



## **Informal Meeting on Transfer Control Principles** Geneva, 27–31 August 2007

### **Opening Remarks: Session 9**

The session will explore ways to link needs to resources in order to strengthen regimes for small arms and light weapons (SALW) transfers (domestic investment and international cooperation and assistance).

Distinguished Colleagues and Friends,

It is a pleasure to be here. I thank you for the opportunity to contribute opening remarks for this session on resource mobilization. This session is an important continuation of yesterday's discussion on assistance cooperation and capacity-building. After all, it is resource mobilization—the finding, channelling and allocation of resources—that takes an assistance programme from ideas on paper to reality.

In previous sessions we discussed the areas in which international assistance is necessary to help states build their capacity to address transfers. Ambassador Forero, on behalf of the Geneva Process Working Group on Resource Mobilization, has also just given us an excellent overview of ways in which we can be better at generating and mobilizing resources.

So what can I add to these rich discussions on assistance and resource mobilization? This is challenging for me because I find the issue of resource mobilization to be quite straightforward:

- states decide what they need to address a transfer-related problem;
- they communicate their needs to national stakeholders, donor governments and implementing agencies;
- there is dialogue;
- arrangements are made; and
- resources are channelled and activities are implemented.

Straightforward, perhaps, so why is it not that simple? What are the challenges? Where is the disconnect in matching needs and resources? What is standing in the way of assistance living up to its full potential? I am going to centre my remarks around answering these questions.

I would like to frame transfers in the context of international assistance and show you the level of resources that have been mobilized internationally from 2001 through 2005 to address transfer-related issues. I will follow that with a few observations on some key challenges and lessons for mobilizing resources and international assistance. Then, I will try to leave you with a little food for thought on

ways to improve resource mobilization, as well as on the transfer-related areas that the international community could be mobilizing resources towards.

## 1. Framing the Issue

To start with, it is good to remind ourselves of a few fundamental points:

- the Programme of Action (PoA) on the illicit trade in SALW makes it clear that it is the responsibility of states requiring assistance to request the assistance—authorizing, exporting and importing transfers are national prerogatives, and, therefore, the same must be said for the strengthening of national transfer controls;
- the role of the international community is to support and facilitate SALW strategies;
- assistance must build, not replace, a state's own national resources and initiatives; and
- assistance should not substitute for a state's own political will.

However, international assistance for transfer controls is a more complicated issue than some other activities, for instance weapons collection and destruction. There are political and national sensitivities associated with transfers and also, in many regards, with the types of assistance that would be required to implement the necessary national transfer control measures. On the one hand, states may fear that donors may become too involved in their domestic matters. On the other hand, the types of assistance that are needed, such as strengthening the effectiveness of administrative and executive procedures, are not necessarily the kinds of activities that donors are able to support. Achievements in these areas are slow, much less visible and very difficult to measure. These are three important considerations for donors in determining their assistance expenditures and in justifying those expenditures to their public.

But we also have to remember another fundamental point—states require assistance because they are confronted with serious obstacles. To start with the most obvious, they face the negative consequences of SALW. There are also the constraints typically found in developing countries. Indeed, most of the states suffering the worst affects of SALW are classified by the UN as Least Developed Countries. As a result of the limited institutional resources and capacities of these states, assistance projects rarely achieve quick results.

As the representative of the United Nations Development Programme (UNDP) mentioned yesterday, SALW-related assistance activities that are implemented in isolation from development and national capacity-building are likely to offer only temporary fixes. Adequate transfer controls require a sufficient level of institutional capacity, technical as well as human resources (training and staffing), and an ability to establish and enforce standard operating procedures. This, however, imposes a large administrative and institutional burden on states with limited resources. To reiterate, assistance to address SALW transfers is not emergency relief. Rather, it plays a role in building up state capacity in the administrative and executive sectors, in addition to record-keeping, marking, stockpile management and so on.

So what has the international community been doing to assist states in regard to national transfer controls? What are the resources that have been mobilized to date? Chart 1 provides a broad look at the resources that have been mobilized between 2001 and 2005 (inclusive) as international assistance to address transfer-related issues. The numbers are based on a global survey of international assistance conducted by UNIDIR in 2006.<sup>1</sup>

The issues here are the legislation, capacity-building (in the form of workshops, training, information-sharing and the strengthening of partnerships related to transfer controls), record-keeping, marking and tracing and customs services (customs and borders). I have also included stockpile

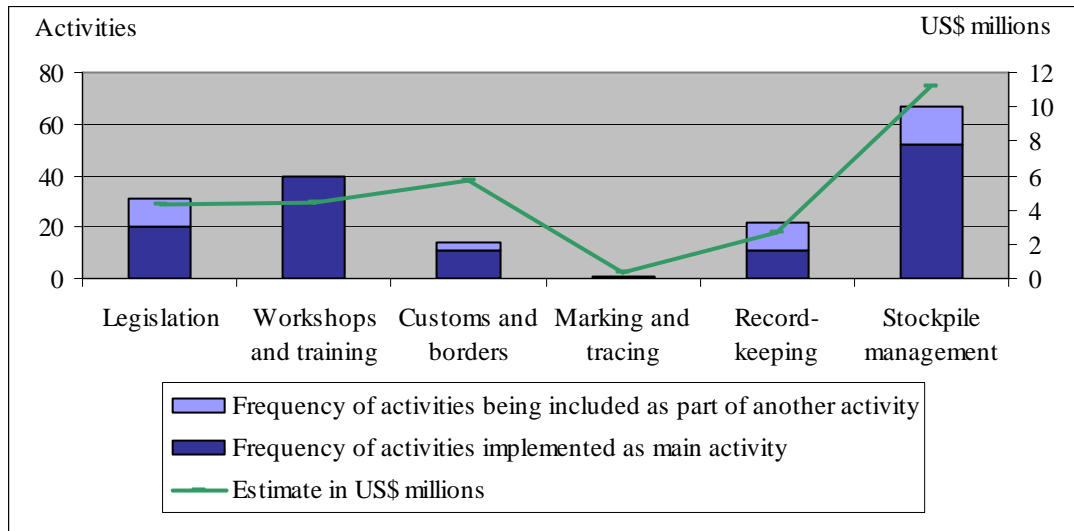
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<sup>1</sup> See Kerry Maze and Sarah Parker, *International Assistance for Implementing the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects: Findings of a Global Survey*, United Nations Institute for Disarmament Research, 2006.

management since, as has been repeated often this week, the risk of diversion is an important consideration for states in granting approval to exports, so supporting physical security and inventory management does have a role to play in mitigating risks of diversion of one's exports.

The dark bars represent the number of times the issue was addressed as the primary activity of assistance. The light bars represent when that issue was addressed as part of a larger project. The line shows the monetary value of assistance, in millions of US dollars.

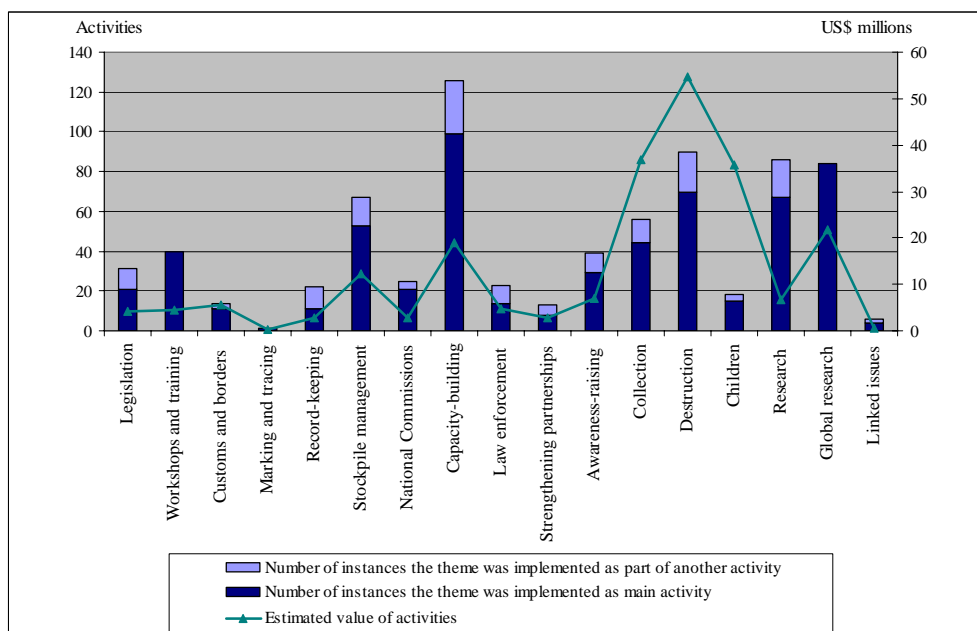
**Chart 1. Transfer-related assistance, 2001–2005**



Looking at the line, the amount of assistance totals about US\$ 17 million for the strictly transfer-control issues and US\$ 29 million if one includes stockpile management.

Chart 2 shows how this compares with other PoA issues. The first six issues (legislation through stockpile management) are transfer-related issues.

**Chart 2. Global SALW assistance, 2001–2005**

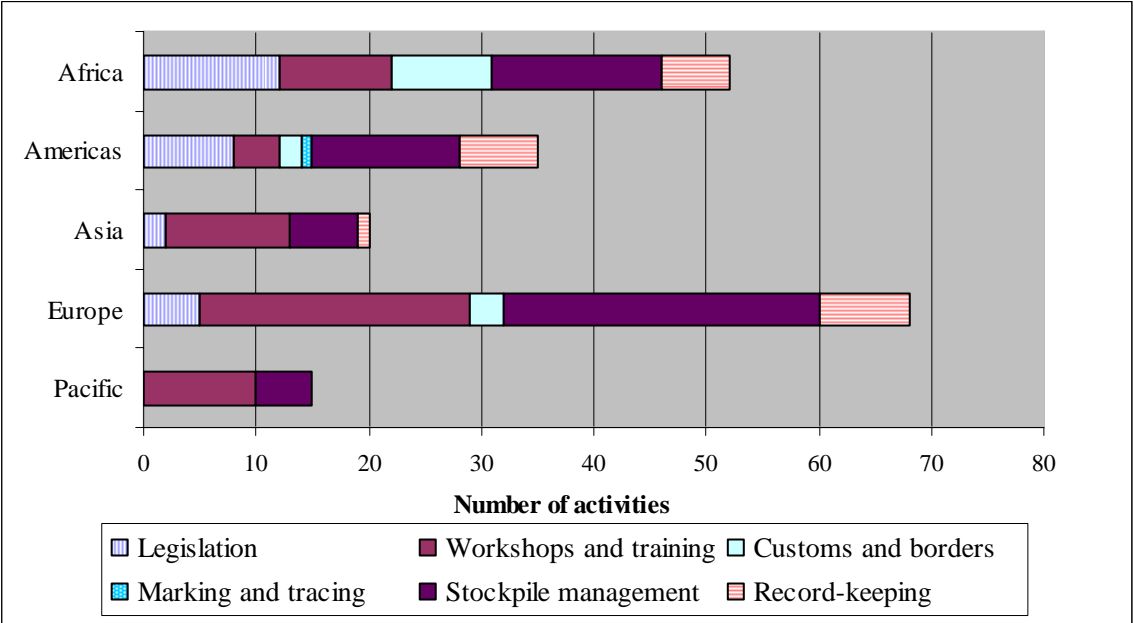


UNIDIR estimates the total amount of international assistance allocated to implement the PoA to be approximately US\$ 660 million between 2001 and 2005 (inclusive).<sup>2</sup> Assistance to address transfer controls directly accounts for about 2.6% of that amount. If one includes stockpile management that increases to 4.4%.

It is important to keep in mind, however, that some of the transfer-related activities are cheaper to operationalize than others, such as disarmament, demobilization and reintegration (DDR). In terms of the number of activities implemented, as illustrated by the bars, the proportion is greater: about 15% of the total number of activities implemented (25% when including stockpile management). And of course, you also have to consider that there are comprehensive security sector reform (SSR) projects that may not be accounted for here.

Chart 3 lists the number of transfer-related assistance activities implemented per region. Regions are listed on the left and the shading indicates the type of activity implemented.

**Chart 3. Transfer-related assistance, number of activities by region, 2001–2005**



- Training and workshops were held mainly in Europe, for members of the Stability Pact and the Commonwealth of Independent States (CIS). The Organization for Security and Co-operation in Europe (OSCE) implemented the majority of workshops on the issue of SALW trafficking.
- The majority of assistance on stockpile management was also implemented in the member states of the Stability Pact and in the CIS.
- There was only one notable project on marking and tracing, which was funded by Switzerland and implemented in Brazil.
- The main forms of assistance in the Pacific were the implementation of workshops and training, and the building/strengthening of armouries.
- Assistance in record-keeping was mainly allocated to Europe (Stability Pact and CIS), followed by the Americas and Africa.

From this analysis, we can see that issues related to transfer controls have received comparatively less international assistance than the other SALW issues. However, considering that the total financial

<sup>2</sup> For purposes of illustration, the chart does not include the assistance allocated to DDR to allow a more detailed look at the other issues. From 2001–2005, DDR activities received well over half of the financial assistance (US\$ 458 million) allocated to implement the PoA.

assistance for SALW activities (US\$ 660 million) works out to be less than US\$ 1 in assistance per gun in circulation, we can also say that there remains much to be done for SALW assistance in general.

So how do we improve resource mobilization in order to strengthen the level of assistance allocated to address SALW? As Ambassador Forero pointed out, there is only a small handful of activities centred on coordinating international assistance and resource mobilization at the multilateral level. International assistance has been for the most part ad hoc, uncoordinated and not living up to its full potential.

## **2. Key Challenges and Lessons**

Some of the typical challenges that donors face regarding international assistance and resource mobilization include:

- lack of knowledge of the technical and financial needs of states;
- lack of communication and coordination on the ground among different implementing agencies, and donor or recipient states not clearly communicating the assistance being implemented;
- not receiving the documentation and information from recipient states that are needed in order to approve funding;
- funding constraints for donors and practitioners relating to accountability and transparency; and
- lack of means to measure the progress and impact of assistance in order to justify present and future expenditures to the public.

For states in need of SALW assistance, typical challenges include:

- lack of resources and capacity to assess their own needs;
- uncertainty of how or to whom to communicate their needs;
- need for certain types of assistance that donors are not in a position to fund;
- inflexibility of how and when funding can be used;
- lack of capacity or resources to provide the documentation and information that donors need to administer assistance;
- hesitancy regarding the level of control expected by donors; and
- lack of control or national ownership of assistance.

Resource mobilization needs to be undertaken strategically for an assistance programme or project to achieve its intended goals. It needs to be done early in the project planning phase. Resources need to be flexible, not only to cover the range of activities that need to take place, but also to accommodate changes that may affect the activity. Funding arrangements need to incorporate steps to be able to monitor, assess and adapt to local contexts. Finally, gaps in funding need to be minimized. Projects are often suspended or delayed during implementation because of bureaucratic delays, because pledged funds did not arrive or states were overly optimistic that more funds would be found, or because of sudden changes in local costs or currency values.

The impact of resource mobilization goes beyond implementation of an activity. SALW activities have a direct impact on the public's perception of security and the state's ability to provide protection. If a project is only partially implemented because of funding shortages or because incentives promised to a local community do not arrive, the public can lose confidence in the state's ability to control SALW and thus their perception of security is undermined. It also means that achievements of other SALW assistance activities are compromised. In short, inadequate resource mobilization can have dangerous consequences. As a military officer in Uganda put it, "Donor funding stopping mid-way through projects, it's like telling a cancer patient half-way through treatment that they have to wait for medication".

### 3. Food for Thought

Now let us consider what can be done to improve resource mobilization. As Ambassador Forero pointed out earlier today, there are some frameworks already in place to support resource mobilization, including:

- The work of the Group of Interested States (GIS), an initiative supported by the German government and the UN Office for Disarmament Affairs (ODA), which meets periodically in New York.
- Listing specific priorities for international assistance and the necessary means to achieve them in national reports on implementation of the PoA submitted to ODA. As we heard yesterday from Antonio Evora of ODA, the Coordinating Action on Small Arms (CASA) database compiles this information.
- National Action Plans are another essential tool, as we heard yesterday from UNDP. The plans set out national SALW programme objectives for a period of five years. Not only are the plans useful for guiding national SALW activities, they can also reassure donors that there is a framework in place in the recipient country to make optimal use of assistance funding. A resource mobilization strategy should be discussed and developed in parallel to the National Action Plan, so that resources can be gathered prior to the plan being implemented.
- Documented assessments of the lessons learned from SALW assistance projects will further facilitate donor efforts to mobilize resources and justify expenditures to continue or replicate successful SALW projects.

Efforts to mobilize resources come down to dialogue within and among states. Meetings such as this one are critical, especially when they include sponsorship programmes to bring officials working on these issues to the centre of discussions on assistance and resource mobilization. Nationally, states could host multi-donor meetings, host resource-mobilization meetings and prepare project proposals to send directly to donors. Likewise, awareness-raising and efforts to strengthen partnerships play a very important role in mobilizing resources in both donor and recipient states. The more that government bodies are aware of how SALW issues relate to their mandate, the more actively engaged they can become in addressing the issue—which opens up new pathways through which resources can be mobilized. In line with what UNDP emphasized yesterday, options for SALW funding through development-based budget lines are increasing. It is therefore essential to engage such bodies in dialogue on SALW.

But let us also remember that states require assistance because they have a general lack of capacity and resources. So while the act of mobilizing resources is straightforward, donors need to consider the lack of capacity within states and help them with the resource mobilization process. This could be, for instance, in terms of helping states prepare National Action Plans and resource mobilization strategies, as well as in establishing forums for discussing resource mobilization.

In this regard, UNIDIR is establishing a mechanism to match needs with resources. I will not say too much more about this mechanism here, as UNIDIR will introduce the mechanism in the side-event that follows this session. But briefly, the mechanism will help build the capacity of states to identify their needs and priorities for international assistance. The mechanism also will be a platform for states to search out what international assistance is needed and what is available to support SALW activities. The mechanism, which will be available both online and in hard copy, will allow donors and recipients to connect easily.

So, with respect to transfer controls, for what should we be aiming to mobilize resources? Since all states are potential exporters/re-exporters, transit points and importers of SALW, it is in the interest of all that **every state be able to adequately uphold controls on SALW from the point of exit, transit and entry.**

It is therefore essential to help build strong administrative and governing sectors to implement and enforce adequate procedures for legal transfers, as well as for detecting, investigating, preventing and reporting diversion.

We should look at transfer controls as a comprehensive Transfer Assistance Programme, in which a state and multiple donors prepare a number of related and mutually reinforcing activities to be implemented under a solid framework. Is that not the same thinking that goes into DDR, SSR and the trust funds that support them?

First and foremost, there need to be sufficient national laws, regulations and administrative procedures. States may require assistance to establish assessment criteria for making export and re-export choices, and in selecting transportation routes. This also requires states to have the ability to implement procedures for accessing and regularly updating information on brokers, transport agencies, embargoes and so forth. Thus, there need to be efficient record-keeping systems. Most states affected by SALW rely on manual record-keeping, which is slow, prone to error and inefficient for responding to tracing requests. As a result of inefficient record-keeping systems, responses to tracing requests that should take only minutes instead take days.

States need to be able to mark SALW, recognize markings and respond quickly to tracing requests. The UN Firearms Protocol and other regional instruments call for marking upon import, and technical and financial assistance may be required in this regard. Customs services need to be well-trained, well-resourced and well-staffed to distinguish between legitimate and illicit shipments and documents. In many developing states, staff quarters are inadequate and there may not be sufficient numbers of customs agents regularly available on-site to service entry and exit points, let alone be able to verify the contents of shipments, to record them and to follow up on possibly fraudulent documents. Also, states need enhanced systems for gathering and sharing information and need to have the means to strengthen partnerships in order to detect and investigate suspicious activities. If states have inadequate stockpile management and security, legitimate transfers can easily end up on the illicit market.

In all of these activities, we are talking about ensuring at least a minimum level of institutional capacity, technical and human resources, and training. All parts of a bicycle need to be assembled and working for it to run smoothly! You cannot fix only certain parts and expect the same quality of journey.

The most successful projects are comprehensive and inclusive in terms of the scope of activities covered over two years at minimum—but the longer the commitment the better for promoting long-term thinking and building local capacity to sustain them. Besides, the longer the term of the project, the less energy needs to be spent on resource mobilization. Instead, that energy could be better spent revising, reviewing and incorporating lessons learned into the project.

I will end on a note regarding the empowerment of local civil society organizations. Since we are talking about national transfer regimes, assistance to local civil society groups may not come to mind. But civil society organizations are an invaluable contribution to building an environment conducive to SALW controls. They are the eyes and ears on the ground that can support a state's SALW transfer regime, build momentum and applaud political action—but they can also question when states are not living up to their commitments. Active local civil society can help the resource mobilization process by raising awareness on SALW issues, which can help build momentum for mobilizing national resources and help states to identify priorities for international assistance.

It is also good practice when mobilizing resources to acknowledge and thank the donors that provided support to the activities being implemented. In this regard, on behalf of UNIDIR, I would like to extend our gratitude to the governments of Austria, Canada, Finland and the United States of America for supporting UNIDIR's work since January 2006 on the issue of international assistance and resource mobilization.