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GOAL-BASED NEW SHIP CONSTRUCTION STANDARDS

Comments on the Verification Process (Tier III)

Submitted by Spain and INTERTANKO

SUMMARY

Executive summary:	This document examines the evolution of the proposals on how to perform the verification process from the viewpoint of their likely effectiveness, and suggests using the one shown to have most credibility on the basis of the trials conducted
Strategic direction:	10
High-level action:	10.1.1
Planned output:	10.1.1.1 and 10.1.1.2
Action to be taken:	Paragraph 18
Related documents:	MSC 81/6/1, MSC 81/WP.7; MSC 82/5, MSC 82/24/Add.2; MSC 83/5/1, MSC 83/28 and Add.2; MSC 85/5/1 and MSC 85/WP.5

Introduction

1 Since the very first stages of GBS development it has been recognized that Tier III is one of the most important components of the system. This is certainly true, since without verification it would not be possible to know if the standards at the lower tiers conform to the objectives (Tier I) and the functional requirements (Tier II) established by the International Maritime Organization.

2 The two fundamental questions, i.e. how verification should be performed and by whom, were soon answered through common sense by recognizing the principles of authority and independence. Paragraph 16 of document MSC 81/6/1, the report of the correspondence group, states: "***A strong majority of the group expressed the view that the verification authority should be an IMO group, under the auspices of the MSC***". The topic was also debated in the working group established at MSC 81, which endorsed the above-mentioned conclusions, as shown in paragraph 11 of its report contained in document MSC 81/WP.7:

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“Verification authority

11 The group agreed with the results of the correspondence group that the verification authority needs to be a group of experts operating under the auspices of the Maritime Safety Committee.”

3 Once consensus had been reached that verification should be performed by a group of experts, and on the authority under which that should be done, the discussions focused on the aspects of the second question. The working group at MSC 81 agreed on a scheme for performing the verification, which is shown in annex 3 to document MSC 81/WP.7. This scheme shows the interaction between the rules submitter, the experts and the MSC, both for the initial verification and for subsequent verification of rule changes.

4 The correspondence group established at MSC 81 analysed in particular the practical aspects of the following four components: independent personal working, joint deliberations to share findings, interviews with rule developers’ representatives in order to clarify any doubts and, finally, the transparency throughout the process. All of this is mentioned in paragraph 16 of document MSC 82/5 containing the report of the correspondence group.

Development

5 At MSC 82 some delegations expressed doubts about both the method of verification and the related compliance criteria. It was therefore decided to test and, if possible, improve the scheme through real experience gained from a pilot project to perform a trial test using the IACS Common Structural Rules, as previously envisaged at MSC 81. Among the objectives, terms of reference and deliverables for the project mentioned in annex 15 to document MSC 82/24/Add.2, the following are particularly relevant:

- “A. Project objectives: ... validating the Tier III verification framework;***
- B. Terms of reference: .2.1 examine and evaluate the verification framework of Tier III;***
- C. Deliverables of the pilot project: recommendations on the following key areas:***
 - .1 Procedures for how a Tier III verification process should be carried out.”***

6 The pilot panel analysed these topics in detail and developed from scratch “Part A, Verification Process” of the “Draft Guidelines for the Verification of Compliance with the GBS”. In particular, concerning how the experts should conduct their verification work, the panel reached the following specific conclusions, which are clearly set out in paragraph 4.3, part A, of the Guidelines, in the section on “Initial verification”:

- “.3 The Group of Experts verifies the submitted information through their own independent review and assessment of the information and documentation provided, based on the evaluation criteria contained in part B of these Guidelines”***

7 However, during the discussions of the working group established at MSC 83 some delegations expressed the view that a self-assessment by the classification society submitting its rules might be sufficient for the purposes of verification. Since no consensus was reached the subject was again referred to the pilot panel for reconsideration during its second phase, as stated in document MSC 83/28 containing the report of MSC 83:

“5.63 **The Committee noted that, during the general discussion on the text of part A of the draft Guidelines ..., the working group:**

- .1 concerning whether Tier III should be a detailed verification by the Group of Experts or a self-assessment by the classification society/recognized organization coupled with an audit by the Group of Experts and the associated efficiency and resource implications, had noted that it was premature to take a decision before the completion of the second trial application, and had agreed to include the issue in the terms of reference for the Pilot Panel (see paragraph 5.66);”**

8 The main criticisms of the detailed verification proposed by the panel were based on the supposedly considerable overall cost of the process. The terms of reference for phase 2 of the pilot project therefore included specific instructions concerning the effectiveness and efficiency of the process, as shown in document MSC 83/28/Add.2, annex 5, “*Project plan for a second trial application of the Guidelines for the Verification of Compliance with GBS using the IACS CSR for Oil Tankers*”.

9 During the second phase the pilot panel carried out a more comprehensive and detailed consideration of all the aspects involved in a proper verification. On the basis of the actual experience gained during the two trials, the panel reached the unanimous conclusion that the verification should be a thorough independent check by the experts of the group, examining and verifying the key parameters and the assumptions used in formulating and developing the rules. All of this is reflected in the section entitled “*Efficiency of the verification process*” in document MSC 85/5/1, containing the report of the pilot panel (PP), phase 2, as follows:

- “19 The PP agreed that the verification process must be efficient and strike an appropriate balance between the level of detail of the verification by the GoE and the resources required to conduct the verification process ...**
- 20 The PP believes it is essential for the GoE to examine and verify the key parameters and assumptions used in the formulation and development of the rules rather than simply verify the rule development process. In that regard, the PP is concerned with the use of the term “audit” to describe the verification process, as the term can be inferred to imply a verification of process only and not the underlying fundamentals.**
- 21 The PP recommends that the rule submitter be required to include a complete self-assessment as part of the documentation package. This will improve efficiency by providing individual GoE members with the flexibility to select individual parameters and examine them to an appropriate level of detail based on their experience and judgment. Additionally, requiring a self-assessment will help ensure that the submitted documentation package is complete.”**

10 It should be emphasized that (a) the panel consisted of experts all nominated by Member States and non-governmental organizations, including one proposed by IACS, and (b) the decisions and recommendations were adopted unanimously.

11 In spite of the fact that the conclusions reached by the panel were based on two years of intensive work and on experience gained through the trial application, at the same session one delegation made a proposal to reject those conclusions completely and to limit the verification process to a simple self-assessment performed by the submitter, with the eventual and unlikely audit being done by the group of experts “*in the rare cases when a self-assessment is considered to be insufficient*” (assumed to be not more than 1% of cases). No details of the alternative proposed method were provided.

Comments on the above-mentioned proposals

12 Firstly, it must be recognized that the credibility of the verification lies in the independence of the person or organization performing it. In the event of any connection between the evaluator and the entity whose work is being verified, there can be no guarantee beforehand that an evaluator’s decision which might economically affect the entity being verified would be accepted by it. The same idea applies in everyday life: the judge cannot also be the judged party.

13 Proper verification of the rules submitted requires an actual check of the methodology, assumptions and key parameters. This also means that it must be performed by experts with appropriate knowledgeable, qualifications and skills. As mentioned above, in order for the verification to be credible these experts must be independent of the author of the rules, or else it would simply be a paper exercise.

14 The aspect of the overall cost was taken into account by the pilot panel, as mentioned in paragraph 21 of document MSC 85/5/1 quoted above, and it must not be considered as the paramount criterion relegating the reliability of the process to second or third priority. In any case it will be influenced mostly by the submitter’s attitude, since it will depend substantially on the quality of the self-assessment. A thorough and well prepared set of documentation will facilitate the review enormously, while an incomplete and badly developed set could make the process endless. Classification societies are well aware of these types of situation in their own daily work.

15 It should also be realized that, contrary to what has been stated by some delegations, a verification process performed by IMO cannot negatively affect the development of rules, for the following reasons:

- .1 The technological level and developmental state of the classification rules will not be affected, because the same type of self-assessment used in the rule development would also be valid for the verification process, as the principles and goals of the GBS are supposedly applicable to the development, and they also provide the relevant benchmarking to ensure that the results of the newly developed rules are correct. The work will be unique and valid for both purposes, unless shortcuts are attempted during the development.
- .2 Classification societies will always be responsible for the content of their rules because they own them, and therefore they are the only entities entitled to modify them.

16 Finally it must be kept in mind that, while the recommendations of the pilot panel are based on the actual exercise of applying the Tier III requirements developed, those delegations supporting the self-assessment-only procedure have not provided any example to demonstrate the equivalence of their proposal.

Proposal

17 To summarize, the only proven way to guarantee a reliable, effective and efficient verification process, is to perform it according to the recommendations in part A of the “*Guidelines for Verification of Compliance with Goal-Based New Ship Construction Standards for Bulk Carriers and Oil Tankers*” contained in annex 1 to document MSC 85/5/1. Spain and INTERTANKO propose to maintain the process described in the section entitled “Review”, subparagraph 4.3 and paragraph 5, as follows:

*“4.3 The Group of Experts **verifies the submitted information through their own independent review**. During the review and assessment process, the Group of Experts can request additional information from the Submitter, as necessary.*

*5 The Group of Experts **is expected to conduct an assessment in sufficient depth according to their professional judgment** to verify that each of the functional requirements is met and the intent of the evaluation criteria in part B has been satisfied. The Group of Experts **should examine compliance with each of the evaluation criteria in part B and should verify that the Rule set fully covers the Tier II functional requirements is based on sound technical principles and is properly benchmarked.**”*

Action requested of the Committee

18 The Committee is invited to consider the proposal in paragraph 17 and to decide as it deems appropriate.