



**Building a Blue Economy: Strategy,
Opportunities and Partnerships in the
Seas of East Asia**
9-13 July

Special Workshop
PSHEMS Governance Process

CO-CONVENING AGENCIES:



The Yeosu Project and
Expo 2012 Yeosu Korea



Korea International
Cooperation Agency

Chair: **Prof. Raphael P.M. Lotilla**
PEMSEA Resource Facility



Global Environment
Facility



United Nations
Development
Programme



United Nations
Office for Project
Services



Partnerships in
Environmental
Management for the
Seas of East Asia



Ministry of Land,
Transport and
Maritime Affairs



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of Changwon,
RO Korea

The East Asian Seas Congress 2012
“Building a Blue Economy: Strategy, Opportunities and Partnerships in the Seas of East Asia”
Changwon City, Republic of Korea, 9-13 July 2012

**Proceedings of the
Special Workshop on the PSHEMS Governance Process**

Co-convening Agencies:

The Yeosu Project and Expo 2012 Yeosu Korea; and
The Korea International Cooperation Agency (KOICA)

Chair:

Prof. Raphael P.M. Lotilla, Executive Director, PEMSEA Resource Facility

1. INTRODUCTION

- 1.1. The Fourth East Asian Seas (EAS) Congress, co-organized by the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA), the Ministry of Land, Transport and Maritime Affairs (MLTM) and the City Government of Changwon, was held at the Changwon Exhibition Convention Center in Changwon City, RO Korea from 9 to 13 July 2012. Carrying the theme “Building a Blue Economy: Strategy, Opportunities and Partnerships in the Seas of East Asia,” the EAS Congress 2012 addressed the new opportunities for the ocean economy of East Asia, the range of partnerships that have developed and are required in order to realize the full potential of a blue economy, and the progress and achievements in governance of regional/subregional seas within the framework of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).
- 1.2. The EAS Congress 2012 featured the Fourth Ministerial Forum, the International Conference on Sustainable Coastal and Ocean Development, the annual meeting of the PEMSEA Network of Local Governments for Sustainable Coastal Development (PNLG), an Environmental Exhibition, the Third EAS Youth Forum, and other activities. More than 1,200 stakeholders — policymakers, resource and economic managers, business professionals, scientists, members of the academe, local and international nongovernmental organizations (NGOs), youth and community representatives, and other members of the civil society from within and outside the East Asian Seas region — participated in the Congress.
- 1.3. Five major subthemes comprised the International Conference: (1) Nurturing Coastal and Ocean-based Blue Economies at the Local Level: Opportunities and Challenges; (2) Accelerating Blue Innovations in Support of an Ocean-based Blue Economy; (3) Securing Ecosystem Services through Integrated Coastal Management; (4) Good Governance, Good Business; and (5) Meeting Institutional and Individual Skills and Capacities for Integrated Coastal and Ocean Governance.
- 1.4. The special workshop on PSHEMS Governance Process was convened to discuss the governance mechanism and processes for the operationalization of the Port Safety, Health and Environmental Management System (PSHEMS).

2. OPENING REMARKS

- 2.1. Prof. Raphael Lotilla, Executive Director of the PEMSEA Resource Facility (PRF), welcomed the participants of the Special Workshop on PSHEMS Governance and acknowledged the support of the workshop co-convenors, namely, the Yeosu Project and Expo 2012 Yeosu Korea, the German International Cooperation (GIZ), and the Korea International Cooperation Agency (KOICA). He gave a general background on the development of the PSHEM Code and explained to the workshop participants that the PSHEM Code was developed because of the onset of ISO standards for ports.
- 2.2. Prof. Lotilla elaborated on the objectives of the Special Workshop. One of the objectives is to discuss the roles and responsibilities of the governing entities of the PSHEM project, in particular, the Terms of Reference (TOR) of the PSHEM Governing Board, the Technical Committee and the PSHEM Assessment Team (Recognition Auditors). Likewise, the workshop participants are expected to discuss the possibility of launching a voluntary standard for port operations in the East Asian Seas region and a PSHEMS recognition system to formally acknowledge effective implementation of the PSHEM Code. The special workshop will also brainstorm on the overall strategic direction of the PSHEMS programme and the Governance of the PSHEMS Code and the PSHEMS Recognition System.

3. PSHEM CODE AND PSHEM RECOGNITION SYSTEM

- 3.1. **Mr. Renato Cardinal**, Programme Officer for Partnership Applications of the PEMSEA Resource Facility, explained to the workshop participants that the Special Workshop of PSHEM Governance was a continuation of the discussions from the Special Workshop on Green Ports: Gateway to a Blue Economy. The workshop is an interactive session that would tackle the governance process of the PSHEM Code and the PSHEMS Recognition System.
- 3.2. Mr. Cardinal explained that the PSHEM Code is aimed at providing the port authorities and those companies operating in the port — whose activities may have an effect on health and safety of people, environment, cargoes and port installations — with a voluntary standard against which to measure the performance of its operations with regards to quality, safety and health and the protection of the environment. The Code is also aimed at providing the port authorities and port operators with a systematic approach for implementing a PSHEMS in support of the implementation of the national government's objectives and targets in support of the SDS-SEA.
- 3.3. The main requirement of the PSHEM Code is that parties that elect to adopt it should develop and implement a PSHEMS. Such a management system is designed to ensure compliance with the provisions of the PSHEM Code, and can be evaluated by a recognizing organization, if so desired by the port authority or company. In order to provide guidance to parties who wish to develop a PSHEMS, the PSHEMS Development and Implementation Guidelines was also developed.
- 3.4. Mr. Cardinal explained to the workshop participants that the planned rollout of the PEMSEA-initiated PSHEM project anticipates a growth in the complexity of managing its governance processes. As such, it must be ensured that proper authorities are looking not just into the administrative tasks of auditing and recognizing ports but also on the formulation of policies and procedures that would govern the core processes of the PSHEMS programme including the maintenance and improvement of the PSHEM

Code. He added that the proposed process for maintaining the PSHEMS Code and Guidelines seeks to maintain the relevance and applicability of these documents in terms of the general policy, social and economic environment of the East Asian region and ensuring that its application as a PEMSEA-certified standard is in line with the goals and objectives of the SDS-SEA. It will also take into account changes in international standards or any other global forces that are shaping the governance system of the port industry. On the other hand, the process for PSHEM Recognition aims to establish an efficient and methodical system for recognizing ports implementing PSHEMS. It enumerates the step-by-step procedure that each concerned party needs to undertake to ensure that reasonable audit standards and due diligence are being followed in awarding certificates of recognition.

4. OPEN DISCUSSION

- 4.1. **Ms. Melissa Cruz** facilitated the open discussion, which centered on the proposed overall governance structure and mechanism, the implications of the PSHEM Governance System to each organization's mandate and functions and ways of engaging international associations and organizations to be part of the Governing Body.

On whether the proposed rollout of the PSHEM project and the proposed governance of the PSHEM Code and its Recognition system is a good strategic move:

- 4.2. **Ms. Franca Sprong**, Team Leader of the German Technical Cooperation (GIZ) commented that the proposal is a good idea, as it would make the PSHEM program more sustainable in the future. **Mr. Susumu Naruse**, Secretary General of the International Association of Ports and Harbours (IAPH) and **Mr. Ho Kim Lan**, Secretary General of Vietnam Seaports Association (VPA) concurred positively on the proposal. **Ms. Brenda Pimentel** of the IMO Regional Presence Office for East Asia Manila, Philippines, noted that the PSHEM project is a good initiative that can be impressed upon the governments.

On the proposed membership of the Governing Board

- 4.3. Ms. Sprong (GIZ) noted the program is not limited to the region. Mr. Cardinal informed the body that as a matter of fact, IMO, ILO and GIZ have provided inputs in the development of the PSHEM Code and Guidelines. **Ms. Choi Ji Won**, Researcher, Climate Change Office, Korea International Cooperation Agency (KOICA) noted her observation that there is no organization in the proposed members of the PSHEM Governing Board that is looking after health concerns. Ms. Sprong (GIZ) noted that health in PSHEMS is more on occupational health. As such, the inclusion of ILO in the PSHEM Governing Board will be sufficient.
- 4.4. Ms. Pimentel (IMO) noted that IMO has never been a part of any port audit scheme but only at the level of policy formulation governing ships and, to some extent, ports. She clarified that IMO is supporting the PSHEMS project. However, IMO has a lot of concerns right now, such as MARPOL and Ballast water concerns. She advised that PEMSEA should focus on the governance side of the PSHEM Code to engage the IMO headquarters, adding that it will be difficult for IMO to join if it gets involved in the

recognition process. She explained that what IMO does is to conduct State Audit and categorize countries either as white-listed or grey-listed.

- 4.5. Ms. Sprong (GIZ) noted that GIZ does not recognize a specific port.
- 4.6. Mr. Naruse (IAPH) has likewise noted that the IAPH also does not recognize a specific port.
- 4.7. Ms. Pimentel (IMO) commented that it is better to only have one recognition body. She suggested creating a recognition body within the PEMSEA organization. She said that an independent unit would be able to preserve the integrity of the recognition process. This unit must be made of competent people. She said that it is best to make PEMSEA as the recognition body.
- 4.8. Mr. Ho Kim Lan (VPA) noted that the VPA has recognized the PEMSEA system to be competitive and attractive as it is an integrated one. He added that the East Asian Seas region is better off as a beneficiary of the system because it has a wider coverage than the individual international standards on safety, health and environmental management system. He noted though that ports have different systems and capabilities. Moreover, he remarked that there are overlaps in responsibilities and limitations among government institutions on port management. He cited as an example the process of reviewing compliance to the ISPS Code, which is being done by national ministries instead of port associations. He expressed his concerns regarding the conflict of interest that may arise from the composition of the PSHEMS Governing Board. He commented that there should be more discussions and assessment to have a more sustainable system.

On the Proposed Governance Process for PSHEMS Recognition

- 4.9. Mr. Cardinal explained that the PEMSEA Resource Facility (PRF) will act as the Secretariat for the PSHEMS Governing Body. The Technical Committee and the Assessment Team are non-permanent entities within the PSHEM Governance structure that would be called up only when the need arises. Only the PRF and the PSHEM Governing Board are permanent entities within the PSHEMS program. The Partnership Council and its Executive Committee are to oversee the PSHEM project in line with the goals and objectives of the SDS-SEA Implementation Plan. Prof. Lotilla explained that in order to properly manage the PSHEM project, the governing entity should be more of an expert body, which is rather not the case with the PEMSEA Partnership Council. The PSHEM Governing Board will have to make the decision because of its technical competence.
- 4.10. To address the manpower requirements of the PSHEM Assessment Team, Mr. Cardinal explained that the PEMSEA Regional Task Force can be the manpower pool. Based on the draft proposal on the Terms of Reference of the PSHEM Assessment Team (**Annex 4**), the main tasks of the PSHEM Assessment Team will be to conduct audits. The members of the PSHEM Assessment Team will be certified by PEMSEA. Prof. Lotilla expounded that the idea of having a Regional Task Force stems from the fact that not all the expertise required for project development and implementation can be sourced within a country and, thus, the need for a regional pool of experts that can be tapped readily by those countries needing technical assistance.

4.11. In light of the reservations made by international organizations (as indicated in paragraph 4.5 to 4.7), Mr. Cardinal explained that the Special Workshop on PSHEM Governance was being held precisely to get feedback from the participants with regard to the viability of the proposed governance structure and mechanism for the PSHEMS program. He noted that in light of the discussions, separate governance processes for the PSHEMS Code; and for the PSHEMS recognition can be developed wherein the role and functions of the PSHEMS Governing Board can be customized according to the individual mandates and limitations of its member organizations.

5. CONCLUSIONS AND RECOMMENDATIONS

- 5.1. Mr. Cardinal suggested that APA take on the discussions with regard to the PSHEM Code. Ms. Oungkiros noted that she is willing to include in the agenda of the APA meeting in November 2012 the matter regarding the PSHEM Code and Governance. Mr. Farinas requested the Chair of the APA to include it also in the agenda of the working committee in August 2012.
- 5.2. Prof. Lotilla suggested that while the international organizations have voiced out their concerns, the APA might want to consider having a more active role and involvement in the recognition process.
- 5.3. Ms. Sprong (GIZ) suggested to look into the process of recognition of Ecoports.
- 5.4. Prof. Lotilla commented that the potential areas for conflict can become more like areas for complementation. This would work towards the enhancement of the capacity of the region.
- 5.5. Mr. Cardinal noted that while port authorities may have conflict of interests, they can be nonetheless involved in the standards-setting process.
- 5.6. Ms. Pimentel suggested to bring the Code to the ASEAN Maritime Transport Working Group. Mr. Farinas added that it would be a good idea for PEMSEA to attend the said meeting as it would be better for APA members to hear from PEMSEA itself.
- 5.7. Ms. Poopetch noted that the ASEAN Maritime Transport Working Group is already discussing the guidelines on SHE management in the port. She added that she wrote a guideline based on Bangkok Ports experience, Ecoports and partly from PEMSEA materials. The draft guidelines recommend the adherence to the PSHEM Code.
- 5.8. Mr. Cardinal discussed the next steps for the PSHEMS Governance development, which include the following activities.
 - Review, refinement and agreement-in-principle of the concept paper and PSHEM Governance documents by a selected group of experts during a consultative workshop at the EAS Congress 2012 (July 2012);
 - Revision of the aforementioned documents, and circulation to the expert group for final approval (4th quarter 2012);
 - Approval of the concept paper and PSHEMS Governance Documents by the Executive Committee;
 - Development of detailed Recognition System Manual;
 - Development of detailed Recognition Criteria;

- Identification and Facilitation of Letter of Invitation to potential Governing Board Members (1st quarter 2013);
- Preparation of Letters of Agreement with confirmed Governing Board Members (1st quarter 2013);
- Endorsement of Governing Board and Governing Board Documentation to the EAS Partnership Council (2nd quarter 2013); and
- Adoption of Governing Board and Governance Documentation by EAS Partnership Council and signature of Letters of Agreement (3rd quarter 2013).

5.9. In summary, the participants of the Special Workshop on PSHEMS Governance Process have agreed in principle on the following conclusions:

- It is imperative to establish the PSHEM governance mechanism to maintain the relevance of the PSHEM Code and preserve the integrity of the PSHEMS Recognition System.
- Participating international organizations expressed consensus to participate as members of the governance mechanism for the PSHEM Code and policies.
- Explore alternative mechanisms for governing the PSHEMS Recognition System to concur with the mandates and functions of the international organizations.

5.10. To address the aforementioned consensus, the workshop participants have agreed on the following recommendations:

- That international/regional organizations with concern on port development and operation include the PSHEMS program developed by PEMSEA in their meeting agenda.
- Develop concept for governance of PSHEMS Recognition based on alternative mechanisms for governing the PSHEMS Recognition System that would concur with the mandates and functions of the international organizations.
- Refinement and expert review of the PSHEM Governance documents by a selected group of experts and seek approval as PEMSEA certified documents.

6. CLOSING REMARKS

6.1. In closing, Prof. Lotilla remarked that with the growing support from partners, the PSHEMS program will be able to raise the certification standards for the region.

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