Partnerships in Environmental Management for the Seas of East Asia

- First adopted during the 9th EC Meeting held 24-25 October 2011, Manila, Philippines.
- Section D.14 of Annex 10 was subsequently updated during the Intergovernmental Session of the 13th PC Meeting held 29 July 2021 via Zoom.
- Overall updates approved during the 15th PC Meeting; July 26-27, 2023, Hanoi, Vietnam.

PEMSEA RULES OF GOVERNANCE

Partnerships in Environmental Management for the Seas of East Asia
The PEMSEA Rules of Governance, with Annexes 1 to 6, was adopted during the 9th Executive Committee Meeting held in Manila, Philippines on October 24-25, 2011.

Annex 8-10 were adopted during the 11th Executive Committee Meeting held in Beijing, China on October 27-28, 2012.

Annex 11 on the Revised Terms of Reference of the Executive Committee was approved during the 11th Executive Committee Meeting held in Beijing, China on October 27-28, 2012.

Annex 12 on the Terms of Reference of the Audit Committee was approved during the 11th Executive Committee Meeting held in Beijing, China on October 27-28, 2012.

Annex 7 on Investment Management Guidelines was drafted and included in the proposed revision of this Rules of Governance.
PEMSEA
RULES OF GOVERNANCE

I GOVERNANCE

Rule 1. Organization

Sec. 1.1 Name. The official name of the organization is “Partnerships in Environmental Management for the Seas of East Asia”. The organization will also be known by its short name “PEMSEA”.

Sec. 1.2 Legal Personality. PEMSEA is established as an international legal personality with legal capacity to contract, hold and dispose of property and such capacity as may be necessary for the exercise of its functions and the fulfillment of its purposes.

Sec. 1.3 Purposes. PEMSEA is a partnership arrangement among stakeholders of the Seas of East Asia established to serve as the regional coordinating mechanism with a mandate to pursue the sustainable management and development of coasts and oceans and ensure the implementation of the Sustainable Development Strategy for the Seas of East Asia (the “SDS-SEA”) through collaborative, synergistic and responsible actions and the accomplishment of individual commitments.

Sec. 1.4 Objectives. The objectives of PEMSEA are to:

a. Strengthen cooperation among partners on approaches and strategies for addressing the identified threats to the environment and sustainable development of the Seas of East Asia;

b. Build confidence among partners through collaborative projects and programmes;

c. Achieve synergies and linkages in implementing the SDS-SEA among partners; and

d. Reduce in-country and regional disparities in capacities for sustainable coastal and ocean development and management.

e. Fulfill the needs of the people of the region regarding the sustainable development of the Seas of East Asia, offering region-wide innovative products and services that contribute to the implementation of the SDS-SEA, and achieving the shared vision of PEMSEA Partners: “Healthy Oceans, People and Economies”.

Sec. 1.5 Geographic Scope and Coverage. PEMSEA covers the region of the Seas of East Asia including the Large Marine Ecosystems (LMEs), subregional seas, coastal areas and associated river basins. Special attention is given to those concerns that cut across legal and administrative boundaries.

Sec. 1.6 Governing Body. The East Asian Seas Partnership Council (the “Partnership Council”) will be the governing body of PEMSEA. It will formulate PEMSEA’s programs and operational policies in support of SDS-SEA implementation.
Sec. 1.7 Operating Modality. PEMSEA operates through the PEMSEA Resource Facility (the “PRF”) as its Secretariat, which receives policy guidance and direction from the Partnership Council. The Executive Director of the PRF is the Chief Administrative Officer of PEMSEA. He or she; or his or her designated representative will represent and act for and on behalf of PEMSEA in key functions or activities at the regional or global level.

Rule 2. PARTNERSHIPS

Sec. 2.1 Partners. The following are eligible to be PEMSEA Partners, subject to the Rules on PEMSEA Partnership (Annex 1):

a. As Country Partners, the countries within the geographic scope of PEMSEA’s programs;

b. As non-country Partners,
   (1) Other countries using the Seas of East Asia;
   (2) Local Governments in the region;
   (3) UN agencies and other international organizations that support or sponsor the implementation of the SDS-SEA;
   (4) Communities in the region;
   (5) Non-government organizations and other members of civil society in the region;
   (6) Research and educational institution;
   (7) Private or business sector;
   (8) Financial institutions that support or sponsor the implementation of the SDS-Sea; and
   (9) Other eligible regional and global entities and programmes.

Sec. 2.2 Role of Partners. Partners participate in the regional collaborative efforts for the implementation of the SDS-SEA and ensure that their individual programs and actions are consistent with the SDS-SEA. All Partners support their respective delegates to attend the Partnership Council Meetings and other relevant meetings within their capacities.

Sec. 2.3 Conduct. Partners will work and act as follows:

a. Work together in a spirit of partnership;
b. Seek actions that advance the goals of the Partnership without compromising the interests of individual Partners;
c. Strengthen communication and dialogue with each other regarding activities affecting the implementation of the SDS-SEA;
d. Undertake activities and honor schedules collectively agreed upon by the Partnership;
e. Act in a spirit of mutual assistance, good neighbourliness and complementarity towards achieving the common goals; and
f. Exercise flexibility and take adaptive measures when needed.
Sec. 2.4 Partners can:

a. be members of the Partnership Council;
b. participate in the EAS Congress, the Regional Networks, and other activities and forums of PEMSEA,
c. have access to the facilities of the partnership arrangements for SDS-SEA implementation and to PEMSEA’s technical and secretariat services and information products;
d. participate in PEMSEA’s knowledge sharing network; and
e. host the EAS Congress and Partnership Council meetings, as may be decided by the Partnership Council.
Rule 3. THE PARTNERSHIP COUNCIL

Sec. 3.1 Specific Functions. The Partnership Council, through the Technical and Intergovernmental Sessions, may:

a. Accept or admit PEMSEA Partners;
b. Adopt internal rules of procedure;
c. Formulate programs and operational policies in implementation of the SDS-SEA;
d. Ensure the implementation of its decisions;
e. Evaluate the performance of the PRF;
f. Create committees as it may deem necessary; and
g. Fill vacancies in its officers and committees.

Sec. 3.2 Composition. The Partnership Council is composed of the duly designated representatives of all Country and Non-Country Partners.

Sec. 3.3 Representatives of Partners. All PEMSEA Partners may be represented in the meetings of the Partnership Council by their designated representatives. The names of representatives must be submitted to the Secretariat not later than one month prior to the date fixed for the opening of any Partnership Council meeting.

Sec. 3.4 Observers and Resource Persons. Upon invitation by the Partnership Council, Non-Partners including PEMSEA sponsoring and funding agencies may attend meetings of the Partnership Council as observers or resource persons.

Sec. 3.5 Committees. The Partnership Council may establish committees and/or working groups as may be necessary in the discharge of its functions.

Rule 4. PARTNERSHIP COUNCIL OFFICERS

Sec. 4.1 Officers. The following are the officers of the Partnership Council:

a. Partnership Council Chair
b. Intergovernmental Session Chair
c. Technical Session Chair
d. Secretary

Sec. 4.2 Qualifications, Nominations and Elections. The Officers of the Partnership Council will be qualified, nominated and elected in accordance with the Rules Governing the Elections of Partnership Council Officers and Co-Chairs (Annex 2).
1. The Partnership Council will nominate and elect the Co-chairs to their respective officer positions in its meeting held for the purpose.

2. Unless otherwise decided upon by the Partnership Council, the Officers will serve in their personal capacity and during their term of office, will not in any way, act as representative of their respective countries or organizations.

**Sec. 4.3 Terms of Office.** The Partnership Council Officers will hold office and serve for a term of three (3) years from assumption of office without re-election until their successors are elected. Unless otherwise decided by the Partnership Council, the term of office of the Officers will commence on 31 July immediately following their election.

**Sec. 4.4 Vacancies.** In the event that any of the Partnership Council Officers may vacate the position for whatever reason, the concerned co-chair will assume the position in an acting capacity until the next regular election.

**Sec. 4.5 Partnership Council Chair.** The Partnership Council Chair performs the following functions:

   a. Presides over the meetings of the Executive Committee;
   b. Proposes the draft agenda for the Technical and Intergovernmental Session;
   c. Submits the report of the Executive Committee to the Partnership Council;
   d. Participates in the Technical and Intergovernmental Sessions and provides advice as may be requested.

**Sec. 4.6 Intergovernmental Session Chair.** The Intergovernmental Session Chair presides over the Intergovernmental Session and is *ex officio* member of the Executive Committee.

**Sec. 4.7 Technical Session Chair.** The Technical Session Chair presides over the Technical Session and is *ex officio* member of the Executive Committee.

**Sec. 4.8 Secretary.** The PRF Executive Director serves as the Secretary of the Partnership Council and will perform the following functions:

   a. Organizes, coordinates and participates in meetings of the Partnership Council and those of its Executive Committee;
   b. Keeps record of the proceedings of the said meetings;
   c. Prepares and maintains custody of the register of Partners and acts as depository of all documents pertaining to Partnership;
   d. Submits periodic reports of the activities of PEMSEA; and
   e. Performs such other Secretariat functions as are assigned by the Partnership Council and its Executive Committee.
Rule 5. CO-CHAIRS

Sec. 5.1 Qualification, Nomination and Election. Three Co-chairs will be elected to assist the Partnership Council Chair, Intergovernmental Session Chair and Technical Session Chair. The Co-chairs will be qualified, nominated and elected in accordance with the Rules Governing Elections of Partnership Council Officers and Co-chairs (Annex 2).

Sec. 5.2 Functions. The Co-chairs provide support to the Partnership Council Officers and participate in the meetings of the Partnership Council and the Executive Committee as may be needed. In case of the absence or unavailability of any Partnership Council Officer in meetings, the relevant Co-chair will act for and on behalf of the absent or unavailable officer.

Sec. 5.3 Term of Office. The Co-chairs are elected to a term of three years without re-election. Unless otherwise decided by the Partnership Council, the Co-chairs will assume office on 31 July immediately following their election. The Co-chairs will be nominated and elected to the position of Partnership Council Officers in the next election held for such purpose.

Sec. 5.4 In the event that any of the Co-chairs may vacate the position for whatever reason, the Partnership Council will elect a co-chair in the next regular election in accordance with the Rules Governing Election of Partnership Officers and Co-Chairs (Annex 2).

Rule 6. PARTNERSHIP COUNCIL (PC) MEETINGS

Sec. 6.1 PC Meetings. The Partnership Council convenes in July every year at a time and place to be set by the Executive Committee at least two months before each meeting; provided, that when the meeting falls on a Congress year, the meeting will be held as an event in the EAS Congress.

Sec. 6.2 Council Forum. The Council Forum is attended by all Partners and held immediately before the holding of the Technical and Intergovernmental Sessions. It is chaired by the Partnership Council Chair and discusses all matters relating to PEMSEA as an organization.

Sec. 6.3 Regular PC Meeting. Every Partnership Council Meeting will commence with a Council Forum to be followed by the two Sessions – the Intergovernmental Session and Technical Session – which will be conducted in accordance with the Rules on the Conduct of PEMSEA Meetings (Annex 3).

   a. The Council Forum is composed of designated representatives of all Partners and presided by the Partnership Council Chair. Its discussion will focus on all matters relating to the sustainability and efficiency of PEMSEA as an organization including its secretariat operations.
b. The Technical Session will be composed of designated representatives of all Partners and presided by the Technical Session Chair. The Technical Matters is devoted to solutions or options to address current scientific, legal, technical and financial issues related to the SDS-SEA implementation, partnership opportunities, collaborative research, capacity building and knowledge sharing.

c. The Intergovernmental Session will be composed of designated representative of Country Partners. It approves the budget as proposed by the PRF, considers the recommendations of the Technical Session and provides policy guidance and evaluates progress in the SDS-SEA implementation.

Sec. 6.4 Special PC Meeting. Upon the request of majority of the Partners or by the Executive Committee, a special meeting of the Partnership Council will be convened at any time as the Partnership Council Chair determines, provided that such meeting will be set within sixty (60) days from the time the Secretary receives such request and provided further, that the special meeting must not be later than ninety (90) days before the holding of the regular Partnership Council meetings.

Sec. 6.5 Meeting Documents. The PRF Executive Director will disseminate the relevant meeting documents to all Partners at least thirty (30) days prior to the commencement of the PC Meeting. The Meeting Documents will include the Meeting Programme and Agenda and other working and information documents.

Sec. 6.6 Proceedings. The proceedings of each Partnership Council meeting will be recorded and distributed to all Partners.

Rule 7. Order of Business. Unless the Partnership Council provides otherwise, the following will be the order of business for regular Partnership Council Meetings.

a. Opening

b. Council Forum

   - Matters
     - Meeting programme and agenda
     - Admission to Partnership
     - Issues of organizational sustainability
     - Organizational rules, procedures, etc.
     - Election of Partnership Council and Technical Session Chairs and Co-chairs where applicable
     - Report of the Executive Committee Chair for acts during the intersessional period
     - Executive Director’s Report (on the Status of implementation relating to matters arising from the previous Partnership Council Meeting)
• Actions
  ■ Acceptance of Reports
  ■ Approval of PEMSEA rules, procedures
  ■ Directions to PRF

c. Technical Session

• Technical Matters
  ■ Current scientific, legal and technical matters relating to SDS-SEA implementation
  ■ Substantive matters pertaining to PEMSEA plans and programs

• Actions
  ■ Conclusions
  ■ Recommendations to Intergovernmental Session

d. Intergovernmental Session

• Matters
  ■ Adoption of Meeting Programme and Agenda
  ■ Organizational: Election of Intergovernmental Session Chairs and Co-chairs where applicable
  ■ Review, consideration and adoption of recommendations
  ■ PEMSEA periodic operations, budget and work plan

• Actions
  ■ Resolutions – Approving recommendation of Technical Session, or approving recommendation subject to modification; approving budget and work plan for PEMSEA operations; granting authority for bank signatories, appointment of auditors, etc.

e. Closing. The Partnership Council Chair will close the Partnership Council Meeting.

Rule 8. THE EXECUTIVE COMMITTEE

Sec. 8.1 Composition. The Executive Committee will be composed of the Partnership Council Officers as set forth in Section 4.1 hereof.

Sec. 8.2 Functions. The Executive Committee will perform the functions and discharge the duties of the Partnership Council during the intersessional period and submit to the Partnership Council a report on its acts and decisions. The Executive Committee, acting on behalf of the Partnership Council, performs the following functions:
a. ensure the implementation of the decisions, resolutions and recommendations of the Partnership Council;
b. provide guidance and direction to the EAS Partnership Council as well as the PRF regarding the implementation of the SDS-SEA;
c. facilitate discussion on policy issues related to the operation and sustainability of the PEMSEA;
d. review and evaluate applications of stakeholders to be partners of PEMSEA and recommend the action to be taken thereon for consideration by the Partnership Council;
e. report to the Partnership Council at every Partnership Council Meetings all its acts during the intersessional period; and
f. makes decisions on behalf of the Partnership Council on matters relating to the operations of PEMSEA Resource Facility;
g. upon request of the host country, the Executive Committee may provide advice on various aspects of the EAS Congress.

Sec. 8.3 EC Meetings. The EC will conduct meetings in accordance with the Rules on the Conduct of PEMSEA meetings (Annex 3) at least twice when the Partnership Council is not in session.

1. The Partnership Council Chair presides over all EC Meetings. In case of absence or unavailability of the Partnership Council Chair, the Partnership Council Co-Chair will preside over the EC Meeting. At least two elected officials must participate in order to transact EC business.

2. Meeting programmes, agenda and other information and reference documents will be circulated by the PRF at least thirty days prior to the EC meeting. The PRF will prepare the proceedings of the EC meetings which will be distributed to all Partners.

3. EC may conduct its meetings through telephone or video conference or any other acceptable mode that does not require physical presence.

4. The EC may invite Partners, experts and other resource persons to attend meetings as and when necessary.
III PEMSEA RESOURCE FACILITY

Rule 9. PEMSEA SECRETARIAT

Sec. 9.1 The Executive Director. The Executive Director is the head of the PEMSEA Resource Facility (the “PRF”), who will be selected in accordance with the Rules on the Selection and Appointment of the Executive Director (Annex 4). He or she acts as the Secretary of PEMSEA.

Sec. 9.2 Functions. The PRF serves as the Secretariat of PEMSEA and provides technical and secretarial services. The PRF will:

a. Provide secretariat services to PEMSEA and its organs, committees and networks;
b. Facilitate knowledge transfer and capacity building;
c. Facilitate inter and intra-regional partnerships in capacity building and knowledge management.
d. Monitor and report on the SDS-SEA implementation;
e. Coordinate updating of the SDS-SEA taking into account changing conditions, emerging issues and other related factors on a periodic basis;
f. Propose new initiatives and mobilize resources for their implementation;
g. Facilitate program management and supervision;
h. Provide technical, financial, investment and management services for specific projects and programs;
i. Facilitate networking with national and local governments; and engaging business community/private sector as partners.
j. Facilitate joint planning among partners and collaborators;
k. Implement decisions and projects approved by the Partnership Council;
l. Perform such other functions as may be assigned by the Partnership Council.

Sec. 9.3 Secretariat Support. The Partners will support the Secretariat through voluntary contributions under the Regional Partnership Fund or such other available financial facility of PEMSEA.
Rule 10. PEMSEA PARTNERSHIP FUND

Sec. 10.1 Nature and Use of the PEMSEA Partnership Fund (the “Fund”). The Fund receives voluntary financial contributions from countries, international agencies, donors, institutions, individuals and other entities as well as proceeds from PRF’s fund-raising activities.

1. The Fund is used to support PEMSEA activities and the implementation of the SDS-SEA.

2. The Partnership Council ensures the optimum and best use of the Fund in achieving the shared vision, mission and desired changes of the SDS-SEA.

Sec. 10.2 Management of the Fund. The Fund will include the Regional Partnership Fund, PEMSEA Development Fund, PEMSEA Special Trust Fund and such other financial facilities as may be established by the Partnership Council.

1. The Regional Partnership Fund is managed by a sponsoring UN agency. The Executive Committee develops policies and operational guidelines governing the management and best use of funds.

2. The PEMSEA Development Fund receives general contributions from partners and other stakeholders as well as proceeds from fund-raising activities of the PRF. The PEMSEA Development Fund is managed by the PRF in accordance with the PEMSEA Development Fund Management Guidelines (Annex 5).

3. The PEMSEA Special Trust Fund receives contributions earmarked for special projects and purposes and managed by the PRF in accordance with the PEMSEA Special Trust Fund Management Guidelines (Annex 6).

Sec. 10.3 Investment of Funds. In accordance with the Investment Management Guidelines (Annex 7), the Funds may be invested by a Fund Administrator.

1. Investment may be by way of deposits and other investment instruments and vehicles on a zero or calculated-risk basis, the proceeds of which activity will accrue to the PEMSEA Development Fund.

2. Unless otherwise specified by the Funders, interests on deposit accounts of the Special Trust Fund will accrue to the PEMSEA Development Fund.

Sec. 10.4 Financial Reporting. The PRF will submit annual financial report to the Partnership Council on the use of the Fund.
Sec. 10.5 External Audit. Unless otherwise required by the rules of the funding agency, amounts contributed to the Fund will be subject to external audit by reputable auditing firm in accordance with the generally acceptable auditing procedures and standards.
Rule 11. Financial Management and Internal Audit

Sec. 11.1 Fiscal Year. PEMSEA’s fiscal year will be the calendar year which commences on January 1 and ends on December 31.

Sec. 11.2 Internal Audit. Auditors conducting internal audit will provide internal auditing services that strictly adhere to ethical principles of confidentiality, integrity, objectivity and competency.

1. Internal audit activity will be in accordance with international recognized standards of audit practice.

2. Internal audit is headed by an audit officer who reports to the PRF Executive Director. The internal audit function is independent and objective in the execution of its duties.

Rule 12. External Audit

Sec. 12.1 Appointment of External Auditor. The Partnership Council will appoint an External Auditor to perform audit of the accounts of the PEMSEA Partnership Fund as well as other funds that are contributed to PEMSEA. The external auditor will be completely independent and solely responsible for the conduct of audit.

Sec. 12.2 Scope of Work. The External auditor may make observations with respect to the efficiency of the financial procedures, accounting system, internal financial controls, financial reports and in general, the administration and management of funds.
VI  PROJECT MANAGEMENT AND MONITORING

Rule 13. PROJECT MANAGEMENT

Sec. 13.1 Project Appraisal. PEMSEA will establish standards in appraising projects to examine whether the proposed projects and/or activities meet appropriate technical, economic, financial, fiduciary, environmental, social, institutional criteria and, if applicable, the criteria of donors, that will deliver benefits to the intended recipients, achieve the goals and support the realization of the PEMSEA shared vision, goals and targets.

Sec. 13.2 Project Management. PEMSEA will perform oversight functions of projects which include project monitoring and evaluation to ensure achieving project goals.

1. PEMSEA will establish a system of reporting of project activities and identify problems that may interfere with the project implementation.

2. PEMSEA will conduct monitoring and evaluation of all projects and report the status of implementation in respect of achieving identified project goals, targets and outputs.

Rule 14. PROCUREMENT

Sec. 14.1 Procurement Process. PEMSEA will comply with the established Procurement Guidelines (Annex 8) to ensure economy and efficiency in procurement process. In any procurement activity, the requesting unit or officer will identify the standard specifications and requirements.

Sec. 14.2 Procurement Committee. The Procurement Committee, which will be chaired by a senior officer, will be responsible for all procurement activities in accordance with the Procurement Guidelines. Contracts Committee. The Contracts Committee, which will also be chaired by a senior officer, will be responsible for ensuring that award of contracts complies with all applicable PEMSEA Financial Regulations and Rules.

1. Members of the Procurement Committee and the Contracts Committee will disclose any conflicts of interest or any close relation with the supplier or bidder of goods and services that may affect or influence the procurement process or award of contract.

2. Members of the Procurement Committee and the Contracts Committee will not receive, in their individual capacity, any form of personal award, reward, gift or tokens, either before the procurement process or after the selection of the supplier or service provider to avoid influence, or perception of influence, on the decision of the Committee except those allowed in the Procurement Guidelines (Annex 8).
VII   CODE OF ETHICS AND DISCIPLINARY MEASURES

Rule 15.  PERFORMANCE AND ETHICAL STANDARDS

Sec. 15.1  Code of Ethics. PEMSEA staff, members of the task forces, and independent consultants working for and on behalf of PEMSEA will observe and comply with the PEMSEA Code of Ethics (Annex 9).

1. The Code of Ethics defines the ethical and professional standards set in the performance of the duties and responsibilities.

2. The Code of Ethics identifies disciplinary measures commensurate to the violations and non-compliance.

3. PEMSEA staff, members of the task forces, and consultants working for and on behalf of PEMSEA will be required to sign the PEMSEA Code of Ethics, which will form part of their respective contracts.

Sec. 15.2 Financial Disclosure Policy. PEMSEA will adopt a financial disclosure policy which will identify conflicts of interests and/or prohibited personal financial interests. The policy will cover selected PEMSEA officers, who will be required to disclose on an annual basis their personal financial interests.

Sec. 15.3 Monitoring and Reporting System. A system for reporting and monitoring compliance and/or other concerns will be established.

1. A mechanism will be put in place to encourage reporting of suspected unethical, corrupt or fraudulent acts in violation of the PEMSEA Code of Ethics.

2. Reports of such nature and the source of the report will be treated in strict confidence and with due regard to the protection of the reporter concerned in accordance with the Rules on Reporting of Violations of the Code of Ethics for PEMSEA Personnel (Annex 10).

Rule 16.  DISCIPLINARY MEASURES AND INVESTIGATION

Sec. 16.1 Committee on Discipline. A Committee on Discipline will be established and headed by the PRF Executive Director. It will perform the following functions:

a. Receive reports on suspected violations of the Code of Ethics or any other concerns regarding misconduct or corrupt practices of PEMSEA staff, members of the task forces or independent consultants;

b. Conduct investigation on alleged violations and misconduct;

c. After hearing and due process, decide on the case and mete out corresponding disciplinary measure.
Sec. 16.2 Investigation. The Committee on Discipline will conduct the investigation in accordance with the established Rules on Reporting of Violations of the Code of Ethics for PEMSEA Personnel ("Annex 10") with due regard to the relevant rights of the person under investigation.
VIII  EAS CONGRESS

Rule 17. CONVENING THE EAS CONGRESS

Sec. 17.1 Purpose. The EAS Congress is a meeting of stakeholders and serves as a vehicle to discuss issues affecting the Seas of East Asia and monitor progress in the implementation of the SDS-SEA. It presents its conclusions and recommendations to the Partnership Council for implementation.

Sec. 17.2 Ministerial Forum. The Ministerial Forum provides policy directions and commitments for improving and strengthening the implementation of the SDS-SEA.

Sec. 17.3 Date and Venue. The EAS Congress is held every three years. The date and venue of the next EAS Congress is determined by the Partnership Council in the EAS Congress and announced through a symbolic turnover of the EAS Congress flag to the next host country.

Sec. 17.4 Hosting Privilege. Each Country Partner will have the privilege of hosting the EAS Congress. The Host Country will co-chair the Congress Secretariat with the PRF Executive Director.

Sec. 17.5 Convenor Privilege. Non-country Partners will have the privilege of co-convening specific workshops and putting up exhibits at the EAS Congress.

Rule 18. CONGRESS EVENTS

Sec. 18.1 Events. The EAS Congress consists of an international conference, ministerial forum, side events, exhibits and other related activities.

Sec. 18.2 International Conference. The International Forum serves as the forum for facilitating knowledge exchange, advocacy and multi-stakeholder participation through workshops, side events and exhibits. Conclusions and recommendations of the International Conference are presented to the Ministerial Forum for consideration. The Partnership Council implements the recommendations.

Sec. 18.3 Ministerial Forum. The forum gathers the senior government officials at least at the level of Minister to commit and provide policy directions towards improving and strengthening the implementation of the SDS-SEA.
IX SUPPLEMENTAL MATTERS

Rule 19. DOCUMENTS

Sec. 19.1 Document Title. This document will be known and referred to as the PEMSEA Rules of Governance. The Annexes will form part of the PEMSEA Rules of Governance.

Sec. 19.2 Language. The official working language of PEMSEA is English.

Sec. 19.3 Translations. The official documents of PEMSEA may be translated in different languages. However, in case of inconsistency between the English document and the translated document, the English version will prevail.

Sec. 19.4 Copies. Copies of official documents of PEMSEA, which are in the custody of the PEMSEA Secretary, will bear the signature of the Secretary and the official seal of PEMSEA.

Sec. 19.5 Official Seal. PEMSEA will have such official seal as may be adopted by the Partnership Council.

Rule 20. REPEAL, MODIFICATION AND INITIATION

Sec. 20.1 Repeal. Existing rules and regulations inconsistent with the provisions of this PEMSEA Rules on Governance are deemed repealed or modified accordingly.

Sec. 20.2 Modification. This PEMSEA Rules on Governance may be repealed, modified or revised by a majority of the Partners in a Partnership Council meeting held for the purpose. the Partners can submit to the PRF any proposed modification and circulated to all Partners at least three months prior to a Partnership Council meeting.

Sec. 20.3 Initiation. This document will be initiated upon its adoption by the Partnership Council.

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## ANNEXES

<table>
<thead>
<tr>
<th>Annex</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rules on PEMSEA Partnership</td>
</tr>
<tr>
<td>2</td>
<td>Rules Governing the Election by Consensus of Partnership Council</td>
</tr>
<tr>
<td></td>
<td>Officers and Co-Chairs</td>
</tr>
<tr>
<td>3</td>
<td>Rules on the Conduct of PEMSEA Meetings</td>
</tr>
<tr>
<td>4</td>
<td>Rules on the Selection and Appointment of the Executive Director</td>
</tr>
<tr>
<td>5</td>
<td>PEMSEA Development Fund Management Guidelines</td>
</tr>
<tr>
<td>6</td>
<td>Special Trust Fund Management Guidelines</td>
</tr>
<tr>
<td>7</td>
<td>Investment Management Guidelines</td>
</tr>
<tr>
<td>8</td>
<td>Procurement Guidelines</td>
</tr>
<tr>
<td>9</td>
<td>PEMSEA Code of Ethics</td>
</tr>
<tr>
<td>10</td>
<td>Rules on Reporting and Investigation of Violations of the Code of</td>
</tr>
<tr>
<td></td>
<td>Ethics for PEMSEA Personnel</td>
</tr>
<tr>
<td>11</td>
<td>Revised Terms of Reference of the Executive Committee</td>
</tr>
<tr>
<td>12</td>
<td>Terms of Reference of the Audit Committee</td>
</tr>
</tbody>
</table>
1. THE PARTNERSHIP APPROACH

1.1. The participation of all countries and other stakeholders in the implementation of the Regional Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) holds the key to confronting the environmental and sustainable development challenges facing the region.

1.2. The Partnership approach encourages all stakeholders to work together as complements of each other, to act dynamically and in a coordinated manner to bring into full play the role and dynamism of each stakeholder within the framework of the SDS-SEA.

1.3. Partnership is an effective mechanism to facilitate concerted actions in our common endeavour to implement the SDS-SEA as it gives due consideration to the initiatives, shared responsibilities, desired outcomes, mutually supportive roles and the need to address disparities in capacity among the concerned countries and other stakeholders, including national and local governments, international agencies, non-government organizations (NGOs), the private and business sector, academic and scientific institutions, communities, financial institutions and donor agencies.

2. SCOPE

2.1. The Partnership addresses priority concerns challenging the sustainable development of the Seas of East Asia region including the large marine ecosystems and their associated coastal lands and waters and their interconnections with river basins and straits.

3. THE PARTNERS

3.1. The following are eligible to be PEMSEA Partners:

   a. As Country Partners, the countries within the geographic scope of PEMSEA’s programs;

   b. As non-country Partners,
      • Other countries using the Seas of East Asia region;
      • Local Governments in the region;
      • UN agencies and other international organizations that support or sponsor the implementation of the SDS-SEA;
      • Communities in the region;
• Non-government organizations and other members of civil society in the region;
• Research and educational institution;
• Private sector;
• Financial institutions that support or sponsor the implementation of the SDS-SEA; and
• Other eligible regional and global entities and programmes.

3.2. All Partners participate in the regional collaborative efforts to implement the SDS-SEA and ensure that their individual programs and actions are consistent with the SDS-SEA.

3.3. All Partners contribute to the regional endeavour to implement the SDS-SEA and support their respective representatives to attend the Partnership Council meetings, meetings of the regional networks and EAS Congresses within their capacities.

4. ADMISSION PROCEDURES FOR COUNTRY PARTNERS

4.1. Countries in the Seas of East Asia region and within the geographic scope of PEMSEA are eligible to become Country Partners of PEMSEA.

4.2. A country desiring to become a Country Partner will submit a formal letter to the PEMSEA Secretary indicating its interest to become a Country Partner and further stating therein that its government:
   a. adheres to the Haikou Partnership Agreement, the Haikou Partnership Operating Arrangements;
   b. supports the efforts of PEMSEA in implementing the SDS-SEA; and
   c. commits to assign a focal agency that will ensure that national and local programmes and actions contribute to SDS-SEA implementation.

4.3. The Executive Director will transmit to the Executive Committee within ten (10) days from receipt the applicant’s expression of interest, support and commitment for their review. He or she will include the admission of the country partner in the agenda for the immediately following meeting of the Executive Committee.

4.4. The Executive Committee, in consultation with the Partners, will review and consider the expressions of interest and makes recommendations to the Partnership Council on the admission of the Country Partner. If it so recommends admission, the Executive Committee will issue a resolution recommending to the Partnership Council the admission of the applicant as a Country Partner. If the Executive Committee finds grounds for denial of admission, it will issue a resolution recommending to the Partnership Council the denial of admission and indicating therein the grounds for such denial and recommendation on how to address the grounds.
4.5. The Executive Director will send the applicant either a notice of admission and/or denial. In case of admission, the Executive Director will also invite the applicant to the next meeting of the EAS Partnership Council for the signing of the Haikou Partnership Agreement and its formal admission as Country Partner.

4.6. The Secretary will keep in custody the signature page as well as the other documents relating to the admission of the Applicant as Country Partner.

5. ADMISSION PROCEDURES FOR NON-COUNTRY PARTNERS

5.1. Stakeholders identified in subparagraph b of Paragraph 3.1 may apply for admission as Non-Country Partner. Applicants should possess the following minimum qualifications:

a. It is duly organized and validly existing under relevant laws, international conventions and agreements and provided further, that it is a not-for-profit entity; and

b. It has worked with PEMSEA or any of its Country Partners relating to the SDS-SEA implementation; and

c. It has current projects, plans and programmes in the region that contribute to the implementation of the SDS-SEA.

5.2. An applicant stakeholder will submit a formal letter to the PEMSEA Secretary expressing its interest to become a Non-Country Partner, together with the following documents:

a. Copy of constitutive documents or any documents proving its organization and valid existence and that it is a not-for-profit entity;

b. Statement or Declaration that:

   • it adheres to the Haikou Partnership Agreement, the Haikou Partnership Operating Arrangements and other PEMSEA documents;
   • it has regional coverage, objectives and capacities;
   • it supports the efforts of PEMSEA in implementing the SDS-SEA;
   • it commits to ensure that its programmes and actions contribute to SDS-SEA implementation; and
   • it is willing to enter into a MOA with PEMSEA on a project implementing SDS-SEA.

5.3. Upon receipt of the documents, the Secretary will review the documents and make a determination within ten (10) days whether the applicant possesses the qualification and that it submitted the required documents. The Secretary will
make a written report of such determination and transmit the report and the required documents to the Executive Committee for their review and include the admission of the non-country partner in the agenda for the immediately following meeting of the Executive Committee.

5.4. The Executive Committee, in consultation with the Partners, will review and consider the expressions of interest and makes recommendations to the Partnership Council on the admission of the Non-Country Partner. If it so recommends admission, the Executive Committee will issue a resolution recommending to the Partnership Council the admission of the applicant as a Non-Country Partner. If the Executive Committee finds grounds for denial, it will issue a resolution recommending to the Partnership Council the denial of admission and indicating therein the grounds for such denial and recommendation, if any, on how to address the grounds.

5.5. The Secretary will send the applicant either a notice of admission and/or denial. In case of admission, the Secretary will facilitate a partnership arrangement between PEMSEA and the Non-Country Partner under a Memorandum of Understanding or similar instrument. The Secretary will further invite the applicant to the next meeting of the Partnership Council for the signing of the Haikou Partnership Operating Arrangements and its formal admission as Non-Country Partner.

5.6. The Secretary will keep in custody the signature page as well as the other documents relating to the admission of the Applicant as Non-Country Partner.

6. WITHDRAWAL OF PARTNERS

6.1. Any Partner may withdraw from the Partnership at any time by submitting a letter to the Secretary signifying its intent to withdraw from the partnership indicating its intended Date of Effectivity.

6.2. The Secretary will transmit the letter of withdrawal to the Executive Committee for consideration at the next meeting of the Executive Committee. The Executive Committee will issue a resolution in its meeting accepting such withdrawal.

6.3. The Secretary will notify all Partners of such withdrawal of a Partner.

7. INITIATION AND MODIFICATIONS

7.1. This document will be initiated upon approval and adoption by the Partnership Council.

7.2. This document may be modified by the Partnership Council.

***
ANNEX 2

RULES GOVERNING THE ELECTION BY CONSENSUS OF PARTNERSHIP COUNCIL OFFICERS AND CO-CHAIRS

A. GENERAL

1. **Election Rules.** This document on the set of Rules Governing the Election by Consensus of Partnership Council Officers and Co-Chairs will apply in the conduct of nomination, selection and election of Partnership Council Officers and Co-Chairs. It will be referred to by its short name, the “Election Rules”.

2. **Period of Election.** Election Period commences on 1 April and culminates on the day of election, which is held every three years during the July meeting of the Partnership Council.

3. **Election Board.** The Executive Committee will serve and function as the Election Board.

   3.1 The Election Board will ensure an impartial and independent election process and will perform the following specific functions:

   a. Conduct and direct the Secretariat to assist in the nomination and election of Partnership Council Officers and Co-Chairs;
   b. Resolve issues pertaining to or arising from the implementation of this Election Rules;
   c. Facilitate smooth turnover of PEMSEA leadership to the newly elected officers and co-chairs;
   d. Administer the oath of office to the newly elected officers and co-chairs.

4. **Secretariat.** The PRF will provide secretariat support to the Election Board.

5. **Qualification of Partnership Council Officers and Co-chairs.** The East Asian Seas Partnership Council (“Partnership Council”) Officers and Co-Chairs will perform their functions in their individual capacity and as such will be nominated and elected for their personal qualification.

   5.1 The Partnership Council Officers and Co-Chairs will possess the following minimum qualification:

   a. proven leadership;
   b. international standing;
c. knowledge of and work experience in the region;
d. ability to represent the perspectives of either a country or non-country partner as well as the region as a whole;
e. proof that he or she belongs or is affiliated with the government of the country partner or to the organization of a non-country partner;
f. working knowledge and understanding of the English Language.

5.2 Partnership Council Officers can not be re-elected to any position. Co-chairs are elected as Partnership Council Officers.

5.3 The Election Board will ensure that there is at least one non-country partner elected as Partnership Council Officer.

6. **Term of Office.** The Partnership Council Officers and Co-chairs will be elected to a three year term subject to the Transitory Provisions in Article D below.

### B. ELECTION PROCEDURES

1. **Nominations of Co-Chairs as Partnership Council Chairs**

   1.1 The incumbent Co-chairs will be automatically made the lone nominees to the respective positions for which they are Co-chairs.

   1.2 In the event that a Co-chair declines or manifests his or her intention not to be nominated as Partnership Council Officer, he or she will submit to the Election Board a letter to that effect.

   1.3 Upon receipt of such letter, the Election Board will open the nominations for the relevant Partnership Council Officer position in accordance with the procedures outlined in Part B2 below.

2. **Nominations for Partnership Council Officers and Co-Chairs**

   2.1 The Election Board will call for nominations of candidates for Co-chairs, and Partnership Council Officers, if applicable, within the nomination period, which will be thirty (30) days commencing on April 1.

   2.2 The Secretariat will prepare the updated list of Partners and their representatives and send them a letter calling for Nomination together with a nomination form and a copy of the Guide to Election of Officers and Co-Chairs, which includes the qualification of Chairs and Co-Chairs.

   2.3 While the all partners elect the Council Chair, only the members of the Intergovernmental Session will make the nominations for the position of Partnership Council Co-Chair, and Chair if applicable.
2.4 The members of the Intergovernmental Session will nominate the Intergovernmental Session Co-Chair, and Chair if applicable while the members of the Technical Session will nominate the Technical Session Co-Chair and Chair, if applicable.

2.5 The nomination by the Partners will be made in writing addressed to the Election Board and sent to the Secretariat, stating specifically the name of the candidates and the positions for which such candidates are nominated. The Partners may nominate only one candidate for each position.

2.6 All nomination forms will reach the Secretariat no later than the close of business hours at 1700 hrs on 30 April. The Secretariat will record all nomination forms received and inscribing the date and time of the receipt of such nomination forms. Nomination forms received after the April 30 deadline will no longer be considered by the Secretariat.

3. Validation and Consent

3.1 Immediately upon receipt of the nomination forms, the Secretariat will inform the individuals of their nominations.

3.2 The Secretariat will secure the consent of the nominees to their respective nominations and obtain their resumes.

3.3 No person will be nominated to two or more positions. In case the same person is nominated to two or more positions, the Secretariat will give the person the option to consent to only one nominated position.

3.4 Upon securing the consent of the individuals nominated, the Secretariat will prepare a roster of candidates which will include basic information on their qualification and submit the same to the Election Board.

4. Generating Consensus and Election

4.1 Manner of Election

  a. Election of Partnership Council Officers and Co-Chairs will be by consensus.

4.2 Election of Co-Chairs as Partnership Council Officers

  a. The current Co-chairs will be elected by the concerned Partners to the position of Partnership Council Officers for which they served as Co-chairs.
b. The Secretariat will conduct consultation to secure consensus of the Technical Session Members for the Partnership Council Chair and Technical Session Chair and the Intergovernmental Session Members of the Intergovernmental Session Chair.

c. In cases where a Co-chair declines, the new nominees for the Partnership Council Officer position will be elected in accordance with 4.3 below.

4.3 Election of Partnership Co-Chairs and Officers

a. The Secretariat will send to all concerned Partners within ten (10) days from the deadline of nominations the roster of nominees and basic information on the candidates.

b. The Secretariat will conduct consultations to generate consensus. For Partnership Council Chair and Co-chair, and the Technical Session Chair and Co-chair, the Secretariat will consult with the members of the Technical Session. For Intergovernmental Session Chair and Co-Chair, the Secretariat will consult with the members of the Intergovernmental Session.

c. The Secretariat first round of continuous consultations with concerned Partners for fifteen (15) days on their choices for candidates until the choices are narrowed down to a shortlist of the top two nominees for each position.

d. The Second round of consultations will be focused on the top two nominees resulting in identification of the lone nominees for the position.

e. On the third round, the Secretariat is expected to generate consensus on the lone nominees for each position by 30 June. The names of the nominees selected by consensus for each position will be submitted to the Election Board.

f. The Secretariat will record the Partners’ choices of nominees and submit the shortlist to the Election Board.
5. **Formal Election at the Partnership Council Meeting**

5.1 The lone nominees enjoying support of the partners will be formally elected to their respective positions at the meeting of the Partnership Council held for such purpose.

5.2 The Council Chair and Co-chair will be elected by consensus of all partners, while the Session Chairs and Co-chairs will be elected by consensus by the respective Sessions.

5.3 In case the candidates cannot be physically present at the formal election at the Partnership Council Meeting, the Electoral Board may allow other the use of teleconferencing, skype, phone patch or other acceptable means.

5.4 The Secretariat will keep all documents and records pertaining to the consensus building and election process.

5.5 The results of the consensus building process will be reported at the meeting of the Partnership Council. However, specific information on nomination or support of partners for the candidates will be held confidential. Such information may be given only upon request by a partner and only with the consent of the concerned partners and approval of the Partnership Council.

C. **OATH AND ASSUMPTION OF OFFICE**

1. The incumbent Partnership Council Chair will administer the oath of office to the incoming Partnership Council Officers and Co-Chairs at the Partnership Council Meeting immediately following their election.

2. However, the Election Board may allow administration oath at any time but prior to the assumption of office which will be on 31 July immediately following their election.

3. The incumbent will remain in office until the incoming Partnership Council Officers will assume their office on 31 July.

D. **FILLING UP VACANCIES**

1. **Partnership Council Officers**

   1.1 In case vacancy occurs in the Partnership Council, by reason of resignation, withdrawal or inability to serve as Partnership Council Officer, the concerned Co-Chair will assume the vacated officer position.

   1.2 The Co-chair will be in an acting capacity until the next regular election.
2. Co-Chairs

2.1 In the event that any of the Co-chairs may vacate their respective posts for whatever reason, the Partnership Council will elect a co-chair in its next regular meeting.

2.2 Election of Co-chairs will follow the Election Procedures prescribed in Subheading B above.

2.3 The Co-chair who assumes the vacated Partnership Council Officer position in an acting capacity will not be deemed to have vacated his or her position as Co-chair.

E. TRANSITORY PROVISIONS

1. For the first election to be held in 2011, only the Partnership Council Co-Chairs will be elected and hold office only for a term of two years or until the assumption of office of the Partnership Council Chairs and Co-chairs in the next election in July 2013.

2. The incumbent Partnership Council Officers will continue their duties and functions until their next successors have been qualified and elected in 2013.

F. INITIATION, MODIFICATION AND REPEAL

1. **Initiation.** The Election Rules will be initiated upon its approval and adoption by the Partnership Council.

2. **Modification.** The Election Rules may be modified, or replaced by the Partnership Council at a Partnership Council Meeting held for such purpose.

3. **Repeal.** The Election Rules repeals the Guidelines on the Conduct of Meetings and modifies any other existing inconsistent rules or guidelines.

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ANNEX 3

RULES ON THE CONDUCT OF PEMSEA MEETINGS

A. RULES

1. Title. This set of Rules on the Conduct of PEMSEA Meetings may also be referred to as the PEMSEA Meeting Rules. It will form an integral part of the PEMSEA Rules on Governance.

2. Application. The Meeting Rules will govern the conduct of all PEMSEA Meetings namely, the meeting of meetings of the East Asian Seas Partnership Council (the “Partnership Council”), the Executive Committee (the “EC”) and the Technical Working Groups (the “TWG”) that may be established.

B. THE SECRETARIAT

1. PEMSEA Resource Facility (PRF). The PRF serves as the Secretariat of the Partnership Council and provides secretariat services to the Partnership Council and its bodies, the EC and the TWGs.

2. Secretariat Support. The PRF provides the following support services:

   2.1 Prepare the meeting agenda and program in consultation with the Council Chair;

   2.2 Organize the meetings and make logistical arrangements in coordination with the host Country Partner;

   2.3 Prepare and distribute to the Partners the relevant meeting and information documents;

   2.4 Keep record of the proceedings for distribution to the Partners;

   2.5 Monitor and report implementation of the decisions and resolutions of the Partnership Council and its bodies; and

   2.6 Keep in its custody the proceedings of all meetings of the Partnership Council and its bodies for reference.
C. PARTNERSHIP COUNCIL MEETINGS

1. Meetings

1.1 Regular Meetings. The Council convenes in July every year at a time and place to be set by the Executive Committee at least two months before each meeting, provided that when the meeting falls on a Congress year, the meeting will be held as an event in the EAS Congress.

1.2 Special Meetings. Upon the request of majority of the Partners or by the Executive Committee, a special meeting of the Partnership Council will be convened at any time as the Partnership Council Chair determines, provided that such meeting will be set within SIXTY (60) days from the time the Secretary receives such request and provided further, that the special meeting will not be later than ninety days before the holding of the regular Partnership Council meetings.

1.3 Meeting Documents. The Secretariat will prepare the programme agenda including the meeting and information documents and submit the same to the Executive Committee at least forty-five (45) days prior to the intended date of meeting for review and comments. Upon receipt of the comments of the EC, the Secretariat will finalize all the documents and circulate the same to the Partners no later than thirty (30) days prior to the intended date of meeting.

1.4 Order of Business. Every meeting of the Partnership Council will follow the following order:

a. Opening
b. Council Forum
c. Technical Session
d. Intergovernmental Session
e. Closing

2. Hosting

2.1 Congress Meeting. Unless otherwise agreed upon, the host country of the EAS Congress will be expected to host the Congress Meeting of the Partnership Council.

2.2 Partner Privilege. Unless otherwise agreed upon, Country Partners may exercise the hosting privilege for the meeting of the Partnership Council. Country Partners may send a letter to the Secretariat indicating their interest to host a meeting.
2.3 **Responsibilities.** Unless otherwise agreed upon, the responsibilities of a host country will include the following:

a. Provide the venue, necessary equipment and facilities, as well as sponsor meals during the meeting;

b. Extend support related to travel arrangements including visa and immigration assistance; and

c. Provide assistance to the secretariat in the logistical arrangements such as hotel accommodation, hotel transfers and if necessary, transportation to and from hotel to the meeting venue.

3. **Participation**

3.1 **Representatives of Partners.** All PEMSEA Partners may be represented in the meetings of the Partnership Council in the relevant sessions by their designated representatives. The names of the representatives will be submitted to the Secretariat not later than one month prior to the date fixed for the opening of any Partnership Council Meeting.

3.2 **Co-Chairs.** Co-chairs participate in the meetings of the Partnership Council. In the event that any of the Partnership Council Officers will not be available to participate in the Partnership Council meeting, the concerned Co-chair will be required to act for and on behalf of the unavailable officer for whom he or she serves as Co-chair.

3.3 **Observers and Resource Persons.** Upon invitation by the Partnership Council, Non-Partners may be invited to attend and participate in the relevant sessions of the meetings of the Partnership Council as observers and/or resource persons.

3.4 **Sponsoring and Funding Agencies.** PEMSEA’s sponsoring and funding agencies may be invited to attend the relevant sessions of the Partnership Council meeting as observers.

4. **Conduct of Regular Meetings**

4.1 **Opening.** A representative from the Meeting Host Country will be expected to give the welcome address to the Partnership Council members. The Partnership Council Chair will formally open the meeting of the Partnership Council.

4.2 **Council Forum.** The Council Forum is a general session attended by all members of the Partnership Council and chaired by the Partnership Council Chair. Its discussion will focus on all matters relating to the sustainability and efficiency of PEMSEA as organization including
its secretariat operations. The matters to be discussed and actions to be expected are as follows:

a. Matters
   • Meeting programme and agenda
   • Admission to Partnership
   • Governance and Leadership
   • Organizational sustainability
   • Organizational rules and procedures
   • Election of Partnership Council Chair and Co-Chair, where applicable
   • Report of the Executive Committee Chair for acts during the intersessional period
   • Executive Director’s Report (on the Status of implementation relating to matters arising from the previous Partnership Council Meeting

b. Actions
   • Resolutions accepting the reports of the Council Chair and the Executive Director
   • Resolutions approving proposed PEMSEA rules, procedures
   • Resolution on the admission of partners
   • Resolutions providing directions to the PRF
   • Recommendations to the Intergovernmental Session

4.3 **Technical Session.** The Technical Session is a meeting of all representatives of the Partners and chaired by the Technical Session Chair to discuss and act on technical matters.

a. Matters
   • Meeting programme and agenda
   • Election of Technical Session Chair and Co-chair, where applicable
   • Current scientific, legal and technical matters relating to SDS-SEA implementation
   • Substantive matters pertaining to PEMSEA plans and programs

b. Actions
   • Conclusions
   • Technical Recommendations to the Intergovernmental Session

4.4 **Intergovernmental Session.** The Intergovernmental Session is a meeting of all representatives of Country Partners and chaired by the Intergovernmental Session Chair. The matters to be discussed and actions expected are as follows:
a. Matters
   • Meeting programme and agenda
   • Election of Intergovernmental Session Chair and Co-Chair where applicable
   • Review, consideration and adoption of recommendations
   • PEMSEA periodic operations, budget and work plan

b. Actions
   • Resolutions approving recommendations
   • Decisions on budget and work plan and operational requisites

4.5 Closing. The Partnership Council Chair will close the Partnership Council Meeting.

5. Conduct of Special Meetings.

5.1 Special Meetings. The Special Meeting will focus on the specific matter that gave cause to the holding of the special meeting.

5.2 Purpose of the Meeting. Special meetings will be held to resolve urgent matters or issues that may affect PEMSEA as organization.

5.3 Mode of Meeting. Special Meetings may be conducted virtually, by phone, video or any other mode not requiring physical presence.

5.4 Order of Business. Except when the Special Meeting is conducted virtually, without the physical presence of the Partners, the Partnership Council Chair will formally open the meeting.

a. Opening. A representative from the Host Country is expected to give the welcome address to the Partnership Council members. The Partnership Council Chair will formally open the meeting of the Partnership Council.

b. Special Forum. The Council Chair will invite the concerned Partner to present the issues and matters for discussion and the actions requested of the PC. The Chair will facilitate discussion among the Partners and make resolutions resolving the issues.

c. Closing. The Partnership Council Chair will close the Meeting.

6. Proceedings. The Secretariat will prepare the proceedings of the meetings within thirty (30) days from the culmination of the meeting and circulate the same to all Partners.
D. EXECUTIVE COMMITTEE MEETINGS

1. **Meetings.** The EC will conduct meetings at least twice when the Partnership Council is not in session.

2. **Meeting Documents.** Meeting programmes, agenda and other information and reference documents will be circulated by the Secretariat to the EC members at least thirty (30) days prior to the EC meeting.

3. **Proceedings.** The Secretariat will prepare the proceedings of the meetings within fifteen (15) days from the culmination of the meeting and circulate the same to the EC and to all Partners.

4. **Participation.** The EC may invite Partners, experts and other individuals to participate in the meetings as resource persons or observers as may be necessary.

5. **Mode of Meeting.** Aside from physical meeting, the EC may conduct its meetings through telephone, video conference or any other acceptable mode that does not require physical presence.

6. **EC Chair.** The Partnership Council Chair presides over all meetings of the EC. In case of his or her absence or unavailability for the meeting, the Co-chair will act for and on its behalf.

7. **Order of Business.** The EC meeting is more informal in character. In its meetings, the EC will consider the technical and intergovernmental matters and may follow the order of business as prescribed for the regular meeting of the Partnership Council in the above paragraph 4 under subheading C. The EC may decide on matters delegated by the Partnership Council.

E. TECHNICAL WORKING GROUPS

1. **Organization.** The Partnership Council may organize Technical Working Groups for specific purposes to provide technical support to PEMSEA. Each of the TWGs may be chaired by a Partnership Council Officer or Co-chair as the Partnership Council may designate.

2. **Mode of Meeting.** Aside from physically convening a meeting, the TWGs may conduct its meetings through telephone, video conference or any other acceptable mode that does not require physical presence.

3. **Meeting Documents.** The Secretariat will coordinate with the TWG Chair in the preparation of the agenda. Meeting programmes, agenda and other information and reference documents will be circulated by the Secretariat to the members of TWG, and the EC for information, at least thirty (30) days prior to the TWG meeting.
4. **Proceedings.** The Secretariat will prepare the proceedings of the TWG meetings within fifteen (15) days from the culmination of the meeting and circulate the same to the members of the TWG, the EC and the Partners.

5. **Order of Business.** The TWG Chair presides over all meetings of the TWG. In its meetings, the TWG will consider issues of technical nature requiring their expertise, assess the issues, weight alternatives and options and make recommendations.

F. **Initiated, Repeal and Modification**

1. **Initiated.** This Meeting Rules will be initiated upon approval by the Partnership Council.

2. **Repeal.** This Meeting Rules repeals the Guidelines for the Conduct of Meetings adopted in 2006. Other existing rules and regulations that are inconsistent with provisions of this Meeting Rules are deemed repealed or modified accordingly.

3. **Modification.** This Meeting Rules may be repealed, modified or revised by a majority of the Partners in a Partnership Council meeting held for the purpose.

***
1. THE EXECUTIVE DIRECTOR

1.1. The Executive Director is the head of the PEMSEA Resource Facility (the “PRF”). He or she will ensure PRF’s efficient operations in the provision of services to Partners and stakeholders for the implementation of the Sustainable Development Strategy for the Seas of East Asia.

1.2. The Executive Director serves as the Secretary and the Chief Administrative Officer of PEMSEA. He or she; or his or her designated representative will represent and act for and on behalf of PEMSEA in key functions or activities at the regional or global level.

1.3. The Executive Director will have a fixed term of three years renewable but not exceeding ten years, subject to satisfactory performance and availability of funds.

1.4. The position of the Executive Director will be open to all qualified candidates. Recruitment will be through a competitive process. Preference will be given to qualified nationals from the region, given equal competencies and related requirements identified in the Terms of Reference.

2. SELECTION COMMITTEE

2.1. The Partnership Council Officers will serve as members of the Selection Committee. The Partnership Council Chair will serve as the Chair of the Selection Committee. The PRF provides support to the Selection Committee.

2.2. The Selection Committee will be responsible for the recruitment, selection and appointment of the Executive Director.
3. **QUALIFICATION**

3.1. The Executive Director will possess the following qualification:

   a. At least ten-years of credible work experience with a track record of accomplishment from a senior managerial level of a government or non-government organization/institutions or senior management of international or UN organizations, with good management capacity, interpersonal skills and proven leadership quality;
   
   b. Instituted national, regional and international networking relations; and
   
   c. Strong working knowledge of environmental and sustainable development issues in the region.

3.2. The Executive Director should be able to comply with the Terms of Reference, which may be developed by the Selection Committee and approved by the Partnership Council.

4. **RECRUITMENT AND SHORTLISTING**

4.1. The Selection Committee will commence the procedure for recruitment of the Executive Director at least two months prior to the date at which the position is expected to become vacant.

4.2. The Selection Committee will direct the PRF to prepare the Terms of Reference of the Executive Director and review and approve the same for posting.

4.3. The PRF will cause the international publication of the vacant post for three consecutive weeks through:

   a. Advertisement in the PEMSEA website and at least one established magazine;
   
   b. Cross-posting in the website of Country and Non-Country Partners and other relevant stakeholders, if possible;
   
   c. Publication in any available publication of PEMSEA, and Country and Non-Country Partners; and
   
   d. Publication in any print media of general circulation.
4.4. The PRF will consider, review and validate all applications received on or before the deadline for submission. All applications received should be supported with samples of work or references that would facilitate PRF confirmation. All received applications after the deadline will not be considered.

4.5. The PRF will evaluate, assess and confirm the qualifications of the applicants in accordance with paragraph 3 above and prepare a shortlist of candidates. The PRF will transmit to the Selection Committee the shortlist of candidates including the result of their assessments feedback from reference confirmation and the curriculum vitae of the candidates.

5. **SELECTION**

5.1. The Selection Panel will review the shortlist of candidates and their curriculum vitae together with the submitted reference. The Selection Panel may approve the list, or create a shorter list and communicate the same to the PRF.

5.2. The PRF will set a schedule for continuous panel interview of candidates, which should not be more than one week. In coordination with the Selection Committee, the PRF will prepare the evaluation sheet listing the criteria for selection of candidate by point system.

5.3. The Selection Committee may invite representatives from the major sponsoring or funding agencies as external interviewers during the panel interview of the candidates. The Selection Committee will document and consider the findings and recommendations of the external interviewers in making the selection.

5.4. The PRF will collect the evaluation sheet and summarize the findings, identifying and ranking the three best candidates based on the points received. The Selection Committee will validate the findings and direct the PRF to commence the offer and appointment process.

6. **OFFER AND APPOINTMENT**

6.1. The PRF will prepare an offer letter notifying the candidate of his or her selection and offering him or her the position of Executive Director and setting an interview with the current Executive Director.
6.2. The current Executive Director will discuss with the candidate the duties and responsibilities and a general indication of the salary and benefits package including a three (3) months’ Designate in Charge under the current ED to facilitate transition and continuity. At the end of the interview, the candidate will be asked to sign an acceptance letter.

6.3. Upon acceptance, the Administrative Officer will orient the candidate on the terms of office, the details of the salaries and benefits package, medical and other administrative requirements.

6.4. The Administrative Officer will issue an appointment letter only upon compliance by the candidate with all administrative requirements. The candidate will be asked to signify his or her conformity. He or she will also be asked to sign the Code of Ethics which will become part of his or her appointment letter.

7. INITIATED, REPEAL AND MODIFICATION

7.1. This “Rules on the Selection and Appointment of the Executive Director of the PRF” will be initiated upon its approval and adoption by the Partnership Council.

7.2. This document may be modified or replaced by the Partnership Council at a Partnership Council Meeting held for such purpose.

7.3. This document repeals the Procedures for the Recruitment and Appointment of the Executive Director of the PRF and modifies any other inconsistent rules or guidelines.

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ANNEX 5

THE PEMSEA DEVELOPMENT FUND
MANAGEMENT GUIDELINES

I. THE PEMSEA DEVELOPMENT FUND AND MANAGEMENT GUIDELINES

A. The Partnerships in Environmental Management for the Seas of East Asia ("PEMSEA") Development Fund is created as one of the regional financing facilities of PEMSEA to support its activities and operations.

B. The objective of the PEMSEA Development Fund is to effectively manage the funds received and generated in order to finance its operations and activities related to the implementation of the Sustainable Development Strategy for the Seas of East Asia (the “SDS-SEA”).

C. These Management Guidelines ("Guidelines") will govern the overall management of the PEMSEA Development Fund.

II. MANAGEMENT ARRANGEMENTS

A. Responsibility Centers

1. The East Asian Seas Partnership Council (“Partnership Council”) will serve as the policy-making body of the PEMSEA Development Fund and provide policy directions and guidance on the management of the PEMSEA Development Fund (“Development Fund”).

2. The Executive Director of the PEMSEA Resource Facility will act and serve as the custodian and administrator of the PEMSEA Development Fund (“Fund Administrator”) and administer the Development Fund in accordance with these Guidelines.

3. The different units of the PRF will provide technical assistance and support with respect to financial management, procurement, and contract drafting and review.

4. PRF will identify and appraise, or develop possible projects to be financed by the PEMSEA Development Fund, and conduct regular project monitoring and evaluation.
B. Responsibilities of the Fund Administrator

1. The Administrator will:
   a) manage the PEMSEA Development Fund with the required due diligence to improve its financial position while achieving the sustainable development of the Seas of East Asia;
   b) receive, allocate and disburse funds;
   c) recommend to the Partnership Council the investment of funds in accordance with the Investment Management Guidelines; and
   d) designate the bank or banks in which the funds will be kept as well as the bank signatories, subject to the approval of the Partnership Council or the Executive Committee when the Partnership Council is not in session.

2. The Fund Administrator will submit annual financial reports and audited financial statements to the Partnership Council.

3. The Fund Administrator may delegate, subject to the approval of the Partnership Council, such of his or her powers as he or she deems necessary to ensure the effective administration of the PEMSEA Development Fund.

C. SOURCE AND USE OF FUNDS

A. Sources

1. The sources of funds for the PEMSEA Development Fund are as follows:
   a) voluntary contributions from governments, programmes, multilateral and bilateral organizations, foundations, including private entities and individuals for PEMSEA’s activities;
   b) other amounts generated from activities of PEMSEA;
   c) Investment incomes, subject to the established Guidelines on Investment Management, including;
   d) Interest income received from bank deposits; and
e) Income received from placement in bonds, and other investment instruments.

2. The Partnership Council may identify other sources of funding.

B. Eligible Projects and Activities

1. Upon recommendation of the Fund Administrator and the approval of the Partnership Council, the PEMSEA Development Fund may be made available to finance, on a cost recovery basis, activities that enhance regional capacities for the implementation of the SDS-SEA, including:

   a) EAS Congress;
   b) Trainings and Workshops;
   c) Development and distribution of books and other information materials;
   d) Scientific and technical meetings and fora;
   e) Technical cooperation and technology transfer, including technical products, tools and support services; And
   f) Such other activities as may be authorized by the Partnership Council.

2. The PEMSEA Development Fund, subject to the approval of the Executive Committee, will cover the costs for the core operations of the PEMSEA Development Fund including, in particular, administration and finance, strategic planning, and external audit.

3. The PEMSEA Development Fund may also serve as a contingency or emergency fund subject to the rules set forth below:

   a) The Fund Administrator, in consultation with the Council Chair, is authorized to utilize the PEMSEA Development Fund to finance programs and activities, where the release of the relevant funds has been delayed due to unavoidable circumstances;

   b) The PEMSEA Development Fund utilized to bridge finance the activities will be reimbursed as soon as the relevant funds for the activities and programmes have been received; and

   c) The use of the Development Fund for bridge financing will not exceed USD 50,000 per semester.
C. Project Appraisal and Management

1. PRF will conduct Project Appraisal;

2. The following criteria will be considered in the appraisal of projects that will be financed by the PEMSEA Development Fund:
   a) Contributes to the achievement of PEMSEA’s targets in SDS-SEA implementation;
   b) Does not have negative environmental or social impact;
   c) Short-term (up to two years) to Medium-Term (up to five years)
   d) Strong potential for cost recovery; and
   e) Resource requirement will not be more than USD200,000;
   f) Such technical, economic, financial, fiduciary, environmental, social, institutional, and other relevant criteria that may be established from time to time.

3. The identified projects will be incorporated in the annual Fund Programme and Budget.

4. Each Project will be assigned a Project Manager, internal or external to PEMSEA, to implement the project under the supervision of the Operations Function. The Project Manager will submit annual project work plan, progress report and financial statements including Cash Flow report and Statement of Income and Expenditure.

D. Project Monitoring and Evaluation

1. PRF will conduct project monitoring and evaluation ("M & E") and manage risks in order to ensure completion of the project, delivery of quality outputs, and achievement of objectives and targets.

2. In the conduct of monitoring and evaluation, the PRF will flag when a project has developed problems that may interfere in its objectives. In consultation with the project manager and the Fund Administrator, the PRF will make recommendations on how to promptly address the problems.

3. M & E Reports will be provided to the project manager, the Executive Director/Fund Administrator and the Partnership Council.

IV. FUND PROGRAMME AND BUDGET

A. Programme and Budget

1. The Fund Administrator will prepare the annual Development Fund Programme and Budget for the approval of the Partnership Council.
2. The Programme and Budget will identify investment activities and project activities, with the following details:

a) Investment activities: how much of the total fund will be placed in the regular deposit accounts, time deposits, bonds, securities, and other financial instruments and how much will be used to finance projects.
b) Project Activities: what are the projects identified and the resource requirement, development objectives, targets and outcomes as well as key performance and success indicators.

B. Supplemental Budget

1. Supplemental Budget may be submitted for the approval of the Partnership Council in respect of inflation forecasts, currency fluctuations, or other cost factors which are expected to have a significant impact on the approved Programme and Budget.

V. FINANCIAL MANAGEMENT

A. Financial Period

1. The financial period will be the 12 months of the calendar year commencing 1 January and ending 31 December.

2. To provide for continuity in the programming and implementation of projects, the financial period for the purpose of the proposed utilization of resources entrusted to PEMSEA and of entering into obligations in such respect will be the duration of each project as defined in the MOA, MOU, LOA and other contractual documents.

B. Internal Financial Control and Management

1. The Fund Administrator will implement an internal financial control and management rules and regulations, which will provide for an effective current standard process of examination and review of management, finance, and operations activities.

2. The Fund Administrator will ensure:

   a) The regularity of receipts, custody and disposal of income, as well as resources entrusted to PEMSEA;

   b) The conformity of obligations and disbursements with the appropriations, allocations or other financial provisions decided upon by the Partnership Council or with agreements with other organizations and other entities; and

   c) The effective and efficient management of funds and the effective, efficient and economic use of income, as well as of the resources entrusted to PEMSEA.
3. Under the supervision of the Fund Administrator, the Administrative and Finance Section of the PEMSEA Resource Facility will be responsible for internal financial control and management of the PEMSEA Development Fund in accordance with the Financial Rules and Regulations.

4. All bank accounts will be opened and maintained, and all deposit and investment instruments will be registered in the name of PEMSEA.

5. Voluntary contributions, fees or income will be received by PRF and an acknowledgement receipt issued therefore.

C. Accounting System

1. PRF will prepare the financial statements in accordance with recognized accounting standards such as the International Financing Reporting Standards, the International Public Sector Accounting Standards or Generally Accepted Accounting Principles that are accepted in major capital markets for listed companies.

2. The financial reports and statements will include:
   a) Statement of Income and Expenditure
   b) Changes in Reserves and Fund Balance;
   c) Statement of Cash flows; and
   d) Statement of Assets and Liabilities.

D. Appropriations

1. Appropriations based on the budget for the period approved by the Partnership Council will, subject to the availability of income, constitute an authorization to the Fund Administrator to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

2. No contract, agreement or undertaking of any nature for an amount to be specified from time to time will be entered into until funds have been reserved in the accounts, by means of an obligating document.

3. Commitments, in the interest of PEMSEA, against resources anticipated for future financial periods maybe authorized only by the Fund Administrator. Such commitments will normally be restricted to administrative requirements of a continuing nature and to other contractual arrangements where longer lead-times are required to endure timely delivery and will be treated as a first charge to the relevant appropriations as these are approved by the Partnership Council.
VI. EXTERNAL AUDIT

A. Appointment

1. The Partnership Council will appoint an External Auditor to perform the audit of the PEMSEA Development Fund, which will be in conformity with recognized accounting standards such as the International Public Sector Accounting Standards or other international standards acceptable in major capital markets.

2. External auditors will comply with ethical requirements and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatements. They will be completely independent and solely responsible for the conduct of the audit.

B. Auditor’s Responsibilities

1. External auditor will make annual audit opinions and observations with respect to the efficiency of the financial procedures, the appropriateness of the accounting system, and reasonableness of the accounting estimates made by the management as well as evaluation of the overall presentation of the financial statements.

2. External auditors will have no power to disallow items in the accounts but will draw to the attention of the Fund Administrator for appropriate action any transaction concerning which it entertains doubts to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts will be communicated immediately to the Fund Administrator.

VII. PROCUREMENT

A. Procurement System

1. Procurement of goods and services will comply with PEMSEA’s Procurement Guidelines (Annex 8) and the PRF Procurement Manual.

2. A Procurement Committee consisting of the representatives of the different units of the PRF will be established. The Procurement Committee will make the necessary recommendations for the procurement of goods and services.

3. The Procurement Committee will be under the supervision of the Fund Administrator, who will be responsible for the procurement of goods and services in accordance with existing Procurement Rules.

4. A Contracts Committee will also be established. The Contracts Committee will be responsible for ensuring that award of contracts complies with all applicable PEMSEA Financial Regulations and Rules.
VIII. REPEAL, MODIFICATION AND INITIATION

A. Repeal. Existing rules and regulations inconsistent with the provisions of this PEMSEA Rules on Governance are deemed repealed or modified accordingly.

B. Modification. This PEMSEA Rules on Governance may be repealed, modified or revised by a majority of the Partners in a Partnership Council meeting held for the purpose.

C. Initiation. This document will be initiated upon its adoption by the Partnership Council.
ANNEX 6
THE PEMSEA SPECIAL TRUST FUND
MANAGEMENT GUIDELINES

IX. THE PEMSEA SPECIAL TRUST FUND

A. The PEMSEA Special Trust Fund ("Special Fund") receives contributions from Partners, financing institutions and other stakeholders for specified projects and purposes relating to the implementation of the Sustainable Development Strategy for the Seas of East Asia ("SDS-SEA").

B. A Special Fund is established for every project and a separate account is opened.

X. MANAGEMENT ARRANGEMENTS

A. Responsibility Centers

1. The PEMSEA Resource Facility (the "PRF"), in consultation with the Funder will develop the rules and regulations in the management of the Special Fund.

2. The Executive Director of the PRF will act and serve as the custodian and administrator of the Special Fund ("Fund Administrator") and administer the Special Fund in accordance with the rules and regulations in the administration of the fund developed with Funder.

3. The PRF will be responsible for the implementation and execution of all projects financed by the Special Fund. It will ensure the timely submission of outputs, and achievement of development objectives and key targets. For this purpose, the Operations Function will cause the appointment of a qualified Project Manager, whether internal or external to the organization, to oversee and supervise project implementation.

4. The PRF will provide technical assistance and support with respect to financial management, procurement, and contract drafting and review.

5. The PRF will identify and develop project proposals to secure financing from the Funder and conduct regular project monitoring and evaluation.
B. The Fund Administrator

1. The Administrator will:
   
e) manage the Special Fund in close coordination with the Project Manager with the required due diligence.

f) receive, allocate and disburse funds; and

  g) designate the bank or banks in which the funds will be kept and the bank signatories, subject to the approval of the Partnership Council or the Executive Committee when the Partnership Council is not in session.

2. The Fund Administrator will submit annual financial reports and audited financial statements of each of the Special Funds to the Partnership Council.

C. The Operations Head and Project Manager

1. The Project Manager will be responsible for project implementation. The Project Manager will submit to the Fund Administrator periodic reports on the progress of project implementation as well as project expenditures.

2. The Project Manager will ensure timely accomplishment of the project objectives. He or she will address project risks and issues and review outputs and progress.

3. The Project Manager will:

   a) Prepare the project work plan and budget for the approval of the Fund Administrator;

   b) Identify strategies for the effective and timely execution of the project work plan;

   c) Report to the Fund Administrator on the progress of the project implementation; and

   d) Inform the Fund Administrator on possible risks or issues that may cause delay in the delivery of outputs and implementation of the project.
XI. PROJECT DEVELOPMENT AND MONITORING

A. Project Development

1. PRF will plan and develop flagship projects for Country Partners and maintain a dossier of priority project proposals for funding by donors and other potential sponsors.

2. The following criteria will be considered in the project development:
   a) contributes to the achievement of PEMSEA’s targets in SDS-SEA implementation;
   b) does not have negative environmental or social impact; and
   c) short-term (up to two years) to Long-Term (over ten years);
   d) such technical, economic, financial, fiduciary, environmental, social, institutional and other relevant criteria that may be established from time to time.

3. The Fund Administrator will develop the Financial Rules in coordination with the Funder.

B. Project Monitoring and Evaluation

1. The PRF performs an oversight function and will conduct project monitoring and evaluation (“M & E”) and manage project risks in order to ensure completion of the project, delivery of quality outputs, and achievement of objectives and targets.

2. In the conduct of monitoring and evaluation, the PRF will flag when a project has developed problems that may interfere in its objectives. It will make recommendations on how to promptly address the problems.

3. M & E Reports will be provided the Executive Director/Fund Administrator and the Partnership Council.
XII. FINANCIAL MANAGEMENT

A. Financial Period

1. The financial period will be the 12 months of the calendar year commencing 1 January and ending 31 December.

2. However, in cases where projects do not coincide with the calendar year, the financial period for the purpose of utilization of resources entrusted to PEMSEA and of entering into obligations in such respect will be the duration of each project as defined in the MOA, MOU, LOA and other contractual documents.

B. Internal Financial Control and Management

1. The Fund Administrator will administer the Special Fund in accordance with the Financial Rules developed with the Funder.

2. The Fund Administrator will ensure:
   
a) The regularity of receipts, custody and disposal of income, as well as resources entrusted to PEMSEA;

b) The conformity of obligations and disbursements with the appropriations, allocations or other financial provisions;

c) The effective and efficient management of funds.

3. Under the supervision of the Fund Administrator, the Administrative and Finance Section of the PEMSEA Resource Facility will be responsible for internal financial control and management of the Special Fund in accordance with the Financial Rules developed with the Funder.

4. All bank accounts will be opened and maintained, and all deposit and investment instruments will be registered in the name of PEMSEA for the Project financed by the Special Fund.

5. Unless otherwise specified by the Funder, interests from deposit of the Special Fund will accrue to the PEMSEA Development Fund.

C. Accounting System

1. PEMSEA will prepare the financial statements in accordance with recognized accounting standards such as the International Financing Reporting Standards, the International Public Sector Accounting Standards or Generally
Accepted Accounting Principles that are accepted in major capital markets for listed companies.

2. The Administrative and Finance Function will prepare the financial reports and statements for the Special Fund, specifically, the Statement of Income and Expenditure and Changes in Reserves and Fund Balance.

3. The Funder may request for other Financial Reports for their purposes as may be agreed upon.

D. Appropriations

1. Appropriations based on the budget for the period constitute an authorization to the Fund Administrator to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

XIII. AUDITS

A. Internal Audit

1. PEMSEA will conduct internal audit of the Special Fund. The internal audit function will be independent and objective in the execution of its respective duties.

2. The internal auditor will conduct audit activity in accordance with internationally recognized standards and adhere to ethical principles of integrity, objectivity, confidentiality and competency.

B. External Audit

1. Upon request by the Funder, the Partnership Council will appoint an External Auditor to perform the audit of the Special Fund, which will be in conformity with recognized accounting standards such as the International Public Sector Accounting Standards or other international standards acceptable in major capital markets.

2. External auditors will comply with ethical requirements and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatements. They will be completely independent and solely responsible for the conduct of the audit.
C. Auditor’s Responsibilities

1. External auditor will make annual audit opinions and observations with respect to the efficiency of the financial procedures, the appropriateness of the accounting system, and reasonableness of the accounting estimates made by the management as well as evaluation of the overall presentation of the financial statements.

2. External auditors will have no power to disallow items in the accounts but will draw to the attention of the Fund Administrator for appropriate action any transaction concerning which it entertains doubts to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts will be communicated immediately to the Fund Administrator.

XIV. PROCUREMENT

B. Procurement System

1. Procurement of goods and services will comply with PEMSEA’s Procurement Guidelines (Annex 8 of this document) and the PRF Procurement Manual.

2. A Procurement Committee consisting of the representatives of the different units of the PRF will be established. The Procurement Committee will make the necessary recommendations for the procurement of goods and services.

3. The Procurement Committee will be under the supervision of the Fund Administrator, who will be responsible for the procurement of goods and services in accordance with existing Procurement Rules.

4. A Contracts Committee will also be established. The Contracts Committee will be responsible for ensuring that award of contracts complies with all applicable PEMSEA Financial Regulations and Rules.

XV. REPEAL, MODIFICATION AND INITIATION

1. Existing rules and regulations inconsistent with the provisions of this Special Trust Fund Management Guidelines are deemed repealed or modified accordingly.

2. This Special Trust Fund Management Guidelines may be repealed, modified or revised by a majority of the Partners in a Partnership Council meeting held for the purpose.

3. This document will be initiated upon its adoption by the Partnership Council.

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ANNEX 7

INVESTMENT MANAGEMENT GUIDELINES

INVESTMENT MANAGEMENT GUIDELINES

I. PURPOSE

The purpose of this guideline is to properly control the PEMSEA fund’s investment portfolio and to include accountability standards that will be used for monitoring the progress of the PRF Portfolio Investment Plan.

II. OBJECTIVES

2.1 To preserve and protect its assets by earning an appropriate total return considering time horizon, liquidity needs and risk tolerance.

2.2 Produce a rate of return which will permit maximum support for the general operating fund to the extent that is consistent with prudent management of the investments, preservation of capital and potential for long term asset growth.

2.3 Investment returns should be able to establish an operating reserve fund that will permit PRF to continue its operation during difficult financial situation.

III. TIME HORIZON

Investment capital values fluctuate especially for a shorter period of time; the possibility of capital loss is highly probable; however, based on historical market trends, to maximize rates of return and minimize the risk of principal loss, investment should be maintained over a holding period of at least 3 – 5 years.

IV. RISK TOLERANCE

The investment portfolio shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analysis will be completed in order to endure that the portfolios are positioned to provide sufficient liquidity.

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account
the investment risk constraints and liquidity objective describe above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return to the risk being assumed.

V. ASSET ALLOCATION

To achieve the investment objectives of the fund, an asset allocation study should be conducted to establish percentage ranges of each asset class eligible for investment within the portfolio. The asset allocation study should analyze the expected return and its overall volatility. The expected return and risk of various portfolios will be evaluated in terms of ability to meet PRF’s long-term investment objectives. Based upon this analysis, an Investment Plan will be developed to include ranges of each asset class to meet those objectives; this Investment Plan may be amended from time to time upon the recommendation of the Investment Committee subject to the approval of the PRF Management Committee (MANCOM).

Financial performance indicators, reporting requirements and mechanisms with respect to financial management are identified in the PRF Financial Rules and Regulations.

VI. SELECTION CRITERIA ON INVESTMENT MANAGEMENT SELECTION

Investment/Fund Manager (mutual funds, separate account managers and limited partnership) shall be chosen base on following criteria:

6.1 Performance: The investment should have a guaranteed rate of return that is competitive with other similar options in the market place.

6.2 Issuer Credit Rating: The issuer shall have and maintain a rating that conveys significant financial strength as determined by globally recognized statistical rating agencies.

6.3 Track Record of Funding Option: Each actively managed funding option should have a minimum track record of 3 years during which the same portfolio management team managed the fund. The 3 year requirement may be waived at the discretion of the Investment Committee if the Manager has a proven track record of managing assets in the same category under consideration.

6.4 Each funding option’s objective should remain consistent with the option’s role within the investment plan’s overall investment structure.
VII. REVIEW AND MONITORING

7.1 The Investment Committee shall review the Investment Policy and Investment Plan at least once a year to determine if modifications/revisions are necessary. Any proposed modifications/revisions must be approved by the MANCOM and if adopted must be communicated promptly to all concerned parties.

7.2 The Investment Committee shall review at least twice a year the performance of the fund portfolio relative to the objectives and guidelines described in the Investment Policy and shall present its review to the MANCOM at least twice a year as well.

7.3 Investments are expected to achieve total returns competitive with performance benchmarks appropriate to each asset class, as measured over a fair market cycle of 3 - 5 years. Review liquidity of the total portfolio in comparison to PRF’s ability to meet its cash needs for grants, expenses and capital requirements at any given time.

VII. REPORTING

On an annual basis, the Fund Manager shall submit a written report on all invested funds. The report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, and the yield on each investment. The annual report will show performance on both the book value and total rate of return basis and will compare the results to the specified performance benchmarks. All investments shall be reported at fair value.

On an annual basis, the Fund Administrator shall submit a report on the status all invested funds to the EAS Partnership Council.

VIII. DUTIES AND RESPONSIBILITIES

The Executive Director of the PEMSEA Resource Facility will act and serve as the administrator of the PEMSEA Investment Fund Portfolio (“Fund Administrator”). The Fund Administrator Shall be supported by the MANCOM.

MANCOM and the Fund Administrator have the ultimate fiduciary responsibility for the PEMSEA’s investment portfolio. MANCOM and Fund Administrator is responsible for ensuring that appropriate policies governing the management of the portfolio are in place, and that they are implemented.

Investment Committee is responsible for implementing the investment policy and is responsible for approving investment strategy; hiring investment manager or an outsource provider to implement the strategy and monitor portfolio performance on a regular basis.
ANNEX 8

PRF PROCUREMENT GUIDELINES

PEMSEA RESOURCE FACILITY (PRF) PROCUREMENT GUIDELINES

I. General Considerations

The PEMSEA Resource Facility Procurement Policy defines the rules and regulations for selecting, contracting and monitoring suppliers for goods and services contracted and funded by the PEMSEA Partnership Fund. A detailed step-by-step guide to the procurement process is provided in the PRF Procurement Manual.

A. Definitions

Procurement is defined as the overall process of acquiring goods and services, from planning, sourcing and solicitation of offers, preparation and award of contract, contract management, delivery of goods and services, and the final disposal of asset.

Suppliers are defined as private and public entities, and individuals, where the public and private entities include consulting firms, management firms, auditors, universities, investment firms, merchant, research institutions, government agencies and NGOs, procured by PRF for a wide range of activities and/or services such as policy advice, management, financial services, social and environmental studies, formulation of projects, delivery of trainings, editing, conduct of surveys, preparation of training modules, mapping, procurement of goods and/or services to supply for ex. technological solutions, infrastructure, IT hardware/software, office supplies, travel related requirements, maintenance of office facilities, and printing and publication to complement the capability and resources of PEMSEA.

B. Applicability

The PRF Procurement Guidelines shall apply to procurement of goods and services by the PRF, which are financed under the PEMSEA Partnership Fund1.

C. Eligibility

All registered or incorporated entities and qualified individuals are eligible to

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1 PEMSEA Partnership Fund includes funds sourced from country voluntary contributions, multilateral, bilateral, private and foundation grants and donations,
compete for PEMSEA- financed services and goods. However, in the case of competitive proposals/bids from entities or individuals that are of equal quality, quantity, timeliness, technical qualifications and price, preference will be given to entities that are registered or incorporated in, and/or individuals who are nationals of PEMSEA Country Partners.

As a control mechanism, PRF shall adhere to the level of authority in approving procurements as defined in the PRF Procurement Manual.

II. Principles of PEMSEA Procurement

As an internationally accepted norm, the following general principles must be given due consideration while executing procurement on behalf of the organization:

1. Best Value for Money

Proof of best value for money is in believing or concluding that the goods or services received are worth the price paid. In a procurement process, this principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle.

The PRF shall ensure that technical support services to programs and projects of national and local governments and other collaborators are achieved through the effective and efficient use of PRF resources. Rosters of qualified suppliers of goods and services and rosters of experts shall be established, maintained and updated by the PRF on a regular basis, through calls for proposals and expressions of interest.

2. Fairness, Integrity, Transparency

The PRF shall ensure that:
- all qualified goods or services providers are given equal opportunity to compete in accordance with the direction provided in the PRF Procurement Manual;
- rules and procedures are unambiguous and closely observed, and the process is well documented and complete;
- accurate records are maintained and accessible;
- procurement operations are carried out ensuing the best quality, at the right time and at the right price; and
- overall costs in conducting the procurement process are minimized.

3. Interest to PEMSEA

The following considerations guide the PEMSEA’s interest for the acquisition of inputs:
- The need for economy and efficiency in the implementation of the program, including the procurement of goods and services involved;
- Access to procurement opportunities for all interested and qualified suppliers;
• Use of PEMSEA-developed expertise, i.e., RTF/NTF, Learning Centers and Regional Centers of Excellence\(^2\), to maximize capacity development and knowledge transfer specific to the needs of national and local governments and other stakeholders for sustainable coastal development in the region.

III. Ethics

The PRF shall ensure that staff involved in procurement, particularly those dealing directly with suppliers and potential suppliers:
• recognize and deal with any conflicts of interest, including perceived conflicts of interest, promptly;
• deal with suppliers and potential suppliers even-handedly;
• consider seeking advice where probity issues arise;
• does not compromise the PRF’s standing by accepting inappropriate gifts or hospitality;
• are scrupulous in their use of public property; and
• comply with all duties and obligations including the PRF’s Code of Ethics and PEMSEA Financial Rules and Regulations.

The PRF shall ensure that purchasing function and financial function are separate and independent from each other to avoid conflict of interest and ensure check and balance (see Conflict of Interest Guidelines on Section 18). The PRF shall also ensure that fraudulent and corrupt practices are prevented in the implementation of its procurement function (see Fraud and Corruption Guidelines in Section 18 of the PRF Procurement Manual).

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\(^2\) RTF, NTF, Learning Centers and RCoE are teams of specialist and experts and organizations (in the case of Learning Centers and RCoE) that will serve as the region’s knowledge sharing agents and PEMSEA’s technical support mechanism in the implementation of Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).
CODE OF ETHICS FOR PEMSEA PERSONNEL

A. Purpose

To attain the highest standards of efficiency, competence and integrity, the Code of Ethics sets out below the values and principles to guide the conduct and behavior of PEMSEA personnel and officers.

B. Application

1. The Code of Ethics will be applicable to all PEMSEA personnel. For the purposes of this Code, “PEMSEA personnel” or “staff member” includes:

   a. Employees of PEMSEA;

   b. Individuals who have entered into a cooperative arrangement with PEMSEA, including work trainees, interns, fellows, international and local consultants, individual contractors, and members/experts of regional and national task forces on mission;

   c. Employees of non-PEMSEA entities — including Governments, non-country Partners, corporate contractors, etc. — who have entered into a cooperative arrangement with PEMSEA for the said employees to work for or in PEMSEA as work trainees, interns, fellows, seconded personnel and members/experts of regional and national task forces on mission, or to provide services to PEMSEA.

2. Where the personnel under subparagraph 1(c) above are covered by different rules and procedures, this Code shall apply to the extent possible and they are otherwise expected to observe the highest standards of conduct.

3. The said PEMSEA personnel except those referred to under paragraph 2 above shall be required to sign the PEMSEA Code of Ethics, which will form part of their respective contracts.

4. For the purposes of this Code, “ethical misconduct” or “unethical behavior” is a failure by a staff member to observe the Code of Ethics.
C. Values

1. Independence

PEMSEA personnel shall maintain their independence and shall not seek or receive instructions from any Government or from any other person or entity external to the organizational flow, and shall refrain from any action which might reflect negatively on their status as PEMSEA personnel responsible only to PEMSEA.

2. Loyalty

Loyalty to the purposes, values and principles of PEMSEA is a fundamental obligation of all PEMSEA personnel. They shall be loyal to PEMSEA and shall, at all times, discharge their functions and regulate their conduct with only the interests of PEMSEA in view.

3. Impartiality

PEMSEA personnel, in the performance of their official duties, shall always act with impartiality, objectivity and professionalism. They shall ensure that expression of personal views and convictions does not compromise or appear to compromise the performance of their official duties or the interests of PEMSEA. They shall not act in a way that could lead to actual or perceived preferential treatment for or against particular individuals, groups or interests.

4. Integrity

PEMSEA personnel shall maintain the highest standards of integrity, including honesty, truthfulness, fairness and incorruptibility, in all matters affecting their official duties and the interests of PEMSEA. They shall exercise transparency in all their dealings concerning PEMSEA by refraining from fraudulent, deceptive or corrupt acts, keeping accurate records, and making timely and complete disclosure of material information, subject to the requirements of confidentiality and privacy.

5. Accountability

PEMSEA personnel shall be accountable for the proper discharge of their functions and for their decisions and actions. In fulfilling their official duties and responsibilities, PEMSEA personnel shall make decisions in the interests of PEMSEA. They shall submit themselves to scrutiny as required by their position.
6. **Respect for human rights**

PEMSEA personnel shall fully respect the human rights, dignity and worth of all persons and shall act with understanding, tolerance, sensitivity and respect for diversity and without discrimination of any kind.

7. **Environmental responsibility**

PEMSEA personnel shall put into practice environmental and conservation principles and endeavor to minimize the ecological footprint of all aspects of PEMSEA operations.

D. **Principles**

1. **Conflict of interest**

PEMSEA personnel shall arrange their private interests in a manner that will prevent actual, potential or perceived conflicts of interest from arising, but if such a conflict does arise between their private interests and their official duties and responsibilities, the conflict shall be disclosed and resolved in favor of the interests of PEMSEA.

2. **Abuse of authority**

PEMSEA personnel shall not use the authority entrusted to them, in particular by taking advantage of colleagues, beneficiaries or other individuals or groups, for financial, political, sexual or other gain.

3. **Gifts, honors, favors or other benefits**

PEMSEA personnel shall not solicit or accept gifts, honors, favors and/or other benefits from persons or entities having dealings with PEMSEA unless they are of insignificant monetary value and receiving them shall not bring into question their independence, impartiality and integrity. If the refusal of such gifts, honors, favors and/or other benefits would cause embarrassment to the giver or to PEMSEA, the concerned staff member may receive it on behalf of PEMSEA and then report and/or entrust it to the Executive Director, who may retain it for PEMSEA or arrange for its disposal for the benefit of PEMSEA or for a charitable purpose, or inform the giver in a properly discreet manner of the PEMSEA policy prohibiting such gifts, honors, favors and/or benefits.

4. **PEMSEA resources**

PEMSEA personnel shall only use or allow the use of the resources of PEMSEA, directly or indirectly, including its property and assets, for authorized purposes, and shall exercise reasonable care when utilizing such property and assets.
5. **Confidentiality of information**

PEMSEA personnel shall not use information that is not generally available to the public for private gain, financial or otherwise, to benefit themselves or others with whom they have personal, family or other ties, nor shall they disclose such information to the public without authorization. That duty continues to apply after the expiration of their service with PEMSEA.

6. **Conduct**

6.1 PEMSEA personnel shall exercise the utmost discretion with regard to all matters of official business. They shall conduct themselves in the manner befitting their status as personnel of an international organization. They shall avoid any action and pronouncement that may adversely reflect on their status, or on the integrity, independence and impartiality that are required by that status.

6.2 The privileges and immunities enjoyed by PEMSEA under the Agreement between the Government of the Republic of the Philippines and PEMSEA are conferred in the interests of PEMSEA. These privileges and immunities furnish no excuse to the PEMSEA personnel to whom they apply to fail to observe laws and police regulations of the Philippines, nor do they furnish an excuse for non-performance of their private obligations. In any case where an issue arises regarding the application of these privileges and immunities, any person covered by this Code shall immediately report the matter to the Executive Director, who may decide whether such privileges and immunities exist and whether they shall be waived in accordance with the Agreement.

6.3 Any person covered by this Code who has been arrested, charged with an offence other than a minor traffic violation or summoned before a court as a defendant in a criminal proceeding, or who has been convicted, fined or imprisoned for any offence other than a minor traffic violation shall immediately report the fact to the Executive Director.

7. **Post-employment**

PEMSEA personnel shall not act in such a manner as to take improper advantage of their official functions and positions, including privileged information obtained from such functions and positions, when seeking employment or appointment after leaving their service with PEMSEA.

E. **Violations or Non-compliance**

1. Violations of or non-compliance with the Code of Ethics by PEMSEA personnel falling under paragraph 1(a) of Section B may lead to the institution of a disciplinary process and the imposition of disciplinary measures for misconduct.
2. Violations of or non-compliance with the Code of Ethics by PEMSEA personnel falling under paragraph 1(b) of Section B may lead to termination of the cooperative arrangement between PEMSEA and the individual, or where appropriate, a lighter disciplinary measure.

3. Violations of or non-compliance with the Code of Ethics by PEMSEA personnel falling under paragraph 1(c) of Section B may lead to the institution of a disciplinary process and the imposition of disciplinary measures where appropriate, or termination of the cooperative arrangement between PEMSEA and the entity employing the concerned person. Within a reasonable period prior to the imposition of disciplinary measures or termination of the cooperative arrangement, PEMSEA shall inform the entity of the said violation or non-compliance of the employee, providing the details of the violation, the investigation and the reason for termination or the imposition of disciplinary measures.

4. The cooperative arrangements referred to in paragraphs 2 and 3 herein, may be terminated prior to the completion of the investigative process, if the Executive Director determines that such action is warranted and in the interest of PEMSEA.

5. Where the staff member’s failure to comply with his or her obligations is determined through the process instituted in the Rules for Reporting and Investigation of Violations of the Code of Ethics for PEMSEA Personnel to constitute misconduct, such staff member may be required to reimburse PEMSEA either partially or in full for any financial loss suffered by PEMSEA or other entities as a result of his or her actions, if such actions are determined to be wilful, reckless or grossly negligent. Such requirement will not be considered a disciplinary measure.

F. Disciplinary Measures

1. Disciplinary measures may take one or more of the following forms:
   a. Written censure;
   b. Loss of one or more steps in grade;
   c. Deferment, for a specified period, of eligibility for salary increment;
   d. Suspension without pay for a specified period;
   e. Fine;
   f. Deferment, for a specified period, of eligibility for consideration for promotion;
   g. Demotion with deferment, for a specified period, of eligibility for consideration for promotion;
   h. Separation from service, with notice or compensation in lieu of notice;
   i. Dismissal.
G. Ethics Committee

1. The Executive Director shall appoint an Ethics Committee, composed of at least three members, with a term of three years. One or more of the committee members shall be a person external to the PRF, for the purpose of providing an impartial and objective perspective. The Ethics Committee is an advisory body which shall be convened at least once a year or whenever the Executive Director deems it appropriate.

2. The main functions of the Ethics Committee are:
   a. To advise the Executive Committee on issues concerning the application of this Code to PRF personnel;
   b. To maintain this Code in compliance with best practice;
   c. To report once a year to the Executive Director on the status of the Code implementation within the organization, its appropriateness and efficiency, the results of the allegations and investigations, if any, as well as compliance of the Code with best practice and any proposed modifications to be considered.

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ANNEX 10

RULES ON REPORTING AND INVESTIGATION OF VIOLATIONS OF THE CODE OF ETHICS FOR PEMSEA PERSONNEL

(Approved by 11th EC; amended on 13 August 2021 following the agreements during 13th PC)

RULES ON REPORTING AND INVESTIGATION OF VIOLATIONS OF THE CODE OF ETHICS FOR PEMSEA PERSONNEL

A. APPLICATION

1. These Rules apply to the same PEMSEA personnel and officers as the Code of Ethics.

2. The Executive Director has authority over the investigation of reports of violations of the Code of Ethics and decisions to impose disciplinary measures. When the subject of the report and investigation is the Executive Director, the Council Chair has authority over the same.

3. For the purpose of these Rules:
   3.1 “Ethical misconduct” or “unethical behavior” is a failure by a staff member to observe the Code of Ethics.
   3.2 “PEMSEA personnel” or “staff member” includes:
      a. Employees of PEMSEA;
      b. Individuals who have entered into a cooperative arrangement with PEMSEA, including work trainees, interns, fellows, international and local consultants, individual contractors, and members/experts of regional and national task forces on mission;
      c. Employees of non-PEMSEA entities — including Governments, Non-Country Partners, corporate contractors, etc. — who have entered into a cooperative arrangement with PEMSEA for the said employees to work for or in PEMSEA as work trainees, interns, fellows, seconded personnel and members/experts of regional and national task forces on mission, or to provide services to PEMSEA.

4. Where the personnel under subparagraph 3.2(c) above are covered by different rules and procedures, these Rules shall apply to the extent possible.
B. BASIC PRINCIPLES

5. All PEMSEA personnel have the duty to report any violation of or non-compliance with the PEMSEA Code of Ethics to the Executive Director or appropriate officer as provided under the Reporting Procedure below, and to cooperate with duly authorized audits and investigations and to answer questions and comply with requests for information.

6. Staff members shall not be retaliated against for complying with these duties.

7. Due process shall be observed in the investigation of reports of ethical misconduct and the application of disciplinary measures for the same.

C. ROLES AND RESPONSIBILITIES

8. All PEMSEA personnel are responsible for:
   a. Reading, acknowledging and putting into practice the principles and standards established in the Code of Ethics;
   b. When in doubt about the ethical implications of an action or an omission, seeking clarification and advice; and
   c. Responding fully to requests for information from staff members and other officers authorized to investigate the possible misuse of funds, waste or abuse.

9. Supervisory and managerial staff have the obligation to:
   a. Consider seriously all reports of ethical misconduct, and assist staff members by providing information and advice and by responding to staff queries and concerns about ethical issues;
   b. Address and clarify ethical issues that are brought to their attention;
   c. Lead by example by putting the Code of Ethics into practice on a daily basis;
   d. Ensure that the staff members they supervise are aware of the Code’s existence and content;
   e. Ensure that reports of ethical misconduct or unethical behavior brought to their attention are properly reported in accordance with the process described below.

10. The Administrative Officer is responsible for:
    a. Ensuring ultimately that PEMSEA personnel are aware of the contents and objectives of the Code of Ethics; and
    b. Assisting supervisory and managerial staff in the dissemination of information concerning the Code and the implementation of the procedures prescribed herein.

11. The Executive Director has overall responsibility for:
a. Guaranteeing fair treatment with regard to the application of the Code; 
b. Ensuring the appropriate organizational response in the case of reported or 
suspected ethical misconduct or unethical behavior; 
c. Ensuring all reasonable allegations are treated seriously and systematically, 
and properly investigated; and 
d. Determining the course of action and, where appropriate, convening the 
Ethics Committee and/or the Committee on Discipline.

12. The Ethics Committee has responsibility for advising, upon request of the 
Executive Director or on its own initiative, whether a set of actions constitutes a 
violation of the Code of Ethics.

13. The Committee on Discipline has responsibility for:
   a. Conducting investigations on alleged violations of the Code of Ethics and 
      ethical misconduct, including cases of retaliation as provided for below; and 
   b. After hearing and due process on each case, determining the facts of the case 
      and if there is a finding of guilt recommending to the Executive Director the 
      corresponding disciplinary measures.

D. COMMITTEE ON DISCIPLINE

14. The Executive Committee shall appoint a PEMSEA Resource Facility Committee 
of Discipline, composed of three permanent internal members, namely, the 
Executive Director, Senior Program Manager, and Human Resources Manager 
(outsourced) and upon the recommendation of the Executive Director, approve 
the appointment of external experts on a case-by-case basis, depending on the 
nature of the reported alleged unethical behavior/wrong doing.

15. The Committee on Discipline shall be responsible for conducting investigations on 
allegations of violation of the Code of Ethics or ethical misconduct, in accordance 
with the principles and procedures established herein.

16. Members of the Committee on Discipline shall disclose to the Executive Director 
in a timely fashion any actual or potential conflicts of interest they may have in an 
investigation. An alternative member shall take over from a member during a 
partial case should it be determined by the Executive Director that the said 
member may not be able to participate in the investigation of that particular case 
with objectivity, or may be responsible for or involved in the operational activities 
of the staff member subject of the investigation, or may potentially be charged in 
the same case.

17. The appointment of the members of the Committee on Discipline and their 
mandate and/or terms of reference shall be circulated by Staff Memo and shall be 
made part of the PEMSEA Operational Guidelines and Procedures.

1 Updated and approved by 13th EAS PC July 29, 2021
E. REPORTING PROCEDURE

18. When a staff member wishes to report a case of ethical misconduct, he or she shall take the following steps:

18.1 The staff member shall make a report in writing of what he or she reasonably believes to be ethical misconduct. The report must be factual and not speculative, conclusive or judgmental and must provide all the information of which the staff member reporting has knowledge in order to allow for the appropriate assessment of the nature, extent and urgency of the necessary inquiries and other procedures.

18.2 The staff member reporting should not contact the suspected perpetrator to get facts or demand restitution, discuss the case facts or allegations with anyone inside or outside the organization other than those to whom the concern has been reported or attempt to personally conduct investigations or interviews.

18.3 The staff member may report the acts believed to be ethical misconduct to his or her supervising officer, or to the Administrative Officer, or to the Executive Director. If the report concerns the Executive Director, the staff member or the Administrative Officer may directly contact the Council Chair or any member of the Executive Committee.

18.4 If a staff member is in doubt as to the ethical implications in a given instance, he or she may seek guidance or clarification from his or her supervisory officer, the Administrative Officer, or the Executive Director before acting. It is the duty of the staff member to report what he or she, reasonably and in good faith, believes to be ethical misconduct by other PEMSEA personnel.

18.5 Any staff member who has knowledge of ethical misconduct and fails to report it as provided for by these rules may be subject to disciplinary action, it being understood that willfully false reports of ethical misconduct may also constitute grounds for disciplinary action.

18.6 Reports of ethical misconduct of PEMSEA personnel coming from external sources shall be referred by the staff member receiving such a report to the Administrative Officer, or to the Executive Director or Council Chair as may be appropriate, who shall treat such reports in the same manner as reports from internal sources, as far as practicable in order to determine whether a violation of the Code of Ethics has been committed.
F. ACTIONS ON REPORTS

19. The Executive Director, or where appropriate the Council Chair, will ensure that there is an appropriate organizational response to reports of ethical misconduct. For that purpose, the following steps will be taken:

19.1 Any officer to whom a report has been first submitted will prepare a written report of the details of any suspected case of ethical misconduct that has been reported to him or her. Supervisory staff making such a report shall provide it to the Administrative Officer.

19.1.1 The Administrative Officer will perform a review of any report submitted to him or her and will ask for additional information where deemed necessary in order to provide a complete report to the Executive Director.

19.1.2 If the case in question involves fraud, the Administrative Officer will refer it to the Internal Auditor of PEMSEA for further action, unless the report concerns the Internal Auditor, in which case, the Administrative Officer shall report it directly to the Executive Director.

19.1.3 If the case in question involves ethical misconduct by the Administrative Officer, it should be referred to the Executive Director directly.

19.1.4 If the case in question involves ethical misconduct by the Executive Director, the Administrative Officer shall refer it to the Council Chair who will decide on the appropriate course of action, following to the extent possible the procedures herein provided, and ensuring that due process is observed.

19.2 The Executive Director will determine whether: (a) a case of ethical misconduct or unethical behavior can be resolved directly or through the delegation structure where the disciplinary measure to be imposed is a written censure; or (b) if it needs to be referred to the Committee on Discipline for further investigation and analysis, particularly when the disciplinary measure to be imposed is heavier than a written censure, or the consequence would be the termination of the cooperative agreement between PEMSEA and the employer of the individual concerned.

19.3 The Executive Director will inform the individual-concerned in writing of the allegations against him or her, the course of action to be taken, and the possible disciplinary measures to be imposed or other consequences if the allegations are found to be true.
19.4 The Executive Director shall refer the case to the Committee on Discipline. Upon referral of the case, the Committee on Discipline will pursue investigations as necessary and will provide a complete assessment of the case to the Executive Director.

19.5 The Committee on Discipline, in consultation with the Executive Director, may recommend that a case be referred to specific third parties for appropriate action, including contacting the relevant local authorities as appropriate.

19.7 The Executive Director and/or the Committee on Discipline will consult with the Administrative Officer, the Internal Auditor, and other appropriate officers when involvement of the police and/or external experts is necessary.

19.8 Any decisions to contact police and/or external experts will be recorded. The final decision to involve the police and/or external experts will be that of the Executive Director. A local lawyer may be consulted for such advice.

19.9 Based on the assessment and/or recommendation of the Committee on Discipline, the Executive Director will impose the necessary disciplinary measures for ethical misconduct, as provided under the Code of Ethics. Any disciplinary measure imposed on a staff member shall be proportionate to the nature and gravity of his or her misconduct. The individual found guilty shall be informed of the decision in writing.

19.10 Prior to carrying out a decision for dismissal, the Executive Director shall serve the individual concerned a written notice of termination indicating that:

a. all circumstances involving the charge against the employees have been considered; and
b. grounds have been established to justify the severance of their employment.

19.11 Where the individual concerned is one referred to under Paragraph 3.2(c), the Executive Director shall provide the employer with the complete information regarding the case and if there is a finding of ethical misconduct, the decision of the Executive Director to terminate the cooperative arrangement concerning the individual, or to impose lighter disciplinary measures.
G. INVESTIGATION

20. The purpose of an investigation is to examine and determine the veracity of allegations of violations of the Code of Ethics, including with respect to, but not limited to, projects contracted out by PEMSEA.

21. The Committee on Discipline shall maintain objectivity, impartiality and fairness throughout the investigative process and conduct its activities competently and with the highest levels of integrity. In particular, the Committee shall perform its duties independently from those responsible for or involved in operational activities and from staff members liable to be subject of investigation and shall also be free from improper influence and fear of retaliation.

22. The support staff of the Committee on Discipline shall disclose to a supervisor in a timely fashion any actual or potential conflicts of interest they may have in an investigation in which their services are expected and the supervisor shall take appropriate action to remedy the conflict.

23. The Committee on Discipline shall take reasonable measures to protect as confidential any non-public information associated with an investigation, including the identity of parties that are the subject of the investigation and of parties providing testimony or evidence. The manner in which all information is held and made available to parties within and external to PEMSEA shall be determined by the Executive Director.

24. Investigative findings shall be based on facts and related analysis, which may include reasonable inferences.

25. The Committee on Discipline shall make recommendations to the Executive Director that are derived from its investigative findings.

26. All investigations conducted by the Committee on Discipline are administrative in nature.

27. The standard of proof that shall be used to determine whether a complaint is substantiated is defined for the purposes of an investigation as information that, as a whole, shows that something is more probable than not.

28. No disciplinary measure or non-disciplinary measure shall be taken against any staff member unless he or she has been notified, in writing, of the charges against him or her, and has been given the opportunity to respond to those charges and present information on his or her behalf.

29. The Committee on Discipline shall conduct the investigation expeditiously within the constraints of available resources. The planning and conduct of the investigation and the resources to be allocated to it shall take into account the gravity of the allegations and the possible outcome.

30. In the course of the investigation, the Committee on Discipline shall:
a. Examine both inculpatory and exculpatory information;
b. Maintain and keep secure an adequate record of the investigation and the information collected;
c. Direct its support staff to take appropriate measures to prevent unauthorized disclosure of investigative information; and
d. Document its investigative findings and conclusions.

31. For the purpose of conducting an investigation, the Committee on Discipline shall:
   a. Have full and complete access to all relevant information, records and resources of PEMSEA;
   b. Have the authority to examine and copy the relevant books and records of projects, executing agencies, individuals or firms participating or seeking to participate in PEMSEA-sponsored activities or any entities participating in the disbursement of Organization funds;
   c. May engage external parties to assist in its investigations;
   d. May consult and collaborate with other organizations, international institutions and other relevant parties to exchange ideas, practical experience, and insight on how best to address issues of mutual concern.

32. The Committee on Discipline shall, wherever possible, seek corroboration of the information in its possession.

33. The Committee on Discipline shall document its investigative activity and critical decisions in writing. Investigative activity includes the collection and analysis of documentary, video, audio, photographic and electronic information or other material, interviews of witnesses, observations of investigators and such other investigative techniques as are required to conduct the investigation;

34. If at any time during the investigation, the Committee considers that it would be prudent, as a precautionary measure or to safeguard information, to temporarily exclude a staff member that is the subject of an investigation from access to his or her files or office or to recommend that he or she be suspended from duty, with or without pay and benefits, or to recommend placement of such other limits on his or her official activities, the Committee shall refer the matter to the Executive Director for appropriate action.

35. To the extent possible, interviews conducted by the Committee should be conducted by two persons.

36. Subject to the discretion of the Committee, interviews may be conducted in the language of the person being interviewed, where appropriate using interpreters.

37. The Committee shall not pay a witness or subject for information. Subject to the resources available to it, the Committee may assume responsibility for reasonable expenses incurred by witnesses or other sources of information to meet with the Committee.
38. PEMSEA Personnel shall respect the confidentiality of proceedings.

H. FINDINGS

39. If the Committee does not find sufficient information during the investigation to substantiate the complaint, it will document such findings, close the investigation and notify the relevant parties as appropriate.

40. If the Committee finds sufficient information to substantiate the complaint, it will document its investigative findings and refer them to the Executive Director.

41. Where the Committee’s findings indicate that a complaint was knowingly false, the Committee shall, where appropriate, refer the matter to the Executive Director for further action.

42. Where the Committee’s findings indicate that there was a failure to comply with an obligation existing under the investigative process by a witness or subject, the Committee may refer the matter to the Executive Director.

I. APPEAL

43. A staff member who has been found guilty of ethical misconduct and subjected to disciplinary measures shall have the right to appeal the decision to the Executive Committee within 30 days of being informed of the decision by submitting a notice of appeal in writing to the Executive Director.

44. The Executive Director shall immediately bring the notice of appeal and all the records of the case to the notice of the members of the Executive Committee. The Executive Committee shall convene and review the records and decide whether the appeal has merit on a date that may be earlier but not later than its next scheduled meeting.

45. The Executive Committee may decide to dismiss the appeal outright as without merit based on the records, or to give due course to the appeal.

46. If the Executive Committee decides to give due course to the appeal, it may call the staff member making the appeal, and any person deemed appropriate, to conduct further investigations.

47. The Executive Committee shall inform the staff member of its decision in writing within one year of the appeal having been brought.
J. ADMINISTRATIVE LEAVE PENDING INVESTIGATION AND THE DISCIPLINARY PROCESS

48. A staff member may be placed on administrative leave, subject to conditions specified by the Executive Director, at any time pending an investigation until the completion of the disciplinary process.

49. A staff member placed on administrative leave pursuant to paragraph (a) above shall be given a written statement of the reason(s) for such leave and its probable duration, which, so far as practicable, should not exceed three months.

50. Administrative leave shall be with full pay unless, in exceptional circumstances, the Executive Director decides that administrative leave without pay is warranted.

51. Placement on administrative leave shall be without prejudice to the rights of the staff member and shall not constitute a disciplinary measure. If administrative leave is without pay and either the allegations of ethical misconduct are subsequently not sustained or it is subsequently found that the conduct at issue does not warrant dismissal, any pay withheld shall be restored without delay.

K. PROTECTION AGAINST RETALIATION

52. The Executive Director guarantees that no retaliatory action shall be taken against a staff member because he or she made a report of ethical misconduct in accordance with these Rules. Staff members who reasonably believe that they have been victims of any such retaliation should inform the Executive Director or the Council Chair, as appropriate, who will ensure that the matter is dealt with properly and in accordance with the spirit of this Code.

53. For purposes of these Rules, “retaliation” means any direct or indirect action that might be recommended, threatened or taken by any superior to the detriment of an employee who so engaged in reporting ethical misconduct.

54. Retaliation against individuals who report ethical misconduct (or otherwise cooperate with investigations or other inquiries) itself constitutes ethical misconduct under the Code, as it violates the fundamental obligation of all staff members to uphold the highest standards of integrity and transparency in the best interests of PEMSEA.

55. Retaliation may include, without limitation, the following actions taken without legitimate reason or justification against an employee who made an ethical misconduct report:
   a. Adverse change in employment status, terms or conditions;
   b. Denial of adequate resources to perform duties in accordance with job description;
c. Frequent and undesirable office changes;
d. Failure to assign meaningful work in accordance with job description;
e. Letters of reprimand;
f. Unsatisfactory performance evaluations;
g. Demotion;
h. undesirable transfer or reassignment;
i. denial of promotion; and
j. endorsing or otherwise condoning hostile conduct by another staff member.

L. EFFECTIVITY

These Rules have first taken effect at the same time as the Code of Ethics. Section D.14 has been subsequently updated during the Intergovernmental Session of the 13th PC Meeting held on 29 July 2021.

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ANNEX 11

REVISED TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE
(Approved by 11th EC)

Terms of Reference of the
Executive Committee

1. The Executive Committee

The Executive Committee (EC) is a body of the EAS Partnership Council tasked to ensure that the decisions and recommendations of the EAS Partnership Council are implemented.

2. Composition

2.1 The Members of the Executive Committee are elected by the EAS Partnership Council to a three-year term and shall serve as the officers of the EAS Partnership Council.

2.2 The members of the Executive Committee are:
   a. Council Chair
   b. Intergovernmental Session Chair
   c. Technical Session Chair
   d. PRF Executive Director

   The PEMSEA Resource Facility (PRF) Executive Director is a member of the Executive Committee and serves as Secretary to the EC. The Council Chair serves as Chair of the Executive Committee. The immediate past PRF Executive Director will sit ex-officio in all Executive Committee Meetings.

3. Frequency of Meetings

The EC will meet at least twice during the intersessional period, subject to the budget as may be approved by the EAS Partnership Council. Special meetings of the EC will be organized upon the request of any Officers of the EC, with the consent of the Council Chair, subject to budget availability.

4. Mode of Conduct of Executive Committee Business
The Executive Committee may conduct EC business through correspondence, telephone conference or video conference. For the transaction of EC business, at least two elected Chairs of the Council must participate.

5. **Functions and Powers of Executive Committee**

5.1 **The Executive Committee will perform the following functions:**

a. To oversee the implementation of the decisions, resolutions and recommendations of the EAS Partnership Council during intersessional periods;

b. To provide guidance to the PRF and advice to the EAS Partnership Council regarding the implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA);

c. To facilitate decision making by the EAS Partnership Council on policy issues related to the operation and sustainability of the PEMSEA regional mechanism;

d. To review and evaluate applications of stakeholders for inclusion as partners of PEMSEA and to recommend their application for the consideration of the EAS Partnership Council;

e. To conduct and coordinate the nomination and election process for the Council Chair, Intergovernmental Session Chair and Technical Session Chair;

f. To review, approve and support fund raising activities of the PRF and develop policies and operational guidelines on the management, allocation and utilization of resources in the PEMSEA Partnership Fund;

g. To recommend to the EAS Partnership Council, as appropriate, policies, programs and partnership arrangements to promote regional cooperation in the governance of the Seas of East Asia.

h. To invite resource persons (i.e., partners, agencies, experts, institutions, individuals) to the EC Meetings as and when required, subject to available budget;

i. To represent the EAS Partnership Council on the appointment of the PRF Executive Director.

5.2 **The Secretary shall perform the following functions:**

a. Organize EC meetings, give all notices required and document the proceedings;
b. Have custody of the register of partners, all documents pertaining to partnerships, and all correspondence files of the EC;

c. Perform duties and work as the EC may, from time to time, require or assign.

6. Executive Committee Interactions

To support the Executive Committee with the discharge of its functions, and within the limits of available human and financial resources:

a. The PRF Executive Director will ensure the availability of necessary technical support, as well as access to pertinent information, within the PRF;

b. The Chair of the EAS Partnership Council will call upon Officers of the Executive Committee to represent PEMSEA in key functions or activities at a regional or global level, as and when appropriate;

c. The appointment of the PRF Executive Director by the Executing Agency will be undertaken in consultation with the Executive Committee, on behalf of the Council;

d. The performance of the PRF Executive Director will be evaluated by the Executive Committee on behalf of the Council, on an annual basis;

e. The PRF Executive Director will keep the Executive Committee informed of the major activities and decisions undertaken by the PRF through periodic reports/updates.

7. Standards of Ethical Conduct

Members of the Executive Committee shall carry out their responsibilities, as described above and in the PEMSEA Rules of Governance, to the best of their ability and judgment, shall maintain the highest standards of integrity in their personal and professional conduct, and be loyal to the purposes, values and principles of PEMSEA.
ANNEX 12

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(Approved by 11th EC)

AUDIT COMMITTEE
TERMS OF REFERENCE
(Revised)

I. PURPOSE

The Audit Committee is established to provide the EAS Partnership Council, Executive Committee and the Executive Director with external, objective, senior-level advice and oversight regarding PEMSEA’s strategies, business objectives and audit functions. The terms of reference stated herein may be modified from time to time as necessary. The primary purpose of the Committee is advisory in nature.

II. MEMBERSHIP

2.1 The Committee shall consist of at least three (3) members. All members are expected to attend Committee meetings on a regular basis.

2.2 The Audit Committee shall be comprised of any of the members of the Executive Committee except the Executive Director, representatives of the PEMSEA Partners, or qualified persons external to PEMSEA. At least one-third of the Committee membership should have the requisite knowledge of accountancy, financial analysis and financial reporting. At least one member should have a good understanding of the business side of PEMSEA, and at least one member should have significant and relevant experience working within the UN System.

2.3 The members of the Executive Council shall receive nominations for membership in the Audit Committee and recommend the appointment from among the nominees to the EAS Partnership Council.

2.4 The EAS Partnership Council shall appoint the Audit Committee members to a term of three years from among the nominees.

2.5 The Audit Committee members shall elect a Chair from among themselves.
2.6 The Audit Committee may request the Executive Director to assign a secretary to the Audit Committee. The secretary will record, but not participate in, the deliberations of the Audit Committee.

2.7 The appointees shall be required to sign a declaration under oath that they do not have any conflict of interest between their positions as members of the Audit Committee and their other affairs, and shall maintain this condition until the end of their respective terms.

2.8 The Committee members shall be reimbursed for expenses according to standard travel rules and regulations, including policies on airfare and DSA.

AUDIT COMMITTEE MEETINGS

3.1 The Audit Committee shall meet at least twice a year (date of meeting). The Chairperson of the Committee or any two members of the Committee may request additional meetings if they consider them to be necessary, especially if there are event-driven situations, including the need to investigate the emergence of serious issues.

3.2 The Committee may require, by invitation, members of the PEMSEA management team, including the Executive Director, Project Managers, Internal Auditor, Finance Specialist, Senior Administrative Staff or any other manager, and any PEMSEA staff member to attend a Committee meeting.

3.3 The Secretary to the Committee will record the minutes of the Committee meetings, and shall provide copies of the same to the members of the Executive Committee after each meeting.

3.4 A quorum is not necessary for a meeting to take place; however, the spirit of the Committee’s purpose is to encourage group discussions, and therefore the Committee shall endeavor to ensure maximum attendance at its meetings.

3.5 The Committee may delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full committee at its next scheduled meeting.
DUTIES AND FUNCTIONS OF THE AUDIT COMMITTEE

Internal and External Auditors

The Audit Committee shall:

4.1.1 Review the annual internal audit work plan.
4.1.2 Review all financial and audit reports.
4.1.3 Oversee hiring, performance and independence of the external auditors.
4.1.4 Pre-approve all auditing and permitted non-audit services to be performed by the external auditors.
4.1.5 Provide a direct channel of communication between the external and internal auditors and the Executive Committee.
4.1.6 Resolve any disagreements between management and the auditors regarding financial reporting.
4.1.7 Ensure that all audit working papers are maintained for seven (7) years or as required by donor agencies.

4.2 Internal Controls

The Audit Committee shall:

4.2.1 Consider the effectiveness of PEMSEA’s internal control system, including information technology security and control, and certify that such internal controls are adequate and effective.
4.2.2 Regularly review and monitor the policies and procedures within the PEMSEA organization relating to financial management.
4.2.3 Identify any significant weaknesses and failures of checks and balances, and determine the effectiveness of remedial action when any has been taken to address any issues.
4.2.4 Whenever weaknesses and failures have been identified, recommend remedial measures and/or alternative procedures to address them.
4.2.5 Initiate special investigations in cases where they determine accounting practices are problematic or suspect, or where problems exist with personnel.

Review and advise regarding best practices for dealing with complaints received regarding accounting, internal control or auditing matters and the confidential submission by employees of concerns regarding questionable accounting
and auditing matters (whistle blowing procedures), and ensure that all arrangements are in place for the appropriate and independent investigation and follow up.

4.2.6 Review the Code of Ethics, including the conflict of interest policy, for the Executive Council and the staff from time to time as appropriate, and advise regarding industry best practices.

4.3 Risk Management

4.3.1 Review the standards of risk management and internal control including the processes and procedures for ensuring that material business risks, including risks related to security, fraud and related matters’ are properly identified and managed.

4.3.2 Review the policies and practices used by PEMSEA to identify, prioritize, and respond to the risks that threaten the achievement of PEMSEA’s goals, or opportunities that would facilitate the achievement of the said goals.

4.3.3 Ensure that the personnel performing risk-prone activities or providing risk-prone services/products have the professional competence to do so, and that they are provided with the requisite training and resources.

4.3.4 Seek regular updates on significant litigation and financial commitments and potential liability issues.

4.4 Financial Reporting

The Audit Committee shall ensure that:

4.4.1 An annual audited financial report is submitted to the EAS Partnership Council and the Executive Committee and its donor agencies on its activities and findings.

4.4.2 Audited Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and/or International Public Sector Accounting Standards (IPSAS)

4.4.3 Audit findings and observations include internal accounting controls, administration and management of project activities and management of the organization.
4.5  Others

The Audit Committee shall:

4.5.1 Review any other matter referred by the management including overall financial sustainability as a going concern and general financial strength of PEMSEA.

4.5.2 Advise the Office of the Executive Director of business process improvements; including comments on financial best practices and sound business processes.

4.5.3 Review reports, if any, produced by the Executive Director, which highlight the primary recommendations made by the Committee throughout the year.

ACCESS TO INFORMATION AND RESOURCES

5.1 The Audit Committee shall maintain communication with the Financial Officer and Internal Auditor.

5.2 The Audit Committee may seek any information it requires from management and staff or external parties. Management and staff shall cooperate with the committee’s requests for information.

5.3 Management and the external auditor shall fully inform the Audit Committee about any financial irregularity, regulatory investigations, potential liabilities and risks and any other sensitive information that requires disclosure.

5.4 At the discretion of the Executive Committee, the Executive Director may allocate resources for the Audit Committee to assist in the performance of its tasks, including acquiring services of independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.