

# CASE STUDY – INSPECTIONS

Job	<b>External Evaluation of EMSA</b>
Customer	<b>EMSA</b>
Type	<b>Case study report</b>
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## 1. INTRODUCTION

The present case study is an in-depth investigation into EMSA's inspections for the purpose of exploring the relation between the activities implemented by EMSA and the achievement of the Agency's objectives.

The case study focuses on a specific area of EMSA's work to assess in-depth the utility, effectiveness, and efficiency of EMSA's activities in this area. The case study also explores potential alternative explanations, external and internal drivers influencing the results observed. The analysis is based on the triangulation of different data sources.

Following the introduction, the second section of the case study introduces the policy background of EMSA's RO and STCW inspection activities, outlines the scope of the case study, presents an intervention logic for conducting inspections, and lays down the methodology of this case study. The third section presents the findings of the case study, organised according to the evaluation criteria: relevance, utility, effectiveness, efficiency, and added value. The last section contains conclusions and recommendations.

## 2. SCOPE AND METHODOLOGY

The case study focuses on:

- EMSA's inspections of Recognized Organisations (ROs)
- EMSA's Inspections of Member States and third countries in relation to the implementation of the STCW Convention.

EMSA's technical assistance to the Commission in relation to maritime security could also be argued to be an inspection in the context of this case study. However, it will not be a focal point for this case study since it is primarily initiated by the Commission and not perceived as a core inspection task for EMSA compared to inspections of ROs and STCW inspections to third countries. Also, the budget allocation indicates that EMSA's assistance to the Commission in relation to maritime security is of less importance.

### 2.1 Policy background

In article 3 of the founding regulation of EMSA, it states that the Agency shall carry out inspections on behalf of the Commission as required by binding legal acts of the Union regarding organisations recognised by the Union in accordance with Regulation (EC) No 391/2009 of the European Parliament and of the Council of 23 April 2009 on common rules and standards for ship inspection and survey organisations ( 2 ), and regarding the training and certification of seafarers in third countries in accordance with Directive 2008/106/EC.<sup>1</sup> The legal basis for the elements specific to this case study is primarily:<sup>2</sup>

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<sup>1</sup> Regulation 1406/2002 art. 3,3

<sup>2</sup> EMSA Work Programme 2016 pag. 53;55;58

**Classification Societies:** Regulation (EC) N° 1406/2002 as amended, Art. 2.2(b), 2.3(c) and 3. This regulation describes EMSA's objectives and tasks regarding EMSA's inspections of classification societies also called recognised organisations.

**STCW:** Regulation (EC) No 1406/2002 as amended, Art. 1.2, 2.2(a), 2.2 (b), 2.4(e), 2.4(h) and 3. This regulation formulates EMSA's objectives and tasks in relation to EMSA's STCW-inspections of Member States and third countries.

**Maritime Security:** Regulation (EC) No 1406/2002 as amended, Art. 1.2 and 2.2 (b) Regulation (EC) No 1406/2002 as amended, Art. 1.2, 2.2 (a), 2.2 (b), 2.3(d), 2.4 (e), 2.4 (h), 3, and 3.3. The regulation describes how EMSA has an assisting technical role.

The budget and resource allocation for the above focus areas are listed below.

**Table 1: Resource allocation on inspections related to ROs, STCW and maritime security<sup>3</sup>**

	Inspections of ROs	STCW inspections	Inspections/visits on Maritime security
<b>Staff 2016</b>	10 AD, 1 AST, 1 SNE	6 AD, 2 AST, 1 SNE	3 AD
<b>Budget 2016</b>	1,8 MEUR	1,3 MEUR	0,5 MEUR

As the budget figures indicate, the resources for the inspections of maritime security are significantly smaller than the resources for inspections of ROs and STCW inspections. Therefore, the case study focusses on ROs and STCW.

### 2.1.1 EMSA's inspections of recognised organisations

EMSA's inspection of recognised organisations is a core task for EMSA. They have been conducted since 2004.

EU Member States rely to a high degree on classification societies to perform statutory work on their behalf for ships flying their flags. Classification societies are organisations that establish and apply technical standards (rules) in relation to the design, construction, and survey of ships. Regulation (EC) No 391/2009 provides that only those organisations meeting certain criteria can be granted EU recognition that allows them to be authorised to carry out statutory tasks in the EU area. These classification societies are called EU Recognised Organisations or ROs for short. To verify that they continue to meet the criteria laid down in the relevant EU legislation, the Commission periodically via EMSA carries out inspections to assess the Recognised Organisations.<sup>4</sup> For the time being EU has 12 recognised organisations.

A recent development is that EMSA is carrying out inspections based on a risk-based approach taking into account various sources of data: inter alia, the inspection history, results of Member States' monitoring activities, the Commission's assessments, and industry developments. The aim with the risk-based approach is to minimise mission costs and maximise effectiveness of inspections.<sup>5</sup> EMSA also has developed, maintained, and improved an internal IT tool/ monitoring database used to record, track, follow-up and analyse inspection and assessment findings.<sup>6</sup>

EMSA performs inspections of the ROs to ensure compliance with Regulation (EC) No 391/2009 and the minimum requirements laid down in the regulations. The minimum requirements are established in Annex I of the Regulation, which refers to an IMO resolution specifying international minimum requirements, which is transposed into EU legislation. The minimum requirements can be illustrated through 4 steps.<sup>7</sup>

<sup>3</sup> AAR 2015 p. 32; 34; 38

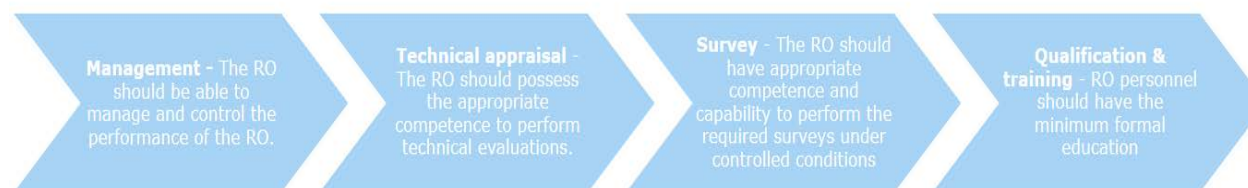
<sup>4</sup> Work Programme 2014 p. 26

<sup>5</sup> Annual Activity Report 2015 p. 32

<sup>6</sup> Annual Activity Report 2014 p. 21

<sup>7</sup> Source

**Figure 1: Approach to inspections of ROs**



Additionally, to be inspected to ensure their compliance with the minimum requirements, the ROs face up to three additional surveys and inspections from other external actors. First, the Member States must ensure that the ROs acting on their behalf effectively carry out the relevant functions. In practice, most of the Member States rely on EMSA reports to ensure the ROs' effectiveness.<sup>8</sup> Second, the ROs are bound to maintain and set up an independent Quality Assessment and Certification Entity (QACE) to assess their quality management system.<sup>9</sup> Third, the International Association of Classification Societies (IACS) performs inspections of the ROs.

The European Commission assesses each of the EU recognised organisations once every two years. EMSA has by the Commission been entrusted with the task of carrying out the necessary inspections and therefore, EMSA carries out several visits/audits of Recognised Organisations. This includes visits/audits to head offices and selected regional, field and site offices and includes visits to ships, all for the purpose of verifying the performance of the ROs.<sup>10</sup> The inspections are performed with a top-down approach, meaning an inspection of the ROs' headquarters and then local national branches and other relevant institutions.<sup>11</sup>

**Table 2: Number of RO inspections per year<sup>12</sup>**

	2010	2011	2012	2013	2014	2015
<b>Number of RO inspections</b>	18	16	17	21	20	17

### 2.1.2 STCW inspections of Member States and third countries

EMSA conducts inspections of Member States and third countries. STCW inspections of Member States ensure high standards of seafarers, and with STCW-inspections to third countries it allows the use of a common methodology to the large number of non-EU seafarers (holding certificates issued outside the European Union) who work on board EU flagged vessels. EMSA inspections are supposed to reduce the cost that would be involved if each individual Member State were to conduct this activity.

Based on Directive (EC) No 106/2008 on the minimum level of training of seafarers this task has been assigned to the Commission assisted by the Agency.<sup>13</sup> Each inspection includes visits to different offices of maritime administration as well as Maritime Education and Training (MET) institutions (maritime universities, nautical schools and training centres). Such visits are therefore in-depth and thorough.<sup>14</sup>

Quality shipping relies heavily on well-educated and trained seafarers. The IMO STCW Convention (Standards of Training, Certification and Watch-keeping for Seafarers) is the benchmark, against which countries (both EU and non-EU) providing seafarers to EU flagged vessels are measured.

<sup>8</sup> 2009/15/EC art. 9 & COM(2016)47 Final, 4.3

<sup>9</sup> COM(2016)47 Final, 7.2.

<sup>10</sup> <http://www.emsa.europa.eu/visits-a-inspections/assessment-of-classification-societies.html>

<sup>11</sup> <http://www.emsa.europa.eu/implementation-tasks/visits-and-inspections.html>

<sup>12</sup> Annual Activity Reports 2010 - 2015

<sup>13</sup> Work Programme 2012 p. 21

<sup>14</sup> Work Programme 2012 p. 22

This international convention provides a minimum standard for maritime education and training (MET) and certification systems. Under Directive 106/2008/EC, the Commission has been tasked to assess the educational systems in non-EU countries on behalf of the Member States. EMSA aids the Commission by inspecting the MET and certification systems in these countries to collect information regarding the implementation of the Convention. A similar approach is followed for Member States.<sup>15</sup>

Council Directive 95/21/EC lays down the inspection commitments and the inspection procedure relating to STCW inspections.<sup>16</sup>

Member States are according to Article 5 committed to inspect 25 % of individual ships. In selecting ships, the Member States shall refrain from inspecting ships with no reported deficiencies or no clear grounds. Otherwise, the Member State shall prioritise the ships mentioned in Annex I of the Directive, which lists ‘the ships to be considered for priority inspection’.

The inspection procedure according to Article 6 of the Directive is to:<sup>17</sup>

- Inspect all documents mentioned in Annex II of the Directive.
- Satisfy himself (the inspector) of the overall condition of the ship.
- The inspection may be extended on clear grounds.

The number of STCW inspections carried out by EMSA is listed below.<sup>18</sup>

**Table 3 Number of STCW inspections to third countries**

	2010	2011	2012	2013	2014	2015
<b>Countries</b>	6 (11)	9 (14)	10	8	6 (9)	4 (7)

*The number in parenthesis is the total number of STCW-inspections, while the number outside the parenthesis is EMSA's STCW-inspections to third-countries.*

An important result of the STCW inspections is the data feeding into the STCW Information System, which gathers descriptive information on maritime education, training and certification systems. The information in the system is accessible to EU Member States, and they can themselves introduce data to the system.

### 2.1.3 Maritime security

EMSA also assists the Commission in monitoring Member States' implementation of maritime security for instance through Regulation (EC) No 725/2004 on enhancing ship and port facility security. The aim is to enable the Commission and the EFTA Surveillance Authority to assess and verify the implementation of EU maritime security legislation in the Member States. Compared to the activities of inspections of ROs and STCW-inspections which are both core EMSA tasks, the role of EMSA in relation to maritime security is less significant and resource demanding.

## 2.2 Scope of the case study

This case study focuses primarily on EMSA's core inspections tasks, namely inspections of ROs and STCW-visits to Member States and inspections of third countries. These are both core EMSA tasks and closely related to EMSA's overall objective of securing a high uniform and effective maritime safety in Europe. Both activities take up a considerable amount of resources and staff. The activities on maritime security is headed by the Commission and therefore is not perceived as a core task in the same way inspections of ROs and STCW inspections to third countries.

The case study also has a clear focus on user's assessment of EMSA. In this case, ROs, Member States, Commission and STCW-inspected countries have been especially targeted as relevant stakeholders.

<sup>15</sup> AAR 2011 p. 2011

<sup>16</sup> Council Directive 95/21/EC

<sup>17</sup> Council Directive 95/21/EC p. 4

<sup>18</sup> AAR 2011 p. 2011

In appendix, we have linked the case study questions to the overall evaluation questions.

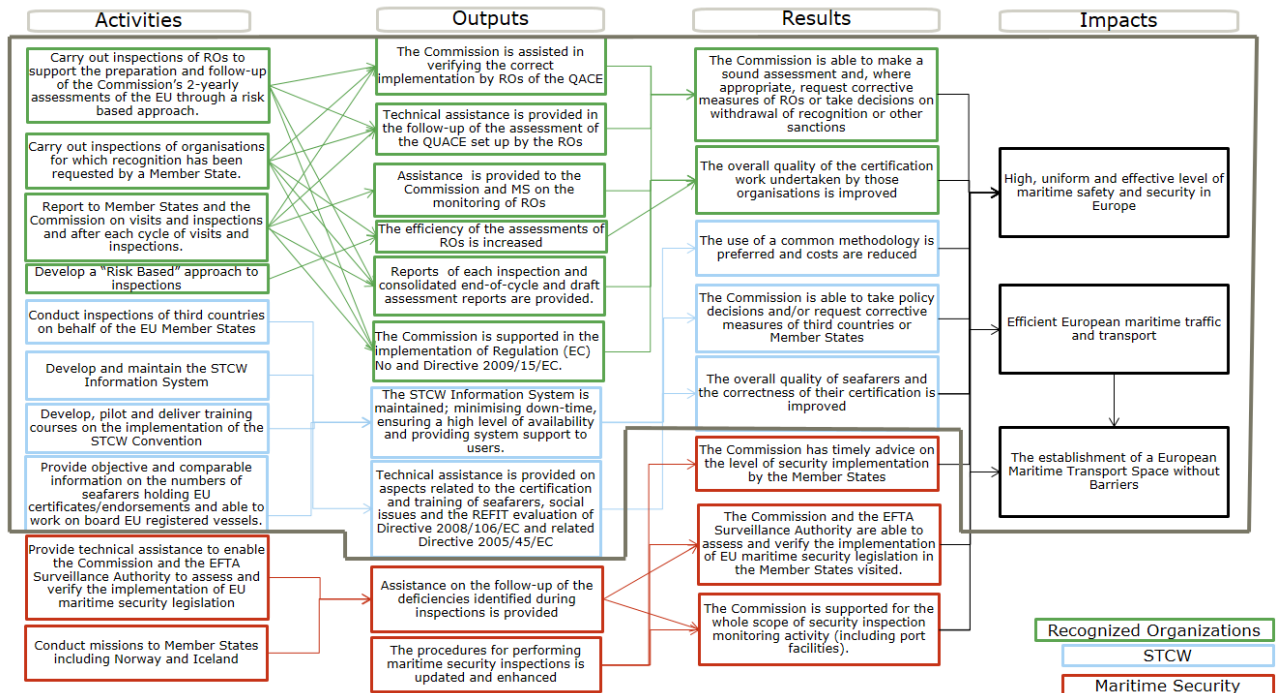
### 2.3 Intervention logic

Draft intervention logics have been developed as part of the case study. The intervention logic below relates to EMSA's activities, outputs, results, and impacts in relation to the Agency's inspections on the RO and STCW area. An intervention logic is a systematic and reasoned description of the casual links between the Agency's activities, outputs, outcomes, results, and impacts. It helps to understand the objectives of the Agency as a whole and its specific deliverables.

The case study will, when answering questions and formulating the performance stories, follow the structure of the intervention logic. However, the case study focuses primarily on EMSA's inspections of ROs and STCW inspections/visits in relation to PSC and to a lesser degree other maritime legislation.

As explained above EMSA conducts visits to Member States in order ensure effective implementation of Union law. The intervention logic depicted in Figure 2 below presents expected outputs, results and impacts for the visits to Member States,

Figure 2 Theory of change case study 2: Inspections



Achieving these outputs will lead to more general results, most importantly the improved application of international and EU maritime legislation by Member States as well as third countries. Member States will be encouraged to increase cooperation and share best practices. Finally, the results will contribute to a high, uniform and effective level of maritime safety and security in Europe, as well as efficient European maritime traffic and transport.

### 2.4 Methodology

A brief outline of the conducted activities and interviewed stakeholders can be found in the Figure 3 below.

Figure 3: Methodology for case study 2 - inspections



Data from desk research, survey, and interviews have been triangulated to form evidence based findings and conclusions. The methodology has a strong focus on user's assessment of EMSA's activities in relation to the focus areas of RO and STCW inspections.

### 3. FINDINGS

This section presents the findings of the case study on EMSA's inspections of Recognised Organisations and STCW inspections. It is structured according to the evaluation criteria and the following evaluation questions.

#### 3.1 Relevance

##### 3.1.1 To what extent has EMSA fulfilled its mandate and tasks as set out in the Regulation with regards to inspections of ROs and STCW inspections? [EQ1.1]

**The review of the legal requirements of EMSA's inspections shows that the Agency has developed a methodology to fulfil the relevant legal requirements and is implementing these inspections.**

Overall, the findings from the case study underline the continued relevance of EMSA's inspections of ROs and STCW facilities. According to any legal relevance of EMSA's inspections and as far as EMSA's legal basis is concerned, there are provisions regarding the elements of EMSA's inspections of ROs and STCW inspections in the EMSA Founding Regulation.<sup>19</sup>

#### **Regulation (EC) No 1406/2002**

EMSA has been tasked with assisting the Commission in its role of monitoring and verifying the proper implementation and application of Union law, by carrying-out inspections of Recognised Organisations and of Member States and third countries in relation of the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) as provided by Article 3. Article

<sup>19</sup> Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency



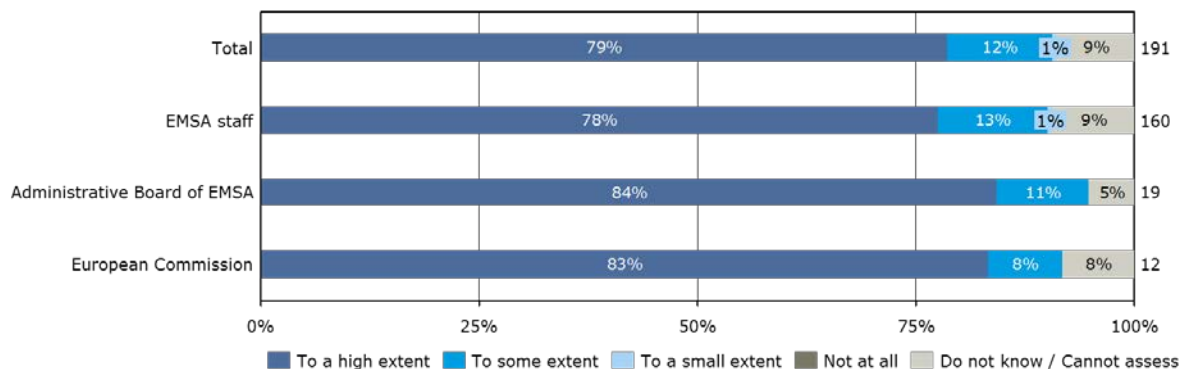
3.3 states that:

*"The Agency shall carry out inspections on behalf of the Commission as required by binding legal acts of the Union regarding organisations recognised by the Union in accordance with Regulation (EC) No 391/2009 of the European Parliament and of the Council of 23 April 2009 on common rules and standards for ship inspection and survey organisations ( 2 ), and regarding the training and certification of seafarers in third countries in accordance with Directive 2008/106/EC."*

The administrative board shall establish the methodology for the visits to be carried out pursuant to Article 3 (Art 10 2(g)). The Executive Director shall decide to carry out the visits and inspections provided for in Article 3, after consultation of the Commission and following the methodology for visits established by the Administrative Board in accordance with Article 10(2)(g) (Art 15 2(b)).

EMSA fulfil its tasks with the use of a developed methodology. Further the conducted survey indicates, that EMSA's stakeholders, on a general level, is of the presumption, that EMSA fulfils its mandate tasks to a high extent.

**Figure 4: "With your knowledge of what is prescribed by the Founding Regulation for EMSA (EC Regulation 1406/2002 as amended), to what extent does EMSA fulfil its mandate and core tasks?"**



EMSA carries out the inspections in accordance to the minimum requirements in Directive 2012/35/EU *on the minimum level of training of seafarers* and Regulation (EC) No 391/2009 *on common rules and standards for ship inspection and survey organisations*. EMSA and the Commission agree on the inspection cycle and any specific focus. The approach is top-down involving branch offices and local offices as well as maritime administrations and maritime universities. Thereby, EMSA has carried out inspections of ROs and STCW institutions as laid down in the founding regulation.

### 3.1.2 To what extent have the inspections matched the needs of EMSA's stakeholders? [EQ1.2]

#### **Inspections of ROs continue to be a relevant factor for the maritime safety in Europe.**

Interviews indicate that inspections of ROs are gradually becoming more and more important, in part because Member States increasingly are contracting ROs to do flag State inspections on their behalf. The Member States and the Commission acknowledges that EMSA's inspections of ROs are very important to secure a high, uniform, and effective level of maritime safety and a level playing field for the European maritime transport.

It is EMSA's task to maintain the quality of inspections across all the ROs. Without EMSA's inspections of ROs the business incentives could mean ROs may be inclined to lower their inspection standards at the convenience of the ship owners.

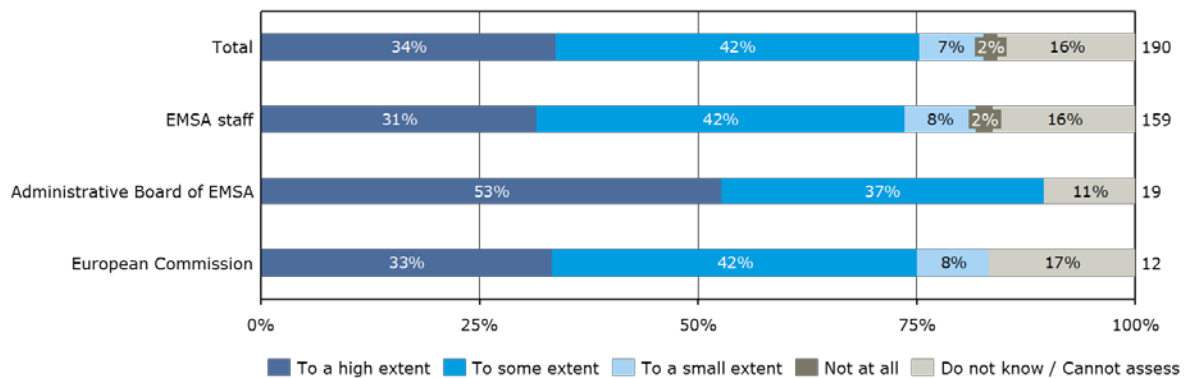
**EMSA's inspections of the ROs and third countries are regarded as highly relevant by ROs and third countries.** The stakeholders embrace EMSA as the most professional inspection regime with the highest standards among all the various inspection-stakeholders they meet. This

high standard from EMSA not only contributes to a high standard, uniform, and effective level of maritime safety and security in Europe, but the stakeholders also perceive the inspections as a valuable learning experience and as an opportunity to initiate internal improvements by ROs and third countries in general.

### 3.1.3 To what extent do the inspections as laid down in EMSA's Founding Regulation respond to emerging needs and challenges? [EQ1.3]

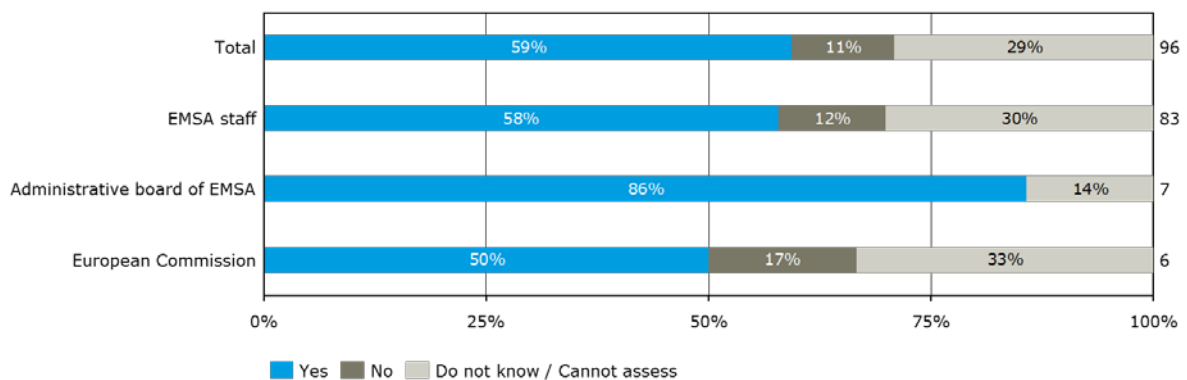
The findings show that while EMSA has been able in the past to respond to its stakeholders' needs and challenges, there is some doubt whether this will still be the case in the future. Most importantly, issues of human resources can make it difficult for EMSA to meet future needs and challenges of its stakeholders. It is a challenge for EMSA to attract and uphold competences. With the likely possibility of more inspections and tasks in the future, this could cause problems for EMSA, which mean they cannot meet the needs and challenges in the coming years. One challenge EMSA is experiencing increasingly is the human resource capacity/quality of the inspectors. It takes approximately two years to train an inspector to inspect the ROs/STCW thoroughly. This poses a challenge to EMSA when the educated staff leaves after a short term. It further raises concern that EMSA's resources are stagnant, while the tasks issued from the Commission grow in size and number. The stakeholders interviewed in the context of this case study agreed that EMSA is the obvious place to turn to in case of new maritime security, safety, and environmental tasks. With several especially environmental legislations being implemented the coming years it could further make it difficult for EMSA to accommodate its stakeholder's needs and challenges.

Figure 5: "In your opinion, to what extent are emerging challenges and needs of the European maritime sector well addressed by the tasks set for EMSA in its Founding Regulation?"



The conducted survey supports the statement that EMSA are having difficulties with addressing the emerging needs with the current founding regulation.

Figure 6: "Do you think EMSA's Founding Regulation should be amended to better accommodate for emerging needs and challenges?"





Additionally, the survey shows that the majority of EMSA's stakeholders are of the opinion and supports the general view that the Founding Regulation should be amended in order to accommodate the emerging challenges.

## 3.2 Utility

### 3.2.1 To what extent are EMSA's stakeholders satisfied with the inspections conducted by EMSA? [EQ 10.1]

#### **The interviewed stakeholders showed overall satisfaction with EMSA's work.**

The Commission express a very high degree of satisfaction with the work done by EMSA in respect to EMSA's inspections of ROs and the STCW area. The Commission stresses the importance of EMSA's inspections for the Commission to carry out its tasks. EMSA is inspecting ROs, which survey ships accounts for 95 % of the world's classification market. EMSA is inspecting these ROs with a flag blind methodology, which ensures the international harmonisation of the ROs' standards. In relation to the STCW-inspection, all the Member States rely on EMSA to verify the compliance of third countries.

Member States are generally satisfied with the work of EMSA in relation to inspections, but there are also a few areas where they see room for improvements. Member States consider the inspections of third countries and the inspections of ROs to be very important and valuable. Member States consider, however, that EMSA's inspections tend to focus on procedures and legislative implementation and less on actual enforcement capability – a focus on paperwork instead of 'the actual work'. These areas are described more detailed further below in this case study.

### 3.2.2 To what extent do EMSA's stakeholders find that the outputs and results of the inspections produced by EMSA match their needs? [EQ 10.2]

#### **Stakeholders showed general satisfaction with the outputs and results of the inspections.**

During the interviews with ROs, it was highlighted that EMSA is very well prepared prior to its inspections of the ROs. This was attributed to the high level of professionalism of EMSA's inspectors and due to EMSA's extensive data collection prior to any inspection. EMSA's high standards in terms of the inspection also ensure a harmonisation and high standards among the ROs. This, in turn ensures that ROs, with a high regard to safety and a high level of compliance, are not subject of undercutting from other less serious classification societies who might be trying to win market shares. The ROs are very satisfied with the standard of the inspections and the comprehensiveness of the reports. However, a concern from the ROs is that EMSA is only reporting the negative issues of the ROs, which is a concern for them because of their appearance to outsiders, who might be unaware of their general standards and EMSA's inspection processes. In this respect, the ROs have expressed some concern, as to how they are appearing towards the Commission, when the report is only focussing on the negative aspects. To better match the needs of the ROs, the ROs requests a more balanced approach to the reporting of non-compliances, which also will help remedy what they tend to see as EMSA's somewhat black and white view of non-conformities. The ROs would like to see reports with a more holistic view of the ROs and maritime safety, and a report that has a graduation of the non-conformities in respect to their importance.

#### **The role of the Commission is unclear to the ROs**

The Commission's involvement in the inspections of the ROs is legislatively required. However, the case study shows that for the ROs it is unclear why the Commission is involved in the inspection process and see it as an unnecessary delay of the report and inspection feedback. The ROs need to be proactive and therefore record and notarise the inspections. A report four to six months after the actual inspection can make the report somewhat irrelevant and obsolete to the ROs which aim to correct any non-conformities or opportunities immediately, to ensure improvement. Further, the Commission's role and contribution to the inspection are unclear to the ROs, who are primarily in contact with EMSA. The Commission's role does not correlate with

any needs of the ROs. A faster reporting would, however, match the ROs need to perform corrective action based on the report.

### **A high level of satisfaction with EMSA's STCW-inspections from third countries**

Maritime administrations from Member States and third countries have an impression of an extremely thorough preparation by EMSA both prior and during the STCW inspections. The national officials are of the impression, that EMSA has a very good understanding of the national legislation and educational system as well as the STCW convention. Other auditors do not comprehend the depth of the issues and only audit the administrative conditions. The stakeholders describe the EMSA auditing as the most worthwhile audit and a driver for national change on the STCW agenda. Third countries, especially, are expressing clearly that inspections from EMSA are of very high quality compared to the other inspection stakeholders they meet. EMSA's inspections are by far the most appreciated, according to interviewees from third countries. EMSA's thorough inspections do this way match the STCW institution's need for continuous improvement and compliance with the STCW Code.

## **3.3 Effectiveness**

### **3.3.1 To what extent have EMSA's inspections produced the desired outputs? [EQ 4.1]**

#### **Inspections of ROs**

**EMSA's inspections of ROs are overall effective.** EMSA's inspections of ROs are very important to the overall objective of maritime safety in securing high standards for the ROs inspections regimes. The ROs describe EMSA's inspections as competent, thorough, and a very good learning experience. The reports are comprehensive, thorough, and detailed. The ROs appreciate the high standards from EMSA - EMSA's inspections are again assessed to be one of the best and most competent inspection regimes the ROs meet. EMSA's risk based approach has improved EMSA's effectiveness and efficiency, and allowed EMSA to focus on areas where the impacts of the inspections are greatest. EMSA use data and statistics from previous inspections to target focus areas. It is the RO's perception, that EMSA's risk-based approach results in an overall effective targeting in terms of which findings the approach generates. This risk-based targeting is a desired output to the ROs, hence, it rewards compliant behaviour among the ROs. It is, however, a concern of the ROs that EMSA relies too heavily on a statistic risk-based approach. The ROs are of the opinion that a statistic approach will impose a weakness and disregard the day-to-day reality the ROs are facing. On this basis, the ROs are requesting more flexibility in the risk-based approach towards the inspections.

**The execution and an earlier arrival of the report could improve effectiveness.** One area, that could increase effectiveness and value for the ROs and generally improve the maritime safety system, is the period from the actual visit and inspection until the stakeholders receive the final report. This case study shows that the timeline of EMSA's reports corresponds to the Commission's and EMSA's planned output, although the extended period is not what the ROs desire. The time-periods reported in the interviews vary from 4-6 months. The ROs find this time unreasonably long and would prefer to receive the report much faster. They make the point that a report fresh in mind will make them act more effectively on requests for corrective action. ROs argue that they have inspections from auditors all the time - when they receive a report after 4 months they can easily have had 20-30 inspections since that time, and it makes it more difficult to implement and execute findings. Additionally, EMSA's inspection reports can, with this timeline, easily become obsolete, since the ROs are dynamically improving and adjusting their systems based on all inspections and day-to-day working experience to proactively act and adjust to optimise their systems.

#### **STCW**

**EMSA's STCW inspections are highly effective.** STCW inspections contribute directly and effectively to the overall objectives of maritime safety. The stakeholders describe EMSA's inspections as professional, well structured, very consistent, very competent, and very thorough. EMSA asks the maritime administrations to submit all the relevant documents approximately 6 months in advance to the inspections. This means that EMSA has a very good understanding of

how the national system works, and how the national maritime administration implements Directives even before the inspection takes place. The assessment from maritime authorities in third countries is that EMSA's inspections are in the top of their class compared to what they see and meet from other inspection stakeholders. EMSA produces a desired output with its inspections and always brings value and learning experiences to maritime authorities, and the maritime authorities believe the official report to be of good quality. There have been examples where EMSA's inspections of third countries have contributed to concrete changes and improvements of the implementation of STCW.

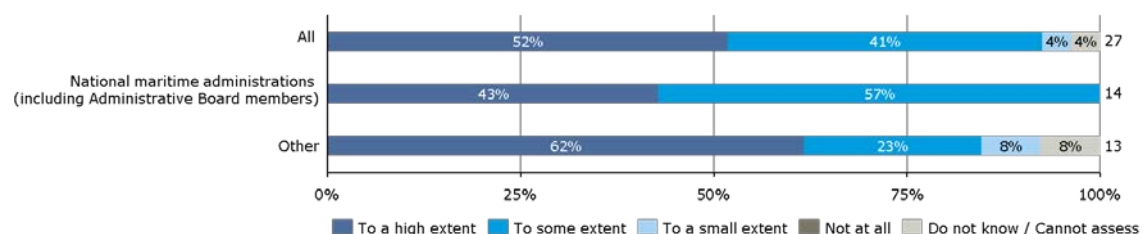
Member States find the data from the STCW inspections of third countries of a high value. The data is accessible in the STCW information system in a very useful way. EMSA's STCW-inspections of third countries are today an integrated part of Member States' working procedures in relations to the STCW area. This is something EMSA has improved quite a bit since the last evaluation where Member States did not feel reports and data were sufficiently available to Member States.

### 3.3.2 To what extent have the inspections contributed to improved application of international/EU maritime legislation by the EC and MS? [EQ 4.3]

**EMSA's inspections of ROs serve the purpose of the Commission - Member States would like inspections to focus more on enforcement effectiveness instead of procedural effectiveness.** The Commission is overall very satisfied with the inspection quality: the output, how problems are uncovered, and how the non-compliances are well documented. There is a good collaboration and coordination between EMSA and the Commission, and the work done by EMSA makes it possible for the Commission to make sound assessments regarding the ROs. EMSA's presence and inspections ensures a common application of the legislation, which benefit both the Member States and the ROs and in the end contribute to an improved application of international legislation.

Member States are also generally satisfied with EMSA's inspections of ROs. However, some Member States indicate that even though EMSA also has started visiting ships and not only the main offices of ROs, EMSA's inspections of ROs still tend to focus primarily on compliance of directives instead of the real execution and enforcement systems of Member States maritime safety structures. Some Member States therefore feel a need to supplement EMSA's inspections with further on the spot - real time RO inspection. They argue that the paperwork (theory) can be perfect, but the ability to put it into practice is the difficult and most important part in relation to enhancing maritime safety.

**Figure 7 In your opinion, to what extent have EMSA's activities in the area of classification societies (inspections) contributed to – improved application of international / EU maritime legislation by the Commission and the Member States?**

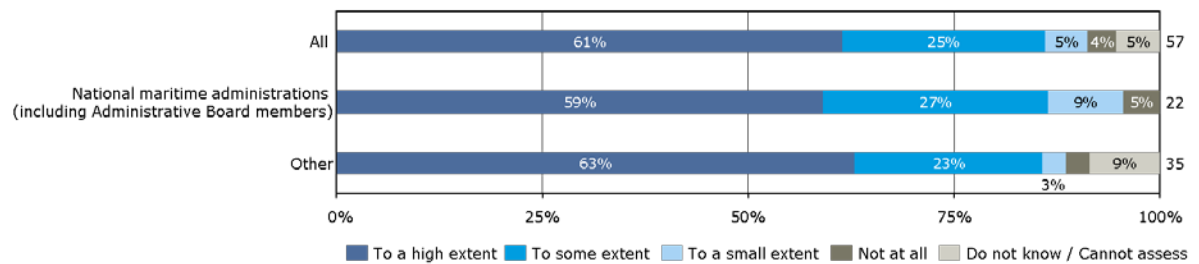


As the diagram above indicates, EMSA's stakeholders, in general, assess that EMSA's inspections lead to an improved application of the maritime legislation. This, in part, serves to hinder any substandard shipping, which EMSA's stakeholders would have to compete.

**STCW inspections especially to third countries are highly effective in terms of contribution to maritime safety.** EMSA's visits to Member States and inspections of third countries' maritime administrations and maritime universities (MED) help to secure a high quality of seafarers in the European maritime transport industry. In a global industry, EMSA's inspections to third countries play an important role in inspecting and assessing third countries maritime

seafarers on behalf of the Member States. In this sense, EMSA's inspections ensure the improvement of the application of international legislation on an international level. The national maritime administrations describe EMSA's inspections as the most thorough and comprehensive compared to their experience with inspection stakeholders. Interviews have indicated that Member States and third countries are highly positive about the STCW-inspections from EMSA, and in several cases the inspections have led to significant improvements of the STCW implementation and the education of seafarers. This is substantiated by the survey and the diagram below, where EMSA's stakeholders contribute an improved application of maritime legislation on the STCW-area to EMSA's visits and inspections on this area.

**Figure 8 In your opinion, to what extent have EMSA's activities in the area of STCW (inspections and visits) contributed to – improved application of international / EU maritime legislation by the Commission and the Member States?**



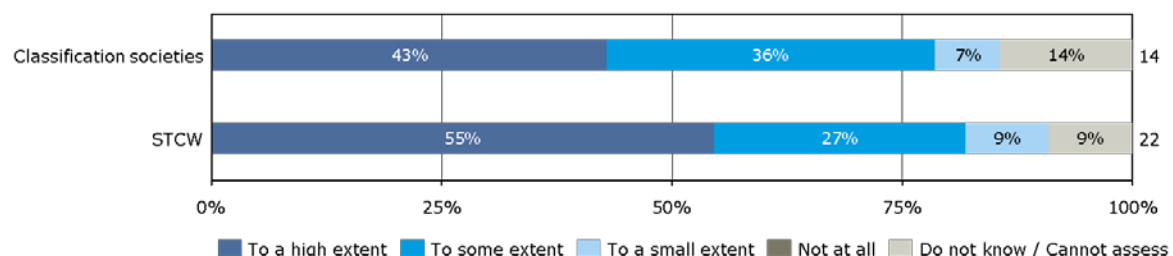
### 3.4 Efficiency

#### 3.4.1 To what extent have EMSA's inspections resulted in reduced costs for administrations at national level? [EQ 11.6]

##### ROs

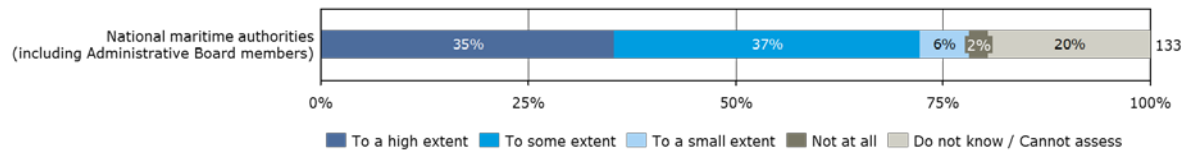
EMSA's stakeholders generally perceive EMSA's inspections of ROs, on behalf of the Commission and the Member States, as efficient. Overall, the interviewees agree, that without EMSA's inspections of ROs, all the Member States would have to perform and bear any extra costs of more individual/national inspections of the ROs with respect to compliance of the Directives. In this term, EMSA provides a high level of efficiency to the European Union and its Member States. All Member States save significant resources, because EMSA is lifting a big part of the responsibilities and tasks on behalf of the Member States. As indicated in the diagram below, the maritime authorities associate EMSA's tasks on the RO and STCW with tasks of high value for money for the stakeholders.

**Figure 9: "In your opinion, to what extent are the following areas of EMSA's work providing high value for money?"**



As the Figure 10 below indicates, EMSA's stakeholders are of the opinion that EMSA produces results at a lower cost than would have been the possible at a local level. This corresponds with the Figure 9 above, which indicates EMSA as being an agency creating high value for money.

**Figure 10: “In your opinion, to what extent does EMSA’s work produce similar results at lower costs compared to a situation where the work was performed at national level?”<sup>20</sup>**



EMSA has over the years increasingly obtained experiences in performing risk-based targeting in their inspections of the ROs. EMSA obtains target information through data, history, and geographical areas. The aim with targeting inspections is to get the best value for money in terms of inspections. This has also led to more targeted and efficient RO inspections in the sense that it has provided more value for the same resources. The diagram above also substantiates this claim.

**ROs feel there is a lot of overlap regarding inspections from different entities.** Both the Flag States, EMSA and QACE are performing similar inspections. There is a lot of oversight regarding the Regulation (EC) 2009/391, the minimum requirements of the ROs. This leads to a lot of redundancy in the inspections. This redundancy leads to duplication and inefficiency across the inspection entities. The ROs feel the auditors, here among EMSA, target them with an unreasonable amount of duplicative inspections, and the ROs suggest European flag States and EMSA to improve the coordination and streamline the process to make it more efficient. It is the Commission’s decision that EMSA’s inspections are viewed as a supplement to the Member States responsibility, laid down in the Regulation, whereas other Member States are relying on EMSA’s reports to fulfil their own responsibility. A suggestion for streamlining this procedure is perhaps to relieve the Member States of their responsibilities, and centralise the inspections in EMSA to capitalise the full efficiency potential of EMSA’s inspections of ROs and further reduce the costs at the national level.

**STCW inspections especially to third countries are highly efficient.** Member States argue that the STCW inspections especially of third countries are one of the most efficient tasks done by EMSA, and one of EMSA’s tasks which most substantially reduce the costs at a national level. Otherwise, each Member States would be obliged to inspect all third countries in relation to STCW. This would make a massive duplication of inspections among the Member States. The previous diagram substantiates the Member States view of EMSA’s as being a value adding activity to the Member States.

### 3.4.2 To what extent has EMSA been able to improve their efficiency of the RO and STCW inspections? [EQ 11.3]

**ROs suggest a more streamlined and efficient reporting process.** EMSA’s reports from their inspection of the ROs are very comprehensive and of very good quality. It is, however, the impression of the ROs that the level of comprehension, EMSA aspires to achieve, requires many resources. The ROs request and would prefer a shorter form of feedback, which do not require an extensive amount of time, so they can act immediately on the findings. This will seemingly improve EMSA’s inspections of the ROs. This will also reduce any misunderstandings between EMSA and the ROs, which otherwise will become evident in the draft report. The ROs do get some informal verbal feedback at the end of the inspection. This could advantageously be converted in to some written non-legally binding feedback. An internal survey of the ROs done by EMSA also supports a shorter and more concentrated version of the findings.

**EMSA is raising its efficiency by its extensive desk research.** It is a repeating image from both the Member States and the third countries that EMSA’s extensive request for information, prior to any inspection, contributes to a higher efficiency, and permits EMSA to provide operational findings immediately during the audit. One stakeholder argued that EMSA’s extensive

<sup>20</sup> This question was asked to members of EMSA’s Administrative Board and to national maritime authorities.

request for information further forces the maritime administration to go through their internal procedures.

The Commission is, prior to the STCW-inspections, deciding the aims of the annual inspections. The inspection cycle is currently based on a chronologically selection, and every third state shall be re-evaluated every 5 years. EMSA shall also according to Directive 2008/106/EC, at least every 5 years verify Member States compliance with minimum requirements, laid down by Annex I, in the directive<sup>21</sup>. Both stakeholders of the Commission and the Member States have suggested a more risk-based approach to the selection of the third countries. A risk-based approach, matching the approach of the visits to Member States could further improve efficiency. Interviewees suggest that EMSA targets maritime administration with a high compliance rate less often and thereby EMSA rewards their level of compliance.

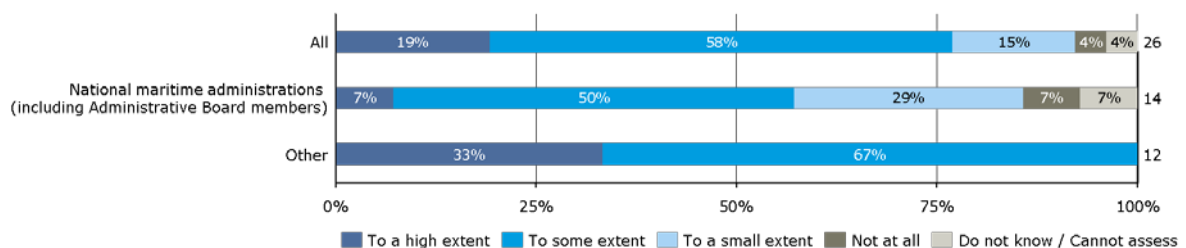
### 3.5 Added value

#### 3.5.1 To what extent could the same results be achieved if the inspections were carried out at national level [EQ 15.2]

##### **Inspections of ROs would not have the same high harmonious standards without EMSA**

Overall, in the case study, the stakeholders have expressed a great confidence and acknowledgement in EMSA's inspections of ROs. There is a consensus that EMSA adds value with their inspections of the ROs, especially in harmonising the inspection standards across Europe. This ensures that not one RO is undercutting the community standards and e.g. attracting market shares by the means of substandard shipping. A stakeholder, other than EMSA or inspections at national level, cannot assure undercutting. Additionally, the diagram below supports the view of EMSA being the competent authority to achieve results in maritime safety and security on a national and international level. As the figure below indicates, the stakeholders are of the opinion that EMSA's results could be achieved by another entity to some extent. The interviewees in this case study emphasised in this capacity that if EMSA did not exist the tasks must be carried out by another bilateral entity, and EMSA's results could not be upheld nationally.

**Figure 11: "Imagine that EMSA did not exist: To what extent could similar results of the following EMSA activities be achieved through efforts at national and/or international level?" – Classification societies (inspections)**

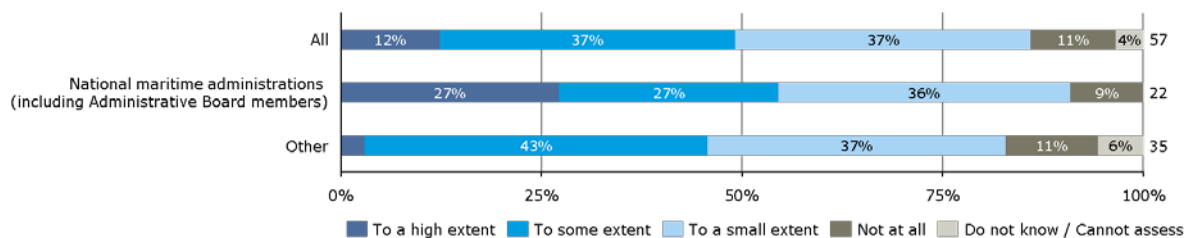


##### **STCW inspections of third countries are generating a high level of EU added value**

STCW inspections are, among the stakeholders in this case study, generally acknowledged to be one of the single elements of EMSA activities, which adds the most value to the Member States' work. The Member States fully acknowledge that EMSA is the only possible stakeholder with competences and resources to carry out this task and achieving a high and harmonious level of standards. Furthermore, it adds value from a substantial efficiency gain in that it substitutes that all EU Member States would have to carry out STCW inspections to third countries. The view of the Member States, that EMSA is the only entity which can carry out the task revolving the STCW convention, is substantiated in the survey as shown in the diagram below.

<sup>21</sup> Directive 2008/106/EC art. 25

**Figure 12: “Imagine that EMSA did not exist: To what extent could similar results of the following EMSA activities be achieved through efforts at national and/or international level?” – - STCW (inspections of third countries and visits to Member States)**



**EMSA creates EU value added by collecting data and in sharing information and best practice on behalf of all member states... but the potential is far from exploited.** It is clear to the stakeholders in this case study that EMSA's information collection and sharing is generating EU value added. That is especially the case for Member States concerning inspection of ROs and STCW, because it is a vital element for the maritime safety objectives. It is important that EMSA take a leading role among the Member States in generating comparable standardised data on ROs and STCW across the Union. However, EMSA still have some way to go to make the data as relevant as possible, extract, and communicate best practice in a way which the Member States can easily use and understand.

#### **Horizontal analysis – A new way communicating best practice and learning**

One of the most recent initiatives in the new methodology is the enhanced focus on the horizontal analysis where EMSA will follow up on data on a more holistic and cross country/bilateral level. It is one more added value area where EMSA is the only natural stakeholder for taking on this large task and doing it in a way that it is lifted to an EU level. The Member States agree that this sounds like a good approach to benchmark and compare best practices that could add value to the standard of the ROs and the STCW implementation. Horizontal analysis is, however, a fairly new approach, and it is still a bit premature to evaluate the impacts. Horizontal analysis would seem to generate the most value added by opening and understanding the needs of its users, especially Member States. This can be done by inviting stakeholders to workshops and focus more on the Member States' usability of data and information, and furthermore creating national focal points to improve the dissemination of EMSA's analysis and reports. This is linked to the assessments from Member States that they do not feel EMSA's horizontal analysis reports are disseminated in a way where it is put into full use by Member States. We do not know if they exist. Reports can be difficult to find, they are very lengthy, and we do not have time to read them. That said, Member States should also take more responsibility for receiving the EMSA's reports and channelling them to the right persons/national experts in each maritime authority, thereby ensuring the analysis and reports are put in to full use in the Member States.

## **4. CONCLUSIONS AND RECOMMENDATIONS**

### **4.1.1 What actions could be taken to improve the Agency's effectiveness, efficiency and/or added value?**

The Member States generally perceive EMSA's inspections of RO and STCW as being very professional and thorough. EMSA's inspectors are described as very competent and the inspections are carefully planned and prepared. The Assessments are very positive from all stakeholders. There is a consensus that EMSA inspections contribute significantly to harmonised maritime safety in Europe and a level playing field across the European maritime traffic and transport sector. With that, we have some recommendations for further improvements.

#### **1. A quicker more informal debriefing to ROs**

ROs find it impractical that it typically takes up to 4 months for EMSA to deliver a Final report to the ROs. The ROs suggest delivering a more informal not legally binding two-slider 1-2 weeks after the inspections to capture the main points and make them relevant to ROs business



procedures. A 1-2-week period for feedback is a standard at other inspection regimes. Even though the EMSA inspections are perceived as the best and most thorough in the industry, it somewhat loses its value for the RO after 4 months of waiting time. In the meantime, the ROs have somewhat moved on and perhaps, unintentionally, forgotten the details. Over the course of 4 months ROs can easily have around 20 inspections by other inspection regimes, and it can therefore lose impact. The reason for the long 4-month preparation of reports seems to be that there are numerous readings and checks, and that both Commission and EMSA need to approve it. We recommend to either install a simpler and faster working procedure for finalising report, or alternatively implement an informal two-slider with the most important findings to the RO, thereby improving the impact and usefulness of EMSA inspections to ROs.

## **2. Better coordination between inspection regimes**

The ROs complain about the lack of coordination between the various inspection stakeholders who are targeting ROs. It is not a critique of EMSA, but the whole system of inspections/audits etc. that makes it an inefficient duplication of work. With both EMSA, QACE, IACS and the flag States performing inspections of a single classification society, there is expressed a need for coordination. EMSA can effectively be the driver for increased coordination in order to anticipate their future need of resources towards the growing attention environmental issues.

**3. Horizontal analysis could be improved.** Horizontal analysis as part of the methodology and approach is welcomed across inspections and stakeholders. Stakeholders in general find it effective, efficient, and value adding to gain insight on a horizontal level, instead of only through bilateral inspections/dialogue. However, the suggested horizontal analysis is yet not fully implemented or developed and, therefore, cannot be approved. Member States acknowledge the deep expertise from EMSA's experts, but at the same time suggest that the horizontal analysis should offer a more holistic and less technical analysis of best practice and benchmarks between Member States. It was argued that the horizontal analysis would benefit from other competences (e.g. statisticians, social science profiles etc.) being included to bring new perspectives – less technical details – more high level ideas/perspectives for new visions/new ways/new practice.

## **4. Dissemination of horizontal analysis to Member States could be more effective**

Some Member States suggest that much higher value could be obtained from all the knowledge, data and reports from EMSA, if they were disseminated and communicated in a way that would make them more accessible, comprehensible, and target the needs of the Member States. At the same time, the case could be made that the Member States are not taking responsibility for creating efficient links between Member States and EMSA.

EMSA should continuously invite Member States to bring inputs on what they need and would like for EMSA to focus on. We suggest EMSA/Member States to establish efficient focal points between EMSA and each Member States. Member States should:

1. take responsibility in voicing their needs and challenges; and clearly state what their realistic wishes for EMSA's horizontal analysis and reports are.
2. take responsibility for disseminating the reports and analysis from EMSA to the right national experts in the national maritime authority.

These focal points/forums of technical experts should focus on knowledge sharing and synergies on the inspection area. It should complement and be coordinated appropriately with the Administrative Board and the EMSA management.

## 5. ANNEX

### Correspondence matrix:

EQ	Descriptor	Case study section / question
1	1.1 Extent to which EMSA has fulfilled its mandate and tasks as set out in the Regulation.	3.1.1 To what extent has EMSA fulfilled its mandate and tasks as set out in the Regulation with regards to inspections of ROs and STCW inspections? [EQ1.1]
	1.2 Extent to which the objectives and tasks set out in the Regulation have matched the needs of stakeholders in the field of European maritime safety.	3.1.2 To what extent have the inspections matched the needs of EMSA's stakeholders? [EQ1.2]
	1.3 Extent to which emerging needs are sufficiently addressed by the EMSA Regulation, as amended in 2013, and/or by the recent amendment under implementation	3.1.3 To what extent do the inspections as laid down in EMSA's Founding Regulation respond to emerging needs and challenges? [EQ1.3]
4	4.1 Extent to which EMSA's activities have produced the planned/desired outputs	3.3.1 To what extent have EMSA's inspections produced the desired outputs? [EQ 4.1]
	4.3 Extent to which the outputs produced have contributed to improved application of international/EU maritime legislation by the EC and MS	3.3.2 To what extent have the inspections contributed to improved application of international/EU maritime legislation by the EC and MS? [EQ 4.3]
10	10.1 Extent to which EMSA's stakeholders say that they are satisfied with EMSA's work	3.2.1 To what extent are EMSA's stakeholders satisfied with the inspections conducted by EMSA? [EQ 10.1]
	10.2 Extent to which EMSA's stakeholders find that the outputs and results produced by the Agency match their needs	3.2.2 To what extent do EMSA's stakeholders find that the outputs and results of the inspections produced by EMSA match their needs? [EQ 10.2]
11	11.6 Extent to which stakeholders agree that EMSA's work has contributed to reduced administrative burden for national authorities and the maritime industry	3.4.1 To what extent have EMSA's inspections resulted in reduced costs for administrations at national level? [EQ 11.6]
	11.3 Extent to which the Agency has been able to improve its efficiency by achieving the same results with fewer resources	3.4.2 To what extent has EMSA been able to improve their efficiency of the RO and STCW inspections? [EQ 11.3]
15	15.2 Extent to which stakeholders agree that the same results could not have been achieved without the existence of a dedicated EU agency	3.5.1 To what extent could the same results be achieved if the inspections were carried out at national level [EQ 15.2]
F1	1.1 Extent to room for improvement have been identified in certain or aspects areas of the Agency's work	4.1.1 What actions could be taken to improve the Agency's effectiveness, efficiency and/or added value?

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