



PHILIPPINES

Agenda Item 140. Improving the Financial Situation of the United Nations

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PHILIPPINE STATEMENT

by MARIVIL V. VALLES

Philippine Delegate/Fifth Committee Expert
Permanent Mission of the Republic of the Philippines
to the United Nations in New York

(5-minute duration)

Thank you, Mr. Chair.

I thank Assistant Secretary-General Ramanathan¹ for his briefings and updates on the financial situation of the Organization, as well as Mr. Abdallah Bachar Bong, Chair of the ACABQ, for providing the Committee's report and recommendations.

The Philippines aligns itself with the statement delivered by Pakistan on behalf of the Group of 77 and China, and Singapore on behalf of ASEAN. Our Delegation would like to emphasize some key points in our national capacity.

Mr. Chair,

The Philippine delegation notes the efforts of the Secretary-General to manage the liquidity situation of the organization in the past years due to the increase in arrears in assessed contributions from Member States. This liquidity constraint has posed a huge impact on the UN's programme implementation and mandate delivery.

¹ Assistant Secretary-General and Controller, Mr. Chandramouli Ramanathan

Despite the situation, the Philippines acknowledges certain improvements, which have been achieved especially in terms of the outstanding arrears in the regular budget, which decreased from \$808M at the end of 2020 to \$517M as at November 2021. We also welcome the improvement on the arrears in peacekeeping operations, which decreased from \$3.18M to \$1.47M during the same period.² The Philippines notes the possibility that it was unlikely for the regular budget to borrow from closed peacekeeping missions in 2021 owing to the relatively large collections of assessments made earlier that year.

Our delegation supports the efforts of Member States in meeting their financial obligations to the organization in full, on time and without conditions as set out in the United Nations Charter.

Mr. Chair, amidst the improvement achieved so far, the situation remains a work in progress. While current efforts have resulted in moderate, additional liquidity of the UN, it has not made a real impact on the overall state of the organization. This brings the General Assembly again to review and deliberate on certain proposals, which have been tabled in the past years, in order to ensure the organization's sustainability of operations. In this regard, allow me to raise our delegation's position on the issue at hand.

Noting the intricacies that go with the possible implementation of some of these proposals, which could possibly lead to increased assessments for Member States, our delegation is of the view that a further review of these proposed solutions as well as a good analysis of the liquidity situation of the regular budget are needed. This entails a sufficient understanding of the current levels of the working capital fund and the special account, as well as the management and use of these funds.³

² A/76/7/Add.29 para 10

³ Working Capital Fund (WCF) IS one of the two existing liquidity-bridging mechanisms of the Secretariat (the other is special account), which is used when the regular budget has been exhausted. In 1946, the WCF was established at \$20M. The Fund was last increased to \$150M, effective January 2007. In October 2017, November 2018 and in January 2019, the SG proposed to increase the WCF to \$350M. The proposal to increase the level of the WCF is aimed at addressing the current inadequacy of regular budget reserves. According to the SG's report, the current level does not provide sufficient coverage for an operation of that magnitude, and that increasing the level would provide for smoother operations.

Our delegation also wishes to hear updates on the Secretary General's initiatives to explore possible replenishment options of the special account, in particular the seeking of voluntary contributions to fund the said account. We believe that all measures to be implemented to manage the organization's liquidity should be in full compliance with the Financial Rules and Regulations of the organization.

On the peacekeeping front, the Philippines acknowledges the continued management of the cash resources of the active peacekeeping missions as a pool for the timely settlement of payments to troop- and police- contributing countries (T/PCCs). Our delegation hopes that the Secretary-General will continue to safeguard proper oversight and supervision to ensure that the concerned peacekeeping mission is not negatively impacted. The Philippines also looks forward to hearing regular updates on this through the Secretary General's report on financing peacekeeping operations and in the performance report for peacekeeping operations.

With regard to the Secretary-General's proposal to return credits for any active peacekeeping operations for unspent funds only if payments to T/PCCs due and payable have been settled, our delegation thinks that a further review of this matter is also needed considering the proposed continuation of the cash pool arrangement for the active peacekeeping operations and in view of the improvement on the settlement of arrears or payments due to T/PCCs.

Our delegation looks forward to hearing fruitful discussions on these issues in the forthcoming Fifth Committee sessions.

Thank you, Mr. Chair.

Special account, on the other hand, is an additional liquidity tool to complement the WCF in managing regular budget cash flows.