



REPUBLIC OF SINGAPORE

SINGAPORE MEETING ON THE STRAITS  
OF MALACCA AND SINGAPORE:  
ENHANCING SAFETY, SECURITY AND  
ENVIRONMENTAL PROTECTION  
4 - 6 September 2007  
Agenda item 2.1



INTERNATIONAL MARITIME ORGANIZATION

IMO/SGP 2.1/1  
16 August 2007  
ENGLISH ONLY

**THE CO-OPERATIVE MECHANISM BETWEEN  
THE LITTORAL STATES AND USER STATES  
ON SAFETY OF NAVIGATION AND ENVIRONMENTAL PROTECTION  
IN THE STRAITS OF MALACCA AND SINGAPORE**

**Submitted by Indonesia, Malaysia and Singapore**

**SUMMARY**

- Executive summary:*** The objective of this paper is to present the Co-operative Mechanism between the littoral States and user States on safety of navigation and environmental protection in the Straits of Malacca and Singapore.
- Action to be taken:*** Paragraph 26
- Related documents:*** IMO/KUL 1/2.6/1

**Introduction**

1 The Jakarta Meeting on the Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection organized by the three littoral States: Indonesia, Malaysia and Singapore and the International Maritime Organization (IMO) in Jakarta, Indonesia on 7 and 8 September 2005 (the Jakarta Meeting) agreed, among others, that a mechanism be established by the three littoral States to meet on a regular basis with user States, the shipping industry and other stakeholders with an interest in the safe navigation through the Straits of Malacca and Singapore (the Straits). Among others this is to discuss issues relating to the safety, security and environmental protection of the Straits, as well as to facilitate co-operation in keeping the Straits safe and open to navigation, including exploring the possible options for burden sharing.

2 The Kuala Lumpur Meeting on the Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection held in Kuala Lumpur, Malaysia from 18 to 20 September 2006 (the Kuala Lumpur Meeting) further agreed, among others, that support should be given to the continuous efforts of the three littoral States and to the proposed Co-operative Mechanism on safety of navigation and environmental protection to promote dialogue and facilitate close co-operation between the littoral States and user States, shipping industry and other stakeholders.

3 The decisions of the Batam Ministerial Meeting<sup>1</sup>, the Jakarta Meeting and the Kuala Lumpur Meeting provide a very important basis for the work on the establishment of the Co-operative Mechanism between the three littoral States and users of the Straits.

4 Since the Kuala Lumpur Meeting, the three littoral States have finalised and established the Co-operative Mechanism between the littoral States and user States on safety of navigation and environmental protection in the Straits. The Co-operative Mechanism is based on the conceptual framework<sup>2</sup> which was presented by the littoral States and received broad support from user States and other stakeholders at the Kuala Lumpur Meeting.

5 The establishment of the Co-operative Mechanism represents a landmark achievement in co-operation between coastal States bordering a strait used for international navigation and user States as well as other stakeholders, and, for the first time, brings to realization the underlying spirit and intent of article 43 of the United Nations Convention on the Law of the Sea (UNCLOS) which states that:

*“User States and States bordering a strait should by agreement cooperate:*

- (a) in the establishment and maintenance in a strait of necessary navigational and safety aids or other improvements in aid of international navigation; and*
- (b) for the prevention, reduction and control of pollution from ships.”*

6 The Co-operative Mechanism can be viewed as a historic breakthrough. For the littoral States, the Co-operative Mechanism provides an opportunity to engage user States, shipping industry and other stakeholders to participate and share the responsibility of maintaining and enhancing the safety of navigation and protection of the marine environment in the Straits. For the user States, shipping industry and other stakeholders, the Co-operative Mechanism provides an opportunity to co-operate, contribute and play a role in maintaining and enhancing the safety of navigation and protection of the marine environment in the Straits which is of strategic importance for regional and global trade.

### **Co-operative Mechanism**

7 The objective of the Co-operative Mechanism is to promote dialogue and facilitate close co-operation between the littoral States, user States and other stakeholders. It is established based on the following fundamental principles:

- 1 Re-affirming the sovereignty, sovereign rights, jurisdiction and territorial integrity of the littoral States over the Straits;
- 2 It is consistent with international law and in particular article 43 of UNCLOS;
- 3 It is established within the framework of the Tripartite Technical Experts Group on the Safety of Navigation in the Straits of Malacca and Singapore (TTEG) and

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<sup>1</sup> The Fourth Tripartite Ministerial Meeting of the Littoral States on the Straits of Malacca and Singapore held in Batam, Indonesia on 1 and 2 August 2005.

<sup>2</sup> See document IMO/KUL 1/2.6/1 (Indonesia, Malaysia and Singapore).

that the primary responsibility over the safety of navigation and environmental protection in the Straits lies with the littoral States; and

- 4 Recognising the interests of user States and other stakeholders and the role they could play in respect of the Straits, and that such co-operation should be on a voluntary basis.

8 The scope of the Co-operative Mechanism focuses on safety of navigation and environmental protection in the Straits, and consists of three main components:

- 1 The Co-operation Forum for open dialogues and discussions;
- 2 Project Co-ordination Committee on the implementation of projects in co-operation with sponsoring users; and
- 3 Aids to Navigation Fund to receive direct financial contribution for renewal and maintenance of aids to navigation.

9. These three components will provide and allow for a comprehensive basis to establish co-operation between the three littoral States and user States, the shipping industry and other stakeholders. These components include a discussion forum as well as avenues where user States, the shipping industry and other stakeholders may contribute, either in kind, for example, by sponsoring identified projects, or in direct financial form, for example, by making monetary contributions to the Aids to Navigation Fund. To facilitate the wider participation of IMO member States and in recognizing the role of the IMO, the IMO will also be invited to participate in the Co-operative Mechanism. The TTEG will be the principal co-ordinating body of the three littoral States in the Co-operative Mechanism. The overall structure of the Co-operative Mechanism is illustrated in annex 1.

### **Co-operation Forum**

10 The Co-operation Forum is the main avenue for user States, the shipping industry and other stakeholders to be invited to meet and co-operate with the littoral States.

11 The Co-operation Forum will serve to promote general dialogue and exchange of views on issues of common interests in the Straits. In recognizing the role they could play, the Co-operation Forum will also facilitate concrete and practical co-operation between the littoral States and user States, shipping industry and other stakeholders in the maintenance of safety of navigation and environmental protection in the Straits. In this respect the Co-operation Forum will be a useful avenue for the littoral States to gather feedback from users of the Straits on a co-ordinated basis.

12 The general terms of reference and rules of procedure of the Co-operation Forum are elaborated in annex 2.

### **Implementation of Projects - Project Co-ordination Committee**

13 The implementation of projects to promote safety of navigation and environmental protection provides a concrete demonstration of co-operation and burden sharing between littoral States and user States, the shipping industry and other stakeholders, as promoted under article 43 of UNCLOS.

14 The implementation of specific projects, identified and agreed upon through the Co-operation Forum, would allow user States, the shipping industry and other stakeholders to contribute either by financing a project or individual component of a project, or by providing in-kind resources such as technical assistance and equipment to specific aspects of a project. Any agreed project could be implemented, on a bilateral or multi-lateral arrangement, through the co-operation and co-operation and agreement of one or more user States/ stakeholders with one or more littoral States.

15 The Project Co-ordination Committee (PCC), comprising the littoral States and sponsors of projects, will oversee the co-ordination of the implementation of these projects. The PCC will enable the sponsors of projects to have a role in the overall project co-ordination. In addition to the PCC, the littoral States directly involved and the sponsor of a specific project can establish a joint project implementation team, or an agreed mechanism, for the technical management and implementation of the project. The PCC and the project implementation teams will ensure that projects are implemented smoothly and that sponsors are involved in the management and implementation of the projects.

16 The general terms of reference and rules of procedures of the Project Co-ordination Committee is provided in annex 3.

17 At present, five of the six projects presented at the Kuala Lumpur Meeting remain available for sponsorship, either in full or in part, through co-operation with user States or other stakeholders<sup>3</sup>. The remaining project, Project 6 on “Replacement of aids to navigation damaged by tsunami incident” has been sponsored in full by China, and implementation is already in progress.

### **Aids to Navigation Fund**

18 An important element of safety for ships navigating the Straits is the aids to navigation that are put in place. The continued maintenance of aids to navigation remains a vital component of ensuring the safety of ships navigating through the Straits. In addition to the substantial funding provided by the littoral States, Japan remains the only User State that has been consistently providing financial assistance on a voluntary basis for the maintenance of critical aids to navigation in the Straits.

19 In order to ensure that there is long-term and sustainable means of financing the maintenance of critical aids to navigation in the Straits, a special fund for aids to navigation is set up as a component of the Co-operative Mechanism. The Aids to Navigation Fund will provide the means for all users of the Straits to also contribute financially towards the maintenance of the aids to navigation in the Straits, such as light beacons and light buoys. In the future, other relevant aids to navigation in the Straits could also be identified for funding under the Aids to Navigation Fund.

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<sup>3</sup> These projects are Project 1 (Removal of Wrecks in the Traffic Separation Scheme in the Straits of Malacca and Singapore), Project 2 (Co-operation and capacity building on Hazardous and Noxious Substance preparedness and response in the Straits of Malacca and Singapore), Project 3 ( Demonstration project of Class B AIS transponder on small ships), Project 4 (Setting up a tide, current and wind measurement system for the Straits of Malacca and Singapore), and Project 5 (Replacement and maintenance of aids to navigation in the Malacca and Singapore Straits).

20 Contributions to the Aids to Navigation Fund shall be on voluntary basis. Contributions may be received from States, industry, private benefactors, non-governmental organizations and inter-governmental organizations, including the IMO. The administration of the Aids to Navigation Fund will be by the littoral States on a rotational basis and will not at this stage involve the establishment of a permanent secretariat. In addition, a committee, comprising representatives from littoral States as well as invited contributors, will be formed to manage the Aids to Navigation Fund in accordance with the best international financial practices of transparency and accountability. These will include a clearly defined scope of application, an independent audit, annual reporting to the contributors and the disbursement of the Aids to Navigation Fund based on an approved work plan.

21 The detailed mechanics of administering and participating in the Aids to Navigation Fund are explained in its terms of reference and the rules of procedure attached in annex 4.

### **Flexibility of Co-operative Mechanism**

22 The Co-operative Mechanism is deliberately intended to be simple and flexible. It may accommodate other forms of co-operative arrangements and allow for the special circumstances of certain users. Nevertheless, these other forms of co-operative arrangements should be in accordance with the overall framework of the Co-operative Mechanism and should not detract from or compete with the Co-operative Mechanism. Hence, for example, the Co-operation Forum does not preclude any other form of specific forum any user State may want to establish with the littoral States on the basis of a 3+1. Similarly, the implementation of projects under the Co-operative Mechanism does not preclude any bilateral arrangement on a specific project which a user State may want to embark directly with any of the three littoral States. Hence, new projects, in addition to the six that were originally proposed at the Kuala Lumpur Meeting, may be agreed upon between the littoral States and users for implementation on a co-operative basis.

23 On the same premise, the Aids to Navigation Fund is flexible and open to various forms of contributions to accommodate the contributing party's varied considerations and financial circumstances. As an example, a contribution may be made on a one-off basis or as a pledge to contribute given amounts at specified intervals over a period of time. If necessary and if there is general consensus for a specific manner of contribution, an agreement may be established between the parties involved to determine the manner of contribution to the Aids to Navigation Fund. The Aids to Navigation Fund also does not discount contributions that may be made directly or indirectly, for example directly from the contributor or indirectly through an industry association or grouping. In general, while direct financial contributions are preferred the Aids to Navigation Fund does not preclude other forms of financing arrangements that may be set up by parties so long as these are in accordance with the framework of the Co-operative Mechanism and do not duplicate or detract from the Aids to Navigation Fund.

### **Conclusion**

24 The Co-operative Mechanism serves to meet the spirit and intent encapsulated in the Batam Joint Statement<sup>4</sup>, the Jakarta Statement<sup>5</sup> and the Kuala Lumpur Statement<sup>6</sup>. The Co-operative Mechanism duly respects the sovereignty, sovereign rights, jurisdiction and territorial

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<sup>4</sup> A copy of the Batam Joint Statement is provided in document IMO/SGP 1/INF.3, annex 3.

<sup>5</sup> A copy of the Jakarta Statement is provided document IMO/SGP 1/INF.3, annex 4.

<sup>6</sup> A copy of the Kuala Lumpur Statement document IMO/SGP 1/INF.3, annex 5.

integrity of the littoral States and is consistent with international law. More significantly, the Co-operative Mechanism serves to put into operation article 43 of UNCLOS.

25 The Co-operative Mechanism presents a simple model with a wide range of options for co-operation between the littoral States and the various users of the Straits. The Co-operative Mechanism offers choices and flexible avenues for consultation as well as for contribution on a co-operative and voluntary basis to keep the Straits safe and open to navigation. The Co-operative Mechanism is focused on safety of navigation and environmental protection.

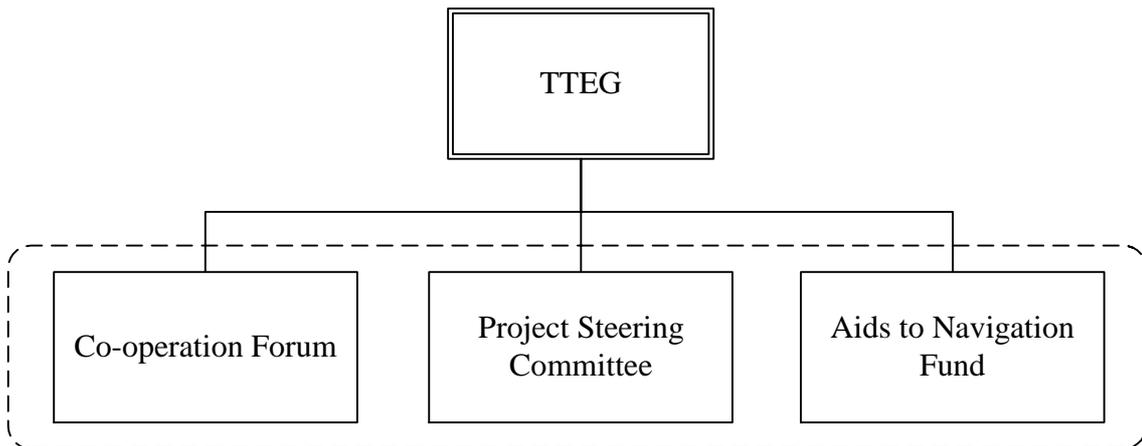
#### **Action requested of the Meeting**

26 The Meeting is invited to support the Co-operative Mechanism as presented in this document.

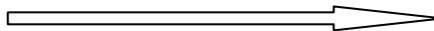
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**ANNEX 1**

**CO-OPERATIVE MECHANISM  
FOR SAFETY OF NAVIGATION AND ENVIRONMENTAL PROTECTION  
IN THE STRAITS OF MALACCA AND SINGAPORE**



Promote dialogue and exchange of views on issues of common interests in the Straits.



Identify and prioritise projects for safety of navigation and environmental protection in the Straits.



Oversee the co-ordination of implementation of projects.



Receive direct financial contribution from user States and other stakeholders for the provision and maintenance of aids to navigation in the Straits.

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**ANNEX 2****CO-OPERATION FORUM****RULES OF PROCEDURE****Article 1 - Purpose**

1. The purpose of the Co-operation Forum (Forum) is to provide an avenue for littoral States, user States, users and other stakeholders to discuss and exchange views on issues relating to safety of navigation and environmental protection in the Straits of Malacca and Singapore (the Straits).

**Article 2 - Scope**

1. The Forum shall limit its deliberation on matters relating to the safety of navigation and environmental protection in the Straits.

**Article 3 - Host of Forum and Chairman**

1. The Forum will be hosted by the three littoral States on the basis of rotation or, in lieu of this, by a mutually agreed arrangement.
2. The host country will assume the Chair of the Forum and the other two littoral States the joint Vice-Chair.

**Article 4 - Secretariat**

1. The host country will provide the Secretariat to the Forum.
2. The Secretariat will be responsible to prepare, receive, reproduce, distribute, and issue the documents, records and proceedings of the Forum.

**Article 5 - Participants and Quorum**

1. Participation in the Forum shall be made up of representatives from the three littoral States, user States, shipping industry and other parties in the Straits.
2. Participation of user States, shipping industry and other parties in the Straits shall be by invitation and on voluntary basis.
3. The quorum of the Forum shall be constituted when representatives of the three littoral States and one User State or interested stakeholder are present.

### **Article 6 - Presentation**

1. Documents for the Forum will be prepared by the Secretariat.
2. The Chairman may request the Secretariat or any representatives of the three littoral States to introduce the documents.
3. Participants in the Forum may also make presentation at the Forum upon request or by prior arrangement with the Secretariat.

### **Article 7 - Addressing the Forum**

1. No person may address the Forum without previously obtaining the permission of the Chairman.

### **Article 8 - Convening of the Forum**

1. The Forum may be held in conjunction with Tripartite Technical Experts Group on safety of navigation and environmental protection for the Straits of Malacca and Singapore (TTEG) meeting or as may be decided by the TTEG.

### **Article 9 - Report**

1. The outcome of the Forum will be reported to the TTEG for its further consideration and approval, and if necessary the TTEG, through any of the littoral States, may communicate it to the IMO for its information and, where possible, for its further appropriate assistance and action.

### **Article 10 - Miscellaneous Provisions**

1. The present Rules of Procedure may be amended through a written submission to the TTEG for consideration and approval. Any approved amendments shall form part of the amended Rules of Procedure.
2. These Rules of Procedure shall be read together as an integral part of the Guiding Principles for Participation, General Terms of Reference and General Rules of Procedure set out in the attached appendix.

## APPENDIX

### CO-OPERATION FORUM

#### **Guiding Principles for Participation**

1. Primary responsibility of the maintenance of navigation safety and environmental protection of the Straits lies with the three littoral States.
2. Recognizes the importance of engaging users of the Straits.
3. Acknowledges the interest of user States and other stakeholders and recognizes the role they could play in respect of the Straits.
4. Participation of user States and other stakeholders shall be by invitation and should be inclusive and voluntary.
5. Any measures undertaken in the Straits should respect the sovereignty, sovereign rights, jurisdiction and territorial integrity of the littoral States and be in accordance with international law.
6. Any measures undertaken in the Straits should be consistent with international law and in particular article 43 of the United Nations Convention on the Law of the Sea (UNCLOS) in which littoral States and user States co-operate by agreement in respect of the Straits.

#### **General Terms of Reference**

1. To provide an avenue for littoral States, user States and other stakeholders to discuss and exchange views on issues relating to safety of navigation and environmental protection in the Straits.
2. To identify and prioritise specific projects or any appropriate co-operative arrangements among the littoral States, user States and other stakeholders for the maintenance and enhancement of navigational safety and environmental protection in the Straits.
3. To seek and co-ordinate resources required for projects to be undertaken in respect of the Straits.
4. To explore ways to further promote co-operation on the maintenance and enhancement of navigational safety and environmental protection in the Straits.

#### **General Rules of Procedure**

1. The Forum will be hosted by the three littoral States on the basis of rotation or, in lieu of this, by a mutually agreed arrangement.
2. The host country shall assume the Chair of the Forum and the other two littoral States the joint Vice-Chair.

3. The participation of stakeholders in the Forum would be voluntary and inclusive where stakeholders with an interest to contribute, in the maintenance of navigation safety and environmental protection in the Straits can participate in sessions of the Forum.
4. The Forum may propose any project or co-operative arrangement to be undertaken between the littoral States and contributing user States and other stakeholders.
5. The outcome of the forum will be reported back to the TTEG for its further consideration and approval, and if necessary the TTEG may communicate it to the International Maritime Organization for its information and, where possible, for its further appropriate assistance and action.
6. The meeting of the Forum may be held in conjunction with the TTEG meeting or as may be decided by the TTEG.

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**ANNEX 3****PROJECT CO-ORDINATION COMMITTEE****RULES OF PROCEDURE****Article 1 - Purpose**

1. The purpose of the Project Co-ordination Committee (hereinafter referred to as “PCC”) is to oversee the co-ordination of the implementation of projects to enhance the navigational safety and environmental protection in the Straits of Malacca and Singapore (hereinafter referred to as “the Straits”). The specific terms of reference of the PCC are set out in the attached appendix.

**Article 2 - Scope**

1. The PCC shall oversee the co-ordination of the implementation of projects that have been identified and agreed to jointly by the littoral States and the contributing parties under the ambit of the Co-operative Mechanism.

**Article 3 - Composition**

1. The PCC shall comprise one Representative from each littoral State namely, Indonesia, Malaysia and Singapore (hereinafter referred to as the “littoral States”) and the user States, industry or other parties (hereinafter referred to as “contributors”) contributing to the various projects co-ordinated by the PCC. Representatives should, as far as possible, be senior officials administratively or operationally involved in safety of navigation or environmental protection matters.

**Article 4 - Credentials**

1. The appointment of the Representative of each littoral State or contributor shall be completed by credentials from the government or organization concerned.

**Article 5 - Functions and Responsibilities**

1. The functions and responsibilities of the PCC shall include the following:
  - .1 Planning and co-ordinating the implementation of the various projects to ensure sustainability, exploit complementary aspects and prevent duplication of projects with other projects both undertaken and not undertaken under the Co-operative Mechanism.
  - .2 Facilitate and co-ordinate the integration of the activities of the various projects into national and joint programmes concerning navigational safety and marine environmental protection in the Straits such as the Marine Electronic Highway (MEH) Demonstration Project.

- .3 Monitor and evaluate the status, progress and outcomes of the various projects in meeting their objectives and goals through project implementation reports received.
- .4 Continuously seek to identify and prioritise projects, either new or to complement existing projects, through co-operation with user States, industry or other stakeholders to enhance navigational safety and environmental protection in the Straits.
- .5 Make rules and regulations for the conduct of business of the PCC.
- .6 Submit a report of its work to the Tripartite Technical Experts Group on safety of navigation and environmental protection for the Straits of Malacca and Singapore (TTEG) at least annually, or at any interval as agreed to by the PCC.

#### **Article 6 - Project Implementation Team**

1. The relevant littoral State and contributor may establish a Project Implementation Team (PIT) for each project.
2. The PIT shall be responsible for the technical management and implementation of its respective project. This would include:
  - .1 provide technical advice, support and inputs to ensure the effective and efficient implementation of the project.
  - .2 establish a project implementation plan (PIP) and carry out the activities of the project contained in the PIP.
  - .3 undertake regular review, monitoring and evaluation of the project, including audit, to improve its performance and delivery.
3. Decisions taken by the PIT with regard to the implementation of the project shall be by consensus.
4. The PIT shall report to the PCC at least once a year or, if necessary, at more frequent intervals as agreed to by the PIT to keep the PCC informed and facilitate its work of co-ordinating the implementation of various projects.

#### **Article 7 - PCC Meetings**

1. The PCC shall meet at least annually or at any interval as agreed. The PCC meeting may be held in conjunction with the TTEG meeting or as may be decided by the TTEG.
2. The PCC meeting will be hosted by the littoral States on the basis of rotation or, in lieu of this, by a mutually agreed arrangement.
3. The host country will assume the Chair of the PCC and the other two littoral States the joint Vice-Chair.

4. The Chairman of the PCC shall propose the provisional agenda for each meeting. This proposed provisional agenda and all supporting documents shall be sent to each member of the PCC at least 4 weeks before the convening of the PCC meeting.
5. All decisions of the PCC shall be by consensus with full participation of all Representatives.
6. The proceedings of the PCC meeting shall be properly recorded in the form of a meeting report, and the final copy shall be distributed to all participants within 3 weeks after the end of the PCC meeting.

#### **Article 8 - Secretariat**

1. The host country will provide the Secretariat to the PCC.
2. The Secretariat will be responsible to prepare, receive, reproduce, distribute, and issue the documents, records and proceedings of the PCC meeting.

#### **Article 9 - Quorum**

1. The quorum of the PCC shall be constituted when the Representatives of the three littoral States and one contributor are present.

#### **Article 10 - Presentation**

1. Documents for the PCC meeting will be prepared by the Secretariat.
2. The Chairman may request the Secretariat or any representative of the three littoral States to introduce documents.
3. Other members of the PCC may also make presentation at the meeting upon request or by prior arrangement with the Secretariat.

#### **Article 11 - Report**

1. The outcome of the PCC meeting will be reported to the TTEG for its further consideration and guidance and, if appropriate, the TTEG, through any of the littoral States, may communicate it to the IMO and the Co-operation Forum for their information and, where possible, further assistance and action.

#### **Article 12 - Miscellaneous Provisions**

1. The present Rules of Procedure may be amended through a written submission to the PCC for consideration. Any approved amendments shall form part of the amended Rules of Procedure of the PCC.

## APPENDIX

### PROJECT CO-ORDINATION COMMITTEE

#### **General Terms of Reference**

1. The Project Co-ordination Committee shall comprise of members of the littoral States and the contributing party to oversee and co-ordinate the implementation of any agreed projects.
2. The exact co-operation mechanism for each of the agreed projects shall be agreed upon by consensus between the contributing party and the relevant littoral State(s).
3. The projects implemented under the Co-operation Forum could be implemented multilaterally between the contributing parties and the relevant littoral States or bilaterally between the contributing party and a littoral State.
4. Each littoral State shall be responsible for the implementation of the project in its area of jurisdiction.
5. Each project would be implemented by a project team involving the contributing parties and the relevant littoral State(s).
6. The status and outcome of the projects would be reported to the TTEG for direction and guidance and, if appropriate, to the Co-operation Forum for information and further assistance.

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**ANNEX 4****AIDS TO NAVIGATION FUND****RULES OF PROCEDURE****Article 1 - Purpose**

1. The purpose of the Aids to Navigation Fund (hereinafter referred to as the “Fund”) is to receive direct financial contributions from user States and other parties for the provision and maintenance of aids to navigation in the Straits of Malacca and Singapore (hereinafter referred to as “the Straits”).

**Article 2 - Scope of the Fund**

1. The Fund shall be used mainly for the purpose of establishing and maintaining aids to navigation in the Straits that are identified and agreed by the three littoral States through the Tripartite Technical Experts Group on safety of navigation and environmental protection for the Straits of Malacca and Singapore, in consultation with the contributing user States or parties.
2. The Fund shall be used only to cover the costs of services rendered or activities carried out for the provision and maintenance of the identified aids to navigation. Such costs could include training of key personnel involved in the day to day operations and maintenance of the aids to navigation and other matters incidental thereto as may be duly approved.

**Article 3 - Contribution**

1. Contributions to the Fund shall be voluntary and may originate from States, inter-governmental organizations (including the International Maritime Organization) and non-governmental organizations, industry and private benefactors. (A party that contributes to the Fund hereinafter shall be referred to as a “contributor”).
2. All contributions shall go into a general account unless a contributor specifies that its contribution is to be used for a specific purpose.

**Article 4 - Definitions**

1. “Authority” means the official agent appointed by the Government of the State for the time being responsible for the administration and operation of the Fund for the purpose of article 8.
2. “Chairman” means the chairman of the Committee appointed by the State for the time being responsible for the administration and operation of the Fund.
3. ”Committee” means the Aids to Navigation Fund Committee established under article 6.

4. “Fund” means the Aids to Navigation Fund established for the purpose of providing and maintaining aids to navigation in the Straits of Malacca and Singapore.
5. “Representative” means a senior official administratively or operationally concerned or involved with safety of navigation and appointed by a littoral State or a contributor.
6. “Terms of Reference” means the terms and reference of the Aids to Navigation Fund for the Straits of Malacca and Singapore) set out in the attached appendix.
7. “TTEG” means the Tripartite Technical Experts Group on safety of navigation and environmental protection for the Straits of Malacca and Singapore established by Indonesia, Malaysia and Singapore.

#### **Article 5 - Credentials**

1. The appointment of the Representative of each littoral State or contributor shall be completed by credentials from the government or organization concerned.

#### **Article 6 - Aids to Navigation Committee**

1. There shall be an “Aids to Navigation Fund Committee” (hereinafter referred to as “Committee”) constituting one Representative from each littoral State. Representatives shall, as far as possible, be senior officials administratively or operationally involved in safety of navigation matters. The State responsible for the administration and operation of the Fund shall provide the Chairman of the Committee.
2. Any contributor to the Fund may be invited to participate in the Committee.
3. The functions and responsibilities of the Committee shall include:
  - .1 Establishing and reviewing the guidelines for managing the Fund to ensure that the management of the Fund is in accordance with best international financial practice and in an efficient and transparent manner.
  - .2 Directing the Authority on the proper management of the Fund.
  - .3 Approving the annual work plan for the provision and maintenance of the identified aids to navigation.
  - .4 Approving the annual administrative and operational budget.
  - .5 Appointing an authorised and independent public auditor.
  - .6 Approving the audited annual statements of account.
  - .7 Submitting the annual report to the TTEG.

4. The Committee shall make rules and regulations relating to the carrying out of its functions, responsibilities and the management of the Fund. These shall include:
  - .1 Rules and procedures for the conduct of the business of the Committee.
  - .2 Rules relating to and procedures for the disbursement of the Fund.
  - .3 Rules relating to the administrative and operating cost of the Fund.
  - .4 Rules relating to the periodic promulgation of information to the Representatives concerned on the status of the Fund and the activities of the Committee.

#### **Article 7 - Committee Meetings**

1. In order to enable the Committee to carry out its responsibilities specified under article 6, it shall meet at least once a year. In special circumstances and upon the request of one of the littoral States or contributors, the Chairman shall consider and convene a meeting of the Committee as appropriate.
2. All decisions of the Committee shall be by consensus with full participation of all Representatives.
3. The Chairman of the Committee shall propose the provisional agenda for each meeting. This proposed provisional agenda and all supporting documents shall be sent to each Representative of the Committee at least 4 weeks before the convening of the Committee meeting.
4. The proceedings of Committee meetings shall be properly recorded in the form of a meeting report, and the final copy shall be distributed to all participants within 3 weeks after the end of the Committee meeting.

#### **Article 8 - Administration and operation by the Authority**

1. The administration and operation of the Fund shall be undertaken by an official agent (hereinafter referred to as “Authority”) appointed by the littoral States of Indonesia, Malaysia or Singapore, as the case may be, on a rotational basis in the alphabetical order, for 3 years each.
2. The functions and responsibilities of the Authority shall include:
  - .1 Recommending a list of banks where the Fund is to be deposited and the currencies in which it is to be denominated to the Committee for approval.
  - .2 Preparing and submitting, on the basis of input from the littoral States, an annual work plan for the provision and maintenance of the identified aids to navigation to the Committee for approval. The annual work plan shall include the need, implementation plan and the required budget showing full details of the cost, schedule of payments and other relevant information.
  - .3 Working with the littoral States, in which the provision and maintenance of aids to navigation is being conducted, to provide status report to the Committee on the

use of the Fund for such activities. Such report should be made at least once a year.

- .4 Recommending the annual administrative and operational budget to the Committee for approval.
- .5 Effecting the disbursement of funds to littoral States in accordance to the programmes approved by the Committee and the TTEG.
- .6 Submitting audited annual statements of account to the Committee for approval.
- .7 Submitting periodic reports to the Committee as appropriate.

#### **Article 9 - Appointment of officers**

1. The Authority may appoint not more than three officers to assist in carrying out the functions and responsibilities involved.
2. The remuneration of the officers shall be borne by the Authority.

#### **Article 10 - Procedures on the utilisation of the Fund**

1. The disbursement of funds shall only be used for the purposes as set out in article 1 and with the direction and approval of the Committee.
2. Funding for projects should be provided on the basis of an annual plan and priorities decided by the TTEG and approved by the Committee.
3. Any net interest gained from investing any funds or by holding them in an interest bearing account should be added to the Fund.
4. The administrative cost for the operation of the Fund can be met from the Fund or the interest earned from the Fund.
5. The Fund shall not be used for travel, accommodation and other expenses for attending meetings of the Committee and any of its associated meetings.

#### **Article 11 - Management Expenses**

1. All cost involved in the management of the Fund and the functioning of the Committee and the Authority shall be met from the interest and other income earned from the Fund or by any method as approved by the Committee.

#### **Article 12 - Report and audit**

1. The Authority shall report all of its activities conducted in pursuant of the Fund and the financial status of the Fund to the Committee on an annual basis, copies of which should be submitted to the contributors to the Fund.

2. The Fund shall be audited annually and an audited statement of accounts shall be furnished to the other two littoral States and the contributors.

**Article 13 - Miscellaneous provisions**

1. All other matters pertaining to the Fund shall be governed in accordance with the laws of the States administering the Fund. The detailed procedure for the administration and operation of the Fund shall be made known to the other two littoral States and the contributors.
2. The utilization of the Fund for provision and maintenance of aids to navigation in the Straits shall not prejudice the rights, jurisdiction or obligations of States under international law, in particular, the United Nations Convention on the Law of the Sea.
3. The present Rules of Procedures may be amended through a written submission to the Committee. Any approved amendments by the Committee shall form part of the amended Rules of Procedure.

APPENDIX

AIDS TO NAVIGATION FUND  
IN THE STRAITS OF MALACCA AND SINGAPORE

**General Terms of Reference**

1. The Aids to Navigation Fund is proposed as the mechanism to receive direct contributions from users and interested parties for a specific purpose. The Fund shall also act as an extension of user's co-operation particularly in respect of direct financial assistance.
  2. The main purpose of the Aids to Navigation Fund is for the provision and maintenance of critical aids to navigation in the Straits of Malacca and Singapore that are identified and agreed by TTEG.
  3. A Committee comprising the littoral States and the contributing user State(s) shall be established to manage and operate the Fund, in accordance with the principles and guidelines to be agreed to by the Committee and approved by TTEG.
  4. To establish rules and procedures for the management of the Aids to Navigation Fund.
  5. The Committee shall report all of its activities and the status of the Aids to Navigation fund to the TTEG periodically as to be decided by TTEG.
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