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RELATIONSHIP BETWEEN DISARMAMENT AND DEVELOPMENT

Establishment of an international disarmament fund for development

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Members of the General Assembly the report of the United Nations Institute for Disarmament Research prepared in accordance with General Assembly resolution 37/84 of 9 December 1982.

\* A/39/50.

ANNEX

Report of the United Nations Institute for Disarmament Research

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## I. INTRODUCTION

1. By its resolution 37/84 of 9 December 1982, the General Assembly gave the United Nations Institute for Disarmament Research (UNIDIR) the following mandate:

"The General Assembly

"...

"Recommends that an investigation - with due regard to the capabilities of existing agencies and institutions currently responsible for the international transfer of resources - of the modalities of an international disarmament fund for development should be undertaken by the United Nations Institute for Disarmament Research, in consultation with other relevant international institutions."

2. In order to carry out this mandate, UNIDIR established a steering group to guide the investigation. This group was composed of the following members: Mansur Ahmad (Pakistan), Gheorghe Dolgu (Romania), Sergio de Queiroz Duarte (Brazil), Edgar Faure (France), Sten Lundbo (Norway) and Ibrahima Sy (Senegal). The steering group, headed by Edgar Faure, held two meetings, on 21 and 22 June 1983 and on 19 and 20 March 1984, at the Palais des Nations in Geneva. Also present at these meetings were representatives of the United Nations bodies which have competence in the international transfer of resources. UNIDIR took into account the views expressed by the members of the steering group, but the following report does not commit them.

3. Four technical studies were undertaken under this project:

(a) "Modalités de création d'un Fonds international du désarmement pour le développement, vision et faisabilité politique", by Marek Thee (UNIDIR/FIDD/1);

(b) "Aspects institutionnels techniques et politiques d'un Fonds international du désarmement pour le développement", by Finn Sollie (UNIDIR/FIDD/2);

(c) "L'instauration d'un Fonds international du désarmement pour le développement, l'approche régionale", by Alain Pipart and Hugo Sada (UNIDIR/FIDD/3);

(d) "Principales orientations économiques et politiques d'un Fonds international du désarmement pour le développement", by Jacques Fontanel (UNIDIR/FIDD/4).

These studies were deposited in the Dag Hammarskjöld Library at United Nations Headquarters, New York, and in the Palais des Nations Library at Geneva, where they may be consulted.

4. The terms of the above-mentioned General Assembly resolution suggest that it is not the responsibility of UNIDIR to review the relationship between disarmament and development as a whole, as that was done in the study entitled The Relationship between Disarmament and Development. 1/ The present study is intended to be more

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limited and specific, dealing with the modalities of an international disarmament fund for development and thus the principal political, administrative and financial aspects of such an institution.

5. The main questions which are raised concerning a fund have to do with its resources and the use thereof and with its possible institutional structure. These are the principal issues dealt with in this report. At the same time, it is useful to specify the objectives of the fund which determine its modalities. Finally, it is part of UNIDIR's assignment to envisage the political and diplomatic process whereby the fund could be established.

6. This report is divided into seven parts:

- (a) Introduction;
- (b) Objectives of the fund;
- (c) Resources of the fund;
- (d) Distribution of resources;
- (e) Structure of the fund;
- (f) Process of establishing the fund;
- (g) Conclusion.

## II. OBJECTIVES OF THE FUND

7. Disarmament and development have been major concerns of the United Nations since its inception, and a substantial part of the activities and resources of the Organization have been devoted to them. The importance of these tasks is attested to by numerous resolutions of the General Assembly and other bodies. It has been expressed with particular solemnity in the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)) and in the Final Document of the tenth special session of the General Assembly, the first special session devoted to disarmament (resolution S-10/2).

8. Despite the efforts of the Organization, the present situation with regard to disarmament and development cannot be considered satisfactory. The relatively favourable climate for negotiations on disarmament which prevailed in the early 1970s has disappeared, giving way to a new spirit of confrontation, while the arms race is intensifying in a dangerous and costly manner. Negotiations on the establishment of a new international economic order, having started by raising high hopes, have not led to significant achievements. The financial situation and development prospects of many developing countries have waned. These negative aspects have been brought out in the study on The Relationship between Disarmament and Development, 1/ but since its publication the situations of disarmament and development have not improved at all.

9. New initiatives appear to be needed, therefore, aimed at overcoming the obstacles affecting both East-West relations and the North-South dialogue. In this respect, it seems that, in the attempt to deal with the disastrous consequences of the arms race on the one hand and the increasing disparities between the industrialized countries and the developing countries on the other, the conviction has taken hold in the United Nations system that there is a close, long-term relationship between the large amount of human and material resources allocated to weaponry and the scarcity of resources devoted to development. This relationship has been confirmed by studies conducted within and outside the United Nations. 2/ It therefore became accepted that there was a need not only to step up the efforts to promote disarmament and development as separate concepts but also to link them together as one concept. On this subject the Final Document of the tenth special session recalls "the necessity to release real resources now being used for military purposes to economic and social development in the world, particularly for the benefit of the developing countries" (resolution S-10/2, para. 94).

10. Since the founding of the United Nations, emphasis has been placed not only on the link between disarmament and development. Many proposals have been formulated for establishing institutional machinery to ensure that resources for armaments are reallocated to development.

(a) As early as 1955, France proposed the establishment of an international mutual assistance and capital development fund, 3/ to be financed by gradual reductions in military budgets. The authority responsible for supervising this fund was to have developed and applied a common nomenclature of military expenditures, with a standardized classification of military budget items. The States parties to the agreement were to have undertaken to transmit to the fund the documents relating to their military expenditures. It was anticipated, however, that a large part (75 per cent) of the resources released by disarmament measures would be used by the countries adopting these measures.

(b) In March 1956, the Soviet Union proposed the establishment, within the United Nations, of a special fund to provide assistance to developing countries, the resources of which fund were to have come from a reduction in military budgets. This proposal, made more specific in 1958, called for a reduction of 10 to 15 per cent in the military budgets of the Union of Soviet Socialist Republics, the United States of America, the United Kingdom of Great Britain and Northern Ireland and France and the use of part of the funds thus saved for development aid. 4/

(c) In 1964, a working paper was submitted by Brazil to the Conference of the Committee on Disarmament recommending the establishment of an industrial conversion and economic development fund. Aid to development would have been financed, according to this project, by a pro rata contribution of 20 per cent of the global value of the reductions in military budgets. 5/

(d) In 1973, the Soviet Union, proceeding along the lines of its earlier concerns, proposed a reduction of the military budgets of the States permanent members of the Security Council by 10 per cent and the allocation of 10 per cent of the funds thus released to provide assistance to developing countries. It was

anticipated, at least at the beginning, that this reduction would take place only once. A special committee was to be established to distribute the resources, which were to be added to the existing flow of aid for development and to be distributed without discrimination. 6/ The General Assembly adopted this proposal by resolution 3093 A (XXVIII).

(e) In 1978, a detailed proposal was made by France for the establishment of a disarmament fund for development. This fund was to be set up as a specialized agency of the United Nations. The contributors would be the most heavily armed and most developed States, and the recipients the least well-armed and poorest countries. The resources were to come from the funds released by disarmament measures. However, it was anticipated that the fund would receive an initial, one-time contribution, in the amount of \$1 billion, and, during a transitional phase, that contributions would be calculated on the basis of the levels of armaments of States, as measured in terms of certain types of weapons which could be determined and verified objectively (see A/S-10/PV.3, pp. 2-30, and A/S-10/AC.1/28).

(f) Other proposals were formulated at the first special session of the General Assembly devoted to disarmament. Mexico, for example, while supporting the French initiative, proposed the immediate opening, on a provisional basis, of an ad hoc account in the United Nations Development Programme, while Romania proposed a freeze and gradual reduction in military budgets, with the funds thus released to be used mainly for the benefit of the least developed countries.

(g) Non-governmental organizations and independent experts also supported the idea of establishing an institutional link between disarmament and development. The Independent Commission on International Development Issues (the so-called Brandt Commission) thus emphasized the possibility of establishing a tax on military expenditures and arms traffic, in order to provide a new international fund for development, responding to the financial needs of developing countries.

(h) Finally, during the thirty-eighth session of the General Assembly, France, as represented by the President of the French Republic, again drew attention to the relationship between disarmament and development and proposed a diplomatic process involving the holding of a preparatory conference, followed by a conference of all States Members of the Organization, with a view to establishing a disarmament fund for development. In its resolution 38/71, adopted in response to that initiative, the General Assembly invited Member States to communicate to the Secretary-General their views and proposals concerning the relationship between disarmament and development and requested the Disarmament Commission to include this item in the agenda of its next session.

11. It thus appears that the idea of a disarmament fund for development has already elicited numerous initiatives. Yet it is arousing renewed interest, as exemplified by the deliberations of the United Nations and the concerns expressed by Governments.

12. The establishment of a disarmament fund for development is certainly not going to be enough to solve, in the near future or automatically, the huge problems arising from both disarmament and development, the solutions to which are hindered

by serious differences of views, conflicting interests and a lack of political incentive. The setting up of such a fund would, however, have the following advantages:

(a) The establishment of the fund would, first of all, result in effectively linking disarmament and development. While this link is generally accepted from a theoretical and normative point of view, efforts towards disarmament on the one hand and development on the other remain separate, and no results have been derived from their complementarity. Within national structures, the bodies which exercise their responsibilities in the area of disarmament and those concerned with development deploy their efforts independently, without any direct connection, and this is also true in the United Nations. The setting up of an institution which, by its title and function, would encompass both disarmament and development would thus have a political and symbolic impact as regards combining these two major concerns.

(b) The second objective of the establishment of an international disarmament fund for development would be to set in motion a process for the transfer of disarmament resources to development. Large amounts are spent on armaments which absorb 5 per cent of the world's gross national product, whereas much smaller resources are used for official aid for development (approximately 5 per cent of military expenditures). The issue is thus one of ensuring the transfer of the first flow to the second, and it would seem that measures and initiatives related to establishing a fund would make it possible to start off a movement in this direction. The establishment of a fund would testify to a political commitment, on the part of States, to disarmament and development, and thus to their will to take a simultaneous and common stand against the challenges of insecurity and poverty. In other words, the fund could be viewed as a "catalyst" for providing a new impetus to disarmament and development and hence for enhancing international security. The arms race and the economic plight of many countries are indeed among the factors that diminish security and heighten international tension.

(c) Lastly, there is reason to hope that the establishment of an international disarmament fund for development would have a positive influence on the climate of international relations. It would give further tangible expression to the idea of solidarity and widen the range of international co-operation.

13. It is in this light that the questions concerning the modalities of the fund should be viewed.

### III. RESOURCES OF THE FUND

14. The problem of mobilizing resources is fundamental, because the other aspects of the fund are directly dependent on the amount of its assets. If the resources are limited, a modest structure would be called for, whereas if they are substantial, a more elaborate structure would be needed. Similarly, the activities of the fund would depend on the volume of its assets. The fund should therefore be provided with sufficient resources both during the initial phase of its establishment and subsequently. A distinction should be made, however, between the matter of determining the contributors and the criteria governing contributions and their scope.

15. Given the principle that disarmament is a subject of concern to all States, normally all of them should be able to contribute to the fund and should be called upon to participate directly in the work of planning it. Quite clearly the bulk of the resources must come from the most heavily armed States.

16. The French proposal, formulated in 1978, concerning the establishment of an international disarmament fund for development defined the contributors as the most heavily armed and most developed States. This definition is certainly consistent with the logic of the fund, but it was found to be still imprecise. There is no clear-cut correlation between the concept of the most heavily armed States and that of the most developed States. Japan, for example, is one of the most developed States but not one of the most heavily armed. Conversely, some developing countries, confronted with serious security problems for other reasons have particularly large arsenals in relation to their economic resources. It would therefore seem that the formula envisaged in the French proposal is a guideline rather than a criterion for defining contributors and that it calls for further elaboration.

17. Because of their responsibilities for the maintenance of peace, their levels of armaments and their status as nuclear Powers, it is incumbent on the States permanent members of the Security Council to play a decisive role in constituting the fund. There is, as is well known, a Soviet proposal of 1973 which was aimed at reducing the military budgets of the States permanent members of the Security Council by 10 per cent and at allocating the resources thus released to the economic and social development of the developing countries.

18. In the light of the foregoing, it would seem desirable that all States should contribute to the fund and that a system should be established whereby the main responsibility for mobilizing resources would lie with some of them. It would thus be possible to uphold the concept of States bearing the main responsibility for disarmament, which can be defined on the basis of juridical facts (membership in the Security Council) but also on the basis of armaments data or of economic considerations. Without underestimating the serious difficulties involved in determining and defining the principal categories of contributors, the following categories may be mentioned:

- (a) the States permanent members of the Security Council; and
- (b) the major military Powers.

19. It is probably the second category mentioned - that of the major military Powers - which raises the greatest difficulties in the matter of definition. Different criteria are possible: the overall level of armaments, or the ratio of armaments to gross national product or to per capita income. It should be noted that, while the level of armaments of certain developing countries is particularly high, this is often due to the fact that the security requirements of these States are substantial.

20. The study on The Relationship between Disarmament and Development 1/ sets forth three methods for determining resources:



- (a) the method of resources released by disarmament, consisting of the allocation of resources saved as a result of disarmament measures, or a part thereof, for development purposes;
- (b) the method of levying a tax on armaments, whereby national contributions to development are calculated on the basis of an agreed amount of the resources allocated by each State for military purposes;
- (c) the method of voluntary contributions, modelled on many other funds of the United Nations and specialized agencies, whereby, in the last resort, States themselves determine their contributions.

21. The advantages and disadvantages of each of these methods have been considered both in the aforesaid study and in the studies which UNIDIR requested experts to prepare. Some conclusions can be drawn from these documents:

(a) The method of released resources is certainly the only one fully in keeping with the purpose of the fund, because the aim is to utilize, for development, the resources now absorbed by the arms race. This method, however, implies that a disarmament process is already under way, which is not the case. Actually, the resources so far released under most disarmament agreements have been insignificant or non-existent. The multilateral agreements, limiting the military uses of the Antarctic, outer space and the sea-bed and ocean floor and intended to prevent the use of armaments in certain zones, have not released new resources or involved a transfer of resources from one sector to another. On the other hand, some agreements such as the 1972 Treaty on the limitation of anti-ballistic missile deployments, have had the effect of limiting possible, or already programmed, military expenditures. As already stated in the study on The Relationship between Disarmament and Development, this Treaty probably brought about some net savings compared to the expenditure levels that could have been attained if the negotiations had not taken place or had failed (para. 352). But, as this example shows, the savings in question are estimates and partly hypothetical. Moreover, it is extremely difficult to evaluate them in terms of the economic impact of this or that disarmament measure. It is also common knowledge that international comparisons in this area are particularly complex owing to the diversity of economic structures. These considerations indicate that the method of released resources could not be applied at the initial stage of operation of the international disarmament fund for development if the fund were to be established in the near future. It would, however, seem desirable for the agreements concluded in the future on the limitation of armaments to include an evaluation of the resources saved by the measures adopted and a commitment to allocate part of these resources to the international disarmament fund for development;

(b) The method of levying taxes on armaments makes it possible to anticipate disarmament and, no doubt, to encourage it, by requesting the most heavily armed States to acknowledge their particular responsibility for disarmament. The total cost of disarmament would indeed become higher than it is already, if it were subject to a levy for development. The amount of contributions to the fund, and hence the effort to promote development, would paradoxically, be higher the more States armed themselves. On the other hand, it would diminish, which would be

normal and desirable, if the arms race were to show a downward trend. The use of this method is therefore considered by some to involve the risk of legitimizing, in a sense, the arms race. The different systems so far considered with regard to the tax base also raise technical problems. The levying of taxes proportional to military budgets creates great difficulties arising from the problems connected with the openness and comparability of military budgets. As is well known, the important work carried out on these questions in the United Nations have produced interesting technical results, although they have not led to the endorsement by all Member States of a single system for comparing budgets. If the method used is the levying of taxes based on certain types of armaments, such as nuclear means of delivery, aircraft, warships or tanks, the choice of these criteria, or of a combination thereof, would be rendered difficult by the diversity of national military structures. These structures differ owing to numerous factors, inter alia, the geographical situation of States and the diversity of their security conditions;

(c) The voluntary contributions method is, by definition, fraught with uncertainty because it leaves States free to transfer resources to the fund, or to refrain from doing so. It does not allow for the establishment of a systematic link between disarmament and development, or again between development and the level of armaments. On the other hand, this method has the advantage of simplicity and obviates the difficulties connected with any verification process, whether in the matter of resources released, or of budgets or of military capabilities. The experience of the disarmament negotiations shows that the problem of verification is one of the stumbling-blocks of the disarmament proposals. The link between disarmament and development could, however, conceivably be maintained if incentives were provided. The States bearing the main responsibility for disarmament could be called upon to contribute to the fund through an appeal addressed to them by the international community. Similarly, indicative criteria could be established through negotiations, as regards both the contributors and the base for contributions. The foregoing critical observations concerning the method of levying taxes would be less cogent in the context of a system which involved no compulsion.

22. In the light of these data, mixed systems could be devised, whereby the disadvantages of each of the proposed methods could be reduced so far as possible, as shown by the following two examples:

(a) According to an initial scenario, the five nuclear Powers would undertake to provide the fund, on its establishment, with an amount calculated on the basis of the number of means of delivery and nuclear warheads held by each of these Powers at the time the fund is constituted. The amount of the initial contribution of each such Power would thus be commensurate with the size of its nuclear arsenal. In this connection, the calculation of these factors would not seem to be an impossible exercise, as the SALT II negotiations have shown. A lump sum would be set by agreement and multiplied by the number of factors recognized at the time the agreement was concluded and verified by effective procedures. The initial assets thus constituted would be supplemented by three types of contributions:

(i) initial voluntary contributions, paid especially by the most developed countries and by those whose armaments effort is particularly intensive;

- (ii) subsequent voluntary contributions from countries which, while not permanent members of the Security Council, bear a heavy responsibility for disarmament;
- (iii) voluntary contributions, on the basis of specific projects and in response to the concern to promote security and development in a given region;

(b) According to another scenario, the initial total budget of the fund would be set at approximately 0.5 to 1 per cent of world military expenditures. On this basis, the five nuclear Powers would be called upon to conclude an agreement whereby they would contribute the bulk of the fund. The United States of America and the Soviet Union would pay equal shares, in accordance with the principle of strategic parity accepted in the SALT agreements, whereas China, France and the United Kingdom of Great Britain and Northern Ireland could agree on contributions at a lower level in a certain proportion to their military efforts. The remainder would then be contributed, under an appropriate procedure, by the other States Members of the United Nations in proportion to their level of development and military expenditures.

23. These are only some examples. Other combinations are possible. The thinking in UNIDIR tends, however, to support the conclusion that, in the present circumstances, the voluntary contributions method, in line with a negotiated programming of the fund's resources, would make it possible, at least at an initial stage, to launch a process for transferring resources from disarmament to development in accordance with one of the objectives described above.

24. In the above-mentioned considerations and scenarios, the resources of the fund are taken to be financial contributions. In this connection it should be noted that problems may arise concerning the convertibility or non-convertibility of the resources transferred to the fund and that they can be solved only through negotiations.

25. It has also been thought that the fund could receive, independently of financial resources, goods or materials from the conversion of military items, for example, in the form of transport equipment, materials suitable for telecommunications or, more generally, military engineering items. Other possibilities are surpluses, such as those which were widely distributed immediately after the Second World War. Such contributions in kind would raise major questions of transport and storage. It would be advisable, in particular, to take into account the administrative costs thus incurred, and supplementary studies would have to be made if the General Assembly decided to follow this path. On the other hand, the fund could assist in the conversion of military items into non-military items. The steps that can be taken in this connection are within the jurisdiction of each State, but the fund might conceivably be requested to encourage conversion processes, in the developed and developing countries alike, by promoting the formulation of national plans in accordance with the recommendations in the study on The Relationship between Disarmament and Development. The fund could also be requested to submit recommendations concerning the co-ordination of national conversion plans. These activities would be independent of those carried out by the fund as regards the distribution of its resources.

#### IV. DISTRIBUTION OF RESOURCES

26. If sufficiently ample resources were released by disarmament measures, it is conceivable that a part of those resources might benefit the contributor countries themselves. The Soviet proposal of 1973 envisaged, in that regard, that only 10 per cent of the amounts saved by the 10 per cent reduction in military budgets would be devoted to assistance to development, i.e., to the developing countries. Ninety per cent of the resources saved would thus have been retained by the States members of the Security Council called upon to make such budgetary reductions. That proportion of 10 per cent may seem low, and it may seem desirable that the part transferred to developing countries should be larger. The decisions that might be taken on this subject, however, either by States acting individually or through an agreement or other forms of co-operation, do not directly concern the disarmament fund for development. It would be neither logical nor practical for the fund to receive resources from contributor countries only to restore subsequently to those countries a more or less considerable portion thereof. That is to say that the fund would be called upon to administer, in principle, only resources intended principally for developing countries.

27. The purpose of the establishment of the fund is to contribute to development and, therefore, to ensure an increase in transfers. Thus, it should be acknowledged that the resources intended for the fund should not be comprised in those which are already devoted to development, nor should they be included in the 0.70 per cent of gross national product which the developed countries are called upon, by United Nations resolutions, to devote to development. If it were otherwise, the fund would not be performing its function of helping to increase the resources allocated to development.

28. Since the recipients of the resources to be distributed by the fund are principally the developing countries, priority categories should be established among them, just as categories of contributors have been suggested above (para. 18). Relatively simple criteria should be established for this purpose, and it is suggested that the following three categories be distinguished:

(a) The least developed countries, whose capacity for benefiting from the resources of the fund stems from the extent and the urgency of their development needs;

(b) The countries which reduce their military expenditures and thus make an effort towards disarmament. Just as the most heavily armed countries have been included among the contributors, it seems logical to include among the recipients the least heavily armed countries and those which endeavour to ensure their security by non-military means, by maintaining friendly and peaceful relations with their neighbours and, more generally, with other States;

(c) The countries which are themselves making an especially outstanding development effort and which therefore deserve to be encouraged.

29. The resources of the fund may be used individually or collectively, i.e., either to contribute to the efforts of certain States considered separately or, on

the contrary, to those of a specified region in respect of joint development plans. This point will be taken into consideration again below in connection with the question of the modalities of the distribution of the resources.

30. The modalities of the distribution of the resources may conform to different patterns. According to one approach, the fund would contribute to the execution of development projects proposed by the recipients and defined by them, in agreement with the authorities responsible for the administration of the resources. It is, however, also conceivable that regional organizations might be called upon to perform a relay function between the fund and the recipients, particularly if the fund were linked with assistance of a collective character.

31. If, as envisaged above, the fund were to receive contributions in kind (means of transport, telecommunication materials, etc.), appropriate guidelines would have to be defined in the light of the request addressed to the fund by possible recipients, the economic implications of such assistance and other pertinent economic data.

#### V. STRUCTURE OF THE FUND

32. The options with respect to the structure of the fund are governed by the following two considerations:

(a) Inasmuch as one of the functions of the fund is to give tangible expression to the link between disarmament and development and to testify to a commitment of the international community in that regard, the fund must be sufficiently visible and, for the same reasons, have some degree of autonomy.

(b) On the other hand, the development of an excessive administrative and bureaucratic apparatus merely to administer modest resources should be avoided.

33. It must therefore be admitted that the institutional options are essentially dependent on the extent of the resources placed at the disposal of the fund. In that regard, two conceptions may be envisaged: that which implies the creation of an autonomous institution having its own organs and that of attachment to an existing institution.

34. Several of the proposals mentioned above would entail the formation of new organs within the United Nations system:

(a) The Soviet proposal of 1973 advocated the establishment of a special committee to distribute the funds released, to be composed of 18 members, representing the five permanent members of the Security Council, the regional groups of Africa, Asia, Latin America and Eastern and Western Europe. The 13 representatives of the regional groups would be appointed, after consultation with those regional groups, by the President of the General Assembly. That committee would have been responsible for the distribution of resources and, in particular, for determining the amount of assistance and deciding on the projects which would benefit, having regard to the most urgent needs and without

discrimination of any kind. The General Assembly would, however, under that scheme, bear the ultimate responsibility for the distribution;

(b) The French proposal of 1978 envisaged the establishment of a United Nations specialized agency, and hence a large-scale mechanism, whose organs and procedures would be governed by the principle of balance between contributors and recipients. The grants and loans of that specialized agency would, however, be channelled through other organizations competent in the development field.

35. If the idea of creating an autonomous institution is approved, the following principles should, in any event, be borne in mind:

(a) The principle of universality (see para. 18 above), which means that all States Members of the United Nations would be called upon to participate, directly or indirectly, in the administration of the fund;

(b) The principle of equitable representation of contributors, on the one hand, and of recipients, on the other;

(c) The principle that the organs called upon to exercise major responsibilities should be composed of personages having a role and experience in the field of disarmament and in the field of development.

36. It may, however, be envisaged, at least in the initial phase and, in particular, if the resources of the fund remain limited, that the fund should be linked to an existing development assistance organization. The most appropriate institution for that purpose would then have to be selected. Certain criteria should be borne in mind in that regard - that of universality, but also consideration of the importance of the institution and its accumulated experience in development assistance.

37. The concept of universality rules out, in principle, organizations in which some States Members of the United Nations do not participate, while the competence of some other institutions is too restricted by reason of their geographical scope or their specialization.

38. According to the consultations held on that subject in UNIDIR, it appears that the international economic organization which seems most capable of administering the fund is the United Nations Development Programme (UNDP), which has a highly qualified administration with an adequate action capability for discharging the new tasks which administration of the fund would involve and great experience in the field of development assistance. It should be recalled, in this regard, that UNDP currently administers some special funds.

39. If this idea of administration by an existing organization were retained, it would, however, be necessary to give the fund a certain identity within that organization. That objective could be achieved through the establishment of a separate governing council for the fund, with decision-making powers, while the administrative and management functions could be carried out by the organization with which the fund is linked.

## VI. PROCESS OF ESTABLISHING THE FUND

40. In view of the functions of the fund as outlined above, it would seem advisable to establish it without necessarily waiting until resources are released through ongoing disarmament measures. That calls for some degree of confidence in the future. As to how the fund might be established, there are two questions to consider: its establishment in phases and its basis in law.
41. Given, on the one hand, the uncertainties about the resources of the fund and, on the other hand, the length of time it will inevitably take to generate such resources through genuine disarmament measures, it is expected that the establishment of the fund will of necessity proceed in phases. In this connection, the 1973 Soviet proposal and the 1978 French proposal sought to ensure that the new institution would have an initial endowment. Calculated on the basis of the Soviet proposal for a 10 per cent reduction of the military budgets of the permanent members of the Security Council and the allocation of 10 per cent of the funds thus saved to the developing countries, an initial endowment of approximately \$5 billion would have gone into the fund in 1984. The French proposal called for a lump-sum endowment of \$1 billion, on the understanding that it would be a first step in assisting the poorest countries. According to one of the schemes outlined above, contributions should, at the outset, range between 0.5 and 1 per cent of annual military expenditure, the equivalent of \$4-8 billion. The estimate of the initial endowment therefore varies somewhat, depending on the proposal. It should be noted, however, that UNDP has never had at its disposal more than \$900 million a year and that official development assistance amounts to approximately \$30 billion.
42. Once the fund is established, it will be necessary to ensure financing on a continuous basis through one of the methods considered above. In this connection, it can be stated that the voluntary-contributions approach is in practice more feasible than the levy approach, which in turn creates fewer problems than the disarmament dividend approach. Accordingly, the fund could initially be financed through voluntary contributions and only later through contributions based on other approaches.
43. The formulas adopted for the structure of the fund could also evolve in stages. If initially attached to an existing institution, the fund could become autonomous when its resources reached a certain agreed level. It is important to stress, in this regard, that if the fund is to be established, there must in any event be an adequate volume of resources, lest the emergence of too fragile and shaky an institution should impede, rather than promote, the attainment of disarmament and development objectives.
44. The fund could conceivably be established with the adoption of a resolution by the General Assembly, followed by the opening of a special account. Should that happen, the fund would have the status of a subsidiary organ of the Assembly. However, this method can be used only if the fund is to be financed solely through voluntary contributions. A non-binding recommendation would not provide a basis in law or a political basis for the generation of other than voluntary resources. All the same, a resolution appealing to Member States to contribute resources to the fund might lay down rough guidelines both with regard to the categories of

contributors and with regard to the criteria on which contributions should be based. In other words, the resolution would be addressed primarily to the States members of the Security Council, to the major military Powers and to other States with important responsibilities in the field of disarmament and development. The resolution could also call on States to take account of the extent of their military resources in relation to the amount of their contribution.

45. The fund could, however, be based on an international agreement committing States to provide resources for it. In that case, contributions would be mandatory, provided the treaty is couched in peremptory terms. It is apparently this latter solution that will ensure a particularly sound basis in law for the fund and is likely to be adopted by an international conference.

46. In this connection, however, it is clear that the procedures are less important than the political will of the major military Powers to make a firm commitment to limit the arms race with a view to devoting additional resources to development tasks which so urgently need to be undertaken.

#### VII. CONCLUSION

47. While there are various possible options with regard to the modalities of the fund, as suggested above, there are still three basic conclusions to be drawn from consideration of the question:

(a) The establishment of a disarmament fund for development is desirable as a means of giving tangible expression to the recognized link between disarmament and development and starting the process of transferring to development the resources that are now allocated to armaments;

(b) The fund should be established phase by phase, both in terms of the procedures for mobilizing its resources and in terms of its administrative structure;

(c) Nevertheless, the fund should not be established unless it is assured of adequate resources from the very first phase.

#### Notes

1/ United Nations publication, Sales No. E.82.IX.1 (originally distributed as document A/36/356 and Corr.1).

2/ Repertory of disarmament research (Geneva UNIDIR, 1982, Sales No. GV.E.82.0.2).

3/ Official Documents of the Disarmament Commission, Supplement for April to December 1955, document DC/71, annex 16.



Notes (continued)

4/ Official Records of the General Assembly, Thirteenth Session, Annexes, agenda items 64, 70 and 72, document A/C.1/L.204.

5/ Official Records of the Disarmament Commission, Supplement for January to December 1964, document DC/209, annex 1, sect. F.

6/ See the letter of the Minister for Foreign Affairs of the Soviet Union (Official Records of the General Assembly, Twenty-eighth Session, Annexes, agenda item 102, document A/9191) and draft resolution submitted by the Soviet Union (ibid., document A/L.701/Rev.1).

7/ United Nations Publication, Sales No. E.82.IX.1 (originally distributed as document A/36/356 and Corr.1), chap. VII, para. 111.

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