

I. Information regarding the activities currently undertaken related to maritime security and safety

(i) Port Facility and Supply Chain Security

Similar to other sectors, the events of 9/11 made an enormous impact on maritime transport, ports and logistics in general. It resulted in several new initiatives, the most important ones being the International Ship and Port Facility Security Code (ISPS) and Supply Chain Security (SCS). Both initiatives have generated significant concerns about transportation cost increases and significant negative impacts on international shipping and port handling processes as well as on international trade flow processes.

The expectation has been that such impacts would be more dramatic for many ports in developing countries as compared to 'developed' ports in terms of costs, know-how, and human resources. Studies show that the costs, both investment and running costs, of the initiatives described are often not, or not fully, passed on to the port users and / or the traders, as this may lead to a decrease of competitiveness. Responding to the concerns of our client countries, the World Bank has engaged in the following major related activities:

- **ISPS Cost of Compliance Study:** In partnership with a number of other Donors, the World Bank commissioned detailed investigations in twelve ports / terminals around the world to establish the impact of the introduction of the ISPS on cargo handling costs (Final Report to be published before the end of 2007). The study demonstrates that world-wide investments have been very large, but also concludes that *the impacts on costs of cargo handling are limited to cents per ton of cargo and to a few dollars per (TEU standard) container*. On the positive side, the investigations and surveys also indicate that *many ports, in particular in developing countries, are much better organized, and more efficient as a result of the implementation of ISPS*, and that pilferage has been reduced considerably in many cases.
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- **SCS Tool Box development initiative:** In collaboration with partners such as the IAPH, the World Customs Organization (WCO), and a number of European Port (Experts), the World Bank is investigating the feasibility of the development of an SCS Toolbox. The objective of the Tool Box is to inform shippers and receivers, freight forwarders, port authorities, Customs organizations, and other stakeholders involved in trade and logistics of the developments in the field of SCS and what it may mean for their respective countries and ports as well as what are the actions that they are advised, supposed, or recommended to take and the benefits this may bring to them within the global trade context.

Finally, the Bank continues to be engaged and share its experience on the topic of Port Security at a number of International Conferences.

(ii) Safe and environmentally sound navigation for the prevention of marine pollution

The World Bank has been actively engaged in promoting safe navigation for the prevention marine pollution, working in partnership with the Global Environmental Facility (GEF) and a number of United Nations and other intergovernmental and non-governmental international organizations, such as

the International Maritime Organization (IMO), the International Hydrographic Organization (IHO), the United Nations Development and Environmental Programs (UNDP, UNEP), the Inter-American Development Bank (IADB), etc. Maritime commerce and access to safe and efficient marine transportation services is critical for the economic development and poverty alleviation efforts in the majority of our client countries. Client countries also face international responsibilities for the provision of safe and environmentally sound navigation for the protection of the marine environment as a Global Public Good. To this end, the Bank has been working with the GEF to help countries respond to the risk posed by the lack of basic navigation safety services and capacity for oil spill contingency planning and response.

Over the last decade the Bank has developed and managed a number of GEF-financed projects to support oil spill preparedness and contingency planning capacity building, the provision of basic navigation services such as accurate navigation charts, and the promotion and scaling up of integrated navigation safety information and vessel traffic systems through the establishment of Marine Electronic Highways in straits used for international navigation. Through major projects such as the *Regional Project for the Implementation of the Strategic Action Program for the Red Sea and Gulf of Aden* (closed 2005); the *Argentina Coastal Contamination Prevention & Marine Management Project* (on-going) as well as the more recent *East Asia and West Indian Ocean Marine Electronic Highway (MEH) Projects* (on-going), the Bank has invested millions of dollars in:

- hydrographic surveys and provision of hydrographic, oceanographic, and meteorological equipment;
- support for production of paper and Electronic Nautical Charts (ENC) and ENC capacity-building;
- interagency coordination and capacity building at both national and regional level;
- expanded on-board deployment of type-approved Electronic Chart Display Systems (ECDIS) and shore deployment of the Automated Identification System (AIS); and
- development and deployment of integrated navigation safety information systems for providing mariners and vessel traffic managers with real time traffic, hydrographic, oceanographic, meteorological, and environmental data.

Training and technical capacity building in oil spill preparedness and contingency planning for coastal states in Sub-Saharan Africa, the Caribbean, Red Sea and the Gulf of Aden, West Indian Ocean, East Asia Seas, and the Black Sea regions have also benefited from Bank support.

Recognizing the significant safety and pollution prevention benefits that stem from improving mariner's situation awareness, the Bank's work in recent years has focused on promoting and scaling up the use of ENCs and the pioneering MEH work of integrating and delivering in real time multiple navigation and vessel traffic management information overlays. Thus, the East Asia MEH project is presently supporting research and development to inform the IHO work on international standards for additional marine information overlays for use in ECDIS with ENCs and is acting as field testing grounds for the IMO E-Navigation concept. Importantly, in addition to increasing the overall economic efficiency and safety of maritime transportation, such integrated real-time information systems have important role in supporting stronger early warning and maritime security functions.

II. Matters which may require further action and any suggested recommendations, with an emphasis on areas where coordination and cooperation at the intergovernmental and interagency levels could be enhanced

Moving ahead, a major outstanding issue remains the chronic lack of a sufficiently capitalized, stable funding mechanism to assist coastal developing countries in meeting their responsibilities for supporting safe and environmentally sound navigation.

Conducting hydrographic surveys or deploying sophisticated navigation aids and vessel traffic information systems are all non-revenue-generating activities that require significant capital investments, high level of technical capacity, and are generally not covered by the private sector. While much needed and sought after, the assistance provided by the IMO, IHO, and other partner organizations is largely limited to training and basic technical capacity building, not sufficient to begin addressing equipment and infrastructure needs. At the same time, this is also an area with very limited demand for non-concessional, or even for concessional, financing. Since its establishment, the GEF has emerged as the main source of larger scale grant funding for catalytic work in the area of marine pollution and navigation safety in many developing countries through a number of projects developed and implemented by the World Bank, UNDP, UNEP, IMO, and the IADB, among others.

With the GEF having effectively discontinued its support for maritime pollution prevention under its new International Waters focal area strategy, there is an urgent need to identify an alternative grant funding mechanism that can continue providing similar catalytic and convening role. This is critical not only for helping developing countries meet their international obligations but, more importantly, for opening and facilitating regional dialogue and cooperation. Coastal States are highly sensitive about a range of critical navigation information and services. As demonstrated in the course of the MEH project development, this could in turn make relying on traditional direct bilateral assistance more difficult even if there are willing donors.

Past experience has clearly made evident the need for a transparent, politically neutral, third-party funding mechanism. The UN Open-ended Consultative Process on Oceans and the Law of the Sea is the appropriate place to consider addressing this need for the long term and in view of the increasing maritime security and safety challenges brought about by the threat of terrorist activities and increasing climate variability – whether through channeling additional program responsibilities and/or funds through existing mechanisms (e.g. the IMO Technical Assistance Funds or the GEF) or creating new instruments.