



**Netherlands Statement**

**under agenda item 15 Financial issues related to the Convention and its  
annexed Protocols,**

**Meeting of the High Contracting Parties, Geneva, 21-23 November 2018**

**by Sachi Claringbould**

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**to the Conference on Disarmament**

Mr Chair,

- In addition to the statement delivered by the EU on this issue, we would like to make some remarks in our national capacity.
- Thank you for your extensive work on how to address the structural late and non-payments of the assessed contributions. We appreciate the transparent, inclusive and thorough way in which you sought clarifications and adequate preparation for us to make decisions at the Meeting of HCP.
- As was mentioned, we are dealing with two problems.
  - 1) We have a cash flow or liquidity problem. This is partly related to the inflexibility of the UN financial system Umoja. As UN Member States, we have agreed to the introduction of it, so we have no other option but to find the best way to work with it, if we want the UN to service our meetings. The main reason for the liquidity problems, however, is related to late payments. This is not always neglect of HCP, but often caused by differing budget cycles. As 80-90% of the contributions are eventually paid, we need to find a practical solution to solve the issues related to liquidity. At the same time, we should all do our best to pay the assessed contributions on time.
  - 2) We have a structural 'hole' in our budget because of arrears by a number of HCP. This 'hole' is growing as arrears are being piled up. Currently we have a 'hole' worth 10% of the budget.
- We thank you for your proposals. Let me outline the Netherlands' views on these issue.
  - 1) In order to deal with the liquidity or cash flow problems, firstly, we need to fully implement the measures we took last year relating to solving cash flow issues, such as closing the accounts later. We regret that FRMS interprets the Umoja rules in such strict sense that we have not been able to tap the funds that we had left from last year. We are keen to see this clarified, in order for to enable these funds to act as a temporary liquidity buffer. Secondly, we support your proposal to increase the yearly budget estimates with a 15% contingency, as is now the practice in the NPT and APMBC. I have trouble understanding why states could agree to such measure in one Convention and not in another. The advantage of this contingency is that it acts as a 'rolling' buffer, without setting up a 'static' fund. We have reservations to your proposal to establish a voluntary fund. HCP should not act as a bank facility, as this could risk it being a moral hazard. The urge to pay on time and perhaps even in full may reduce, as we know in the back of our minds that there is money in the bank to fund the activities. So why should we still pay on

time? Furthermore, this only works if we can find some HCP generous enough to contribute to it and act as the world's banker. By the way, without getting any interest. We understand that accepting this proposal is easy for HCP, as it is voluntary, and does not commit you to anything. We are concerned we end up with a 'fake' solution that will not enable us to address the liquidity issue properly.

- 2) In order to deal with structural arrears, the only thing we can do is somehow incentivize everybody to pay. These can be positive incentives, like giving a non-monetary 'prize' to the first 10 countries that paid on time and in full or so. And negative incentives. I refer to the statement delivered by France also on our behalf of the Netherlands on this issue.

Thank you.