

NATO PARTNERSHIP FOR PEACE TRUST FUNDS FOR DEMILITARIZATION OF SURPLUS WEAPONS AND AMMUNITION

by

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Origins of the NATO PFP Trust Fund

The initial purpose of the NATO PFP Trust Fund was to assist countries of the Former Soviet Union (FSU) and Balkans to meet their obligations under the Ottawa Convention: that is, to provide resources to help them destroy their anti-personnel landmine stockpiles. The original Terms of Reference (TOR) of the NATO PFP Trust Fund limited the scope to the destruction of anti-personnel landmine stockpiles. Canada was the primary influence in this area, under the leadership of their Ambassador for Mine Action and his team in the Mine Action Team of the Department of Foreign Affairs and International Trade (DFAIT - now known as Foreign Affairs Canada). It was the Mine Action Team that proposed to NATO's International Staff that the first Trust Fund project should be for the destruction of Albania's entire stockpile of approximately 1.6 million anti-personnel landmines.

In drafting the TOR for the Trust Fund, NATO HQ allocated a role for the NATO Maintenance and Supply Agency (NAMSA) as the potential executing agency for projects. This was because contracting for and managing munitions demilitarization was already a core activity for the Ammunition Section of NAMSA's Special Projects Programme. NAMSA had been managing munitions demilitarization projects for NATO countries since 1992.

DFAIT signed an agreement with NAMSA for the development of a project proposal for the destruction of Albania's anti-personnel landmine stockpiles. NAMSA specialists visited Albania to develop the project proposal, which was subsequently delivered to DFAIT for their consideration. The proposal recommended the development of demilitarization process lines at the government explosives factory ULP-Mjekës, near Elbasan in central Albania. In keeping with NAMSA's established policy for demil operations, the work was to be accomplished by industrial processes: disassembling the mines and recycling the materials to the greatest extent possible. Such processes are not only more environmentally friendly than disposal by open detonation, but are generally more efficient and economical, given that virtually all the materiel involved can be recycled.

NAMSA awarded a contract to the ULP-Mjekës explosives factory. The contract included an advance payment to finance the renovation of a process building and purchase of tools and equipment, including the restoration of an air extraction system to remove TNT dust from the working environment. A Chinese manufactured TNT crushing machine was also renovated, but it was unable to keep pace with the quantities of TNT removed from the mines. NAMSA therefore issued a Request for Proposals to the existing demilitarization industry in Europe and the USA for the supply of a TNT

crushing machine. The contract was awarded to a German company, which supplied a machine mounted in a standard ISO container.

Apart from the advance payment, which was calculated to cover the start-up costs, the contract with ULP-Mjekës paid a flat price to the factory for each mine processed. The price was calculated to take account of the value of the residual materials, on the understanding that these would be sold and the proceeds used to help underwrite the costs of the project.

This notion of selling the by-products to help finance the project proved to be very difficult to effect. The by-products were regarded as government property, and the government owned factory had no established method or legal entitlement to sell them and retain the profits. This resulted in the build up of mountains of materiel at the factory, and produced a hole in the finances of the project. Eventually, following the intervention of NAMSA's General Manager at ministerial level, the factory was allowed to sell the materiel on the basis of a special decree signed by the Prime Minister. In this case, the iron bodies of the fragmentation mines were recast as (amongst other things) manhole covers to replace those that had disappeared from Albania's streets following the civil unrest of 1997, and the TNT explosive charges were ground to powder and mixed with other materials to produce explosives for quarrying and construction work. Similar legal obstacles were encountered in projects in Ukraine and Georgia.

This first project was completed at a total cost of EUR 854,000. This included the renovation of buildings and the purchase of tools and equipment that could be used in subsequent projects.

NAMSA managed the project through an in-country team consisting of an expatriate ordnance specialist as the project supervisor and two locally employed personnel: a project assistant and a verification auditor. The project supervisor and his assistant worked from an office in the Ministry of Defence in Tirana, while the verification auditor worked at the factory to verify details of mines received and processed, creating auditable records.

Political Direction for PfP Trust Fund Projects

Once the Albania project was running smoothly, it became evident that the concept of the PfP Trust Fund provided a workable vehicle for the execution of demilitarization projects. The TOR were then broadened to include the demilitarization of all types of military ordnance (weapons and ammunition). The TOR have been amended subsequently to include projects to promote the democratic reform of the armed forces, to enable Partner countries to act as lead nations for projects, and to include projects in countries of NATO's South East Europe Initiative, Mediterranean Dialogue and Istanbul Initiative.

The section of the NATO International Staff responsible for PfP matters is the PfP and Cooperation Programmes section of the Political Affairs and Security Policy Division. The responsible NATO body is the Political-Military Steering Committee (PMSC) of the Euro-Atlantic Partnership Council (EAPC). The PMSC meets every week at NATO Headquarters in Brussels, usually (but not always) with Partner countries in attendance.

Proposed PfP Trust Fund projects must be tabled at a meeting of the PMSC by the lead and host nations; they may then proceed provided there are no objections.

The initial impetus for Trust Fund projects for the destruction of anti-personnel landmine stockpiles came from the Mine Action Team of Foreign Affairs Canada, who proposed the projects to the NATO International Staff and the PMSC, and then signed agreements with NAMSA to finance the development of project proposals. In other cases, ideas for projects have emerged from discussions between NATO staffs, potential lead nations, and host nations. Where a project has involved the demilitarization of explosive ordnance or weapons, NAMSA has been involved in an advisory capacity at an early stage, often including the preparation of a pre-feasibility study. A full feasibility study must be funded by one or more potential lead nations on the basis of written agreements with NAMSA. The full cost of producing a feasibility study may be anything between EUR 15,000 and EUR 50,000, depending on the complexity of the project – but the average cost is EUR 20,000. These studies include complete templates for the projects, including timelines and budgets.

Role of Lead Nations

For a potential project to become reality, it needs a *lead nation* to champion its cause. Canada has taken the lead in a number of anti-personnel landmine projects, while other countries have become lead nations because they have a particular affinity with or interest in the host nation or the purpose of the project. Canada has been lead nation for projects in Albania (twice), Ukraine, Serbia and Belarus; The Netherlands was lead nation for projects in Moldova and Serbia; Luxembourg for a project in Georgia; USA for a project in Ukraine; Belgium and Romania for a project in Moldova; Turkey for a project in Azerbaijan; and Austria acted as joint lead nation with Canada for the project in Serbia. For projects currently under development, Lithuania, Spain and even Japan are considering acting as lead nations.

The lead nation normally provides funding for the feasibility study, although in some cases such funding has come from up to four countries. A representative of the lead nation often accompanies NATO International Staff and NAMSA during feasibility study visits to the host nation. The lead nation discusses and finally endorses the project proposal prepared by NAMSA, then tables it at a meeting of the PMSC, normally assisted by the host nation and NAMSA. The involvement of the host nation at this stage is crucial, since it demonstrates their unreserved support for the project. This can be used later to dissuade the host nation from deviating from the originally approved plan.

Following endorsement by the PMSC, the lead nation's principal function is to raise the funds required for the execution of the project. This normally includes their own substantial donation, but most of the funding will come from other sources.

Contributions have ranged from EUR 10,000 to EUR 1 million. Several countries, particularly non-NATO Partner countries such as Finland, Sweden, Austria, Switzerland and Ireland, see the NATO Pfp Trust Fund as a means of demonstrating their commitment to the Partnership for Peace. The European Union has been a major contributor to projects for the destruction of landmines and small arms and light weapons (SALW). Australia contributed funds to the project in Azerbaijan. The money in nearly

all cases comes from foreign aid budgets, often from funds earmarked for the support of particular causes such as the destruction of anti-personnel landmines, and preventing the proliferation of SALW.

Role of Host Countries

Trust Fund projects have until now been developed in countries of the Balkans and the Former Soviet Union, all of which have possessed very large surplus stocks of weapons and munitions, which are difficult to maintain safely and securely. The countries that own these excess stocks tend to be torn between the belief on one hand that the munitions are of potential value, and the reality on the other that their maintenance is a continuing drain on resources. This dichotomy frequently causes tension between opposing factions. Much of the ammunition is in deteriorating condition, and in many of these countries there have been disastrous explosions in ammunition storage depots, often with casualties and material damage in the neighbouring communities.

Reducing excess munitions stockpiles is an essential step on the road to defence reform, but it can be an expensive process, so it tends to be neglected. The Trust Fund aims not only to provide the resources to dispose of surplus stocks, but wherever possible to establish the means to enable the work to be continued. This takes several forms, including the refurbishment of buildings, installation of plant and machinery, purchase of tools and training of personnel.

One of the basic principles of the Trust Fund is that host countries must make realistic contributions to the projects, normally by the provision of facilities. This usually includes providing office accommodation and facilities at no cost for the NAMSA in-country management team; and providing handling and transportation for weapons and munitions to the point of disposal. These host country contributions are sometimes provided fully and with great efficiency, like the very substantial logistic effort of the Albanian Army to handle and transport ammunition from all over the country to the demilitarization factories at Mjekës and Poliçan. In some other host countries, contributions have been provided grudgingly or inadequately. It is therefore important in the planning stages of projects to ensure that the host country is fully committed to supporting the project and providing essential resources.

Completed Projects

As at April 2007, NAMSA had completed 6 Trust Fund projects in Albania, Moldova, Ukraine, Georgia, Belarus and Serbia and Montenegro. The projects in Albania, Ukraine and Belarus were for the demilitarization of anti-personnel landmines, and there were also 12,000 landmines included as a minor element in the Moldova project; a total of 2,850,000 landmines.

The Moldova project was for the destruction by enclosed incineration of the rocket propellant oxidizer known throughout the FSU as *melanj*. Substantial amounts of this toxic substance are stored in deteriorating conditions in several countries. The oxidizer in Moldova was destroyed in mobile incinerators leased from the Ukraine Army, but NAMSA has now developed, in conjunction with the NATO Science for Peace

programme, a semi-mobile plant for converting the oxidizer to fertilizer. This is currently undergoing its initial trial in a project sponsored by the Science for Peace programme in Azerbaijan.

The project in Serbia and Montenegro was for the destruction of small arms weapons withdrawn from the Interior Ministry police. This work was done by disassembly and cutting at a Ministry of Defence maintenance unit.

The Georgia project involved the destruction by disassembly of 540 high altitude anti-aircraft missiles. The warheads were destroyed by detonation at a demolition range. The work was done by a government agency known as Delta Centre under contracts awarded and administered by NAMSA.

Current Projects

NAMSA is currently managing five further Trust Fund projects in Albania, Azerbaijan, Moldova, Ukraine and Serbia.

The Albania project for the demilitarization of SALW ammunition is now in its fifth year. Hand grenades and mortar ammunition have been demilitarized by disassembly, but at the heart of the project is an explosive waste incinerator that has now been operating 24 hours a day, 7 days a week for the last 19 months, destroying small arms ammunition from 7.62 mm to 14.5 mm calibre. It is capable of destroying 2.5 million 7.62 mm cartridges every week. That it has been running at almost optimum capacity for so long is a tribute to the Albanian engineers and workers who operate the plant. The plant includes a pollution control system that reduces emissions to the levels permitted by the relevant European Union directives. After a competitive bidding process the plant was manufactured in the USA under a NAMSA contract that included installation, training and commissioning. The ULP-Mjekës factory and the KM Poliçan factory are paid fixed prices for every cartridge or piece of ordnance destroyed.

The project in Azerbaijan is for the clearance of unexploded ordnance (UXO's) from a 540 hectare site that was devastated by the destruction of an ammunition depot at the time Russian troops withdrew from the country. The work is being performed by the Azerbaijan National Agency for Mine Action (ANAMA) under a contract with NAMSA that provided an advance payment for the purchase of clothing, equipment and vehicles, and subsequently pays a fixed price per hectare for the clearance of the land.

On becoming independent, Moldova inherited many highly contaminated former military bases. One of the environmental challenges was the existence on these bases of large quantities of hazardous chemicals. They were poorly packed and stored in inappropriate conditions that presented in most cases an immediate environmental threat. The current PfP Trust Fund project in Moldova is for the inspection, sorting and repacking of 1,200 tonnes of hazardous chemicals. The original aim was the destruction of the chemicals, but lack of funding forced the project to be scaled down. The work is being done by the Chemical Defence Unit of the Moldovan Army.

The current project in Serbia is for the demilitarization of the entire stockpile of 1,385,000 anti-personnel landmines. This work is being done by the Ministry of Defence ammunition factory at Kragujevac. The processes involve a limited amount of open

detonation, but most of the work involves disassembly and recycling. When completed in May 2007, it will mark the destruction of the last anti-personnel landmine stockpile in the entire Balkans region.

USA is the lead nation for a three year project in Ukraine that is planned as the first stage of a projected 12 year project for the demilitarization of surplus weapons, ammunition and Manportable Air Defence Systems (MANPADS). The first phase includes the destruction of 1,000 MANPADS, 400,000 light weapons and 15,000 tonnes of ammunition. The MANPADS were destroyed by detonation, the light weapons destruction is in progress, and the ammunition demilitarization remains at the time of writing in the planning stage. This ambitious programme will require the creation of a new ammunition processing facility in central Ukraine. It will include the installation of an explosive waste incinerator similar to the one funded by the Trust Fund in Albania.

Future Projects

Four Trust Fund projects are at various stages of development: the host countries for these will be Kazakhstan, Georgia, Jordan and Afghanistan. The proposed project in Jordan will be the first Mediterranean Dialogue Trust Fund project. If a project comes to fruition in Afghanistan, it will further widen the scope of the Trust Funds.

Why NATO?

The destruction of surplus munitions as an element of defence reform is an integral part of NATO's core business with PfP countries. Defence reform is at the heart of the Partnership.

NAMSA is NATO's principal logistics management agency, and it has established expertise in the demilitarization of munitions stockpiles. Managing such projects is an extension of its existing activities in support of NATO countries. NAMSA brings to the management of projects its unrivalled technical expertise in this area, its contracting capabilities and a sophisticated and transparent financial management system. The successful prosecution of PfP Trust Fund projects since the inception of the process six years ago is evidence of the suitability of NATO and NAMSA in this role.

The system for project development, financing and implementation that has been established by NATO for PfP Trust Fund projects provides an established route for the administration of projects, including technical planning, political approval, multilateral financing, contracting, financial control, reporting and audit. This level of administration is beyond what can be provided by an embassy, ministry of foreign affairs or local branch of an international organization. No other international organization is so well adapted to managing projects of this type.

Limitations of NATO PfP Trust Funds

Application of the NATO PfP Trust Fund process is limited to the countries that belong to the various mechanisms that exist for NATO to pursue its dialogue with non-NATO

members: the Partnership for Peace, the South East Europe Initiative, the Istanbul Initiative and the Mediterranean Dialogue. Similar problems exist in other parts of the world, including sub-Saharan Africa, but they are well beyond NATO's area of interest.

The Future

Funding for demilitarization projects has been focused primarily, but not exclusively, on the destruction of anti-personnel landmines and SALW (including munitions). These funding streams flow from the commitment of nations to support the Ottawa Convention (the Mine Ban Treaty) and the UN General Assembly resolutions concerning preventing the proliferation of SALW. Raising money for more general demilitarization, such as the enormous stocks of surplus artillery ammunition held by so many countries, can be extremely difficult. The UN General Assembly is due to address the more general question of surplus ammunition stocks, particularly in the developing world, and it is to be hoped that this will unlock further funding from the aid budgets of more prosperous countries.

While the PFP Trust Funds have been undoubtedly successful, the total funding devoted to this work has been limited: a total of around EUR 20 million over 6 years. The problems posed by surplus weapons and munitions remain acute in many countries of the Balkans and FSU and other areas now covered by the Trust Funds. There is an increasingly urgent need for this work to continue for the foreseeable future. The current project in Ukraine has a planned duration of 12 years, and there is every prospect that the Trust Funds will continue well beyond that point.