Pacific island Governments, regional organizations, aid donors and international financial institutions operating in the Pacific. The evaluator visited EPOC and held discussions with many different stakeholders at Port Vila, Suva, Sydney and Canberra.

Findings

6. The evaluator found that the material condition of EPOC was satisfactory. Some cases of low staff morale were reported. Current administrative problems would be relieved by the arrival of an associate programme officer. A return to an advisory staffing of five plus the Head (currently four) was being proposed. Locally engaged staff appeared adequate in number and skills. The office and equipment were in good shape.

7. The evaluator found that Pacific island Governments generally knew little about EPOC or ESCAP, but those that were aware of having used EPOC's technical assistance services rated them highly, and those that had used the TCDC facility appreciated it. Most regarded ESCAP as remote from Pacific island country matters. They considered that EPOC should represent ESCAP to Pacific island countries and Pacific island countries to ESCAP, the Head of EPOC should visit Pacific island countries regularly and EPOC's priorities should be guided by a forum of Pacific island countries. Pacific regional organizations were poorly informed of EPOC and ESCAP, and most had had little direct contact with either, despite efforts to do so. Those that knew EPOC's work valued its intellectual independence, initiative and flexibility. They considered that EPOC needed a Pacific-based governing body. Aid donors knew little of EPOC's mission and capabilities. But the Asian Development Bank reported much-valued assistance from EPOC in advising on the reform programmes of Pacific island countries, and UNDP considered that EPOC's advisory independence enabled it to play an important role in the Pacific, but it must get closer to Pacific regional organizations and other donors.

8. As regards specific aspects of EPOC's performance, the evaluator found:

(a) *Ownership of activities:* This could be achieved by the establishment of a Pacific advisory council to guide EPOC. At the project level, client ownership was achieved by a participatory process. EPOC advisers should be trained to develop further skills in this area;

(b) *Regional balance:* Care was needed in pursuing balance in EPOC's programme. Temporary concentrations and exclusions might be justified when seen in a longer perspective;

(c) *Key programme areas:* EPOC's current programme reflected ESCAP's priorities, Pacific island countries' Millennium Development Goal commitments and gaps in the availability of other assistance;

(d) *Niche areas and value-adding services:* EPOC's flexibility, pragmatic approach, intellectual independence and interdisciplinary capability enabled it to operate in areas of development need that other donors could not reach, and to add value to mainstream programmes. The fact that EPOC was not delivering a financial grant or loan package gave its advice an integrity not easily achieved by other agencies. The current work programme reflected this niche-finding and value-adding capability;

(e) *Strengths:* Clients valued EPOC's speed of response, frank advice, wide experience, adaptability to client needs and ability to return to monitor progress. EPOC's strengths depended on its advisers, and ESCAP would need to continue to staff EPOC appropriately;

(f) *Weaknesses:* Consultations identified a lack of cooperation with other aid providers and Pacific regional organizations, the absence of any machinery of answerability to Pacific island countries and the general obscurity of EPOC's mission and programme;

(g) *Raising EPOC's regional profile:* ESCAP needed to make EPOC an indisputably Pacific agency, with increased autonomy within ESCAP, a clearer mission statement, better publicity, a formal link to the Council of Regional Organizations in the Pacific, an advisory council of Pacific island countries, more collaborative modes of operation, more representative activities by the Head of EPOC and relocation of EPOC to Suva;

(h) *Bangkok-Vila relationship:* If EPOC was to function in a way that would bring credit to ESCAP in the Pacific, important improvements were needed to the operation of the Bangkok-Vila interface.

Conclusion and recommendations

9. According to the evaluator, EPOC's special value to Pacific island countries and ESCAP lies in its organizational flexibility, intellectual independence and interdisciplinary approach to its work. These characteristics are not usually found in an aid agency, and they are admired by EPOC's clients and peers.

10. As neither the option of continuing as at present nor that of closing EPOC was desirable, the evaluator recommended that several measures be undertaken to enable EPOC to better serve its members and the ESCAP region. The proposed actions include:

(a) *Mission statement*: A revised mission statement is needed to clearly define ESCAP's purpose in establishing EPOC and how EPOC is expected to operate;

(b) *Location*: Port Vila is no longer a cost-effective location for EPOC. Increased emphasis on cooperation, intellectual engagement with Pacific regional organizations and adding value to mainstream aid programmes, combined with the high operating costs at the current location, point clearly to the need to move EPOC to Suva;

(c) *Accountability and autonomy*: Striking the right balance is crucial to EPOC's operational effectiveness. Clear objectives, strategies and rules have to be combined with delegation of authority and tactical discretion to enable the outpost to get on with the required work;

(d) *Answering to Pacific island countries*: An advisory council should be set up, meeting annually as an adjunct to the Forum Economic Ministers Meeting and chaired by a representative from Pacific island countries. ESCAP and EPOC would take the Council's advice into account in reviewing work programme priorities. This single step will make a large and positive difference to perceptions of ESCAP and EPOC in the Pacific;

(e) *Costs, benefits and timing*: The proposed changes involve around a 20 per cent increase in real resources assigned to advisory and representative outputs and the advisory council. The financial cost of operations will fall significantly with the relocation to Suva.

Actions taken or to be taken by the secretariat

11. The secretariat agrees, in principle, with all the recommendations presented by the independent evaluator and has prepared a draft action plan to implement them. The plan is annexed to this document. In particular, the attention of the Commission is drawn to the recommended relocation of the Centre from Port Vila to Suva. The Governments of Vanuatu and Fiji have received formal notification of this. The Pacific Islands Forum was also informed. The secretariat is now following up on this issue.

Annex

Action plan on the recommendations (EPOC)

Recommendations	Actions to be taken	Time frame	Institutional/budgetary implications or other remarks
(1) Revise the mission statement to clearly explain the objectives of EPOC.	Draft the mission statement (EPOC).	May 2003	
(2) Relocate EPOC to Suva.	(a) Send letters to the Governments of Vanuatu and Fiji as well as the Pacific Islands Forum Secretariat (PDD).	May 2003	
	(b) Inform United Nations Headquarters of the move (PMD).	May 2003	
	(c) Prepare a host country agreement to be signed by ESCAP and Fiji after approval received from Fiji to host EPOC (EPOC, PMD, ASD).	After receipt of formal agreement from the Fiji Government	
	(d) Work out the budgetary implications of the move, including notifying affected staff and dealing with tenancy aspects (EPOC, PMD, ASD).	September 2003	Key outputs include a detailed budget for the move and other related matters on staff and tenancy of new premises at Suva.
	(e) Inform Pacific island countries of the move during the resumed fifty-ninth session of the Commission (PDD).	September 2003	If this does not take place, letters to be sent to all ESCAP members and associate members on move after all approvals have been obtained.
	(f) Actual move: A road map has to be finalized after all the above has been cleared (PMD, EPOC, ASD).	Before end-December 2004	
(3) Balance accountability and autonomy.	(a) Articulate processes and introduce administrative systems to make EPOC an effective representative office of ESCAP in the Pacific (EPOC, PMD, ASD).	Refocusing of work and improvements have already begun.	Accountability to ESCAP and members to be focused on programme and financial reporting, and staff are being trained on United Nations procedures.
	(b) Formulate work programme (EPOC).		
	(c) Formulate objectives, strategies and final outputs directly relevant to the needs of Pacific island countries (EPOC).		

Recommendations	Actions to be taken	Time frame	Institutional/budgetary implications or other remarks
(4) Set up an advisory council.	(a) Seek the views of Pacific island countries during the resumed fifty-ninth session of the Commission (PDD).	September 2003	
	(b) Decide if the annual Forum Economic Ministers Meeting could be the appropriate avenue for the advisory council or whether the Special Body could play this function. Possibility of amending the Special Body's terms of reference to be considered (EPOC, PDD).	Introduce a resolution on steps to make EPOC and the Special Body more responsive to the needs of the Pacific at the Special Body session at Shanghai in 2004 and seek the endorsement of the Commission at its sixtieth session.	
(5) Increase EPOC advisory strength to five.	(a) Review the needs of the Centre (EPOC, PDD, PMD).	Before end-December 2003	
	(b) Consider approaching selected Governments for NRL experts (EPOC, PMD).	Jan.-Mar. 2004	
(6) Acronym EPOC should be reintroduced.	The Centre is to be known as UN-EPOC. Memo to be issued by Executive Secretary to this effect (PDD).		

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