



PEMSEA EC Meeting Report 11

PROCEEDINGS OF THE ELEVENTH EXECUTIVE COMMITTEE MEETING

**Hubei Hotel
Beijing, PR China**

27 – 28 October 2012



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EXECUTIVE SUMMARY

The 11th Executive Committee Meeting was held at the Hubei Hotel, Beijing, China on 27 and 28 October 2012. The State Oceanic Administration (SOA) of China hosted the meeting. The Meeting was attended by Dr. Chua Thia-Eng, Council Chair; Dr. Li Haiqing, Intergovernmental Session Chair; Mr. Hiroshi Terashima, Technical Session Chair; Ambassador Mary Seet-Cheng, Council Co-Chair; Prof. Chul-Hwan Koh, Technical Session Co-Chair; the four-member team of the PEMSEA Resource Facility headed by Mr. Stephen Adrian Ross, PRF Acting Executive Director; and observers from the Ocean Policy Research Foundation of Japan, the Japan Institution for Transport Policy Studies, and officials from SOA China.

The 11th Executive Committee meeting delved on critical issues pertaining to: PEMSEA's transformation into a sustainable operating mechanism; strengthening the leadership and ownership of PEMSEA; and ensuring PEMSEA's continuity. In general, the Meeting underscored that PEMSEA's sustainability depends highly on the continued strengthening of the partnership and ownership of PEMSEA by the Countries who are the major stakeholders in the region, as well as by the Non-Country Partners, collaborators, and donors/sponsors that play a crucial role in meeting the objectives of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).

The Meeting reached significant conclusions and recommendations that will guide the completion of PEMSEA's major targets up to 2013 or prior to the start up of PEMSEA's new phase in 2014. In particular, the meeting recommended the following:

- a. Adoption of the PRF Procurement Guidelines, Code of Ethics for PEMSEA Personnel, and Rules on Reporting and Investigation of Violations of the Code of Ethics with amendments as part of the PEMSEA Governance document;
- b. Revision of the Terms of Reference of the Executive Committee to include provisions on ethical conduct, and Terms of Reference of the Executive Director pertaining to qualifications and skills required;
- c. Adoption of guidelines and road map that will facilitate the process of achieving PEMSEA's recognition as a UNDP Implementing Partner;
- d. In coordination with the Department of Environment and Natural Resources of the Philippines follow up and secure the remaining Certificates of Concurrence on the Headquarters Agreement from relevant agencies in the Philippines prior to submission of the Agreement to the Office of the President and the Philippine Senate for ratification;
- e. Pursue the completion and finalization of the new projects with GEF, UNDP, World Bank and the ASEAN Center for Biodiversity in support of the scaling up of the implementation of the SDS-SEA in the next 3 to 5 years;
- f. Conduct further consultations and strengthen the engagement with the Country and Non-Country Partners of PEMSEA regarding the transformation process and requirements of PEMSEA;
- g. Expand PEMSEA's collaboration and linkage with other bilateral, multilateral and regional organizations and programmes in the region related to coastal and ocean governance and development;
- h. Pursue the discussion with Vietnam as possible host country for the East Asian Seas Congress 2015; and
- i. Adoption of the initial work plan and budget for 2013.

PROCEEDINGS OF THE ELEVENTH EXECUTIVE COMMITTEE MEETING

Beijing, PR China, 27-28 October 2012

A. INTRODUCTION

- i. The Eleventh Executive Committee Meeting was held at the Hubei Hotel, Beijing, PR China on 27 to 28 October 2012. The Meeting was hosted by the State Oceanic Administration (SOA) of China.
- ii. The Meeting was attended by the EAS Partnership Council Chair, Dr. Chua Thia-Eng; Intergovernmental Session Chair, Dr. Li Haiqing, Technical Session Chair, Mr. Hiroshi Terashima; Council Co-Chair Ambassador Mary Seet-Cheng; and Technical Session Co-Chair Prof. Chul-Hwan Koh.
- iii. Representatives from the State Oceanic Administration of China, the Japan Institution for Transport Policy Studies, and the Ocean Policy Research Foundation (OPRF) of Japan participated as observers. The PEMSEA Resource Facility (PRF) served as the Secretariat for the meeting.
- iv. The agenda for the meeting is attached as **Annex 1**. A full list of participants is attached as **Annex 2**.

B. OPENING OF THE MEETING

- i. On behalf of the Executive Committee, Dr. Chua Thia-Eng, Council Chair, welcomed the members of the Executive Committee and the observers to the Meeting. Dr. Chua expressed his appreciation to the State Oceanic Administration of China for hosting the meeting and for their warm hospitality.
- ii. Dr. Chua underscored the importance of the meeting as it will delve into key issues pertaining to PEMSEA's transformation, continuity, sustainability and future leadership. The complexity of PEMSEA's composition, structure and operational procedure present a number of challenges, but Dr. Chua expressed confidence that the strong partnership established by PEMSEA will continue to prosper.
- iii. Dr. Chua further emphasized that the mechanisms established by PEMSEA to ensure continuity in its leadership provide a good foundation for PEMSEA's future. In view of the forthcoming changes in the leadership of the Executive Committee and as part of the efforts to ensure a smooth transition, Dr. Chua requested Ambassador Mary Seet-Cheng to preside over the meeting.
- iv. Amb. Seet-Cheng welcomed the Executive Committee members and participants to the meeting. Amb. Seet-Cheng shared Dr. Chua's views that PEMSEA is at a critical stage of transformation and emphasized the importance of reconstructing

PEMSEA into a more responsive organization for the benefit of the East Asian Seas region.

- v. On behalf of the PEMSEA Resource Facility, Mr. Stephen Adrian Ross, Acting Executive Director, welcomed the members of the Executive Committee (EC) and the observers to the meeting. Mr. Ross expressed his gratitude to SOA for hosting the meeting. Mr. Ross proceeded to brief the meeting on the key items for discussion.

1.0 STATUS REPORT ON RECOMMENDATIONS OF THE 10TH EC MEETING AND DECISIONS OF THE SPECIAL MEETING OF THE EAS PARTNERSHIP COUNCIL (EC/12/DOC/03)

Discussion Highlights:

- 1.1 The Meeting noted that five out of ten recommendations and decisions of the 10th Executive Committee Meeting and Special Meeting of the EAS Partnership Council have been completed, while the other five are being carried out and will be discussed under specific agenda items of the 11th Executive Committee Meeting.
- 1.2 The Meeting noted the following major achievements and progress undertaken in 2012:
- Signing of the Headquarters Agreement between PEMSEA and the Department of Foreign Affairs of the Philippines.
 - Adoption of the Changwon Declaration toward an Ocean-based Blue Economy: Moving Ahead with the SDS-SEA by ten Partner Countries during the Fourth Ministerial Forum.
 - Successful conduct of the East Asian Seas Congress 2012.
 - Conduct of the Terminal Evaluation of the GEF/UNDP Project on Implementation of the SDS-SEA.
- 1.3 Some of the remaining challenges include:
- The pending endorsement of the Project Framework Document by Thailand to UNDP; and
 - Documentation concerning the contract extension of Prof. Raphael Lotilla from May 12 to June 31, 2012, and the confirmation of the appointment of Mr. S. Adrian Ross as Acting Regional Programme Director for the GEF/UNDP Project on Implementation of the SDS-SEA commencing 1 August 2012 have not been issued by UNOPS.

Conclusion:

- 1.4 The Executive Committee concluded that all documentation should be provided by UNOPS in order to avoid any legal and administrative issues that may be raised as a consequence of the turnover of responsibilities.

- 1.5 Conclusions pertaining to other action items are incorporated under relevant agenda items of the 11th Executive Committee meeting.

Recommendation:

- 1.6 The Executive Committee recommended that the PRF follow up with UNOPS on the required documentation.

2.0 TRANSFORMING PEMSEA INTO A SUSTAINABLE OPERATING MECHANISM (EC/12/DOC/05)

Host Country Agreement

Discussion Highlights:

- 2.1 Following the signing of the Agreement between the Government of the Philippines and PEMSEA Establishing the PEMSEA Resource Facility Center, the PRF in coordination with the Philippine Department of Environment and Natural Resources (DENR) initiated the securing of the Certificates of Concurrence (COCs) from nine Philippine agencies. Thus far, three COCs have been received from DENR, Bureau of Customs (BOC) and *Bangko Sentral ng Pilipinas* (BSP).
- 2.2 The COCs are crucial pre-requisites for the submission of the Agreement to the Office of the President of the Philippines for concurrence and thereafter to the Philippine Senate for ratification.
- 2.3 The delays in securing of COCs from all relevant agencies as well as the national elections in the Philippines scheduled in the first quarter of 2013 may have serious implications in completing the approval process of the Headquarters Agreement.

Conclusion:

- 2.4 The Executive Committee concluded that it is crucial for the PRF to coordinate closely with the DENR and engage key experts that may assist in order to facilitate the completion of the COC process by end of 2012.

Recommendations:

The Executive Committee recommended that:

- 2.5 The PRF coordinate closely with DENR to follow up and secure the six remaining COCs from relevant Philippine agencies and submit the Agreement to the Office of the President by the end of 2012.

- 2.6 The PRF identify and engage key experts and eminent persons in the Philippines, including the Working Group members involved in the drafting of the Headquarters Agreement and former PRF Executive Director Prof. Raphael Lotilla, to assist in facilitating the COC process.

Annexes to PEMSEA Rules of Governance

- 2.7 In line with the completion of the PEMSEA Rules of Governance and the need to conform with international fiduciary standards, the PRF developed the remaining Annexes on the PEMSEA Procurement Guidelines, Code of Ethics for Personnel of PEMSEA, and Rules for Reporting and Investigation of Violations of the Code of Ethics for PEMSEA Personnel.

PEMSEA Resource Facility Procurement Guidelines

Discussion Highlights:

- 2.8 The PRF Procurement Guidelines was developed based on the UNDP and UNOPS manuals on procurement and builds on internationally recognized principles of procurement. However, in order to make the document useful to PEMSEA, key elements and uniqueness of PEMSEA operations and interests need to be considered and reflected.

Conclusions:

The Executive Committee concluded that:

- 2.9 The PRF Procurement Guidelines have included basic principles of procurement that are universally accepted. The PRF's procurement process should conform to recognized international standards, while, at the same time, meeting PEMSEA's objectives of building intellectual capital, skills and experience at the national and local levels among PEMSEA Country Partners.
- 2.10 In line with the transformation of PEMSEA, the Procurement Guidelines should also be flexible enough to facilitate better PRF operations in procurement of goods and services and give room for further amendments as the need arises.

Recommendations:

The Executive Committee recommended that:

- 2.11 The adoption of the PRF Procurement Guidelines, with the section entitled, "Interest of PEMSEA," revised to clearly reflect the objectives of PEMSEA with regard to capacity development and working in partnership with national and local governments. The revised PRF Procurement Guidelines may be found in **Annex 3**.
- 2.12 The PRF update the in-house PRF Procurement Manual on procurement procedures to conform with the PRF Procurement Guidelines and recognized

international standards while also considering PEMSEA's unique procurement requirements.

Code of Ethics for PEMSEA Personnel, and Rules on Reporting and Investigation of Violations of the Code of Ethics for PEMSEA Personnel

Discussion Highlights:

2.13 The draft Code of Ethics for PEMSEA Personnel, and Rules on Reporting and Investigation of Violations of the Code of Ethics for PEMSEA Personnel, were developed based on the requirements of the PEMSEA Rules of Governance. In the course of drafting the same, the following related documents were examined, including:

- Existing PEMSEA Operational Guidelines and Procedures (2003);
- UN Staff Rules;
- UNOPS Investigation Framework;
- Conference of International Investigators Uniform Principles and Guidelines for Investigations;
- ADB Code of Conduct; and
- IUCN Documents including the IUCN Statutes, Code of Conduct for IUCN Councilors, Code of Conduct and Professional Ethics, and Operational Guidelines for Private Sector Engagement

2.14 It was emphasized that the Code included only ethical behavior and did not include performance standards and other office rules.

2.15 In response to the question of the EC at the preceding meeting on whether the Code of Ethics should include the members of the EAS Partnership Council, the members of the EC and the Executive Director, the following clarifications were provided:

- The Partnership Council is composed firstly of countries who cannot be subjected to a Code of Ethics;
- The other Partners and collaborators of PEMSEA are various types of organizations, who also cannot be the subject of a Code of Ethics. The code may be made to apply to the representatives of both Country and Non-Country Partners, but the question of practicality may be raised as representatives are not permanent, rather are named only for each meeting.
- With regard to a special Code of Ethics for members of the EC, it was emphasized that the special codes for members of the bodies of ADB, IUCN, and the UN which are the equivalent of the EC for PEMSEA are needed in those organizations due to their nature. The nature of PEMSEA does not call for the same. The EC therefore does not need a special Code of Ethics, but instead were incorporated into the draft Code with special adjustments for applicability.

2.16 The Rules on Reporting and investigation are based on the following principles:

- Everyone has an obligation to report ethical misconduct;
- As many channels as possible for reporting are allowed;

- Reports have to be responsibly made;
- Reports must be factual and not speculative, conclusive or judgmental and must provide all the information of which the staff member reporting has knowledge;
- Malicious (“willfully false”) reporting may also amount to misconduct;
- The alleged perpetrator has the right to be informed and to respond;
- Retaliation for reports made in good faith, even if no unethical behavior was found, will not be tolerated.

Conclusions:

The Executive Committee concluded that:

- 2.17 The EC members are not PEMSEA personnel, nor are they fulltime in this capacity. The EC found it appropriate for its members to have provisions in their Terms of Reference referring to ethical conduct, but not to be subject to the Code of Ethics.
- 2.18 Since the PRF is based in the Philippines and is pursuing the ratification of the Headquarters Agreement, it would be best to ensure that the Code of Ethics and Rules of Investigation are not in violation of the Philippine labor laws.
- 2.19 Other personnel to whom the Code of Ethics and Rules should apply in PEMSEA are the interns, consultants, members of task forces, etc., all of whom either work in the PRF office or are sent by PEMSEA to project sites. The EC agreed that the Code of Ethics should apply to these people, but not to organizations that PEMSEA has cooperative arrangements and are expected to have their own Code of Ethics, such as the Regional Centers of Excellence.
- 2.20 With regard to interns and other persons who are employees of other organizations but performing PEMSEA tasks under a cooperative arrangement between PEMSEA and their organization, disciplinary measures may not apply to them due to a violation of the Code. But the cooperative arrangement may be terminated. However, the meeting agreed that it is important that an investigation be conducted for a clear finding (positive or negative) on a violation of the Code, as PEMSEA’s liability for the ethical misconduct of such persons may be different from its liability for their non-performance of duties, although both may result in termination.

Recommendations:

The Executive Committee recommended:

- 2.21 The adoption of the Code of Ethics for PEMSEA Personnel, and the Rules on Reporting and Investigation of Violations of the Code of Ethics for PEMSEA Personnel, as amended, as **Annexes 9 and 10** respectively of the PEMSEA Rules of Governance. The revised Code of Ethics and Rules of Reporting and Investigation are found in **Annexes 4 and 5**;

- 2.22 The Code of Ethics, as adopted, be attached to all contracts issued by the PRF to individual consultants, experts, RTF/NTF members, interns and fellows;
- 2.23 The PRF review the Philippine labor laws to ensure that there will be no conflict with the Code of Ethics and Rules on Reporting and Investigation; and
- 2.24 The PRF update the Terms of Reference of the Executive Committee to include provisions referring to ethical conduct. The revised Terms of Reference of the Executive Committee is found in **Annex 6**.

Audit Committee Terms of Reference

- 2.25 In line with the efforts to comply with the fiduciary requirements for international organizations, the draft Terms of Reference for the Audit Committee was presented.
- 2.26 The Audit Committee will be an operating committee of the Executive Committee in charge of overseeing financial reporting and disclosure. Its key functions will include:
 - Ensuring that checks and balances in the organization are effective;
 - Overseeing internal and external audits;
 - Overseeing risk management;
 - Ensuring compliance with financial reporting requirements; and
 - Related functions, such as ensuring that the application of best practices are applied and reviewing of reports.

Discussion Highlights:

- 2.27 It was emphasized that the normal requirements for membership of an Audit Committee are for at least one financial expert, and that none should be in the managing team of the organization. Under the draft TOR, 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. During discussion, it was clarified that only one-third, rather than two-thirds as stated in the draft, of the members needs to have the requisite knowledge of accountancy, financial analysis and financial reporting.
- 2.28 Executive Committee members and representatives of PEMSEA Partners may be appointed as members.
- 2.29 It was also clarified that members of the Audit Committee will not receive compensation. Only direct costs will be shouldered by PEMSEA.
- 2.30 A concern was raised on whether enough people with the requisite qualifications could be found who would be willing to become such members. Possible examples were given, such as a representative from UNDP Manila, from the Philippines' focal point or focal agency, etc.

Conclusions:

- 2.31 The draft Terms of Reference for the Audit Committee appear to conform to international practice and apply the needs of PEMSEA, and therefore may be adopted.

Recommendation:

- 2.32 The Executive Committee recommended the approval of the Draft Terms of Reference of the Audit Committee as amended. The revised Terms of Reference of the Audit Committee is found in **Annex 7**.

Re-Engineering of the PRF

Discussion Highlights:

- 2.33 PEMSEA has made significant progress over the past five years and in general is on-track in the context of the 10-Year Transformation Plan. However there remain key challenges that need to be completed by the end of 2013, including:
- Operationalization of the PRF Core Group;
 - Adoption of National SDS-SEA Implementation Plans and mainstreaming into investment plans and budgets;
 - Confirmation of the GEF support for the next phase of PEMSEA (2014-2018);
 - Recognition of PEMSEA as a UNDP Implementing Partner; and
 - Development of non-GEF sources of funding.
- 2.34 In line with the operationalization of the PRF Core Group, the PRF Re-Engineering Plan assessed that about US\$700,00 will be needed in order to support the PRF Core Group operations. At present, the in-kind and in-cash voluntary contributions amount to a little less than US\$450,000 per annum, thus leaving a budgetary shortfall of about US\$250,000 per annum.
- 2.35 The challenge of the GEF to PEMSEA is to demonstrate ownership from the countries of the region by sustaining the PRF Core Group and in order to qualify for GEF support for the next phase of PEMSEA. GEF support for the next phase is estimated to be US\$10 million, to help support key projects and contribute in facilitating the full transformation of PEMSEA into a self-sustaining coordinating mechanism for the implementation of the SDS-SEA.
- 2.36 The Meeting noted, with appreciation, the initial feedback from the State Oceanic Administration from China regarding their agreement in principle to increase China's voluntary contribution in support of PEMSEA 's transformation and Core Group operations and willingness to transmit the same directly to the PEMSEA Partnership Fund.
- 2.37 While the PRF Re-Engineering Plan and PEMSEA Sustainable Financing Plan have been adopted by the EAS Partnership Council and the Executive Committee, the meeting emphasized that PEMSEA Country Partners need more

information and an explanation of the details and value of the transformation plans to the region.

Conclusions:

The Executive Committee concluded that:

- 2.38 While funding contribution is crucial to help PEMSEA undertake at least the basic requirements of the region, the long-term sustainability of PEMSEA does not depend solely on provision of contributions but depends most importantly on the commitment and establishment of ownership by the countries as the main stakeholders in the region.
- 2.39 While the US\$700,000 budget estimate would support the basic operations of the core group, it would not provide room for development of new opportunities. A targeted budget in the range of US\$700,000 to US\$1 million would facilitate increased flexibility in the PRF Core Group operation to proactively develop and strengthen the PEMSEA program.
- 2.40 It is important for the PRF to give the countries a clear vision beyond 2018 or beyond the phase of GEF support and to discuss the value of the transformation plans in reaching that vision, so as to secure stronger buy-in and commitment to PEMSEA operations and programs.
- 2.41 Tapping other donors such as the business and industry sectors may be a good source of funding in the future, particularly in setting up a PEMSEA endowment fund.

Recommendations:

The Executive Committee recommended that:

- 2.42 The PRF develop a brief information document for dissemination to Country Partners to facilitate better understanding and appreciation of the PEMSEA Transformation Plans and the targeted benefits;
- 2.43 The PRF coordinate with countries and arrange for High Level Meetings to be headed by the Executive Committee to conduct consultations on the PEMSEA transformation, and the establishment, budgetary requirements and support for the PRF Core Group operations; and
- 2.44 The PRF coordinate and follow up with SOA China regarding confirmation of their increased support to the PEMSEA Core Group operations and the transmittal of the same to the PEMSEA Partnership Fund in the coming years.

Achieving Recognition as an Implementing Partner of UNDP

Discussion Highlights:

- 2.45 The PRF is undertaking measures to achieve international fiduciary standards and becoming an Implementing Partner of UNDP. As a UNDP implementing Partner, PEMSEA would be eligible to serve as the executing agency for the next phase of GEF funding, and PEMSEA would be able to use the administrative overhead charges (about 8 percent) to cover in-house project management costs and support staff for SDS-SEA implementation.
- 2.46 In order to achieve recognition of conformance with international fiduciary standards, an external audit should be undertaken. In line with this, the PRF has initiated an in-house review of PEMSEA's internal control systems, developed a road map for strengthening PEMSEA's internal control systems, issued requests for proposals from Manila-based auditing/accounting firms, and applied UNDP's criteria and checklist in the conduct of the internal review.
- 2.47 The target is to complete the external audit in the first quarter of 2013 and UNDP recognition audit in the second quarter of 2013 in order to confirm PEMSEA's recognition as an Implementing Partner of UNDP by mid-2013, in time for the submission of the GEF Project Document for the next phase of PEMSEA.
- 2.48 The in-house review highlighted the need to close all dormant project bank accounts and to set up a Project Revolving Fund amounting to US\$50,000 to overcome existing accounting concerns associated with delayed payments, milestone payments and administrative costs associated with projects undertaken by the PRF.
- 2.49 The meeting noted that four firms responded to the PRF's request for proposals for the conduct of external audit of PEMSEA. The ceiling cost for the external audit was estimated at US\$15,000 and may be sourced from the PEMSEA Partnership Fund.

Conclusions:

The Executive Committee concluded that:

- 2.50 In addition to complying with the UNDP checklist and criteria on becoming an Implementing Partner, it is important to verify with international fiduciary standards if there are certain number of years required to establish a track record in fund management.
- 2.51 Securing the recognition of PEMSEA as an Implementing Partner of UNDP is crucial as it will help fund PEMSEA's program support and project management costs.

Recommendations:

The Executive Committee recommended:

- 2.52 The adoption of the proposed Road Map to Strengthen PEMSEA's Internal Control Systems and pursue the recognition of PEMSEA as an Implementing Partner of UNDP by 2013;
- 2.53 The adoption of the PRF Project Revolving Fund Implementing Guidelines and setting up of the revolving fund in the amount of US\$50,000 from the PEMSEA Partnership Fund;
- 2.54 The PRF submit for EC approval, a list of all dormant project bank accounts that will be closed; and
- 2.55 The PRF negotiate a contract with a reputable international accounting firm with an initial price ceiling of US\$15,000 for the conduct of the external audit.

3.0 STRENGTHENING PEMSEA'S LEADERSHIP AND OWNERSHIP (EC/12/DOC/06)

Discussion Highlights:

- 3.1 In accordance with the directive of the 3rd EAS Partnership Council Meeting, the PRF presented the proposed amendments pertaining to the nationality qualification of the Executive Director under the PEMSEA Governance Annex 4 on Rules on the Conduct and Appointment of the Executive Director.
- 3.2 There is a need to update the qualifications and skills requirement section for the Executive Director post in the Terms of Reference under the PRF Re-Engineering Plan to ensure consistency with the Rules on the Appointment of the Executive Director.
- 3.3 The timing in conducting the hiring of the Executive Director in 2013 needs to be reconsidered in consultation with UNDP and the countries. In particular, the recruitment of a new Executive Director, who will be hired under UNDP contract is most likely to be completed in mid-2013, only few months before the full implementation and application of the PRF Re-Engineering Plan and PRF Core Group, scheduled for January 2014. This transformation will require changes in the contract of the new ED.
- 3.4 In line with the sustainability of PEMSEA Core Group operations and support to the Executive Director post, it is important for the countries to have clear understanding of the staffing and funding requirements and processes for the PRF Core Group.

Conclusion:

The Executive Committee concluded that:

- 3.5 It is important to consult with UNDP on the hiring process for the Executive Director's post and the possible transfer of any savings from the Cost-Sharing Agreements with contributing countries to the PEMSEA Partnership Fund;
- 3.6 It is critical that countries have a better understanding on the benefits and costs associated with a country-supported PRF Core Group, including the Executive Director of the PRF, before beginning the hiring process.

Recommendations:

The Executive Committee recommended:

- 3.7 The approval of the proposed amendments to the PEMSEA Governance Rules on Appointment of the Executive Director pertaining to the provisions on the nationality of the Executive Director as directed by the 3rd EAS Partnership Council Meeting, as attached in **Annex 8**;
- 3.8 The revision of the Qualification and Skills requirement under the Terms of Reference and the Rules on Appointment of the Executive Director, for consistency, as attached in **Annex 9**;
- 3.9 Deferment of the hiring of the PRF Executive Director until after discussions/feedback from countries on voluntary support for the PRF Core Group;
- 3.10 PRF consult and clarify with UNDP the process for hiring the new Executive Director and the use of savings from the Cost-Sharing Agreements with the donor countries; and
- 3.11 The PRF, with the support of the Executive Committee, include in the consultations with the countries, the possibility of transmitting any voluntary contributions in support of the PRF Core Group operation directly to the PEMSEA Partnership Fund.

4.0 ENSURING PEMSEA'S CONTINUITY (EC/12/DOC/07)

Terminal Report of the GEF/UNDP/PEMSEA Project on Implementation of the SDS-SEA and Review by the GEF Evaluation Office

Discussion Highlights:

- 4.1 The Terminal Evaluation was conducted from September to October 2012. The team was composed of Dr. David Laroche, Governance Specialist and lead evaluator, and Dr. Clive Wilkinson, Coastal and Ocean Management Specialist.

- 4.2 The draft Terminal Evaluation Report has been completed by the evaluators and submitted to UNOPS for review. However, the PRF did not receive a copy of the draft report from UNOPS for presentation to the Executive Committee Meeting.
- 4.3 The Terminal Evaluation Report is critical in order to be eligible to submit an application to GEF for the next phase of PEMSEA.
- 4.4 The Terminal Evaluation can also serve as a resource document to demonstrate PEMSEA's activities, accomplishments as well as challenges, in response to some of the issues raised by the GEF Evaluation Office (EO) report entitled "Impact Evaluation of GEF Support in the South China Sea and Adjacent Areas."
- 4.5 The Meeting noted the efforts by the PRF, the Chair of the EAS Partnership Council, the State Oceanic Administration (SOA) of China, and the Ministry of Land, Transport and Maritime Affairs (MLTM) of RO Korea to correct erroneous information and misleading statements in the GEF EO Report. However, no feedback had been received from the GEF EO concerning changes to the final evaluation report at the time of the Executive Committee meeting. The meeting noted that conclusions and recommendations from the GEF EO report will be presented to the GEF Council in November 2012.

Conclusions:

The Executive Committee concluded that:

- 4.6 It is integral for PEMSEA to secure a copy of the Terminal Evaluation Report in time for the GEF Council Meeting in November.
- 4.7 The role of the PEMSEA Country Partners is crucial in supporting PEMSEA during the GEF Council Meeting should matters concerning PEMSEA's progress and efforts in the region be raised.

Recommendations:

The Executive Committee recommended that the PRF:

- 4.8 Request UNOPS or UNDP for a copy of the Terminal Evaluation Report for circulation to the PEMSEA Country Partners in time for the GEF Council Meeting in November 2012; and
- 4.9 Develop a draft statement that will assist PEMSEA Country Partners or representatives to respond to any matters concerning PEMSEA that may be raised during GEF Council.

GEF/UNDP/PEMSEA Project: Scaling up the Implementation of the SDS-SEA

- 4.10 The Program Framework Document (PFD) on Reducing Pollution and Rebuilding Degraded Intergovernmental Agreements and Catalyzed Investments has been endorsed by 7 out of 8 GEF eligible countries. Thailand is still in the process of reviewing the PFD. The PFD will be presented to the GEF Council Meeting in November 2012.
- 4.11 The logframe of the subject is in line with the 5-year regional SDS-SEA Implementation Plan adopted by the Fourth Ministerial Forum in July 2012.

GEF/World Bank/PEMSEA Medium-sized Project (MSP): Applying Knowledge Management to Scale up Partnership Investments for Sustainable Development of Large Marine Ecosystems of East Asia and their Coasts

- 4.12 The GEF/WB Project Document was submitted to the GEF CEO through the World Bank for endorsement in October 2012. Requests for further clarification on implementation activities related to communities of practice (COPs) have been received by the PRF. The updated CEO Endorsement Request will be re-submitted by the end of November 2012. The MSP is expected to be approved by end of 2012 and implementation will commence in the first quarter of 2013.

ASEAN Biodiversity Center/PEMSEA LifeWeb Project: Strengthening the Effectiveness of MPAs in Key Biodiversity Areas in the Seas of East Asia using an ICM approach

- 4.13 This joint project initiative by ACB and PRF focuses on the strengthening of the effectiveness of marine protected areas (MPAs) in key biodiversity areas of the South East and East Asian region through ICM scaling up initiatives. The project proposal is currently being drafted and is targeted to be reviewed by ACB and PRF in November 2012

Conclusions:

The Executive Committee concluded that:

- 4.14 The three projects with GEF, UNDP, World Bank and ACB will be significant in supporting the implementation of the SDS-SEA in the next three to five years, as well as in sustaining PEMSEA's activities and operations.
- 4.15 Apart from the three projects being developed, it would be beneficial for PEMSEA to collaborate with the State Oceanic Administration (SOA) of China particularly in linking the Framework Plan for International Collaboration for the South China Sea and Its Adjacent Oceans (SCS Program) and the Marine Scholarship of China (MSC) with the implementation of the SDS-SEA.

Recommendations:

The Executive Committee recommended that the PRF:

- 4.16 Pursue the finalization and completion of the projects with GEF, UNDP, World Bank and ACB; and
- 4.17 Explore further collaboration with SOA China and possible linkage of the SDS-SEA implementation with the Framework Plan for International Collaboration for the South China Sea and Its Adjacent Oceans (SCS Program) and the Marine Scholarship of China (MSC).

5.0 CATALYZING PARTNERSHIPS IN COASTAL AND OCEAN MANAGEMENT (EC/12/DOC/08)

Discussion Highlights:

- 5.1 In line with the efforts to make the PRF more responsive and efficient in responding to the needs of the countries in the region, as well as in strengthening the engagement of the PEMSEA Partners and collaborators in the implementation of the SDS-SEA, the PRF outlined some of the key products and services that will help catalyze more partnerships and support (technical and financial).
- 5.2 The Meeting noted that while some Non-Country Partners have been considerably involved in key PEMSEA activities, there remains significant lack of engagement from other Non-Country Partners.
- 5.3 There are a number of regional, bilateral and multilateral initiatives in the East Asian region that can be tapped and explored by PEMSEA to access new skills and services, expand partnership opportunities and arrangements and contribute in further strengthening the implementation of the SDS-SEA. Some of these initiatives are: the China-ASEAN Maritime-related Fund, the UNEP GPA programs and activities in the region, ASEAN coastal and marine-related activities, etc.
- 5.4 Following the initial efforts of PEMSEA to engage the business or private sector through Corporate Social Responsibility (CSR) workshops and activities, there is a need to review the approach in order to better secure their involvement and buy-in in PEMSEA activities.
- 5.5 The PEMSEA website is a major medium that should be maximized in order to build PEMSEA's brand name as a repository and source of key information on coastal and ocean governance and development in the East Asian Seas region.

Conclusions:

The Executive Committee concluded that:

- 5.6 In line with the concept of joint planning and joint implementation of the SDS-SEA, there is a need for the PRF to strengthen the partnership arrangements with Non-Country Partners through more substantive and collaborative activities;
- 5.7 PEMSEA has developed unique skills and services that should be promoted and at the same time, protected so as not to be simply copied and duplicated by other entities; and
- 5.8 In line with the promotion of Blue Economy, the PRF needs to strengthen and innovate its approach in engaging the business/private sector.

Recommendations:

The Executive Committee recommended that:

- 5.9 The PRF develop a clear strategy to strengthen partnerships and revise the Matrix of Products for Collaboration with Partners for SDS-SEA Implementation (2012-2016) and group the products into two: (a) PEMSEA-led initiatives/products; and (b) activities/products requiring further collaboration with Partners, collaborators, or sponsors;
- 5.10 The PRF to explore linkage with other bilateral, multilateral and regional initiatives in the region that can contribute in the scaling up of the implementation of the SDS-SEA;
- 5.11 The PRF adjust its approach and explore better ways of engaging the private sector under the Blue Economy by presenting opportunities to contribute in environmental sustainability and prospects for business using ICM as overall management framework;
- 5.12 The PRF package case studies/good practices from a bottom-up perspective demonstrating real on-the-ground opportunities; and
- 5.13 The PRF enhance the PEMSEA website as a key portal of information on coastal and ocean governance and to continuously widen its reach.

6.0 OTHER BUSINESS

Status Report on the Consultation with possible Host Country for EAS Congress 2015

Discussion Highlights:

- 6.1 The Meeting noted the following based on the status report regarding the East Asian Seas (EAS) Congress 2012 held in Changwon City, RO Korea in July 2012:
 - o Despite the number of competing events in June and July 2012, the EAS Congress was able to gather 1,201 participants from 19 countries and 25 regional and international organizations;

- The recovery of the US\$200,00 seed funding for the operations of the EAS Congress 2012 based on registration fees;
 - The strong involvement and increasing participation from the local government/on-the-ground implementers in the EAS Congress;
 - The growing number of participants that are supported by their own organizations and countries, including the strong support coming from the Non-Country Partners and collaborators that co-convened workshops and supported their own representatives' participation; and
 - The continuous interest and strong support in the conduct of the EAS Youth Forum.
- 6.2 The Meeting noted with appreciation, the strong support, hospitality and successful organization of the EAS Congress 2012 and Fourth Ministerial Forum by the Republic of Korea through the Ministry of Land, Transport and Maritime Affairs (MLTM) and the Changwon City Government.
- 6.3 The Meeting noted with appreciation the financial support amounting to more than US\$ 2 million from the Republic of Korea for the EAS Congress 2012 and Fourth Ministerial Forum.
- 6.4 Vietnam has expressed initial interest to host the EAS Congress 2015. Negotiations with the Vietnam Administration for Seas and Islands (VASI)/Ministry of Natural Resources and Environment (MONRE) on the confirmation of Vietnam's interest to serve as a host is ongoing.
- 6.5 Indonesia has also informally expressed its initial intention to host the EAS Congress. A letter of invitation was sent to the Ministry of Environment of Indonesia to confirm the commitment. Countries interested to host the EAS Congress will be lined up as hosts in the succeeding EAS Congresses to ensure the smooth turnover and continuity in the hosting of the EAS Congresses.
- 6.6 The year 2015 will be crucial to PEMSEA as it marks the milestone year for achieving the targets committed by the East Asian countries in the Haikou Partnership Agreement signed in 2006.
- 6.7 The EAS Congress 2015 can serve as a venue to consolidate the achievements made in line with the implementation of the SDS-SEA and ICM programs, as well as the achievements and remaining challenges in the region with regard to a number of international commitments that are also targeted to be accomplished by 2015.
- 6.8 The Meeting recognized that the countries of the region will have varying capacities and approaches in hosting the EAS Congress. The Meeting welcomes the unique contribution that each host country will bring to the EAS Congress and Ministerial Forum, while at the same time emphasizing the need to ensure the high quality and substantive organization of the EAS Congress.
- 6.9 A number of good papers and information are generated from each EAS Congress, which should be captured and disseminated through various publications or journals.

Conclusions:

The Executive Committee concluded that:

- 6.10 The growing number of participants that were supported by their own organizations and countries demonstrated the increasing recognition to the value and buy-in into the EAS Congress.
- 6.11 A detailed operational manual on the EAS Congress will serve as a useful guide to the host country and host local government, as well as to PRF to ensure efficient organization and conduct of the succeeding EAS Congresses and Ministerial Forums.
- 6.12 It is important to ensure that each Congress will be substantive and useful to the participants and to the region.

Recommendation:

The Executive Committee recommended that:

- 6.13 The PRF continue the consultation with Vietnam as possible host country for the EAS Congress 2015, and with other interested countries for hosting of future Congresses;
- 6.14 The PRF develop a detailed Operational Manual for the Organization and Conduct of the EAS Congress to guide the arrangements and hosting of future Congresses;
- 6.15 To fully capture the extent of support and participation during the EAS Congress 2012, the PRF to request and compile all in-kind contributions from Partners, collaborators and participants for presentation to the next EAS Partnership Council Meeting;
- 6.16 To highlight the growing support and participation from local governments to the EAS Congress, the PRF to provide information showing such trend;
- 6.17 Aside from *Tropical Coasts*, the PRF to make an effort to capture the good papers and substantive results of the EAS Congress by developing visible products and through publication of articles in various journals; and
- 6.18 As part of the efforts to sustain the EAS Congress, the PRF to include in the letters and information to countries the growing recognition on the EAS Congress and the value of supporting the EAS Congress as a key PEMSEA initiative.

Work Plan and Budget 2013

Discussion Highlights:

- 6.19 The year 2013 will be the final year of the GEF/UNDP/PEMSEA Project on the Implementation of the SDS-SEA and it will be devoted mainly to:
- Completing the remaining outputs of the project which will contribute to the scaling up of SDS-SEA implementation in the next phase; and
 - Executing activities that will contribute to the transformation of PEMSEA, including implementation of the PEMSEA Transformation Plans and Road Maps.
- 6.20 The Meeting noted that out of the eight Components of the project, three Components have been completed (Component A: Functional Regional Mechanism for SDS-SEA Implementation; Component B: National Policies and Reforms for Sustainable Coastal and Ocean Governance; Component D: Twinning Arrangements for River Basin and Coastal Area Management), three Components are 90 percent complete (Component C: Scaling up ICM programs; Component E: Intellectual Capacity and Human Resources; Component F: Public and Private Sector Investment and Financing), Component G on Corporate Social Responsibility is 50 percent completed and will be completed in 2013, while Component F on Strategic Partnership will be extended under the MSP on Knowledge Management.

Conclusion:

- 6.21 The Executive Committee concluded that based on the amount of deliverables to be completed, it would be good for the PRF to tap the support from some of its ICM Learning Centers and Networks.

Recommendations:

The Executive Committee recommended:

- 6.22 The adoption of the initial work plan and budget as presented, with a view that a more detailed work plan and budget will be submitted for EC approval by December 2012; and
- 6.23 Considering the amount of work to be accomplished, the PRF to make an effort to get appropriate additional staff or tap PEMSEA's regional network in order to complete the target deliverables.

7.0 CLOSING CEREMONY

- 7.1 Amb. Mary Seet-Cheng expressed her appreciation to the members of the Executive Committee and the observers for the productive discussion. She also

- expressed her thanks to the State Oceanic Administration of China for hosting the meeting.
- 7.2 Dr. Chua Thia-Eng thanked Amb. Seet-Cheng for presiding over the meeting. On behalf of the Executive Committee, Dr. Chua expressed sincere thanks to the State Oceanic Administration of China for hosting and co-organizing the meeting.
- 7.3 Amb. Seet-Cheng declared the Executive Committee meeting closed at 12:00nn, 28 October 2012.

**ANNEX 1
MEETING AGENDA**

11TH EXECUTIVE COMMITTEE MEETING AGENDA

October 27, 2012 (Saturday)

- 09:00 – 09:10 **1.0 Opening of the Meeting**
- 09:10 – 09:45 **2.0 Status Report on Recommendations of the 10th EC Meeting and Decisions of the Special Meeting of the EAS Partnership Council, July 2012**
- 09:45 – 10:30 **3.0 Review of Top Priorities in support of PEMSEA's Transformation and Sustainability (to December 2012)**
- 3.1 Transforming PEMSEA into a sustainable operating mechanism**
- (1) Host Country Agreement
 (2) PEMSEA Rules of Governance
 (3) Re-engineering of the PRF
 (4) Achieving Recognition as a UNDP Implementing Partner
- 10:30 – 10:45 Coffee Break
- 10:45 – 12:00 Continuation of Agenda Item 3.1
- 12:00 – 14:00 Lunch Break
- 14:00 -16:00 **3.2 Strengthening PEMSEA's leadership and ownership**
- (5) Terms of Reference for Executive Director, PRF
 (6) Rules on the Appointment of the Executive Director
- 16:00 – 16:30 Coffee Break
- 16:30 – 18:00 Continuation of Agenda Item 3.2

October 28, 2012 (Sunday)

- 09:00 – 10:30 **3.3 Ensuring PEMSEA's continuity to 2018**
- (7) Executive Summary: Terminal Report of the GEF/UNDP/PEMSEA Project on Implementation of the SDS-SEA
- (8) Log Frame for the GEF/UNDP/PEMSEA Scaling p the Implementation of the SDS-SEA (2014-2018)
- (9) Log Frame for the GEF/World Bank/PEMSEA MSP Applying Knowledge Management to Scale up Partnership Investments for Sustainable

Development of Large Marine Ecosystems of East Asia and Their Coasts

- (10) Log Frame for the ASEAN/PEMSEA LifeWeb Project
Strengthening the Effectiveness of MPAs in Key Biodiversity Areas in the Seas of East Asia Using an ICM Approach
- (11) Responses to the GEF Evaluation Report Impact Evaluation of GEF Support in the South China

10:30 – 10:45	Coffee Break
10:45 – 12:00	Continuation of Agenda Item 3.3
12:00 – 14:00	Lunch Break
14:00 – 16:00	3.4 Catalyzing Partnerships in Coastal and Ocean Management
16:00 – 16:30	Coffee Break
16:30 – 18:00	4.0 Other Business
	4.1 Endorsement of the host country for the EAS Congress 2015
	4.2 Approval of the PEMSEA Work Plan and Budget 2013

ANNEX 2
LIST OF PARTICIPANTS

LIST OF PARTICIPANTS

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ANNEX 3
PRF PROCUREMENT GUIDELINES

PEMSEA RESOURCE FACILITY (PRF) PROCUREMENT GUIDELINES

I. General Considerations

The PRF Procurement Policy Guidelines define the rules and regulations for selecting, contracting and monitoring suppliers for goods and services financed by the PEMSEA Partnership Fund. A detailed step-by-step guide to the procurement process is provided in the PRF Procurement Manual. The Standard Operating Procedures are covered under the PRF Quality Management System Procedures Manual and the Purchasing 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 and merchant banks, research institutions, government agencies and NGOs, procured by PRF for a wide range of activities such as policy advice, management, financial services, social and environmental studies, formulation of projects, delivery of trainings, editing, survey, preparation of training modules, mapping, procurement services such as office supplies and air tickets, maintenance of office facilities, printing and publication to complement the capability of the PRF.

B. Applicability

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

C. Eligibility

All registered or incorporated entities and qualified individuals are eligible to 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 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 PRF Purchasing 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 good and services and rosters of experts shall be established, maintained and updated by the PRF on a regular basis, through calls for proposals, expressions of interest, designation of Regional and National Task Force members, recognition of ICM Learning Centers and Regional Centers of Excellence and other appropriate means.

2. Fairness, Integrity, Transparency

The PRF shall ensure that:

- all qualified goods or services are given equal opportunity to compete in accordance with the direction provided in these Guidelines;
- 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 ensuring right quality and quantity, 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;
- The access to procurement opportunities for all interested and qualified suppliers;
- Use of PEMSEA-developed expertise, i.e., regional and national Task Force members, ICM Learning Centers and Regional Centers of Excellence, to maximize knowledge transfer specific to the needs of national and local governments in ICM implementation in the region.

III. Ethics

Ethics are the moral boundaries or values within which the PRF officials work. Ethical behavior encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behavior identifies and avoids conflicts of interests, and does not make improper use of an individual's position.

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;
- 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 , Financial Rules and Regulations.

ANNEX 4
CODE OF ETHICS FOR PEMSEA PERSONNEL

CODE OF ETHICS FOR PERSONNEL OF THE PARTNERSHIPS IN ENVIRONMENTAL MANAGEMENT FOR THE SEAS OF EAST ASIA (PEMSEA)

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.

H. Effectivity

The present Code of Ethics shall enter into effect on ... (*date/month/year*).

ANNEX 5
RULES ON REPORTING AND INVESTIGATION OF VIOLATIONS OF THE
CODE OF ETHICS FOR PEMSEA PERSONNEL

**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 Director, subject to the approval of the Executive Committee, shall appoint a Committee on Discipline, composed of at least three members and three alternative members, with a term of three years. One or more of the committee members shall be a person external to the PRF.
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 particular 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.

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 wilfully 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.
39. The UNOPS Legal Framework for Addressing Non-Compliance with UN Standards of Conduct with reference to procedures for investigation shall be used supplementarily to these Rules as may be appropriate.

H. FINDINGS

40. 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,
41. If the Committee finds sufficient information to substantiate the complaint, it will document its investigative findings and refer them to the Executive Director.
42. 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.
43. 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

44. 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.
45. 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.
46. 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.
47. 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.
48. 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

49. 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.
50. 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.
51. Administrative leave shall be with full pay unless, in exceptional circumstances, the Executive Director decides that administrative leave without pay is warranted.
52. 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

53. 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.
54. 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.
55. 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.
56. 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 shall take effect at the same time as the Code of Ethics.

ANNEX 6
REVISED TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE

Terms of References 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 decisionmaking 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 7
TERMS OF REFERENCE OF THE AUDIT COMMITTEE

**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

4.1 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
- 4.2.6 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.
- 4.2.7 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.

ANNEX 8
AMENDMENTS TO THE PEMSEA GOVERNANCE RULES ON
APPOINTMENT OF THE EXECUTIVE DIRECTOR

**AMENDMENT TO THE PEMSEA RULES OF GOVERNANCE
 (ADOPTED BY THE 11TH EC MEETING)**

ANNEX 4: RULES ON THE CONDUCT AND APPOINTMENT OF THE EXECUTIVE DIRECTOR OF THE PEMSEA RESOURCE FACILITY

1.0 Background

1.1 The Fourth EAS Partnership Council Meeting (July 11-14, 2011) decided that the:

“position of the PRF ED should be open to everyone through a competitive process but preference should be given to the applicants from the region, and pertinent paragraphs in the Rules of Governance relating to the nationality qualification of the PRF ED be modified accordingly.” (Para. 15.9 Proceedings of the Fourth EAS Partnership Council Meeting, page 20).

1.2 In accordance with the aforementioned decision, the following amendments to Annex 4 of the PEMSEA Rules of Governance are approved:

Existing Provision	Amendment
<p>1. Executive Director (no existing provision)</p>	<p>Insert an additional paragraph under Section 1, Executive Director, as follows:</p> <p>“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.”</p>
<p>3. Qualification 3.1 The Executive Director will possess the following qualifications:</p> <p>a. Be a national or resident of any of the countries in the East Asian Seas region</p>	<p>Delete paragraph 3.1 a</p>

ANNEX 9
REVISED TERMS OF REFERENCE OF THE EXECUTIVE DIRECTOR

**TERMS OF REFERENCE
EXECUTIVE DIRECTOR, PEMSEA RESOURCE FACILITY**

I. POSITION INFORMATION

Post Title: Executive Director

Post Level: D1-D2

II. ORGANIZATIONAL CONTEXT

Under the supervision and guidance of the East Asian Seas (EAS) Partnership Council and Executive Committee, and with the collaboration of member countries in the region, the Executive Director provides the necessary leadership for the smooth and effective operation of PEMSEA as a regional coordinating mechanism for the implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).

Supporting the Executive Director are different units of the PEMSEA Resource Facility (PRF) which fall under four major components, i.e. Executive Director's Office; Administration, Finance and Human Resources Office; Policy and Planning Office; and Project Implementation Office.

III. MAJOR FUNCTIONS / KEY RESULTS

1. Supervising and coordinating the four major offices of the PRF, particularly in terms of program planning, development, implementation, monitoring, reporting and evaluation, in accordance with the decisions of the EAS Partnership Council and Executive Committee regarding the governance of PEMSEA and the implementation of the SDS-SEA.
2. Facilitating the implementation of the six major strategies and program of activities of the SDS-SEA, by developing and implementing partnership arrangements aimed at policy and functional integration of government and non-government programs, projects and initiatives related to SDS-SEA implementation.
3. Managing the operation of the PRF ensuring cost-effective and efficient management of the office facilities; quality supervision of a multi-disciplined team of PRF staff; guidance for the development of strategies and policies aimed at strengthening PEMSEA as a self-sustaining regional mechanism for the Seas of East Asia; and oversight of the execution, updating and refinement of the 5-year SDS-SEA implementation plan.
4. Serving as Executive Secretary to the EAS Partnership Council and its Executive Committee and Chief Executive Officer of PEMSEA, with responsibilities for organizing and coordinating the conduct of the EAS Partnership Council, the Executive Committee, the PNLG, the Twinning Secretariat, and other governance mechanisms of PEMSEA; coordinating the conduct of the triennial EAS Congress; evaluating progress and achievements of Partners and reporting the results to the EAS Partnership Council and the Executive Committee; and completing and disseminating a

PEMSEA Accomplishment Report, a report on the implementation of the 5-year SDS-SEA Plan, and other pertinent reports and outcomes on a regular basis.

5. Functioning as the Fund Administrator for the SDS-SEA Development Fund, serving as custodian and administrator of the Fund; managing the Fund with due diligence in accordance with the SDS-SEA Development Fund Management Guidelines; receiving, allocating and disbursing funds; recommending to the EAS Partnership Council the investment of funds in accordance with the Investment Management Guidelines; designating the bank or banks in which funds shall be kept; and submitting annual financial reports and audited financial statements to the EAS Partnership Council.
6. Serving as the responsible authority for all projects undertaken by the PRF, in collaboration with Country and Non-Country Partners, Sponsoring Organizations, Donors, International Organizations, and other collaborating stakeholders.
7. Undertaking dialogues, consultations and consensus-building with high level policy and decision makers and other stakeholders on the national, regional and global levels with regard to the SDS-SEA implementation and PEMSEA's leadership role in the region with regard to coastal and ocean governance.
8. Building linkages and partnership arrangements with concerned international organizations, programs and projects, governmental and non-governmental organizations, the business community and other collaborators regarding the SDS-SEA objectives and targets, including their involvement in joint or collaborative planning, implementation, evaluation and refinement of the regional 5-year SDS-SEA Implementation Plan.
9. Mobilizing financial support for the long-term sustainability of PEMSEA and the implementation of the SDS-SEA implementation via strengthening voluntary support from partners, organizing and promoting funding mechanisms to receive and administer funds contributed by donors, enhancing income derived from PEMSEA activities and events, facilitating joint planning and collaborative activities with stakeholders, and advocating the value and benefits of PRF products and services within and outside the region, in accordance with PEMSEA's Financial Sustainability and Communication Plans.
10. Pursuing collaboration and partnerships with national and international financing institutions, donor agencies, corporate and private sector entities and sub-regional seas projects and programs with respect to the implementation of SDS-SEA, investments in environmental facilities and services, knowledge-sharing, and joint or collaborative activities.
11. Advising Governments and other stakeholders of the changes of status of coastal and marine environment and natural resources through preparation

and dissemination of State of Coast reports, and making recommendations on program improvement based on the feedback received.

12. Acting on ancillary needs to support the SDS-SEA thrusts and guide the operational units of the PEMSEA Resource Facility.
13. Overseeing the preparation of timely progress reports on the implementation of the SDS-SEA for submission to the EAS Partnership Council, in close collaboration with the Country and non-Country Partners, donors and collaborators.

IV. IMPACT OF KEY RESULTS/KEY PERFORMANCE INDICATORS

The key results directly impact on the quality and effectiveness of the innovative regional arrangement, including the commitments and achievements of concerned Partners and stakeholders to the agreed objectives and targets of the 5-year SDS-SEA implementation plan.

V. COMPETENCIES

Corporate Competencies:

- Demonstrates integrity by modeling SDS-SEA, PEMSEA, Partners' and Sponsors' values and ethical standards
- Promotes the vision, mission and strategic goals of SDS-SEA and PEMSEA Partners
- Knowledge of and sensitivity to the diversified social and economic systems, levels of development, culture and traditions of the Seas of East Asia region
- Participates effectively in a team-based information-sharing environment, collaborating and cooperating with others

Functional Competencies:

- Has a balance of forward-looking and pragmatic vision, leadership role, multi-sectoral consensus-building capability, managerial and technical skills, business acumen, knowledge of the region, the participating countries and other major stakeholders, and working experiences relating to coasts and oceans
- Ability to mobilize resources to support the implementation of the SDS-SEA
- Builds strong relationships with member governments, partners and collaborators, and international organizations and financial institutions
- Ability to plan and lead implementation of new systems focused on attaining the ultimate goals of the SDS-SEA
- Leadership caliber and track record in managing intergovernmental and multidisciplinary regional wide programs or projects
- Familiarity with the UN system and agencies, GEF and UNDP rules and practices particularly related to managing a comprehensive, intergovernmental and multi-sectoral program covering coastal and marine environment and natural resources

- Ability to network among government agencies and non-government stakeholders to address the identified common or shared issues in the SDS-SEA implementation
- High level consultation and interpersonal skills, diplomacy and tact in promoting interaction and cooperation with decision makers and chief executive officers of governments, NGO's and corporate and private sector

V. QUALIFICATIONS AND SKILLS REQUIRED

Education: At least a Master's degree, or equivalent, in natural or social sciences or other field as related to the management of coastal and marine environment or natural resources. Candidates with doctorate degrees will be considered favorably.

Experience: At least 10 years work experience in 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. Established national, regional and international relations. Strong knowledge of environmental and sustainable development issues in the region.

Language Requirement: Proficiency in written and oral communication skills in English. Knowledge of the language of any participating country in the region is an advantage.

IT Skills: Proficiency in standard computer software (word processing, excel, presentations, databases and internet.)
