

MARINE ENVIRONMENT PROTECTION
COMMITTEE
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Agenda item 7

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REDUCTION OF GHG EMISSIONS FROM SHIPS

Prototype of IMRF R&D Contribution System

Submitted by ICS

SUMMARY

Executive summary: ICS has developed a prototype for an automated IMRF R&D contribution system to demonstrate to Member States how this would work in the context of the proposal set out in document MEPC 76/7/7 (Denmark et al.) to establish an International Maritime Research and Development Board (IMRB) and an IMO Maritime Research Fund (IMRF). The prototype is intended to demonstrate that the proposed establishment of the IMRF would involve minimal administrative burdens for Member States, who are invited to explore how the R&D contribution system would work via the internet [link](#) provided in this document.

Strategic direction, if applicable: 3

Output: 3.2

Action to be taken: Paragraph 9

Related documents: MEPC 76/15 and MEPC 76/7/7

Introduction

1 MEPC 76 considered document MEPC 76/7/7 (Denmark et al.) containing a revised proposal for an International Maritime Research and Development Board (IMRB) and IMO Maritime Research Fund (IMRF), consideration of which will continue at MEPC 77 with a view to approval by the Committee.

2 The proposed amendments to MARPOL Annex VI, as set out in annex 1 to document MEPC 76/7/7, would see the adoption of a new chapter 6 to MARPOL Annex VI and include a requirement for ships to make an annual R&D contribution to the IMRF. Annex 2 to document MEPC 76/7/7 contains draft guidelines for the establishment and governance of the IMRB and collection of R&D contributions to the IMRF under chapter 6 of MARPOL Annex VI.

3 In order to demonstrate to the Committee how the proposed R&D system would work on a fully automated basis, ICS has developed a prototype of the R&D contribution system. Member States and other interested stakeholders are invited to explore this prototype via the following: [link: https://www.ics-shipping.org/imrf-prototype/](https://www.ics-shipping.org/imrf-prototype/)

4 The prototype demonstrates:

- .1 how shipping companies would set up IMRF accounts for each of their ships (identified by the ship's IMO number) and report verified fuel oil consumption data to the IMRF at the same time this is reported to the flag State for use with the IMO fuel oil Data Collection System;
- .2 how the system will calculate the R&D contribution due to be made by the ship, which will be different according to the type of fuel consumed; and
- .3 when the R&D contribution is received, how the system will issue an IMRF Annual Account Statement, which can then be forwarded to the flag State so that the ship can be issued with a Statement of Compliance.

5 The prototype is thus intended to demonstrate that the proposed establishment of the IMRF would involve minimal administrative burden for Member States.

6 Annex 3 to document MEPC 76/7/7 proposes guidance to the effect that when a ship is operating under a charter party clause, which requires the charterer to pay for the fuel oil purchased for consumption on that ship, the cost of the associated R&D contribution to the IMRF for that ship should be the responsibility of the charterer. To facilitate this, the guidance proposed in annex 2 to the same document reads as follows: "The mechanism for the IMRF to collect R&D contributions should allow the Company the option to make R&D contributions in advance, on a quarterly basis or as frequently as may be required, based on fuel oil purchased for consumption." To show how this would work, this prototype of the IMRF R&D contribution system also includes an optional "pay as you go function".

7 The proposed amendments to MARPOL Annex VI, as set out in annex 1 to document MEPC 76/7/7, stipulate that the IMRF shall "meet the costs to the Organization incurred exclusively for providing administrative support to the IMRF and to the IMRB". Discussions between ICS and financial technology providers suggest that developing a fully automated R&D contribution system with the necessary security and payment protocols, that can process data and payments submitted by tens of thousands of ships (which would mostly submit fuel data and payments at around the same time each year), would cost up to £500,000.

8 If it was deemed to be appropriate, in order that the R&D payment system could be developed by the Organization before the IMRF is fully operational and actually able to collect R&D contributions from shipping companies, the industry may be willing to advance the cost of the system's development with the understanding that this would be recovered from the IMRF as soon as it had its own source of income.

Action requested of the Committee

9 The Committee is invited to consider the information in this document and take this into account when considering the proposed amendments to MARPOL Annex VI contained in document MEPC 76/7/7.