



Permanent Mission of
Malaysia
to the United Nations

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STATEMENT BY H.E. HAMIDON ALI, PERMANENT REPRESENTATIVE OF MALAYSIA TO THE UNITED NATIONS, ON AGENDA ITEM 120: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS AT THE FIFTH COMMITTEE, 63rd SESSION OF THE UNGA NEW YORK, 6th NOVEMBER 2008

Mr. Chairman,

My delegation wishes to thank Ms. Angela Kane, Under-Secretary-General for Management, for her comprehensive briefing to the Committee on the financial situation of the United Nations.

2. My delegation also wishes to associate itself with the statement made by the distinguished representative of Antigua and Barbuda on behalf of the Group of 77 and China and by the distinguished representative of the Philippines on behalf of ASEAN.

Mr. Chairman,

3. While we acknowledge the progress achieved in financing of the regular, peacekeeping, tribunal and Capital Master Plan budget, the reality of the financial outlook of this Organization still remains doubtful. We witnessed almost similar dilemma of the financial situation every year, the details which are evidently reported as follows:

- 3.1 The unpaid contributions for regular budget were lower by USD 80 million at USD 756 million compared to the amount of USD 836 million on 31 October 2007;
- 3.2 Of the outstanding amount of USD 756 million, 94 percent owed by one Member States alone;
- 3.3 The current situation reflects a shortage for the regular budget, which was primarily due to special political mission expenditure during the first year of the current biennium as well as the general weakening of the US dollar;
- 3.4 Cash position under the regular budget may deteriorate by the end of 2008, in which the Organization may have to borrow USD 148 million from reserve accounts;
- 3.5 The outstanding amount of the peacekeeping budget was over USD 2.9 billion, which is an increase of USD 198 million than December 2007;
- 3.6 The current level of unpaid assessments is partly due to the peacekeeping financial cycle. The unpredictable amount and timing of peacekeeping assessments throughout the year create difficulties for Member States to keep fully current with their assessment;

- 3.7 The financial position in the Tribunals for Rwanda and the Former Yugoslavia will end with positive cash balance by end of the year; and
- 3.8 The timely execution of the Capital Master Plan project depends on the commitments of Member States to pay their assessed contributions in full and on time.

Mr. Chairman,

4. The mix picture of the financial situation clearly demonstrates that it is not easy to secure a healthy and stable financial position for the United Nations. Notwithstanding the difficulties which arise from the financial situation, we must continue to acknowledge and uphold the fundamental principles as follows:

- 4.1. A sound financial footing is a prerequisite for the successful reform and functioning of the Organization;
- 4.2. The Organization needs to be equipped with necessary resources to fulfill its mandates and carry out its responsibilities in the various fields;
- 4.3. The principle of "capacity to pay" must continue to be the basis in determining Member States' share of contributions to the Organization; and
- 4.4. Member States should fulfill their obligations in full, on time and without conditions.

5. As we strive to honour our commitments to this Organization, it is equally important for us to acknowledge the following fundamental principles for planning and budgetary process:

- 5.1 All pillars in the Organization be it development, human rights or peace and security should deserve equal attention and treatment with regard to resource allocation;
- 5.2 It is vital to ensure adequate funding for all mandated programs and activities on a continuous and predictable basis;
- 5.3 We strongly emphasize the need to establish clear and objective priorities; and
- 5.4 We have to establish realistic timeline, resources and capacities in implementing any mandates.

Mr. Chairman,

6. The Financial outlook of this Organization will remain fragile and there will not be any tenable solution to this dilemma, unless there is political will among all Member States to acknowledge and address the above fundamental principles. In this regard, we firmly believe that the United Nations will only function to its full capacity when all Member States undertake serious efforts to honour their assessed contributions and settle their arrears as expected by the Organization.

Thank you.