



# STRENGTHENING THE PACIFIC BLUE SHIPPING PARTNERSHIP

Governance of the Pacific Blue Shipping  
Partnership

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# Preamble

This analytical work aiming at “Strengthening the Pacific Blue Shipping Partnership (PBSP)” was undertaken as part of the World Bank’s wider regional advisory services and analytics (ASA) “A Blue Transformation for Pacific Maritime Transport.

For transparency, it is important to note that this analytical work faced significant challenges in the research process. These included, for instance, the Covid-19 pandemic with the impossibility of in-person consultations and site visits, the unavailability or limited availability of governmental officials due to shifts in priorities, or the reassignment of consultants and related analytical responsibilities as the work evolved.

This analytical work aims to make a significant contribution to decarbonizing regional maritime transport in the Pacific. It strengthens the analytical foundation of the PBSP, it outlines potential key options (e.g., governance, technical, operational, or financial) to consider moving forward, and it provides a basis for discussion. However, given the challenges mentioned, it should not be considered as fully conclusive or exhaustive, and can benefit from existing complementary analytics by other experts as well as further research.

# Acknowledgments

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# 1 Overview

Since the adoption of the United Nations Framework Convention on Climate Change's (UNFCCC) Paris Agreement, Pacific Island Countries (PICs) have submitted some of the most ambitious Nationally Determined Contributions (NDCs) globally. In addition, most PICs have advanced energy plans, sustainable development goals, and climate adaptation/resilience strengthening programs now well embedded across national policy frameworks. Following this tradition of high ambition, the Pacific Blue Shipping Partnership (PBSP), comprising several PICs, have committed to reducing greenhouse gas (GHG) emissions of their domestic maritime sector by 40 percent by 2030 and to fully decarbonizing the sector by 2050.

To achieve these ambitious climate targets, an unprecedented energy transition will be required. It demands a complete revolution in technology and a paradigm shift in fleet management and operations as well as appropriate financial investment and program delivery.

A bespoke governance solution has been developed that takes into consideration the region's specific priorities and demands (see Annex 1: Common priorities and needs of Pacific Blue Shipping Partnership member countries for details on common priorities and needs among PBSP countries). The governance solution presented as follows is intended to serve as a basis for discussion with the understanding that PBSP member countries may have alternative governance structures in mind, including, but not limited to, integrating this framework into a pre-existing organization. Likewise, the general use of language such as 'will' or 'should' is intended for illustrative purposes only with the understanding that PBSP member countries may wish to put a different legal weighting on the various solutions proposed.

## 1.1 Approach

In essence, PBSP represents a formal agreement between committed PICs that aims to achieve the following:

- accelerate progress towards a country-driven zero-carbon transformation of the PBSP member countries' interdependent domestic maritime transport sectors (including all relevant supporting sectors and services).
  - This should be aligned with the 2050 Strategy for the Blue Pacific Continent and the 2030 Agenda for Sustainable Development.
- reduce the overall GHG emissions attributable to the PBSP member countries' domestic maritime transport sectors by 40 percent by 2030.
- fully decarbonize each PBSP member country's respective domestic maritime transport sector by 2050.

To achieve these aims, PBSP member countries have agreed to:

- collaborate on setting national strategic policy and project priorities through National Action Plans (NAPs) that support the implementation of the PBSP and broader regional priorities;
- develop strategic, multi-sector and multi-stakeholder plans for the sustainable development of the PBSP member countries' maritime transport sectors.

- This should be the primary framework for implementing the PBSP in accordance with country-driven priorities;
- maintain coordinated participation of all relevant public and private sector development partners to mobilize and align finance and capacity development for the PBSP;
- collaborate to build long-term in-country capacity and institutional strengthening to underpin the domestic maritime transition across the sector; and
- enable maximum synergy and efficiency between the development and implementation of NAPs and a single, combined, climate-finance investment program of sufficient scale to overcome previous financing barriers to fleet upgrades by coordinating and communicating effectively between all PBSP member countries.

As the PBSP is a country-owned and -driven initiative, the activities and solutions developed and proposed under the PBSP must be in line with the needs and requests of the PBSP member countries as developed in their national energy and transport action plans, and PBSP member countries can decide on which actions to take. Furthermore, with the PBSP being a science-based partnership, any decisions made must be based on the best knowledge and analysis available at the time of the decision. The knowledge created for the PBSP member countries must be produced in an unbiased and independent way.

In addition, the work of the PBSP will be guided by the following principles:

- adhere to frequently cited key principles of the blue economy<sup>1</sup> in terms of regeneration, renewability, sustainability, ecosystem consideration, symbiosis, abundance, and autonomy;
- foster the development of a sustainable domestic and regional maritime transport capacity to:
  - operate safely and in a manner that supports national priorities and community needs;
  - respond to food security and other emergency issues;
  - provide a disaster relief fleet capable of being deployed in the PBSP member countries affected by natural disasters by waiving cabotage restrictions for these vessels;
  - develop capacity in the Pacific for and enhance knowledge on:
    - the blue economy in general and sustainable maritime transport in particular;
    - sustainable shipbuilding and maintenance shipyards;
    - the crewing and management of sustainable vessels.
  - design anti-fragile systems that are not only robust and resilient to natural, economic, or political shocks, but that can even benefit from shocks.

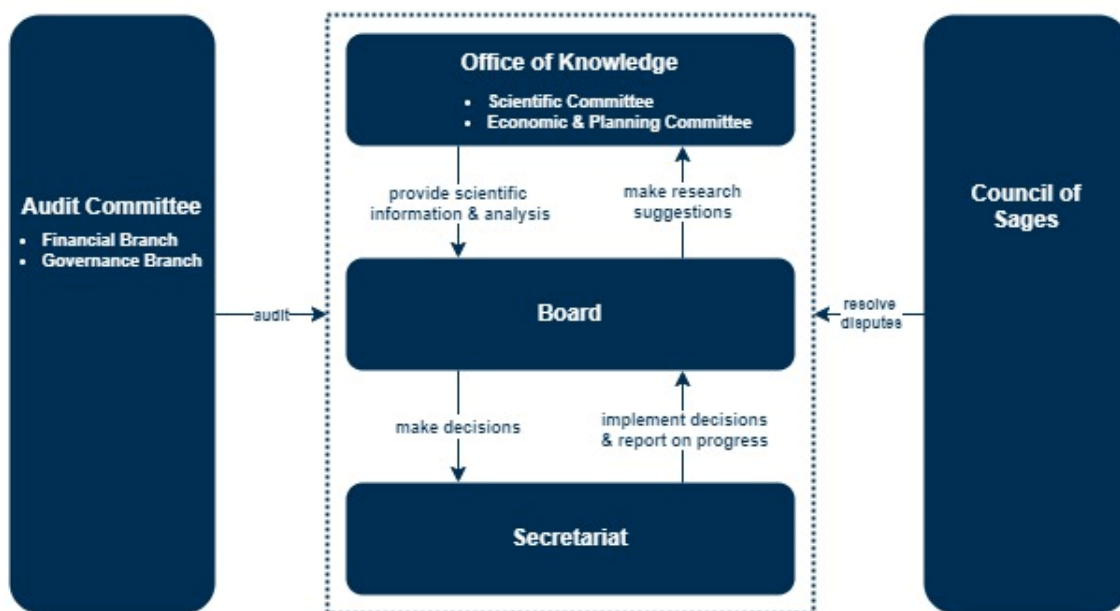
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<sup>1</sup> In the context of the PBSP, 'blue economy' refers to an economy based on the regeneration of ecosystems in a logic of abundance and autonomy. It draws inspiration from nature to take what is necessary and to function in symbiosis with it.

Based on the above, the following outlines a potential governance structure of the PBSP taking into consideration its aims and needs (see Figure 1). It will cover:

- NAPs which set the overarching direction of the PBSP;
- The Board through which PBSP member countries can take collective decisions;
- The Secretariat which supports the Board and implements its decisions;
- The Office of Knowledge, composed of the Scientific Committee and the Economic & Planning Committee, which provides knowledge and scientific analysis to the Board;
- The Audit Committee which ensures transparency and accountability of the Board, the Office, and the Secretariat; and
- The Council of Sages which can be called upon to resolve persistent issues.

**FIGURE 1: POTENTIAL PBSP GOVERNANCE FRAMEWORK**



A corresponding draft founding charter for the PBSP can be found in Annex 2: Draft Founding Charter for the Pacific Blue Shipping Partnership.

The governance structure of the PBSP could be financed by grants from development finance institutions, climate funds (including the Green Climate Fund), and bilateral development agencies. The subsequent activities of the PBSP could also be funded by grants and/or concessional loans from these sources, and, where possible, complemented with private investments.

## 2 Setting directions: National Action Plans

One of the main building blocks of the PBSP are maritime NAPs that detail how each PBSP member country intends to contribute to the PBSP objectives, considering their unique national circumstances. Country-by-country NAPs that are tailored to each country's individual shipping needs and priorities, and that reflect each country's government structures and policy frameworks represent the base building block for establishing national capacity and identifying the national direction of change and priorities.

It is suggested that each country develops its own maritime NAP and that this contains at minimum the following information:

- A high-level target for domestic maritime GHG emissions reduction;
  - This national target should also be integrated into each country's NDC, thereby better enabling a country-wide economic transition plan and framework. A draft multi-country NDC for the maritime sector has been developed under this body of work and is outlined in Annex 3: Joint supplement to Nationally Determined Contributions under the Paris Agreement. PBSP member countries may consider submitting such a joint multi-country NDC on reducing GHG emissions from domestic shipping to the United Nations Framework Convention, thereby leading by example and providing a blueprint for other countries to follow suit.
- A national strategic pathway for achieving this target, including information on planned policy changes, as well as technological and financial requirements;
- Priority measures and priority projects needed to implement the NAP, including institutional strengthening; and
- Details of the national decision-making structure and stakeholder network for that country, including who is accountable for overseeing the implementation of activities and for achieving the overall target.

Many PBSP member countries have already developed NAPs. For example, the Republic of the Marshall Islands' NAP has been submitted to the International Maritime Organization (IMO) while others are working on the development of their plans or have requested NAP preparation assistance as priority projects in their national objectives.

Like NDCs, NAPs should be constantly evolving to adapt to changing circumstances, needs and priorities and be updated on a regular basis. This could, for example, be adjusted to coincide with the revision of NDCs which would support the integration of NAPs into the wider political context and embed them into existing national policies and strategic frameworks.

# 3 Making decisions: the Pacific Blue Shipping Partnership Board

The national governments of the PBSP member countries have overarching responsibility for setting the objectives of the PBSP and will oversee the implementation of PBSP-related decisions in accordance with the founding charter (see Annex 2: Draft Founding Charter for the Pacific Blue Shipping Partnership Annex 2: Draft Founding Charter for the Pacific Blue Shipping Partnership ). It is suggested that a PBSP Board is established as the primary decision-making body of the PBSP. The Board will adopt the PBSP overarching strategy, discuss common strategic priorities for the PBSP over short-, medium-, and long-term timescales, make executive decisions about the PBSP, and will assume ultimate responsibility for the policies and projects it adopts for the organization.

The Board will be composed of a delegate officially appointed by each PBSP member country. It will meet on a regular basis (at least every six months) and make decisions based on consensus.

The Board will be led by the Chair who will be initially proposed by the Republic of the Marshall Islands or Fiji as they currently co-chair the PBSP by common agreement. However, once the founding charter has been finalized and agreed upon, it is proposed that the Board delegates elect a Chair for a period of two years with the possibility of being re-elected once. The Chair is responsible for setting the agenda of meetings—with the possibility of delegates requesting additional agenda items to be included—to ensure that all Board members have an opportunity to provide input into the discussion, and to obtain consensus decisions by the Board.

Every PBSP member country can nominate and appoint one delegate to the board who will then serve a term of five years. Funding partners and potentially other external organizations can obtain observer status and appoint an individual to become an observer. The inclusion of observers is expected to strengthen coordination between PBSP member countries and interested organizations and to enhance the technical capacity of the Board. Observers can participate in and make interventions during regular Board meetings, and submit documents, reports, and proposals that will be considered by the Board as it sees fit. The Board can reserve the right to hold closed session meetings (i.e., without observers) when required, for example, to discuss delicate subject matters.

To increase the transparency and accountability of the Board, and to ensure that the Board takes the recommendations of the Office duly into consideration, the Board will release regular statements and accounts of their decisions. While the Board is free in its decisions and not beholden to the recommendations of the Office, it needs to provide a justification in those cases where decisions diverge from recommendations made by the Office.

## 4 Coordinating activities and executing decisions: the Secretariat

A Secretariat will be established to support the Board in its decision-making process and to subsequently implement the decisions taken by the Board. More specifically, the Secretariat will be responsible for, inter alia:

- organizing, facilitating, and hosting Board meetings;
- providing a focal point for communications with PBSP member countries and observer organizations;
- managing the PBSP finances and distributing budgets to the different PBSP bodies according to a specified distribution key/formula;
- identifying, developing, and coordinating PBSP activities, projects, and programs and supporting management thereof, including applying for project funding and facilitating and processing calls for proposals of potential investment projects;
- coordinating the implementation of the provisions within the Agreement, including the underlying PBSP governance framework and other relevant agreements concerning the PBSP member countries;
- maintaining a register of PBSP all projects and activities;
- compiling reports on the execution of Board decisions and distributing them to the Board ahead of their meetings;
- compiling reports on the progress of developing and implementing NAPs, based on information provided by PBSP member countries, and distributing them to the Board ahead of its meetings;
- organizing and facilitating data sharing between PBSP member countries;
- running and maintaining a PBSP website and publishing relevant information, research findings, and Board statements and decisions there;
- organizing public information and consultation events;
- coordinating responses to freedom of information requests; and
- providing other secretarial functions as requested by the Board.

The Secretariat will be headed by an appropriately qualified Director selected by the Office. The Director will be responsible for overall leadership of the day-to-day functioning of the Secretariat and liaison with the Board. The Director will also hire the staff needed to conduct the Secretariat's activities.

# 5 Producing knowledge: the Office of Knowledge

The PBSP is to be a science-based partnership. This entails that the decisions taken by the Board need to be informed and guided by the best available knowledge<sup>2</sup> and scientific analysis available. For the Board to have the necessary information to carry out its decision-making responsibilities, an Office of Knowledge (the Office) will be established at the inception of the PBSP. The Office will be responsible for providing the best scientific information and analysis available on any domains relevant to decarbonizing Pacific shipping.

To enable the Office to conduct independent and unbiased analyses, it needs to operate autonomously and independently from the rest of the PBSP governance framework, including the Board, and needs to be free to allocate its resources and structure its work according to its research agenda. It will be a knowledge-producing body, not a decision-making one, and cannot be held accountable for any decisions made.

The Office will consist of two advisory committees, namely the Scientific Committee and the Economic & Planning Committee, and they will operate under the direction of the Head of the Office. The Head of the Office is elected by the members of the Committees.

Between them, the two Committees will be responsible, *inter alia*, for:

- conducting applied research, economic and policy analysis, including related to the preparation and implementation of PBSP countries' NAPs;
- designing programs for different purposes, e.g., for educational purposes, strengthening institutions, and for strategic partnerships;
- undertaking environmental and/or regulatory impact assessments;
- developing (technological and financial) viability plans;
- preparing market studies;
- identifying data needs and gaps; and
- collating relevant data.

The Office's specific research agenda will be decided by the Office Head based on what they deem most important. In setting the research agenda, the Office Head will consider specific research requests by the Board.

Reports produced by the Office and its Committees should contain recommendations to the Board, be transparent and publicly accessible. To foster a deeper understanding of their work and allow for questions to be asked, the Board can request the Office to present its reports and recommendations.

To provide the best scientific analysis possible, the Office may request data from PBSP member countries, and the latter will need to accommodate these data requests to the best of their ability. The data will remain under the ownership of the PBSP member countries and will not be made public if requested by the PBSP member countries.

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<sup>2</sup> In the context of the PBSP, 'knowledge' refers to any form of knowing, including—but not limited to—technical, scientific, economic, and in particular traditional knowledge.

Members of the Scientific Committee and the Economic & Planning Committee are appointed or contracted based on their proven technical knowledge and its relevance for the Pacific following a competitive selection process by independent recruitment agencies with a good understanding of the Pacific. It is likely that the Committees will be composed of naval architects, marine engineers, shipbuilders, -designers, -owners, -operators, economists, political scientists, planners, analysts, and development/climate finance experts.

While experts can be recruited internationally, it will be essential that the Committees also possess local knowledge and expertise. This will ensure that solutions, recommendations, along with specific projects and how their performance is reviewed, are more sensitively evaluated. It will also assure that specifically local expertise and experience in sustainable shipping are taken into consideration. This relates, for instance, to the traditional knowledge of building ships in the Pacific that rely on wind-assisted ship propulsion. It will furthermore reduce the risk of blindly applying solutions developed in high-income countries to low- or middle-income countries where such solutions may not necessarily be suitable or appropriate.

## 6 Ensuring accountability and transparency: the Audit Committee

To ensure strong accountability and transparency of the PBSP activities and spending, an Audit Committee will be established on a non-permanent basis. It will consist of a Financial and a Governance Branch.

Under the Financial Branch, an external and independent auditor approved by the Board will provide a transparent report on the financial accounts of all PBSP bodies on an annual basis. The report will detail the account keeping, financial records, payments, asset keeping, and liabilities of all PBSP bodies.

Under the Governance Branch, every two years, three external and independent auditors will provide a governance report on all PBSP bodies with the aim of surfacing pertinent governance issues, including those related to non-financial benefits, the interaction between the PBSP bodies and interactions between the PBSP and external organizations.

### 6.1 Other transparency and accountability mechanisms

In addition to the work of the Audit Committee, the PBSP will make the Board meeting statements and Board decisions—alongside any justifications thereof—publicly accessible in their unedited forms. Furthermore, interested individuals may request access to other information and data which the PBSP will need to respond to and disclose the requested information and data, as long as it does not contain sensitive information.

All members, staff, and contractors of the PBSP must disclose any potential conflict of interest. This refers to a situation where an individual or the entity for which they work, whether a government, business, media outlet, or civil society organization, is confronted with choosing between the duties and demands of their position and their own private interests.

# 7 Resolving disputes: the Council of Sages

Every organization can encounter conflict among its members or between its members and externals. In many cases, these conflicts can be resolved internally or through dialogue with the respective external parties. However, in cases where this proves impossible, the Council of Sages can be called to help resolve any persistent difficulty both internally but also externally in the PBSP's relationship with others.

The Council of Sages is a non-permanent body of the PBSP which will consist of one Sage per PBSP member country. Each Sage will be appointed based on their demonstrated community leadership for justice and equity. The decision on whom to appoint will lie with each PBSP member country.

The Head of the Office, the Director of the Secretariat, and any member of the Board can refer a difficulty to the Council by simple request. If employees have concerns about misconduct and either cannot report these to their superiors or the latter have failed to effectively act on their concerns, employees may also report to the Council. Any issues reported to the Council must be treated confidentially so that nobody issuing a report may experience negative repercussions from it.

When a concern has been reported, the Council will meet and decide on the issue at hand within four months. It will resolve the issues presented by consensus based on what is considered just and equitable, considering the principles of the blue economy and the interest of the community of the Pacific as a whole.

A PBSP governance mechanism outlined in this document should be considered and discussed to gauge whether it presents a viable way forward, identify what improvements should be made, and weigh the opportunities, challenges, and risks of integrating it into an existing institution versus creating a new organization.

# Annex 1: Common priorities and needs of Pacific Blue Shipping Partnership member countries

This annex provides valuable background information on the common priorities and needs of Pacific Blue Shipping Partnership (PBSP) member countries for accelerating sustainable development and a zero-carbon transformation of the maritime transport sector.

## Background

Through the Pacific Blue Shipping Partnership (PBSP), the Governments of Fiji, Kiribati, the Republic of the Marshall Islands, Solomon Islands, Tonga, and Tuvalu<sup>3</sup> have committed to reducing greenhouse gas (GHG) emissions in domestic shipping by 40 percent in 2030 and 100 percent in 2050, coupled with a large-scale transformation of their domestic maritime sectors in line with regional and international commitments concerning sustainable development.

Since [February 2022], representatives of the PBSP member countries have exchanged views on an ongoing basis regarding their common priorities and needs for accelerating sustainable development of a carbon-free maritime transport sector as a driver of broader social and economic development objectives. This Note summarizes common priorities and needs identified as of [July 2022] by PBSP member countries, for the purpose of informing and coordinating as appropriate national decision-making processes and discussions with international development partners.

## Common strategic priorities and enabling actions for the Pacific Blue Shipping Partnership

PBSP member countries seek to achieve the following Common (Strategic) Priorities through their participation in the Partnership:

- Accelerate progress towards the country-driven zero-carbon transformation of their interdependent domestic maritime transport sectors (including all relevant supporting sectors and services), aligned with the 2050 Strategy for the Blue Pacific Continent and the 2030 Agenda for Sustainable Development.
- Reduce total GHG emissions attributable to their respective domestic maritime transport sectors by 40 percent by 2030.
- Decarbonize their respective domestic maritime transport sectors by 2050.

The Priorities listed above depend in practice on several key Enabling Actions, including:

- Nationally, and jointly between PBSP member countries for relevant topics of common concern, develop strategic, multi-sector and multi-stakeholder plans for sustainable development of the maritime transport sector as the primary practical framework for implementing the PBSP in accordance with country-driven priorities.

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<sup>3</sup> Vanuatu and Samoa are also associated with the PBSP, however this document focuses on the above-mentioned six countries.

- Maintain coordinated participation of all relevant public and private sector development partners to mobilize and align finance and capacity development for the PBSP.

## Common practical needs for Pacific Blue Shipping Partnership member countries

A large-scale zero-carbon transformation of Pacific Islands shipping—one that leaves no one behind—will depend on locally-driven but internationally connected technology development, entrepreneurship, and innovation across the public and private sectors. To avoid “carbon lock-in” and stranded asset risks, this transformation requires immediate action and cannot be delivered through a siloed approach—being inextricably connected with development of new energy supply chains, land-based service sectors, and the revitalization of institutions capitalizing on the rich maritime heritage of Pacific peoples. In this context common practical needs for PBSP member countries include:

- Financial and technical support for ongoing stakeholder dialogue and “innovation exchange” processes (national, multi-country, multi-sector, multi-institution) that bring together all relevant stakeholders into a common process that enables identification of practical actions aligned to the strategic objectives of the PBSP.
- Financial and technical support for compilation and sharing (on an open-licensed basis) of data and lessons learned relevant to the strategic objectives of the PBSP, including “challenge-driven” internationally connected research programs anchored by local experts and institutions.
- Active and adequately resourced participation of local experts and institutions in all relevant projects, programs and commissioned studies falling within the subject matter scope of the PBSP.

Realizing the ambitions of the PBSP will require significant “mission-oriented” public and private sector investment covering ships, ports and supporting services (e.g., maintenance and repair, renewable energy) at multiple levels of scale, including small local vessels. The scale of investment and degree of multi-institutional coordination required are far beyond the status quo for low-carbon shipping (or the maritime sector generally) across PICs but are commensurate with the level of investment into the renewable energy sector across the region. In this context common practical needs for PBSP member countries include:

- Accelerated upgrading of all infrastructure and supporting services relevant to the maritime transport sector, using the best available technologies underpinned by locally driven innovation and support for small and medium-sized enterprises (SMEs).
- Coordinated investment in accelerated testing and piloting of new approaches and technologies supporting sustainable low-carbon development of the maritime transport sector, including the development of local research and innovation networks, and strengthening of local institutions through supportive international partnerships aligned to country-driven priorities.

Current preliminary evidence suggests a positive return/risk profile for retrofit or replacement of a range of ship types (and supporting infrastructure) active in PBSP member countries. Realizing returns on investment in a manner that maximizes broader Co-Benefits for social and economic development will require a coordinated approach to investment de-risking and planning through

an iterative and phased approach. In this context common practical needs for PBSP member countries include:

- Alignment of all existing or planned capital investments in the maritime sector, and connected upstream sectors such as energy, with the Common Strategic Priorities of the PBSP (listed above). See below for principles for development partner engagement with the PBSP.
- Financial and technical support for iterative financial and investment planning, informed by the best available baseline evidence and anchored by local experts and institutions.
- Financial and technical support for co-development with local institutions of holistic and open-licensed baseline data and accounts for the maritime transport sector and associated topics, based on international standards.

The complexity and uncertainty associated with a low-carbon transformation of PIC maritime sectors should not be underestimated—the PBSP will need to be supported by a long-term, flexible, and iterative collective decision-making (i.e., governance) framework that link and coordinate the priorities of PBSP member countries with activities of the private sector, international development partners and a broad range of other stakeholders. In this context common practical needs for PBSP member countries include:

- Financial and capacity support for national, and joint between PBSP member countries for relevant topics of common concern, preparation of strategic, multi-sector, and multi-stakeholder plans for sustainable development of the maritime transport sector as the primary practical framework for implementing the PBSP in accordance with country-driven priorities.

## **Principles for development partner engagement with the Pacific Blue Shipping Partnership**

The intended function of these principles is a reference point for decision-making by development partners, to ensure the broad alignment of their activities with the Common Strategic Priorities of the PBSP.

All international projects and programs relevant to the development of the maritime transport sector in PBSP member countries should:

- Utilize prior consultation with relevant member countries to ensure alignment of their scope and activities with national development priorities and the objectives of the PBSP.
- Undertake due diligence to minimize in-country duplication of resources and efforts across the activities of international projects and programs.
- Include direct and appropriately funded participation of local people and institutions from relevant member countries.
- Participate as appropriate in PBSP governance and consultation mechanisms to maintain close coordination with the Partnership and reduce capacity demands for in-country stakeholders.

# Annex 2: Draft Founding Charter for the Pacific Blue Shipping Partnership

This annex provides a draft charter which is to serve as basis for discussion for the future governance framework of the Pacific Blue Shipping Partnership.

We, the authorized undersigned Ministers and government officials from {LIST THE COUNTRIES} gathered at \_\_\_\_\_ conference held in \_place\_\_\_\_, \_\_\_country\_\_\_\_, date 2023, to agree to create the Organization of the Pacific Blue Shipping Partnership aiming at providing the member of this.

## Preamble

RECOGNISING the need for urgent action to combat climate change in accordance with the Paris Agreement and United Nations Framework Convention on Climate Change, including pursuing efforts to limit the average global temperature to 1.5 degrees Celsius above pre-industrial levels;

RECALLING the United Nations General Assembly resolution A/RES/76/300 recognizing the human right to a clean, healthy and sustainable environment;

AWARE also that population of the Pacific Island countries and territories are now at risk from an emerging range of new threats, including climate change, marine pollution, and fish stock depletion;

CONSCIOUS of the vulnerability of its communities, of the scarcity of resources and means to provide relief aid within Country or a system of islands affected by a disaster,

RECALLING that Pacific Islanders are the Custodians of the largest ocean, which unite them through deep knowledge and cultural values as well as a tradition of mutual support between their people and the willingness to facilitate of the delivery of Disaster Relief Aid.

DETERMINED to minimize the impacts of the COVID-19 pandemic and the dependence to fuels non-readily available in the pacific, which threaten to set back years of hard-won development gains, through strategic investment in new development opportunities;

MINDFUL of the traditional knowledge of indigenous Pacific habitants and their upper hand on the sea of islands and their resources for centuries.

CONSCIOUS of the necessity to decarbonize its domestic and regional transport fleet, to adopt the higher standards of sustainability, to look for more efficient and cost-effective ways to link their economies, to develop their maritime transport expertise and capacity to facilitate the delivery of disaster relief aid to affected areas or populations during a 'non-conflict related disaster'.

REITERATING the commitments undertaken by the international community in the Millennium Declaration of 2000 to intensify cooperation to reduce the number and effects of natural and man-made disasters,

REAFFIRMING the Pacific Sustainable Development Roadmap, and country-driven development strategies, as the plan for implementing the 17 Goals and 169 Targets documented in the 2030 Agenda for Sustainable Development.

Decide:

## Content

### Article 1: General provisions

1. The Parties to this agreement shall seek, without any derogation of the respective sovereignty and jurisdiction, to coordinate action to accelerate the development of a sustainable, resilient and 100 percent carbon-free maritime transport sector for Pacific Countries Parties to this Agreement by 2050, including a 40 percent reduction of greenhouse gas emissions from domestic shipping by 2030, through a country-driven Pacific Blue Shipping Partnership.
2. The Organization of the Pacific Blue Shipping Partnership is composed of the following bodies:
  - a. The Office of Knowledge, composed of the Scientific and the Economic & Planning Committee as detailed in article 4.
  - b. The Board, composed of representatives of the parties and observers as detailed in article 5.
  - c. The Secretariat, as detailed in article 6.
  - d. The Audit Committee as detailed in article 7.
  - e. The Council of the Sages as detailed in article 8.
3. The Organization of the Pacific Blue Shipping Partnership and all its bodies, dependencies, committees, and sub-committees shall have such legal personality and capacity as may be necessary to perform their functions including to contract, to sue, to incorporate legal entities, and to acquire and dispose of movable and immovable property. The parties to this agreement will grant privileges and immunities to the Organization and its officers.
4. Public documents must be easily accessible. The work of the Organization must take place in complete transparency. Interested individuals may request access to other information and data which the Pacific Blue Shipping Partnership will need to respond to and disclose the requested information and data, as long as it does not contain sensitive information.
5. Members, staff, and contractors must provide a declaration of conflict of interest upon being contracted by the Organization and should renew such a declaration on a yearly basis.

### Article 2: Interpretation of this agreement

1. In case of difficulties in the operation of the Organization and in relation to the interpretation of this agreement, reference should be made to the three pillars on which this agreement is based on:
  - The Organization of the Pacific Blue Shipping Partnership is country owned. The work of the Organization must be country-driven. This means that the solutions developed and

advocated for by the Office must be in line with the needs and requests of the member countries as developed in their national energy and transport action plans and that the Countries Parties to this Agreement must coordinate their actions at the Board.

- The work of the Organization must be Science Based in that the decisions adopted by the Board must be based on the best knowledge and analysis provided by the Office and its sub-committees in their publicly accessible reports. The Board is nevertheless free not to follow the report submitted by the Office provided that it justifies its position transparently.
- The Office is delivering the service of providing knowledge to the countries party to this Agreement in the most complete autonomy and independence from the Board.

2. The work of the Organization will also be guided by the following objectives:

- Adhere to the principles of the blue economy in terms of regeneration, renewability, sustainability, ecosystem consideration, symbiosis, abundance, and autonomy.
- Foster the development of a sustainable domestic and regional transport capacity to:
  - Operate safely and in a manner that supports national priorities and community needs.
  - Respond to food security issues and other emergency issues.
  - Provide disaster relief fleet capable of being deployed in the parties to this agreement areas affected by natural disasters by waiving cabotage restrictions for these vessels.
- Develop capacity in the Pacific for and enhance knowledge on:
  - the blue economy in general and sustainable maritime transport in particular;
  - sustainable shipbuilding and maintenance shipyards;
  - the crewing and management of sustainable vessels
- Design antifragile systems, that is systems that are not only robust and resilient to natural, economic, or political shocks, but that benefit from shocks.

### Article 3: Definitions

1. In this agreement, “Organization” means the Organization of the Pacific Blue Shipping Partnership.
2. In this agreement, “Office” means the Office of Knowledge of the Pacific Blue Shipping Partnership.
3. In this agreement, “Secretariat” means the Secretariat of the Blue Shipping Partnership
4. In this agreement, “Board” means the Board of the Pacific Blue Shipping Partnership.
5. In this Agreement, “Council” means the Council of the Sages responsible to resolve disputes between parties to this agreement, bodies of this Organization, or staff of this Organization.
6. In this agreement, “Conflict of Interest” refers to a situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society organization, is confronted with choosing between the duties and demands of their position and their own private interests.
7. In this agreement, “Vessel” means: any type of craft operating in connection with or depending on the water to operate.
8. In this Agreement, “Disaster” means a serious disruption of the functioning of society, which poses a significant, widespread threat to human life, health, property, or the environment,

whether arising from accident, nature, or human activity, whether developing suddenly or as the result of long-term processes but excluding armed conflict.

9. In this Agreement, “staff” means: all the people employed by the Organization.
10. In this Agreement, “Knowledge” means: Any form of knowing including but not limited to Technical, scientific, Economic, and most particularly Traditional Knowledge.
11. In this Agreement, “Blue Economy” means: an economy based on regeneration of ecosystems in a logic of abundance and autonomy. Drawing inspiration from nature to take what is necessary and to function in symbiosis with it.
12. In this Agreement, “Antifragile System” means: a system that gains from stressors, shocks, volatility, noise, disorder, mistakes, faults, attacks, or failures.
13. In this agreement, “Delegate” means: a representative of a country party to this Agreement officially appointed by that country.
14. In this agreement, “Observer Status” means: an individual from an accredited funding partner and/or shareholder who is allowed to sit in regular meetings of the Board. Observers can make interventions during regular meetings of the Board and submit documents, reports and proposals that will be considered by the Board.
15. In this agreement, “Sage” means: an individual officially appointed to the Council based on their demonstrated community leadership for justice and equity. Each party to this Agreement appoints one Sage at the Council.

#### Article 4: The Office of Knowledge of the Pacific Blue Shipping Partnership

1. The Office is composed of the Scientific Committee and of the Economic & Planning Committee under the direction of the Head of the Office.
2. The Head of the Office is elected by the Committees
3. Members of the Scientific Committee and Economic & Planning Committee are appointed or contracted based on their proven technical knowledge and its relevance for the Pacific following a competitive selection process by independent recruitment agencies with a good understanding of the Pacific.
4. The Office is responsible for providing the best science and information available on relevant domains of shipping decarbonization in the Pacific in the domains of the two Committees without limitation of topics. The Office and its Committees operate autonomously and independently from the rest of the Organization and is free to allocate its resources and structure its work according to its research agenda.
5. The Office with its Scientific and Economic & Planning Committees is responsible, inter alia, for: designing Partnership programs; undertaking environmental impact assessments or regulatory impact assessments; undertaking economic analysis and viability plans as well as market studies; undertaking policy analysis; identifying data needs and gaps and collating relevant data. To undertake this work, it should consider National Action Plans (NAPs) and any other information that it deems relevant.
6. The research agenda is decided by the Head of the Office at the demand of the Board or at its own discretion.
7. Reports produced by the Office and its Committees should contain recommendations, be transparent and publicly accessible.

8. The Office is at the disposal of the Board to present and justify its work and reports upon request by the Board or the Secretariat.

### Article 5: The Board of the Pacific Blue Shipping Partnership

1. The Board is composed of delegates representing each party to this agreement for a term of five years. Each party nominate one delegate to the Board. Accredited partners or shareholders can appoint observers to the Board.
2. The full Board with observers meets at regular intervals depending on the needs, but at least every six months.
3. The Board composed exclusively of delegates can meet in closed sessions when required.
4. The delegates elect a Chair for a period of two years. The Chair can be re-elected once. The Chair is responsible for obtaining a consensus in the decision made by the Board.
5. The Board is responsible for adopting the strategy and for making executive decisions.
6. The Board decisions are consensual, and all delegates must be heard.
7. In case of indisposition of a delegate for less than six months, the country they represent can temporarily ask another delegate of the Board to represent them too. A country whose delegate has been absent for more than six months must appoint a new delegate. The absence of appointment of a new delegate shall have no impact on the decisions of the Board.
8. The Board must release regular statements and accounts of their decisions.
9. The Board bears responsibility for the policies and projects it adopts for the Organization.

### Article 6: The Secretariat of the Pacific Blue Shipping Partnership

1. The Secretariat provides support to the Board in its decision-making process.
2. Subject to the direction and approval of the Board, the functions of the Secretariat shall be to support the Parties to, inter alia:
  - organizing, facilitating, and hosting Board meetings;
  - providing a focal point for communications with Pacific Blue Shipping Partnership member countries and observer organizations;
  - managing the Pacific Blue Shipping Partnership's finances and distributing budgets to the different Pacific Blue Shipping Partnership bodies according to a specified distribution key/formula;
  - identifying, developing and coordinating Pacific Blue Shipping Partnership activities, projects and programs and supporting management thereof, including applying for project funding (if necessary) and facilitating and processing calls for proposals of potential projects;
  - coordinating implementation of the provisions within the Agreement, including underlying Pacific Blue Shipping Partnership governance framework and other relevant agreements concerning the Pacific Blue Shipping Partnership member countries;
  - maintaining a register of Pacific Blue Shipping Partnership projects and activities;
  - compiling reports on the implementation of Board decisions and distributing it to the Board ahead of their meetings;

- compiling reports on the progress of developing and implementing NAPs, based on information provided by Pacific Blue Shipping Partnership member countries, and distributing it to the Board ahead of their meetings;
  - organizing and facilitating data sharing between Pacific Blue Shipping Partnership countries;
  - running and maintaining a Pacific Blue Shipping Partnership website and publishing relevant information, research findings and Board statements and decisions on it;
  - organizing public information events;
  - coordinating responses to freedom of information requests; and
  - providing other secretarial functions as decided by the Board.
3. The Secretariat must report on the implementation of the Board decisions and distribute the report four weeks before the Board meets.
  4. The Secretariat will be led by a Director who will be selected by the Office.

### Article 7: The Audit Committee

1. The Audit Committee is a non-permanent body in charge of controlling the transparency and accountability of all the bodies of the Organization. The Audit Committee has two branches, the Financial Branch, and the Governance Branch.
2. The Financial Audit Committee Branch
3. Provides an annual financial report on all bodies of the Organization drafted by external and independent auditor approved by the Board.
4. The report will detail the account keeping, financial records, payments, asset keeping and liabilities of all bodies of the Organization.
5. The Governance Audit Committee Branch
6. Every two years provides a governance report on all bodies of the Organization drafted by three external and independent auditors.
7. The Governance Audit Report will endeavour to surface pertinent governance issues, including non-financial benefits, both internally and externally on the way this Organization interact with other organizations.

### Article 8: Dispute resolution - The Council of Sages

1. The Council of sages is a non-permanent body of the Organization, called to resolve any persistent difficulty both internal to the Organization but also externally in the relationship this Organization has with others.
2. Each party to this Agreement appoints one Sage at the Council based on their demonstrated community leadership for justice and equity.
3. The Head of the Office, any member of the Board, and the Director of the Secretariat can refer a difficulty to the Council by simple request.
4. If employees have concerns about misconduct and either cannot report these to their superiors or the latter have failed to effectively act on their concerns, employees may also report to the Council.
5. The Council must meet and decide on any issue within four months.

6. The Council will resolve the issues presented to the Sages by consensus based on what is just and equitable, considering the objective of the Blue Economy and the interest of the community of the Pacific as a whole.
7. The expenses of the Council of the Sages are supported by the Board.

### Article 9: Undertakings of the Parties to this Agreement

1. The countries parties to this Agreement undertake to waive Cabotage Rules requirement for any vessel supported by the Pacific Blue Shipping Partnership.
2. The countries parties to this Agreement must appoint a delegate representing them to the Board.
3. The countries parties to this Agreement must share its data with the Office for its research. Countries data will nevertheless remain the ownership of the countries that have shared it and will not appear in the Office reports if required by those countries.
4. The Countries parties to this Agreement undertake to fund their delegates to attend the Board meetings.

### Article 10: Entry into force of the Agreement

1. This Agreement shall be open for signature by the States named in the preamble hereto and shall be subject to ratification.
2. This Agreement shall enter into force thirty days following receipt by the depositary of the fifth instrument of ratification. Thereafter it shall enter into force for any signing or acceding State thirty days after receipt by the depositary of an instrument of ratification or accession.
3. This Agreement shall be deposited with the Government of the Republic of the Marshall Islands / Fiji which shall be responsible for its registration with the United Nations.
4. Following entry into force, this Agreement shall be open for accession by other States with the concurrence of the Parties to this Agreement.
5. Reservations to this Agreement shall not be permitted.

### Article 11: Revision and amendment of this Agreement

1. At the request of not less than one third of the Contracting States to this Agreement, the depositary shall convene a conference of the Contracting States for revising or amending it.
2. The Parties shall conclude arrangements where necessary to facilitate the implementation of the terms and to attain the objectives of this Agreement. The Parties concluding such arrangements shall lodge copies with the depositary of this Agreement.
3. Any instrument of ratification, acceptance, approval, or accession deposited after the entry into force of an amendment to this Convention is deemed to apply to the Convention as amended.

### Article 12: Denunciation of this Agreement

1. This Agreement is a binding international agreement concluded among States and is governed by international law.
2. Any Party may withdraw from this Agreement by giving written notice to the depositary. Withdrawal shall take effect one year after receipt of such notice.

3. Any amendments to this Agreement proposed by a Party shall only be adopted by unanimous decisions of the Parties.

IN WITNESS WHEREOF the undersigned, duly authorized by their respective Governments, have signed the Agreement.

DONE at [City, Country], this [...] day of [...], [...], in a single original

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized by their respective Governments, have signed this Convention.

The Declaration will remain open for signature until DATE–Conference

# Annex 3: Joint supplement to Nationally Determined Contributions under the Paris Agreement

This annex provides draft multi-country Nationally Determined Contributions (NDC) under the Paris Agreement which are to serve as a basis for discussion to Pacific Blue Shipping Partnership (PBSP) member countries interested in enhancing their current single-country NDCs with regard to maritime transport through a joint regional approach.

The Governments of [Fiji, Kiribati, the Republic of the Marshall Islands, Solomon Islands, Tonga, and Tuvalu<sup>4</sup>] are committed to the full, effective, and transparent implementation of the Paris Agreement in accordance with its provisions and the relevant Decisions of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

The above-mentioned Governments, representing the PBSP member countries, hereby communicate the following updates to the Executive Secretary of the UNFCCC pursuant to Article 4 of the Paris Agreement, without prejudice to their respective NDCs communicated individually.

The commitments referred to herein represent voluntary cooperation concerning the design and implementation of NDCs to allow for higher ambition in mitigation and adaptation actions and to promote sustainable development and environmental integrity, recalling Goal 17 of the 2030 Agenda for Sustainable Development and Article 6(1) Paris Agreement.

## Coordinated contributions to the zero-carbon transformation of the maritime sector in Pacific Island Countries

The maritime transport sector is a foundation of social and economic connectivity between Pacific peoples, and an enabler of progress toward economic resilience and sustainable development in Pacific countries.

Recognizing their common but differentiated responsibilities and respective capabilities to combat climate change and the adverse effects thereof, PBSP member countries will:

- Accelerate progress towards the country-driven zero-carbon transformation of their interdependent domestic maritime transport sectors, aligned with the 2050 Strategy for the Blue Pacific Continent and the 2030 Agenda for Sustainable Development.
- Reduce total greenhouse gas (GHG) emissions attributable to their respective domestic maritime transport sectors by 40 percent by 2030.
- Decarbonize their respective domestic maritime transport sectors by 2050.
- Nationally, and jointly between PBSP member countries for relevant topics of common concern, develop strategic, multi-sector, and multi-stakeholder plans for sustainable development of the maritime transport sector as the primary practical framework for implementation of the above-mentioned commitments in accordance with country-driven priorities.

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<sup>4</sup> Vanuatu and Samoa are also associated with the PBSP.

- Maintain coordinated engagement with relevant public and private sector partners, including formal communication of priorities and needs common to PBSP member countries, to mobilize finance and capacity development for the above-mentioned commitments from a wide variety of sources, instruments and channels, recalling Articles 9–12 of the Paris Agreement and the agreed responsibilities of developed countries.
- Publish transparent accounts of progress towards the above-mentioned commitments, based on international statistical standards and requirements agreed upon by relevant CMA/COP decisions.

## Illustrative technical measures

Without prejudice to the general Coordinated Contributions described above, the following technical measures will be considered as potential practical means to achieve, in accordance with the national or collective priorities and plans of PBSP member countries, the zero-carbon transformation of the maritime sector in Pacific Island Countries.

The listed measures are not intended to be considered in isolation from other sectoral or multi-sector development priorities, recognizing the importance of integrated and coherent planning to combat climate change and achieve sustainable development in accordance with the national and collective priorities of PBSP member countries.

## Ongoing/instant measures

- Demand-supply management, data systems, and supporting infrastructure: achieving emissions reductions through optimized routing, vessel specialization, passenger/cargo separation as appropriate, improved information systems, and related measures.
- Improved vessel maintenance programs: achieving emissions reductions through increased efficiencies concerning technological performance and utilization.
- Retrofit of wind-assisted ship propulsion systems, supplemented by installation on new-build vessels: achieving emissions reductions through reduced fuel consumption.
- Optimization of engines to suit typical operating conditions (engine derating): achieving emissions reductions through reduced fuel consumption.
- Retrofit existing vessels with propulsion-improving devices: achieving emissions reductions through reduced fuel consumption.
- Broad-based capacity development relevant to all ongoing, short-term, and long-term technical measures.

## Short-term measures (focused on achieving 40 percent emissions reductions by 2030)

- Fuel replacement using blended biofuels, including the development of supporting infrastructure.
- Switching of motors from two-stroke to four-stroke engines, including the development of supporting infrastructure: achieving emissions reductions through reduced fuel consumption.
- Local research and piloting concerning long-term measures (see below).

## Long-term measures (focused on achieving zero emissions by 2050)

- Multi-scale vessel electrification including development of supporting infrastructure: achieving zero-carbon maritime transportation.
- Fuel replacement using e-Fuels (liquid hydrogen, ammonia, methanol) produced using renewable energy and unblended biofuel.

Subject to revision based on additional data or methodological improvements, Fiji, Kiribati, the Republic of the Marshall Islands, Tonga, Tuvalu, and Solomon Islands report the following domestic baseline data relevant to the Coordinated Contributions described above:

**TABLE 1: BASELINE OF CO<sub>2</sub> EMISSIONS FOR 2019**

Country	Total estimated vessels (including small outboards)	Total estimated carbon dioxide (CO <sub>2</sub> ) emissions (in tons)
Fiji	5,377	315,903
Kiribati	1,952	33,487
Republic of the Marshall Islands	469	8,794
Solomon Islands	3,369	202,969
Tonga	604	8,488
Tuvalu	437	10,853

Source: High-Level Baseline Assessment report