



COUNCIL - 89th session

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**SUMMARY RECORD OF THE FOURTH MEETING**

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR  
on Tuesday, 26 November 2002, at 2.30 p.m.**

Chairman: Mr. CHEN TZE PENN (Singapore)  
Vice-Chairman: Mr. J. FRANSON (Sweden)  
Secretary-General: Mr. W.A. O'NEIL

A list of participants is given in document C 89/INF.1.

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## **AGENDA ITEM 24 - JOINT INSPECTION UNIT (C 88/22; C 89/24)**

Mr. KUYAMA (Chairman, Joint Inspection Unit) said that enhancement or improvement of the operating efficiency of the organizations in the United Nations system was of major concern to Member States, and thus strengthening the governance of those organizations by Member States or legislative organs, as distinct from the management of the organizations by their respective secretariats, had become an increasingly important issue. Such governance was assured for the most part by the setting of policies, strategies and programme objectives. The oversight responsibility of the legislative organs should be considered as an integral part of overall governance, designed to ensure that human, financial and other resources were utilized effectively in the management of the organizations by their secretariats in order to achieve the aims of the policy directive established for each organization. The objective of oversight bodies, in particular the Joint Inspection Unit, which was the sole system-wide external oversight body, was to assist or facilitate the oversight role exercised by legislative organs by providing an independent view aimed at enhancing effectiveness of management and co-ordination between organizations. In addition to its main output, reports produced through inspection and evaluation, the Unit also produced notes and confidential letters. Regrettably, insufficient consideration was currently given to JIU reports, although the situation had been improving. There was a need to develop a robust mechanism for the follow-up of those reports, with systematic tracking of the implementation of their recommendations.

Against that background, and within the context of enhancing the cost-effectiveness of JIU activities, the United Nations General Assembly, in its resolution 50/233 of 7 June 1996, had established the principle of shared responsibility between the Unit, with responsibility for preparing, *inter alia*, relevant reports with practical and action-oriented recommendations; Member States, whose main function was to take specific actions in relation to JIU recommendations rather than just taking note of them; and the secretariats of the organizations, with the role of facilitating specific legislative actions on JIU recommendations and implementing those already approved and/or accepted. Prompted by that resolution, and on the basis of its Statute, the JIU had prepared a follow-up system for consideration by the legislative organs of each participating organization. The proposed system, which contained an important provision on the need for specific legislative action on JIU recommendations, had been approved by the United Nations General Assembly in October 1999. The JIU had subsequently prepared a series of notes, tailored to the situation of individual organizations, and, more recently, a draft follow-up procedure, with a view to facilitating adoption of the follow-up system by the legislative organs of other organizations. As a result of those efforts and extensive dialogues with a number of organizations, a follow-up system had already been approved by the legislative organs of, in chronological order, WHO, UNIDO, UNPU, WFP, FAO, WMO and UNESCO. Dialogues with the secretariats of ICAO, WIPO, UNDP, UNICEF, UNFPA and IMO had almost been completed and it was hoped to complete the same process with the remaining organizations through intensified dialogue with the secretariats concerned in the near future. The outcome of those dialogues would be reported to the respective legislative organs for review and, it was hoped, approval.

The report entitled "Enhancing governance oversight role: structure, working methods and practices on handling oversight reports", which was contained in annex 1 to document C 89/24, had been prepared with a view to contributing to the effectiveness and quality of the oversight role exercised by legislative organs by focusing on their governance structure, working methods, and practices and procedures for handling oversight reports, including JIU reports. The

annex to that report contained factual information on a number of relevant issues. Given the time constraints, he would not present the report in detail, but expressed the hope that it would be considered by the legislative organs of the United Nations system organizations, including the IMO Council, and that its recommendations would be endorsed. The report had already been considered by the United Nations General Assembly, UPU, UNIDO and WFP, and the respective legislative organs, in particular that of UPU, another small organization, had taken specific actions in respect of each of the recommendations contained therein.

Referring to the Secretary-General's comments in paragraphs 3 to 7 of document C 89/24, he suggested that the question of placing oversight reports under substantive agenda items should be considered in a pragmatic manner. The JIU was not advocating the creation of additional agenda items, but simply recommending that oversight reports be placed under the relevant agenda item where one existed. Concerning time constraints, the JIU was hoping that legislative organs would take specific actions, probably on a limited number of relevant recommendations. He was pleased to note that IMO appeared to be one of the most cost-conscious organizations in the United Nations system. The report's recommendations should not be interpreted as simply demanding additional documentation: their intent was to facilitate, *inter alia*, a review by the legislative organs of secretariat compliance with approved oversight recommendations in a systematic manner.

He suggested that, in future, the IMO Secretary-General should present a consolidated report on the implementation of recommendations by all oversight bodies, including those of the JIU. Some organizations of the United Nations system, for example UNESCO and UNIDO, were already moving in that direction. Such consolidated reporting would allow secretariats to dispense with separate reporting on the implementation of recommendations made by different oversight bodies, and would facilitate identification of areas where major management weaknesses existed and demonstrate the efforts taken by secretariats to remedy those shortcomings.

Turning to the report entitled "Strengthening the investigations function in United Nations system organizations" contained in annex 1 to document C 88/22, consideration of which had been deferred from the previous session of the Council, he said that the report reflected the fact that the investigations function had become an increasingly important part of the oversight system. The recommendations of the report had already been endorsed by the legislative organs of WFP, UNICEF, WHO, FAO, ITU and the United Nations Committee for Programme and Co-ordination. As indicated in document C 88/22, the IMO Secretariat had agreed with the general thrust of the report and its recommendations, and he hoped that the Council would endorse them.

The SECRETARY-GENERAL said that document C 88/22 contained information on the two reports that had been received from the JIU prior to the eighty-eighth session of the Council. The Secretariat had agreed with the general thrust of the report entitled "Strengthening the investigations function in United Nations system organizations" contained in annex 1 to document C 88/22, subject to the reservation on costs set out in paragraph 3 of the document. The report entitled "United Nations systems support for science and technology in Latin America and the Caribbean" was contained in annex 2 to document C 88/22: recommendations 2, 3, 5, 7 and 8 were directed to existing regional bodies in Latin America and the Caribbean and UNCTAD, and recommendations 4 and 6 related to information exchange within the region. His comments on the report and IMO's willingness to participate in any maritime-related work in the implementation of recommendation 1, the only recommendation of general application, were given in paragraphs 4 to 6 of the document.

The recommendations contained in the report entitled "Enhancing governance oversight role: structure, working methods and practices on handling oversight reports", contained in annex 1 to document C 89/24, had elicited mixed reactions from the United Nations System Chief Executives Board (CEB). Some members, while accepting the recommendations in principle, had raised objections as to the implementation strategies. Others had acknowledged the usefulness of the oversight responsibility of legislative organs but had questioned the feasibility and practicality of some of the recommendations. Many had expressed reservations on the relevance and/or applicability of some of the recommendations to currently established practices, especially in some of the specialized agencies. His own comments on the report were given in paragraphs 3 to 7 of the document.

The report entitled "Involvement of civil society organizations other than NGOs and the private sector in technical co-operation activities: experiences and prospects of the United Nations system" was contained in annex 2 to document C 89/24. Recommendation 2(a) of that report should be read together with recommendation 3(a): it would provide an additional framework for existing IMO rules and guidelines on the granting of consultative status, with similar elements of accountability and reporting procedures to those of the Council. However, the issue would be channelled through the CEB, and at that stage the Secretariat would have a clearer picture of the situation and would comment accordingly.

Finally, he drew attention to the JIU annual reports for 2000 and 2001 which were contained in the annexes to documents C 88/22 and C 89/24 respectively.

Mr. RASMUSSEN (Denmark) said that in general he endorsed the Secretary-General's views. In relation to the involvement of civil society organizations other than non-governmental organizations and the private sector in technical co-operation activities, he suggested that some thought be given to the involvement of civil society organizations representing the public in their role as passengers on ships, and especially persons with disabilities and other special needs. It had proved difficult to achieve the adoption of a resolution on that subject in the past. However, he was sure that the IMO rules and regulations would permit the involvement of such civil society organizations in some way.

Mr. CHRYSOSTOMOU (Cyprus) shared that view, although he agreed with the Secretary-General that the consultative status of such civil society organizations might be complicated and that IMO already had strong ties with non-governmental organizations. IMO should, however, remain open to the possibility that civil society organizations might have a role to play in certain technical co-operation activities. He would be interested to hear the Secretary-General's views in that respect in due course.

Mr. CHARALAMBOUS (Cyprus), referring to the JIU report on enhancing governance oversight role, said that he recognized that IMO was currently at a transitional stage in respect of implementation of organizational changes. As implementation proceeded, he would welcome recommendations from the Secretary-General in connection with enhancing governance oversight role. While the current situation was reasonably satisfactory, he would be happy to see further improvement.

Mr. KORAN (United States) concurred with the Secretary-General's response to the JIU report on enhancing governance oversight role and supported his view, set out in paragraph 6 of document C 89/24, that the composition and expertise of delegations to IMO were the prerogative of Member States.

The CHAIRMAN invited the Council to take note of the information provided by the Chairman of the Joint Inspection Unit, Inspector S. Kuyama, in his presentation and by the Secretary-General in documents C 88/22 and C 89/24, and to endorse the comments made by the Secretary-General on the four reports of the Joint Inspection Unit, namely “Strengthening the investigations function in United Nations system organizations”, “United Nations system support for science and technology in Latin America and the Caribbean”, “Enhancing governance oversight role: structure, working methods and practices on handling oversight reports” and “Involvement of civil society organizations other than NGOs and the private sector in technical co-operation activities: experiences and prospects of the United Nations system”.

**It was so decided.**

**AGENDA ITEM 11 - ORGANIZATIONAL REVIEW (C 89/11 and Add.1 and 2)  
(continued)**

Mr. KILVINGTON (observer, New Zealand) said that discussion of the item at the previous meeting had revealed a wide range of conflicting opinions concerning the replacement of the Organization’s accounting, financial and budgeting systems by an enterprise resource planning (ERP) system, which was hardly surprising given the enormity of the task. Many large-scale information technology projects had a poor track record. While document C 89/11/Add.2 defined the process of replacement clearly, comprehensive discussion of the benefits of an enterprise resource planning system and a cost-benefit analysis of alternatives was lacking, which was perhaps the reason for some of the reservations expressed. It was clear that IMO needed to make changes and he would be reluctant to see any further delay in making a decision. He was therefore prepared to support the Secretary-General’s recommendations regarding the initiation of final contract negotiations with the preferred supplier.

He drew attention to the costs of support for the project, which were set out in paragraph 14 of the document. The scale of the investment required was perhaps somewhat excessive for such a small organization, and the implementation consultancy costs were considerable. He urged the Secretariat to ensure that the final contract was negotiated with great care so that it provided the necessary guarantees, warranties and services, to safeguard IMO’s interests at every stage of the project, before, during and after installation of the system. Staff training would be essential and would also entail certain costs. Independent monitoring would be a useful addition but was no substitute for adequate safeguards at the outset. He urged the Council to give the project its support, despite the daunting expense involved.

Mr. KORAN (United States) commended the thorough analysis contained in document C 89/11/Add.2, and supported the initiation of final contract negotiation with the preferred supplier.

Mr. SIVERTSEN (Norway) thanked the Government of Brazil for its generous offer to supply an integrated financial management system, but expressed a preference for the purchase of an ERP system as recommended by the Secretary-General. One advantage of such a purchase would be the backing of a well-known business partner that could be held accountable. He endorsed the comments made by the representative of New Zealand.

Mr. CANALES (Chile) commended the thorough analysis undertaken by the Secretariat and thanked Brazil for its generous offer. The Council had rejected the reinstatement of summary records for diplomatic conferences on the grounds of cost, and some Member States had not supported IMO contributions to the Office of the London Convention on the same grounds. However, in comparison with such expenditures, the investment required to proceed with the purchase of an ERP system was extremely large. Moreover, there had been insufficient time to consider the alternative and much cheaper Brazilian proposal in detail. While he was in favour of exploring possible contracts, he would prefer the final decision to be delayed to allow a more careful consideration of all the options. It was important to arrive at the best possible decision in the interests of sound financial management and the future development of IMO.

Mr. BILTEKIN (Turkey) supported the purchase of an ERP system in principle but emphasized that it was important to make the final decision on a sound basis. Document C 89/11/Add.2 did not provide sufficient information regarding the Brazilian proposal: he would have liked to see a detailed comparison between it and the recommended ERP package. The Council should be just as concerned about the financial implications of the decision as it had been about the implications of reinstatement of summary records for diplomatic conferences, which would have been a fraction of the cost. The cost of implementing the new system should be covered by the regular budget.

Mr. ALLARD (Panama) joined previous speakers in commending the Secretary-General on his analysis and thanking Brazil for its generous offer. The purchase of an ERP system was a logical step in the implementation of the change management programme. Panama had experience of the introduction of such a system in respect of the management of the Panama Canal, a complex organization with many employees. The system had taken five years to complete. While the Brazilian proposal should be given due consideration, the MANNET report had suggested that the Secretariat should act quickly, and he did not think there should be any further delay. It might therefore be best to trust IMO's advisers and allow the Secretary-General to proceed as recommended, taking into account the various comments made during the discussion.

Mr. TOOMER (Australia) endorsed the comments made by the representative of New Zealand, in particular in relation to the need, given the required level of investment, for adequate guarantees. It was vital to maintain momentum in respect of organizational change, and he therefore supported the initiation of final contract negotiations for the purchase of the recommended ERP system.

Mr. FRANSON (Sweden) supported the comments made by the representatives of Norway, New Zealand and Australia.

Mr. RASMUSSEN (Denmark) expressed appreciation for the comprehensive information provided by the Secretary-General and thanked the Government of Brazil for its generous offer. As indicated in document C 89/11/Add.2, the need for change was clear and IMO could have no alternative to significant investment in its information systems in the short to medium term. Moreover, introduction of the selected ERP system would realize both one-off and ongoing savings. However, he endorsed the comments made by New Zealand: the project was very expensive and there would be no excuses if it were to go wrong, thus placing a heavy burden on the Secretariat to deliver on time and at the price indicated. He supported the initiation of final contract negotiations as recommended in the document.

Mr. GENNÉ (Argentina) endorsed the views of the representative of Chile; there had been insufficient time to consider the various proposals in sufficient depth. The proposed purchase was not only very expensive, it also had considerable implications for the work of the Organization over the next few years. Although he agreed on the need for improvements in methods of work, the situation was not so serious that an immediate decision was vital. He would prefer to see a decision delayed until the ninetieth session of the Council to allow for more detailed consideration of the various options.

Mr. GONZALEZ (Venezuela) shared the views expressed by Chile.

Mr. ASUQUE (Philippines) agreed that such a complex matter required careful study. He welcomed the transparency of the selection process and the detailed information provided in document C 89/11/Add.2, and joined in thanking Brazil for its generous offer, which should be given due consideration. While the proposal before the Council would enable changes to be implemented quickly, it was very expensive, and it was therefore important to satisfy all the doubts raised before a final decision was taken. He supported initiation of the final contract negotiations, but considered that there should be a further opportunity to hear details of the ERP system and the Brazilian alternative. The final contract should, of course, protect the Organization in the case of cost overrun.

Mr. VASSALLO (Malta) said that while the reinstatement of summary records for diplomatic conferences had not been approved on grounds of cost despite the fact that that cost was relatively small, the Council was now considering expenditure of some £2 million without a full discussion of the options available. He would have wished to see a more detailed comparison of those options in the documents before the Council. He therefore agreed with the view that the option should be explored in greater detail before a decision with such long-term implications was taken. A decision should therefore be deferred to the ninetieth session of the Council.

Mr. MOKHTAR (Egypt) associated himself with the views expressed by Malta. Brazil should be thanked for its generous offer, and it should be left to the Secretary-General to give guidance on the matter, on the basis of information gained, at the next session of Council.

Mr. PACHA (Spain) supported the Secretary-General's proposal regarding the formalization of the contract for the introduction of the ERP system. Nothing was to be gained by delaying a decision further, since the Council already had all the information it needed on the matter. Any postponement would be costly in terms of both time and money.

Mr. HERNANDEZ ESPINOZA (Honduras) endorsed the position taken by Chile. More time should be allowed for consideration of the Brazilian proposal. If the system had worked for the Brazilian maritime administration, there was no reason why it should not work for IMO. The Organization could use the savings made to provide technical support for administrations that requested it.

Mr. HU Jinghu (China) shared the views expressed by Chile and Argentina.

Mr. TAMER (Lebanon) said the Organization had to keep pace with technical progress, regardless of the cost involved, if it was to meet the challenges facing it. The Secretary-General was better fitted than Members of the Council to estimate IMO's needs, and he supported the solution proposed by the Secretariat. He urged the Council to take a speedy decision, since the matter had already taken up a great deal of time.



Mr. FINLEY (Panama) said that as he understood it the fixed-price contract was being offered on the assumption that it would be negotiated before the end of December 2002: in another seven months' time it was likely to cost more. Another question that arose was whether, in view of the urgency of the work to be done to modernise the system, there would be need to invest in further equipment and resources just to keep the Organization functioning. Deferring a decision would thus be to IMO's disadvantage both operationally and financially.

Mr. PEREIRA (Brazil) said that New Zealand and a number of other developed countries had stated that the appreciation of the situation provided by Deloitte & Touche was reliable, implying that that provided by Brazil was not reliable. In fact, no analysis had been made of Brazil's system. Under his country's proposal, technology would be developed to support IMO's existing system, whereas under the ERP proposal IMO's system would have to adjust to the new technology offered. It had been argued that a decision could not be deferred any longer: however, it was now a full year since Brazil had first made its proposal, which envisaged a system that could be operational by June 2002 in an initial version and in a final version by December 2002.

Spain had argued that no further information was needed, but the report under discussion showed clearly that no study had yet been made of the Brazilian system. Brazil was not charging a commercial price: it was charging only for the extra manpower needed to write the programmes required. Its proposal therefore had advantages that no ERP system could offer.

Mr. SULLIVAN (representative of Deloitte & Touche), speaking at the invitation of the CHAIRMAN, said the Secretariat's proposal, which the consultants fully endorsed, had selected SAP following a very systematic evaluation process, specifying IMO's requirements and involving 40 or so users on the IMO staff. While it was true that not all ERP systems had been successfully implemented, to date SAP had 36,000 implementations to its credit.

Concerning the size of the product, he pointed out that some 46% of SAP implementations had been in organizations that employed fewer than 100 people, not only in the private sector but also in the public sector. Staying with the current system was not an option, since the upgrades needed simply in order to stay still would cost some £500,000.

The choice was therefore between an existing package that had been tested and shown to meet IMO's requirements, and a proposal which was in effect a bespoke development. Although some core elements of the Brazilian system were already known, one fundamental element of it was the development of new functionalities, which could not be tested at the present stage. Although neither option was risk-free, he believed that the ERP system offered the right balance between risk, value for money and the requirements of the Organization.

Mr. VASSALLO (Malta) said that he did not think a decision should be made between two options without detailed knowledge of both. The comments made had not convinced him that the Brazilian option was not the right one. He would need more time to study the evidence and to seek advice from his authorities.

Mr. CHARALAMBOUS (Cyprus) said that if the Council was to take a decision in June 2003, it would need to be in possession of all the facts regarding the financial implications of each of the two options. For example, he would appreciate further comments from Brazil with reference to the comparative table contained in annex 2 to document C 89/11/Add.2.

He suggested that a meeting of permanent representatives should be held at IMO Headquarters, at which Brazil could make a detailed presentation of its proposed system and respond to questions.

Mr. RASMUSSEN (Denmark) pointed out that not all Member Governments had permanent representatives in London, and it would thus be quite unfair to set up such a presentation. He suggested that if it were held, it should be held in the context of an IMO meeting.

Mr. PINTO (India), supported by Mr. AHMED (Bangladesh), shared that view. It was important to avoid repeating the same discussion at the Council's June session. He therefore proposed that the Secretariat should provide the Council with a paper giving detailed information as to why the ERP system met IMO's requirements and why the Brazilian one did not.

Mr. PACHA (Spain) regretted that the Council was constantly deferring decisions on important matters. That did not set a good example to IMO's committees and sub-committees, particularly in the light of the recent major accident on the Spanish coast. He urged that IMO should adopt a culture of speedy decision-making.

Mr. ALLAN (United Kingdom) requested that information also be provided on the flexibility and adaptability of the systems proposed, and on their long-term costs, so that a proper comparison could be made.

The CHAIRMAN invited the Council to take note of, and welcome, the Secretary-General's very positive progress report on the Change Management Programme; to decide to defer its decision on the merits of the offer by Brazil and the ERP system until its ninetieth session in June 2003; and to request the Secretariat to provide a full and detailed analysis of both systems, taking into account the comments made by delegations at this session, for consideration by the Council at its ninetieth session in June 2003.

**It was so decided.**

Mr. PEREIRA (Brazil) proposed that in order to ensure an independent assessment of his country's proposal, the evaluation should be carried out by consultants other than Deloitte & Touche.

The SECRETARY-GENERAL pointed out that the decision just taken would have an impact on the whole organizational review implementation schedule. The Council should understand that although the Brazilian proposal was not a commercial offer, it would still need to be evaluated with respect to its operational characteristics and what it would deliver. The current system was some 15 years old and based on hardware and software that had not been upgraded for six years or more, and thus retaining it was not an option.

The timetable approved by the Assembly, following a Council recommendation based on the MANNET report, had been that by June 2002 there should be a review of financial management systems with a view to simplifying procedures and processes; that activity-based budgeting should be introduced; and that financial management should be decentralised and put in the hands of line managers. That could not be done unless sound, up-to-date information was provided to the managers. Deferring a decision until June 2003 would mean that introduction of the new system in 2004 was not achievable, and thus the Council would have to establish new target dates for IMO to work to.

Since it would not be practicable for the new system to come into place in the middle of a financial year, it would not be able to start until 2006, and it would therefore be impossible to introduce all the organizational review components approved by the Assembly.

Mr. FINLEY (Panama) proposed that in the light of the explanations just provided by the Secretary-General, debate on item 11 should be re-opened.

The CHAIRMAN asked for a show of hands on the proposal by Panama.

The proposal by Panama was rejected by 14 votes in favour, 19 against.

**AGENDA ITEM 12 – CONSIDERATION OF THE STRATEGY AND POLICY OF THE ORGANIZATION, INCLUDING THE REPORT OF THE WORKING GROUP (C 89/12 and Add.1 and 2, C 89/12/1, C 89/12/2 and C 89/12/3)**

The CHAIRMAN recalled that at its eighty-eighth session, the Council had decided to establish an *ad hoc* Council Working Group to draft a strategic plan for the Organization. The Council had before it a report from that Working Group which had been chaired by the Vice-Chairman of the Council, Mr. Franson (Sweden).

There were three additional related documents: first, a document submitted by the Bahamas and Greece (document C 89/12/1), concerning a proposal for incorporating the inclusion of ship construction standards within the Strategic Plan; secondly, a document submitted by Brazil (document C 89/12/2) containing proposals concerning the future general direction which the Strategic Plan might take; thirdly, a document submitted by Cyprus, the Philippines and the ICFTU (document C 89/12/3) which concerned the need for co-operation and co-ordination between international organizations to ensure that the Organization's work on international law instruments did not conflict with established international law.

Mr. FRANSON (Sweden), Chairman of the Council Working Group on the Organization's Strategic Plan, said the Group had held its first session from 16-18 September 2002. Its report was contained in document C 89/12/Add.1.

The Group had first agreed on the need to have a clear understanding of the terminology to be used in the Strategic Plan. It had agreed that the Organization's mission formed the peak of a pyramid which was supported by its strategic directions, namely those long-term high-level ambitions or outcomes to be achieved that were necessarily flexible through time. The Group had also agreed that each strategic direction might be supported by one or several objectives made up of related goals that should be specific, measurable and achievable. It had considered that expressions such as "safer ships, cleaner oceans" were more akin to vision statements or slogans than to objectives. It had also noted that other United Nations organizations, including ICAO and IAEA, had produced strategic plans, and that lessons might be learned from their experience.

In considering emerging trends, developments and challenges in the shipping and maritime world, the Group had reviewed those identified in submissions by the Chairman, Brazil, Cyprus, Denmark and the Netherlands, as well as contributions made by other delegations during the meeting. A number of speakers had expressed the view that one important challenge was to restore the confidence of port States in the certification and documentation issued by flag States.

Others had drawn attention to positive trends in safety and environmental protection, as evidenced by casualty and accident statistics and the decreasing incidence of maritime pollution from ships. A number of delegations had also drawn attention to the need to identify not only strengths and weaknesses, but threats to the work of the Organization, such as unilateral or regional action.

Following a preliminary identification of the emerging trends, developments and challenges, the Group had considered the Organization's future strategic directions. It had noted the need for both qualitative and quantitative measures of performance, and had agreed that such measures were essential for monitoring the Organization's progress and determining its strategic direction. It had further agreed that the Council should, on a regular basis, assess the results achieved through the application of the proposed performance indicators in order to establish whether targets set had been achieved.

The Group had agreed that the development of the Strategic Plan would be an iterative process, and had identified nine possible strategic directions, noting that each might be served by several objectives, each of which might be served by a number of measurable goals. It had also agreed that the discussion should not be confined to current and future MSC and MEPC priorities, but should range more widely. Since time for discussion was limited, the Group had focused on the development of objectives, goals and performance indicators for a small number of strategic directions only. It had agreed that there was insufficient time to develop the full range of the Organization's Strategic Plan at that session, and had identified some examples which might form a part of the Plan's future framework.

In considering the Organization's mission statement, the Group had noted that the purpose of the Organization was defined in Article 1 of the IMO Convention, and had therefore developed a draft mission statement based on that article, but also taking into account resolution A.900(22) and the mission statement included in the Work Programme and Budget for the twenty-second financial period 2002-2003 (C 86/2, paragraph 14.3).

The Group had noted the decision by the Council and the Assembly that the Strategic Plan should cover a five-year period, but had also noted that the Organization's Work Programme and Budget was prepared on a biennial basis, and that its long-term work plan covered a period of six years. The Group had decided to bring that point to the notice of the Council, with a recommendation for the alignment of time periods and a review of planning cycles.

The Group had been of the view that further work was essential, and had decided to recommend to the Council that at least one further meeting was needed, possibly of five days, to be convened between C 89 and C 90. The Group had further recommended to the Council that it urge Member Governments to submit comments and proposals to the Group's second session, if such a session was endorsed by the Council.

He thanked all delegations participating in the Working Group for their valuable assistance.

Mr. PEREIRA (Brazil), commending the success achieved thus far by the Council Working Group, noted that it had been difficult for the Group to consider the full range of issues of concern to Member States, not only due to lack of time but also because a planning

methodology to guide the work had not been developed. The proposal by Brazil (document C 89/12/2) underlined the need first to establish IMO's policy and overall mission. It would then be necessary to identify the issues relevant to the Organization's strategy and to adopt a planning methodology to determine how to rank them in order of importance. The planning methodology would provide a framework for the development of a strategic plan for submission to the Assembly in 2003.

Mr. BELL (Bahamas), introducing the proposal by the Bahamas and Greece (document C 89/12/1), said that it had always been an anomaly that the organization responsible for the safety of shipping had not developed a standard for the initial construction of ships' hulls. The document did not set out detailed technical requirements, but proposed that Council take a policy decision to include the topic within IMO's strategic plan: hence its presentation to the Council, rather than directly to the technical committees. The matter would need to be considered by the technical committees, in particular the MSC, and then further developed in the appropriate sub-committees. Much of the expertise related to construction standards lay with the classification societies, and their representative organization, IACS, could be consulted in regard to the setting of appropriate high standards.

By having internationally agreed minimum standards for new builds, the Organization would not stifle innovation, but ensure that ships built to those standards would, if properly maintained, remain safe throughout their economic life. All the industry's stakeholders would benefit from the setting of international standards. The cost implications would be no more than for any other safety standard proposals, such as those for large passenger ships or bulk carriers, and the input papers and background information that would be necessary would not be dealt with by the Secretariat, but by the Member States of IMO and the classification societies. He foresaw no budgetary implications in the implementation of the proposals contained in the document.

Mr. PAPACHRYSTODOULOU (Greece) said that the authorization of recognized organizations according to SOLAS regulations concerning the design, construction and maintenance of ships should be accompanied by internationally agreed minimum standards. Current shipbuilding practice led to the construction of ships with an economic life of approximately 15 years. He supported any initiative that would lead to the construction of more robust ships. All international conventions required agreed standards for ship's equipment such as radio, lifesaving appliances and fire protection, but not for the most important component, the ship's hull. Matters such as welding, acceptable diminution of scantlings, coating and the materials used, which were directly related to a ship's strength, were not covered by agreed standards.

IACS working groups had unique expertise in those matters. Assembly resolutions A.739(18) and A.789(19) on the authorization of recognized organizations were still valid, although on some occasions IACS had announced measures without prior consultation with Administrations. He supported the principle of developing standards covering the most significant aspects of ship construction and including the relevant technical specifications.

Mr. CHARALAMBOUS (Cyprus), introducing the proposal by Cyprus, the Philippines and ICFTU (document C 89/12/3), said that it had been drafted in response to concerns that the draft amendments to chapter XI to SOLAS 74 and the proposed draft of the International Ship and Port Facility Security (ISPS) Code could be interpreted as being in conflict with other

instruments of international law, especially those addressing human rights. It had also been drafted bearing in mind the practical experience of seafarers around the world. The proposal invited the Council to instruct the Working Group to consider the issue of the human rights of seafarers and to include appropriate provisions in the Strategic Plan. It also requested Contracting Governments to SOLAS 74 to ensure that nothing was included in either the proposed amendments to SOLAS 74, as amended, or the proposed ISPS Code which could in any way be interpreted as being in conflict with international law.

Mr. ISHIHARA (Japan), commenting on the proposal by the Bahamas and Greece, acknowledged that it might be desirable to have universal standards for the design and construction of ships in order to improve ship safety. However, developing such standards within IMO would present certain practical problems given the Organization's limited budget and capacity: it should be noted that IACS needed considerable resources, even with the expertise at its disposal, to develop standards. IMO did have expertise in specific areas such as the longitudinal strengths and corrosional limits of oil tankers, and would be capable of developing standards in individual cases when the need arose. Japan would support an initiative by the Organization in such cases, but did not think it should attempt to establish standards in all areas of construction and design.

Mr. OLIVA (Italy) said he shared the concerns of the Bahamas and Greece as to the need for flag States to ensure that ships were built to appropriate standards, but did not believe that it was for IMO to develop standards for the construction of new ships, since it did not have the resources to undertake such work. Rather, the Organization should request that IACS should expedite the development of joint regulations for the classification of hulls which could be used by all recognized organizations on the basis of resolutions A.739(18) and A.789(19). Such a solution would avoid the possibility of competition between the various classification societies concerning the quality of ship construction, and would ensure that all ships were built to standards judged appropriate by the flag States.

Mr. KORAN (United States), while thanking the Working Group for its efforts, said that he was struck by the difficulty it had experienced in establishing both a framework for the Strategic Plan and the Plan itself. Noting that work on the Strategic Plan appeared to be divorced from the budget and the work plan of the Organization, he suggested that its development should be delegated to the Secretariat, and that if the Working Group were to meet again, it could limit itself to drafting the outline of the Strategic Plan in order to provide guidance to the Secretariat. The 2004-2005 budget of the Organization was already being prepared and therefore would not benefit from the Plan. It would be more appropriate for the new Secretary-General who was to take over the leadership of the Organization in 2004 to develop a strategy, objectives and goals for the Organization, which could then be reviewed by the Council and used as a basis for finalization of the 2006-2007 budget.

He was concerned that the proposal contained in document C 89/12/1 might not accomplish what it intended and could hamper innovation, resulting in the definition of a lower standard for all ships. A number of the issues raised in the document had already been addressed by IMO and notably by the Maritime Safety Committee, including standards for access and surveys.

Since he was confident that the various bodies of IMO would not take any action that conflicted with international human rights law, he did not see the need for the specific requests made in document C 89/12/3.

Mr. STUITJE (Netherlands) said that, while he acknowledged the need to define a work plan and budget for the 2004-2005 biennium, questions of policy and strategy should not be decided in haste: at least one further meeting of the Working Group was needed. Strategy should not be based on a mixture of policy and goals but should be transparent and unambiguous. He was not convinced that a cost-benefit analysis would support the involvement of consultants or outside experts.

The Netherlands was currently completing a desk study of parameters for judging the performance of IMO and Member States in matters relating to safety at sea and reduction of marine pollution. The study was due to be completed by the end of that year and would be made available to the Council at the earliest opportunity. He believed that its results would go some way towards identifying the trends and issues to be considered for the Strategic Plan referred to in paragraph 10.4 of document C 89/12/2.

Mr. RASMUSSEN (Denmark) expressed appreciation of the work accomplished by the Group, which would provide a solid basis for further elaboration of the Strategic Plan. He endorsed the recommendation that a further meeting should be held, which should be of no less than five days' duration, taking place between the eighty-ninth and ninetieth sessions of the Council.

Commenting on document C 89/12/1, he said that Denmark had some sympathy for the idea that the Organization should try to develop an overall design philosophy. It seemed incongruous that the issue was hardly mentioned in IMO safety instruments, except where reference was made to the rules of classification societies. The purpose of establishing such a philosophy would be to establish general principles to be taken into account when developing rules for the design and construction of ships. Those principles should address subjects such as redundancy, corrosion prevention and allowances, life expectancy, including fatigue, and a sensible approach to construction details and workmanship, but should not include detailed specifications such as the properties of construction materials and the calculation methods used for obtaining the necessary strengths. IMO could provide general guidance to the classification societies to serve as a frame of reference, at the same time ensuring that the process of developing rules did not become subject to economic pressure or other commercial considerations. He suggested that IACS be invited to submit its views on the issue to the committees. The technical committees should not be asked to develop standards: rather, the MSC should be asked to consider whether it would be practicable for them to do so, and to report back to the Council.

With reference to document C 89/12/3, he supported the action requested of the Council in paragraph 4.

Mr. CHRYSOSTOMOU (Cyprus) said he too was in favour of a further meeting for the Group. The interests of the international shipping community, rather than the views of national Governments, should be the focus of the work. Once the Group had decided on the basic principles of a strategy, the Secretariat could be tasked with translating them into a workable strategic plan.

He supported the proposal by the Bahamas and Greece, which responded to the concerns of Member States following the **Prestige** and the **Erika** incidents, and encouraged Member States to focus on determining the standards to which new ships were to be built rather than on

developing specific rules. In considering the role of classification societies in the development of shipbuilding standards, it should be borne in mind that classification societies did not take advice or receive instructions from Administrations and did not act on behalf of Governments.

Mr. ALLAN (United Kingdom) acknowledged the need to verify that new instruments did not conflict with existing international legislation, but pointed out that the aim of the new security measures was to protect the most fundamental human right, the right to life. In developing such measures, a balance had to be struck between security and human rights concerns. The Brazilian proposal could be discussed in the Working Group meeting proposed for early 2003, bearing in mind the linkages between the Strategic Plan, the work plan and the budget. With regard to the proposal by the Bahamas and Greece, he did not believe that IMO had the capability to develop detailed technical and structural standards. It would be preferable to utilise the expertise and research capabilities of IACS, and that body should be asked to undertake the work.

Mr. SIRVSTEN (Norway) said that while he sympathized with the argument that IMO should play a wider role in determining the standards to which new ships were built, he could not agree that the Organization was the appropriate body in which to formulate detailed technical standards, as it did not have the resources or the expertise to carry out such a complex task. The sponsors of the proposal contained in document C 89/12/1 should submit that proposal to the MSC if they wished the matter to be taken further.

Mr. GASC (France) said he could support the proposal to extend the life of the Working Group, although it was perhaps a little early to assess the financial implications of such an extension. While he could agree that the new Secretary-General should be involved in the process of developing the Strategic Plan, that was not a reason for suspending or delaying current work. While it might be possible to bring in consultants, as suggested by Brazil, it would be preferable for the Council to make as much progress as possible on the issue in order to avoid additional costs.

He did not consider that it would be advisable to deal with matters concerning ships' standards in conjunction with the policy and the strategy of the Organization. While the issue of human rights was dear to France's heart, a balance had to be struck when developing security measures. It was not clear to him how the action requested of the Council in paragraph 4 of document C 89/12/3 could be implemented in practice.

**The meeting rose at 5.35 p.m.**