



TERMS OF REFERENCE AND SCOPE OF SERVICES
PACIFIC AVIATION SAFETY OFFICE REFORM PROJECT
STRENGTHENING PASO GOVERNANCE AND MANAGEMENT (P-A01)

1. BACKGROUND

- 1.1 The Pacific Aviation Safety Office (PASO) is currently implementing the Pacific Aviation Safety Office Reform Project (PASO Reform Project), supported by the World Bank. The PASO Reform Project has the development objective to ensure effective regional delivery of aviation safety and security oversight in Pacific Island Countries by strengthening the Pacific Aviation Safety Office's technical and coordination capacity. The project's implementing Entity is PASO, with project implementation support from the Technical and Fiduciary Services Unit (TFSU) of the Pacific Aviation Investment Program (PAIP).
- 1.2 The specialized nature of aviation places a high burden on small countries with limited human resources. Assessments of the aviation sector in the South Pacific by the International Civil Aviation Organization (ICAO) have found that many of the countries lack the proper policy, regulatory and infrastructure to comply with ICAO requirements (referred to as Standards and Recommended Practices or SARPs). In recent years, these standards have been continuously expanded, particularly those related to security. As a result, the PICs have received less than satisfactory results from the ICAO-mandated Universal Safety Oversight Audit Program and Universal Security Oversight Audit Program.
- 1.3 PASO currently provides advisory, inspection, and oversight services covering the areas of: (i) aerodrome assessment; (ii) security; (iii) aircraft airworthiness; (iv) flight operations; and, (v) personnel licensing. However, its existing subscription and fee-for-service business model has not proven to be sustainable since: (i) countries have not purchased the necessary safety oversight services; (ii) there is a real, or perceived, lack of qualified technical specialists in PASO to perform the technical services, affecting demand; (iii) some countries are in arrears on member subscription fees; and, (iv) salaries and cost structures for PASO do not correctly reflect the demand for services.
- 1.4 To help ensure the long-term viability of PASO, the Pacific Regional Infrastructure Facility (PRIF) has provided resources for the preparation of a new Business Plan as part of the IDA-financed 'Pacific Aviation Investment Program' (PAIP)¹. The PASO Business Plan² provided a strategy for addressing the financial, organizational and operational shortcomings of PASO. The PASO Council agreed to implement the principles of the Business Plan at a special general meeting in April 2013 and, once implemented, will reinforce and strengthen PASO's critical role in ensuring safe aviation operations in PICs.
- 1.5 Building on the Asian Development Bank (ADB) Technical Assistance (TA), the PASO Business Plan calls for significant reforms and a refocusing of the organization on objectives consistent with a Regional Safety Oversight Organizations (RSOO)³ and the

¹ Phase 1 includes Kiribati (P128938), Tonga (P128939) and Tuvalu (P128940); Phase 2 includes Samoa (P143408)

² Pacific Aviation Safety Office - Final Business Plan. CAPA Report TAL/CF/PB01. May 2013.

³ "Classification of Regional Safety Oversight Organizations", ICAO, December 2012.

global framework of ICAO. A fully-functioning RSOO capable of supporting and assisting the member States in meeting their contracted regulatory obligations by providing high standards of safety and security oversight and ongoing surveillance would provide a significant improvement to the safety of aviation in PICs.

1.6 The Strategic Goals of PASO are to:

1. Develop regional capacity and provide for a long-term improvement in the quality of aviation safety and security oversight services.
2. Ensure that the Pacific aviation sector complies with international requirements established by the International Civil Aviation Organisation (ICAO) for safety and security regulation and oversight.
3. Reduce service fee and operator compliance costs through economies of scale, achieved by sharing resources through a single regional organization.
4. Harmonise safety standards and security provision across the Pacific region, building on the adoption of New Zealand Civil Aviation Rules.
5. Promote an efficient oversight capability in member States.
6. Encourage member State participation in RSOO activities with the objective of assisting other States in the certification or approval of organisations in aviation activities.
7. Establish regional training programs for member State's technical personnel
8. Develop an information and reporting system, which facilitates access to safety-related and safety critical information in the region.

1.7 In order to realize these, the PASO Reform Project is designed around three main components that will support the reform agenda, build institutional capacity to meet international aviation safety regulations across the region, and modernize information systems for enhancing quality control:-

Component A: Transitional Management and Support (approximately US\$ 1.645 million including contingencies): Activities to assist PASO through the restructuring process including, financing the costs associated with: (i) implementing a new organizational framework and staff changes, including financing of severance packages for termination of existing contracts of staff; (ii) conducting legal reviews for strengthening its governance and management; (iii) evaluating the PASO funding approach, including finding new revenue sources; (iv) conducting workshops and seminars for PASO Council members; (v) developing a communications strategy; (vi) transitional support to implement the new Business Plan, including engagement of TFSU for provision of support to PASO as per terms of a Service Agreement; and (vii) carrying out annual financial audits of the Project as agreed with the Association.

Component B: Establishment of a Pool of Regional Aviation Inspectors (approximately US\$0.269 million including contingencies): Activities to assist PASO in establishing a pool of inspectors to be used by PASO to oversee aviation safety and security, including: (i) establishing a comprehensive Register of Inspectors for the region available for PASO-related services; (ii) establishing a Regional Program of Inspectors to build and assess the capacity of inspectors from Member States; (iii) provision of necessary training for inspectors to ensure they meet skill levels necessary to provide PASO services; (iv) provision of training to PASO staff to develop the human resources to deliver the necessary services.

Component C: Quality Management (approximately US\$0.236 million including contingencies): Including: (i) establishing a quality assurance system for PASO to ensure

that all operations meet an appropriate standard; and (ii) implementing a PASO Management Information System with an appropriate IT network, including a document management system.

- 1.8 Day to day implementation of the PASO Reform Project is led by PASO, with the support of the PAIP '**Technical and Fiduciary Services Unit (TFSU)**' and is formalized in a Service Agreement. The TFSU provides technical, procurement, financial management, contract management and overall project management services.
- 1.9 A PASO Steering Committee (PSC) has been established comprised of PASO Council members from Papua New Guinea, Vanuatu, New Zealand, Samoa and Kiribati, to oversee the project direction and coordination.
- 1.10 This **Strengthening PASO Governance and Management** consultancy is sought to assist PASO establishing and implement the proposed Governance Structure as reflected in section 5 of the overall PASO Business Plan and which is a priority for the organisation.

2. BACKGROUND TO ASSIGNMENT

The six (6) pillars of reform contained in the PASO Business Plan are:

1. Provision of specific assistance to the PASO Member States;
2. Building regional oversight skills and capacity;
3. Enhancing operational standards;
4. Improving ICT and Communication systems;
5. **Strengthening Management Governance** procedures; and
6. Enhancing financial management and accountability

This assignment addresses the fifth (5th) pillar.

The current governance structure is underpinned by the PASO Council of Directors which is comprised of one representative from each of the 13 member States, including the three non-voting States of Fiji, Australia and New Zealand. Only PICASST⁴ signatories will hold voting rights on the Council. This is consistent with the requirements of PICASST, namely that the objective of the Council is to support the mission of PASO to "inculcate an aviation safety and security culture in the Pacific", and the PASO constitution. An Executive Chair and non-executive Deputy Chair are under consideration and suitable external candidates may be eligible. The proposed creation of paid Executives may reflect a re-focus of the PASO Management staff on wholly operational activities.

PASO is further supported by the establishment of the Technical and Finance Committees.

- The Finance Committee, responsible for reviewing and making recommendations on budget preparations. This committee is presently composed of representatives of the four loan guarantor states (PNG, Vanuatu, Samoa and Kiribati), Tonga and Fiji. Australia and New Zealand participate as observers. The proposed structure provides for direct participation by Finance Ministry representatives, albeit on a limited basis, in PASO's budgetary considerations; and
- The Technical Committee, responsible for reviewing and making recommendations on the progress and implementation of work plans. Each of the 10 (voting) Member States is represented on this committee, together with Australia and New Zealand. A

⁴ Pacific Islands Civil Aviation Safety and Security Treaty (PICASST) is the foundation document governing membership to PASO.

proposed structure is put forward for opening membership to associate members and Aviation representatives of regional institutions such as SPC, PRIFs, and FAA etc.

- The restructured PASO will continue to abide by the terms of the overriding Pacific Islands Civil Aviation Safety and Security Treaty (PICASST). Some revisions to PICASST and the PASO Constitution will be required to accommodate the proposed changes in the Business Plan. Hence the Governance and Management consultant will assist PASO to facilitate a seamless change process, which is expected to include:
- The redefinition of management roles with the organization being led by the Manager/Senior Coordinator with responsibility for the running of the PASO office as well as technical coordination, training and inspection. The Manager/Senior Coordinator has responsibility for:
- The general management functions of oversight of the PASO office and day-to-day liaison with Council and member States' civil aviation authorities; and
- The support staff and their functions have remained unchanged under the current structure and there is no significant change to the size and nature of these roles which are: *Office manager, Accounts clerk, Receptionist and cleaner.*

Other expected changes in the governance of PASO are expected to include greater involvement of Member states' Ministries of Finance. This is partly to elevate understanding and cooperation in the aviation sector at a higher level, but also in recognition of the key role that PASO, and the aviation sector plays for all States, as well as the financial obligations that go hand in hand with involvement in the sector. Direct reporting and involvement of Ministries of Finance of member states in the governance of PASO will help address the systemic constraints on the safety and security oversight financing in the region, though the full effect of these changes will not likely to be felt in the short to medium term.

There is a recognized need to review and re-align these roles to reflect the aspirations of a renewed PASO including providing capacity and skills development training in corporate and knowledge management, communication, financial management and reporting. In particular the Accounting Clerk requires high level training to enable him to undertake some simple but essential management accounting tasks, including cash- flow analysis and forecasts.

This assignment is focused on strengthening governance mechanisms for PASO at the Council level as well as the organizational level; as such, recommendations addressing improvements to Council governance, engagement, responsibilities and authorities will be expected, in tandem with identifying strengthened governance at the managerial and corporate level.

3. OBJECTIVE

The objectives of this consultancy are twofold:

- 3.1 To develop recommendations to support a new governance framework; this shall include a blueprint for implementation of the agreed recommendations. This is expected to instill greater stakeholder ownership and overview of member states, by modifying the composition of the Council, the Technical and Finance committees to require the inclusion of higher level involvement from Member states' Ministries of Finance.

- 3.2 To develop internal systems and processes to ensure and enhance the internal structure of PASO. This is expected to include development of related procedural documentation by working in close collaboration with the PASO Manager/ Senior Coordinator, Quality Assurance System consultant, and the Legal Expert.

4. SCOPE OF SERVICES

The detailed scope of services to be provided is in accordance with the following activities: -

- 4.1 Review current governance systems including PASO's constitution, reporting framework, business/strategic plans, and management and staff performance feedback mechanism;
- 4.2 Review and update the official PASO Employment Policy and Procedures Manual, including the development of Procurement procedures for recruitment of technical personnel;
- 4.3 Review PASO's internal delegations and authorizations both at high level (ie. Council) as well as at Management and Operational level (ie. Internal systems of approval and decision making relative to capital acquisitions, operational expense delegations including travel approval for non-auditing work which would be underpinned through a "Delegations of Authority" Policy.)
- 4.4 Develop recommendations for:
- The restructuring of the PASO committees (i.e. Finance Committee & Technical Committee), including clearly identifying responsibilities and any changes proposed;
 - Fine tune technical management positions of PASO in order they can provide expertise in airworthiness, flight operations and security/aerodromes;
 - Restructuring the Council composition with Technical Committee incorporating wider industry representation to strengthen PASO's engagement with key stakeholders.
- 4.5 Development of a Skills development and Training policy for the PASO office inclusive of technical and non-technical (office) staff.

The Consultant will be required to work in close liaison with PASO and the TFSU and in accordance with the Grant Agreement, World Bank guidelines, and various approved Project implementation manuals. The Consultant is also expected to work in close liaison with the Legal specialist, Regulatory specialist, Quality Assurance Systems Consultant, and other technical assistants currently engaged with PASO.

PASO is a regional organization and is comprised of members from the Pacific Island Forum; accordingly the Consultant will require exceptional communication, personal and cross-cultural skills in delivering these services in the context of the multi-cultural and multi-national environment.

5. EXPERTISE REQUIREMENTS

The Consultant shall have the following experience and qualifications:

- i. Have a relevant tertiary qualification in corporate governance, organizational change, business management or other relevant discipline from a recognized institution or equivalent relevant operational qualification;

- ii. At least 10 years of relevant work experience;
- iii. Experience in board appointments and/or a current working board member,
- iv. Proven experience in organizational change and implementation,
- v. Understanding or experience in regional governance development,
- vi. Demonstrable high level consultation and communication experience
- vii. Strong communication skills including a demonstrable degree of diplomacy when engaging with Council and Member States and strong networking and collaboration skills
- viii. Excellent verbal, written and presentation, reporting and communication skills in the English language.

Desirable Expertise

- i. Familiarity with the aviation sector in the Pacific Region;
- ii. Knowledge and appreciation of cultural dynamics of the Pacific region.

6. LEVEL OF EFFORT AND SCHEDULE

This assignment is expected to require **80** days input on a periodic basis, over a **12** month period commencing o/a June 2015 to o/a June 2016. It is expected that an initial intensive input will be required at commencement, including an in-country visit of 1 week to PASO office at commencement.

Flexibility on the part of the Consultant will be required to respond to changes in actual progress and corresponding work inputs which may be lower at times, or require intense full time input. Some travel may be required as part of this role.

A Lump Sum contract will be signed with the Consultant based on an agreed schedule of deliverables. Costs associated with travel will form part of the contract ceiling and will be consistent with the Project financial management practices.

7. SCHEDULE OF DELIVERABLES, PAYMENT MILESTONES & REPORTING REQUIREMENTS

The Consultant is expected to complete the above scope according to below timeline.

DELIVERABLE	Field Days	Due
Inception Report , including Concept Design and Time-based Workplan: Review current governance systems including PASO's constitution, reporting framework, business/strategic plans, and management and staff performance feedback mechanism;	5	By end of month 1
Review and update the official PASO Employment Policy and Procedures Manual, including the development of Procurement procedures for recruitment of technical personnel;		By month 3-4
Review PASO's internal delegations and authorizations both at high level (ie. Council) as well as at Management and Operational level (ie. Internal systems of approval and decision making relative to capital acquisitions, operational expense delegations including travel approval for non-auditing work which would be underpinned through a "Delegations of Authority" Policy.)		By month 3-4

Develop recommendations for: <ul style="list-style-type: none"> • The restructuring of the PASO committees (i.e. Finance Committee & Technical Committee), including clearly identifying responsibilities and any changes proposed; • Fine tune technical management positions of PASO in order they can provide expertise in airworthiness, flight operations and security/aerodromes; • Restructuring the Council composition with Technical Committee incorporating wider industry representation to strengthen PASO's engagement with key stakeholders. 	5	By month 5-8
Development of a Skills development and Training policy for the PASO office inclusive of technical and non-technical (office) staff.		By month 9-12

- 7.1 Regular updates to the PASO Manager on the progress of works including significant issues or achievements that may impact on the normal course of deliverables.
- 7.2 Monthly progress report to PASO and TFSU on targeted activity including identifying any particular technical, operational or other issues that must be coordinated, remedial actions and achievements to date, including whether progress is on track against agreed plans. If delays are identified, this report shall identify the reasons and proposed approaches to address these.
- 7.3 At conclusion of this assignment, a completion report on achievements and activities completed including recommendations for PASO considerations going forward.

8. INSTITUTIONAL ARRANGEMENTS

The Consultant will be directly responsible to the PASO Manager/Senior Coordinator and will be expected to work in close liaison with PASO and the Project Coordinator, as well as the TFSU in implementing the Project.

The Consultant will have strong functional relationships with key stakeholders.

The Consultant will also undertake this assignment with a high degree of initiative and a proactive approach to understanding and identifying issues for current and future action and bringing these to the attention of relevant stakeholders. In addition, a high degree of collaboration and confidentiality will be required to manage the discussions with the various PASO member states, PAIP TFSU which provides PASO with project implementation support, donors and other key stakeholders and will be based in-country on a periodic basis.

9. SERVICES AND FACILITIES TO BE PROVIDED BY THE CLIENT

Access to internet and office space when in country (ie. PASO base office in Vanuatu).