

**Security Council**

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**Letter dated 27 March 2009 from the Chairman of the Security Council Committee established pursuant to resolution 1540 (2004) addressed to the President of the Security Council**

On behalf of the Security Council Committee established pursuant to resolution 1540 (2004), and as requested by the Council in paragraph 13 of resolution 1810 (2008), I have the honour to inform you that the Committee has considered options for developing and making more effective existing funding mechanisms for the implementation of resolution 1540 (2004), and to transmit to the Council the paper prepared by the Chairman of the Committee on the matter (see annex).

I would appreciate it if the present letter and its annex could be brought to the attention of the members of the Security Council and issued as a document of the Council.

*(Signed)* Jorge **Urbina**  
Chairman  
Security Council Committee established  
pursuant to resolution 1540 (2004)



## Annex

### **Consideration of options for funding mechanisms for the implementation of Security Council resolution 1540 (2004)**

#### **Paper prepared by the Chairman of the Security Council Committee established pursuant to resolution 1540 (2004)\***

#### **Background**

1. The present paper is a contribution to the work of the Security Council Committee established pursuant to resolution 1540 (2004) in preparing a report on funding mechanisms, to have been submitted to the Council no later than 31 December 2008, in accordance with paragraph 13 of Council resolution 1810 (2008) of 25 April 2008. In that paragraph, the Council urged the 1540 Committee to encourage and take full advantage of voluntary financial contributions to assist States in identifying and addressing their needs for the implementation of resolution 1540 (2004), and requested the 1540 Committee to consider options for developing and making more effective existing funding mechanisms and to report to the Council on its consideration of the matter no later than 31 December 2008.

2. By 27 March 2008, the Chairman of the 1540 Committee had already circulated a proposal on a voluntary funding mechanism, which had been prepared by experts assisting the Committee in its work. The Office for Disarmament Affairs of the United Nations Secretariat had submitted comments on the proposal for a voluntary funding mechanism, recommending that the 1540 Committee use the United Nations Trust Fund for Global and Regional Disarmament Activities. During the preparation of the report of the 1540 Committee submitted to the Security Council (S/2008/493, annex), issued on 30 July 2008, the Chairman formed a Working Group of the 1540 Committee to finalize the text of various paragraphs of the report that contained the references to related funding issues; as part of the Working Group discussions, the delegation of France submitted proposed language dealing with issues on voluntary funding contributions. The final versions of the related paragraphs in the 30 July 2008 report are contained in the attachment to the present report. On 10 December 2008, the delegation of France circulated a paper with further elements for consideration in this paper and the forthcoming report.

3. This paper highlights:

(a) Objectives of funding mechanisms in terms of the types of 1540 activities that have been supported by voluntary contributions to date and that can be so supported in future;

(b) Level of the shortage of funds identified during the last two years, comparison with current level of funds earmarked for the 1540 Committee, and assessment of the additional resources that might be necessary;

(c) Background information on the nature of a United Nations general trust fund, as exemplified by the Office for Disarmament Affairs trust fund, and the terms under which funds are handled both prior to inclusion in and within the fund;

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\* Various sources, including the Office for Disarmament Affairs of the United Nations Secretariat, were drawn upon in the preparation of this paper.

(d) Assessment of administrative or other difficulties encountered in resorting to the fund or reported by donors;

(e) Additional types of funding mechanisms and additional topics that the 1540 Committee may wish to explore;

(f) Assessment of the efforts made so far to raise awareness of donors regarding the existence of the Office for Disarmament Affairs Trust Fund and 1540 Committee activities and to promote their donations; and concrete proposals to improve such efforts, including through a public diplomacy campaign involving active discussion with States that are not members of the Security Council.

4. The Office for Disarmament Affairs already places voluntary contributions to resolution 1540 activities under a special project code in the Trust Fund for Global and Regional Disarmament Activities which has significant advantages in terms of time savings, limited start-up costs, known procedures, flexibility, and very reasonable administrative costs, compared with other, less certain options.

5. For the purposes of this paper, the Chairman of the 1540 Committee has made the following assumptions about the nature of the funding mechanism, for example, the Trust Fund of the Office for Disarmament Affairs, including that:

(a) It must be voluntary;

(b) The funding would be used in accordance with United Nations regulations and procedures;

(c) Funds will be “earmarked” for 1540 projects and activities;

(d) Donors should be encouraged to make voluntary contributions with sufficient flexibility so as to be able to respond to a wide range of projects, given the breadth and depth of the obligations set out in resolution 1540;

(e) These voluntary funds differ from funds allocated by the General Assembly directly for the United Nations regular budget or provided bilaterally through existing State channels of foreign aid.

6. The assumptions of the 1540 Committee or individual delegations may be different from those posited above. If so, the differences will be important for the 1540 Committee to consider before it proceeds any further in its deliberations.

### **Objectives of funding mechanisms**

7. Security Council resolution 1540 (2004), which offers a normative vision of how to respond to the nexus involving non-State actors and weapons of mass destruction, constitutes more than just a list of concrete policy prescriptions. As this approach permits considerable national discretion in implementing the resolution, an associated funding mechanism must display abundant flexibility. The 1540 Committee must also anticipate that any funding mechanism will be called upon to support a variety of projects and activities worldwide.

8. Finite resources mean, however, that the 1540 Committee should consider whether it wishes to establish criteria for the specific kinds of projects or activities supported through the funding mechanism. For example, the 1540 Committee may wish to emphasize projects considered in paragraphs and subparagraphs of

resolutions 1540 (2004) and 1810 (2008) or limit the time frame for projects to accord with the mandate of the 1540 Committee.

9. While all projects supported through the funding mechanism would necessarily address the objectives and requirements of resolution 1540 (2004), there may be an additional incentive for some donors in that, in some instances, fulfilling the requirements of resolution 1540 (2004) could have a positive side effect or benefit in terms of addressing other pressing needs of some countries. This would thus facilitate the State's implementation of the resolution. For example, improving border and customs controls for purposes of implementing resolution 1540 (2004), could also facilitate aspects of secure trade.

10. Some 1540-specific projects and activities, based on approved programmes of work, that could be considered for voluntary funding include:

(a) Projects that support or contribute to capacity-building and focus on implementation in States or regions facing significant resource challenges;

(b) Organization of regional and subregional meetings of requesting States and potential partner providers;

(c) **Supporting the organization of, and participation in, regional and country visits, inter alia, to assist States in the preparation of the next steps of implementation, for example, through preparation of relevant documents requested by States and proposals of assistance to facilitate implementation;**

(d) Hiring of temporary staff and consultants, on a case-by-case basis, to facilitate, contribute to or work on 1540-related activities in support of States' implementation of resolution 1540 (2004);

(e) Supporting the assignment of a 1540 point of contact or project manager in appropriate international, regional and subregional bodies that have committed their members to implementing the resolution, including the development of regional approaches to implementation, where appropriate.

## **Administration and governance of funding mechanisms**

Three existing funding mechanisms are considered below.

### **United Nations general trust fund**

11. The United Nations Trust Fund for Global and Regional Disarmament Activities is one of many United Nations "general trust funds" set up in accordance with United Nations procedures concerning the use of extrabudgetary resources. Based in the Office for Disarmament Affairs, this Trust Fund holds monies from a variety of donors and for a wide range of activities within the broad spectrum of the Office's activities, including 1540 activities. This means that voluntary contributions to such a Fund must be earmarked for the purposes of activities related to the work of the 1540 Committee, such as those outlined above.

12. Regarding the level of funds identified in the past two years, the Office for Disarmament Affairs Trust Fund received voluntary contributions from multiple donors in 2007 and 2008 that were specifically earmarked for the series of regional workshops on the implementation of resolution 1540. Contributions were made

based on fund-raising documentation contained in the Office's fund-raising portfolio which is available on its website ([www.un.org/disarmament](http://www.un.org/disarmament)). Contributions received for that earmarked activity were sufficient to allow six workshops to be conducted in 2006 and 2007 and one workshop in 2008.

13. Any proposed project to be supported by voluntary contributions must have a cost plan subject to a number of reviews. In this regard:

(a) The head of the branch in the Office for Disarmament Affairs conducts a substantive review of the project to determine coherence;

(b) The head of the division in the Office for Disarmament Affairs must approve the project;

(c) Through the Office for Disarmament Affairs, the Director of the Programme Planning and Budget Division reviews it for auditing purposes.

Cost plans are normally presented to the Director of the Budget Division by 1 November in accordance with administrative instruction ST/AI/284 on general trust funds.

14. If the 1540 Committee were to consider creating its own general trust fund,<sup>1</sup> a submission would need to be made to the Secretary-General or the General Assembly inasmuch as there is not a process that operates through the Security Council. In light of the same requirements for setting up an administrative unit such as the Office for Disarmament Affairs, and in light of an action-oriented report of the Secretary-General recommending a reduction in the proliferation of United Nations general trust funds, the Chairman of the 1540 Committee recommends continuing to use the Office for Disarmament Affairs trust fund to administer voluntary contributions for 1540 projects and activities.

#### **Multi-donor trust fund**

15. This is another type of funding mechanism used by many United Nations institutions<sup>2</sup> to facilitate the work and delivery of United Nations organizations in close coordination and collaboration. It is noted that, while the Office for Disarmament Affairs Trust Fund does have multiple donors, it is not a multi-donor trust fund. While multiple donors may contribute to one or more projects in a multi-donor trust fund, the multi-donor trust fund is run by a project manager who allocates the funding in accordance with policy, steering and review bodies.

16. For administrative purposes, multi-donor trust funds usually use "pass-through fund management". For multi-donor trust funds, the United Nations body typically establishes an administrative agent through a memorandum of understanding. The administrative agent operates as the direct administrative contact with donors, receives donor funds and administers and transfers the funds to the participating United Nations body, which then has financial and programmatic accountability.

17. Joint programmes have other options for financial administration besides the pass-through management of the multi-donor trust fund, such as parallel and pooled

<sup>1</sup> In accordance with administrative instruction ST/AI/284 of 1 March 1982 ([http://iseek.un.org/webpgdept525\\_2.asp?dept=525](http://iseek.un.org/webpgdept525_2.asp?dept=525)).

<sup>2</sup> See, for example, that used by the United Nations Development Programme, at [www.undp.org/mdtf/trustfunds.shtml](http://www.undp.org/mdtf/trustfunds.shtml).

types of arrangements or some combination thereof.<sup>3</sup> Joint programmes often bring together two (or more) United Nations bodies with national or subnational authorities under a single plan of work and budget to complete a set of activities.

### **Non-reimbursable loans**

18. Another type of funding mechanism comprises non-reimbursable loans of personnel services from sources external to the United Nations common system. This enables a Government or other source external to the United Nations system to attach a person to a regional centre of the United Nations (not to United Nations Headquarters in New York or the Offices at Geneva or Vienna), for purposes of technical cooperation activities. Such loans normally are for a period not exceeding three years, on a non-reimbursable loans basis, that is to say, without any cost to the United Nations for salary, allowances, insurance, etc.<sup>4</sup> This option might facilitate, for example, the placement of a 1540 project manager in a particular region.

### **Other considerations**

19. The 1540 Committee may consider its role in the direction and review of the use of voluntary contributions. The 1540 Committee could decide how best to handle these proposals transparently, effectively and efficiently.

## **Multisector participation and funding**

20. Most of the United Nations organizations reviewed for this study incorporate various segments of the public and private sectors into their funded activities, as donors, implementers, recipients and advocates. International financial institutions, particularly the World Bank and the International Monetary Fund, frequently partner with United Nations organizations, providing funding and technical expertise where needed. Similarly, private donors, such as foundations, contribute financial support to United Nations entities, such as the United Nations Office on Drugs and Crime.

21. In accordance with resolution 1540 (2004), paragraph 8 (d), States are called upon to develop appropriate ways to work with and inform industry and the public. The 1540 Committee can enable these many public and private sector entities to take effective action to implement resolution 1540 (2004). Indeed, the 1540 Committee seems well positioned to promote cooperation among these entities and explore funding opportunities.

## **Assessment of administrative and other difficulties**

22. Regarding an assessment of the administrative and other difficulties encountered in resorting to the funds earmarked for the 1540 Committee within the Office for Disarmament Affairs Trust Fund, it should be pointed out that the Office for Disarmament Affairs had to use its own human resources to perform many administrative tasks associated with use and administration of funds earmarked for

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<sup>3</sup> For further information on joint programme funding options, see the United Nations Development Group guidance note on joint programming.

<sup>4</sup> In accordance with administrative instruction ST/AI/231/Rev.1 of 23 January 1991 ([http://iseek.un.org/webpgdept525\\_2.asp?dept=525](http://iseek.un.org/webpgdept525_2.asp?dept=525)).

the 1540 workshops. This has put a substantial additional burden on the regular staff, in particular that of the Executive Office of the Office for Disarmament Affairs.

23. No problems related to administrative or other difficulties have been reported by donors or potential donors in obtaining information on the Trust Fund or conveying resources to it.

### **Opportunities for awareness-raising**

24. To foster donations, particularly in this time of economic downturn, more attention could be paid to raising awareness among potential donors of the existence of the Trust Fund and 1540 Committee activities. The Office for Disarmament Affairs made efforts to raise awareness among potential donors in support of the Office-organized regional seminars and workshops. The fund-raising proposals are available on the Office's website. The Office for Disarmament Affairs conducted bilateral consultations with known donors to ensure their continuous support. The Office for Disarmament Affairs also approached a number of potential donors for the purpose of raising funds. As a result, the funds promised and contributed by donors increased for 2008 and 2009.

25. In addition, at the initiative of the Chairman of the 1540 Committee, the Office for Disarmament Affairs convened a special meeting (July 2007) with representatives of potential assistance providers. Such meetings can be organized in future.

26. Other activities that the 1540 Committee might consider could include following up its December 2007 letters to international and regional organizations on their assistance programmes. Additionally, the Committee can develop and implement a public diplomacy campaign with the more than 40 donors listed on the Committee website, which would also be in accordance with the assistance proposals agreed by the Committee.

27. The 1540 Committee and the Office for Disarmament Affairs can also explore and develop ways of attracting voluntary contributions.

### **Conclusion**

28. The Chairman of the 1540 Committee recommends that the use of the United Nations Trust Fund for Global and Regional Disarmament Activities be continued and that oversight mechanisms continued to be considered. Relying on this Trust Fund allows the 1540 Committee to move forward with projects and activities almost immediately and to establish a base that is more institutional in nature for supporting implementation of the resolution without imposing excessive demands on its capacity or constraining its discretion with respect to using other resources. Accordingly, the Committee will actively work on ways to promote this Fund through active public diplomacy and by following up on its intention to convene further meetings with partners who have available 1540 assistance programmes.

## Attachment

### **Relevant provisions of the report of the Security Council Committee established pursuant to resolution 1540 (2004) (S/2008/493, annex) on the funding issue**

114. On 17 December 2007, the outgoing Chairman of the 1540 Committee shared some personal observations and suggestions for the way forward in the Committee's work (see S/PV.5806). He stated that, to enable the more active assistance of experts to individual countries, the possibility of a trust fund should be considered. The Committee has been able to draw on earmarked funds from the existing Office for Disarmament Affairs-run Global and Regional Trust Fund for Disarmament Activities for selected outreach activities, which, however, until recent donations, were exhausted. However, there are a number of areas of assistance for which States have recurrently expressed a clear interest during outreach events and for which additional financial resources would be necessary. They include:

Assistance to States in identifying their priority areas for assistance in implementing resolution 1540 (2004), especially those States having difficulty in preparing or elaborating reports on implementation of the resolution, but also other States that express a need for assistance in specific areas;

Assistance to States in preparing national documents for implementing all aspects of resolution 1540 (2004). This activity is important to facilitate stocktaking with regard to relevant multilateral or bilateral assistance programmes already in place, and in facilitating the matching of assistance requests and offers to address the priority areas identified by States;

Provision for: (i) missions by experts to individual countries requesting advisory services on implementation, organized on an interdepartmental basis; and (ii) workshops for member States of subregional groups or groupings of States with similar concerns.

115. Since 2006, a need was identified to take better advantage of voluntary funding to carry out such activities on a scale that meets States' requests. Major donors have expressed their interest in making voluntary funding available to that effect. Assistance activities could be substantially enhanced if donors were oriented towards an appropriate means to make resources available, if commitments were increased and if full advantage was taken of such voluntary funding to carry out the activities referred to above.

116. In paragraph 13 of resolution 1810 (2008), the Committee was requested to consider options for developing and making more effective existing funding mechanisms, and to report to the Security Council on its consideration of the matter by no later than 31 December 2008.

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140. In order to promote full implementation by all States of resolution 1540 (2004), the Committee makes the following recommendations, consistent with resolution 1810 (2008):

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(m) The Committee should encourage and take full advantage of voluntary financial contributions to assist States in identifying and addressing their needs for the implementation of resolution 1540 (2004) and the Committee should consider options for developing and making more effective existing funding mechanisms.

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