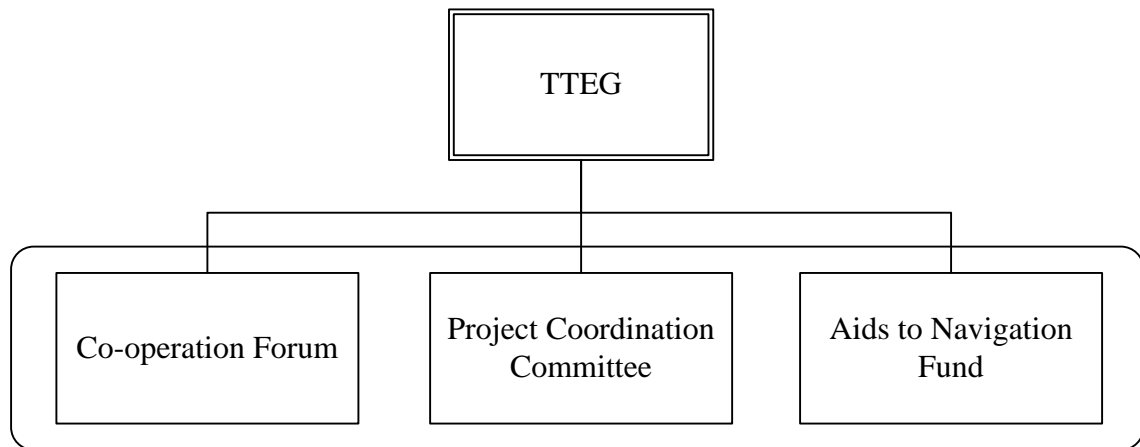
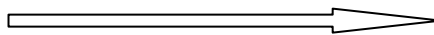


**CO-OPERATIVE MECHANISM
FOR SAFETY OF NAVIGATION AND ENVIRONMENT PROTECTION
IN THE STRAITS OF MALACCA AND SINGAPORE**



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.

A I D S T O N A V I G A T I O N F U N D

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 “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.
3. The Chairman, based on the agreement of the littoral States, may enter into an agreement with any contributor to the Fund for the purpose of receiving direct financial contribution from user States and other parties, in accordance with the rules of procedure of the Fund.

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 authorized, qualified and independent third party 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 utilization 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, 1982.

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

Rules and regulations relating to the functions, responsibilities and management of the Aids to Navigation Fund

1. Conduct of the business of the Committee

- 1.1. The relevant articles of the rules and procedures of the Aids to Navigation Fund (Fund) are: 4, 5, 6, 7, 8, 10, 11, 12 and 13. These rules shall be read together with the rules and procedures of the Fund and more specifically to its relevant articles.
- 1.2. A significant contributor to the Fund shall be invited to nominate a Representative to participate in the Committee. A Representative may be accompanied by assistants or advisors or other officials to the Committee meetings, the numbers of which as may be determined by the Committee.
- 1.3. The host of the Fund, who shall provide the Secretariat to the Committee, shall issue the letter of invitation for the meetings of the Committee. A Contributor invited to participate in the Committee shall remain invited for so long as it maintains its contribution to the Fund. The quorum of the Aids to Navigation Fund Committee shall be constituted when the representatives of the three littoral States and one contributor are present.
- 1.4. The functions and responsibilities of the Committee are provided in article 6.3 of the rules of procedure, and is reproduced as follows-
 - .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 authorized, qualified and independent third party auditor.
 - .6 Approving the audited annual statements of account.
 - .7 Submitting the annual report to the TTEG.
- 1.5. The Committee shall meet at least once a year or meet at intervals determined in accordance with article 7.1 of the rules of procedure. The Secretariat will coordinate and organize the Committee's meetings. The Chairman of the Committee shall be provided by the State for the time being responsible for the administration and operation of the Fund.
- 1.6. The Chairman of the Committee shall propose the provisional agenda for each meeting. The basic documents for the Committee meetings shall be prepared by the Secretariat. Any member of the Committee may make presentations to the Committee meeting by prior arrangement with the Secretariat, and shall be subject to the same rules relating to the deadline for the submission of documents.
- 1.7. All decisions of the Committee shall be by consensus with full participation of all Representatives.
- 1.8. The proceedings of Committee meetings shall be properly recorded in the form of a meeting report. A draft final copy of the report shall be distributed by the end of every

Committee meeting and the final copy shall be distributed to all participants within 3 weeks after the end of the Committee meeting.

2. Disbursement of the Fund

- 2.1. The disbursement of funds shall only be for the purposes and the scope as set out in article 1 and article 2 respectively of the rules of procedure. The funds shall be disbursed in accordance with the programmes approved by the Committee.
- 2.2. Funds shall be utilized on the basis of an annual work plan for the replacement and maintenance of aids to navigation that is prepared by the Authority and approved by the Committee. The work plan shall clearly identify the aids to navigation to be maintained including the complete scope of work and locality, and the list of aids to navigation in respect of each littoral State.
- 2.3. Funds shall be disbursed to the appointed focal point of a littoral State to be utilized by the littoral State to meet the work plan already identified and approved. The littoral State shall fully utilize the funds solely for the intended purpose. An annual post work performance audit shall be undertaken by a suitable, qualified and independent third party to ensure that the maintenance or repair work that was approved, and for which funds were disbursed, had indeed been conducted in accordance with the plan.
- 2.4. Any balance of funds disbursed shall be credited back to the Fund. Any net interest gained from investing any funds or by holding them in an interest bearing account should be added to the Fund.
- 2.5. The littoral State receiving any funds shall prepare an annual report of expenditure and work performance to be submitted to the Authority and subsequent presentation to the Committee.

3. Administrative and operating cost of the Fund

- 3.1. The administrative cost for the operation of the Fund can be met from the Fund or the interest earned from the Fund.
- 3.2. 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.
- 3.3. The Fund shall not be used for travel, accommodation and other expenses for attending meetings of the Committee and any of its associated meetings.

4. Promulgation of information and report

- 4.1. The official means of communication by the Authority to any Representatives or any relevant person shall be by ordinary mail.
- 4.2. An invitation to the Representatives of the Committee for a meeting shall be sent together with the provisional agenda and other documents at least 4 weeks before the convening of the Committee meeting.
- 4.3. The final report of a Committee meeting shall be distributed to all participants within 3 weeks of after the end of the Committee meeting.
- 4.4. Miscellaneous :-
 1. The Fund shall be subject to annual audit and an audited statement of accounts shall be furnished to the littoral States and the contributors. The audit shall be conducted in accordance to the rules and regulations of the host country.
