



OPCW

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UNITED STATES OF AMERICA

**STATEMENT BY RAFAEL P. FOLEY
DEPUTY PERMANENT REPRESENTATIVE OF THE UNITED STATES OF AMERICA
TO THE OPCW
AT THE TWENTIETH SESSION OF THE CONFERENCE OF THE STATES PARTIES
REGARDING THE CASH SITUATION AND THE USE OF THE WORKING CAPITAL
FUND (AGENDA SUB ITEM 16 (B))**

Mr Chairman,

The United States of America is pleased that the Conference has approved the OPCW's draft Programme and Budget for 2016. The United States of America supports approval of the draft Programme and Budget as recommended.

I want to express dissatisfaction, however, that the level of expenditure has not decreased as much as we expected, since savings in the inspectorate division have been offset by increases in other divisions. The United States of America sees the increases in verification and international cooperation and assistance as one-time increases. We are also concerned that non-operational costs have not decreased in line with the OPCW's reduction of routine inspection operations. We expect the Technical Secretariat to strengthen its implementation of zero-based budgeting in formulating a 2017 draft Programme and Budget.

As it plans for implementation of the new Programme and Budget, the OPCW is facing a difficult financial situation. For the first time, the OPCW has been spending more than it has been receiving in assessments and other payments. In other words, the OPCW is running a deficit. As a result, the Director-General has had to empty out the OPCW's financial reserve fund, the Working Capital Fund. He may also have to "borrow" from the Enterprise Resource Planning fund--or ERP--established last year to procure new management software. Without the large voluntary contributions made by Member States, the OPCW would be in a financial crisis.

My delegation is very concerned about the financial problems that the OPCW is experiencing. We urge that prudent steps be taken now to prevent a possible crisis later on. One step would be for the Technical Secretariat to link actual spending to payments being received from Member States and, in particular, to restrict expenditures not essential for operational activities until the financial situation improves.

We emphatically urge those key contributors that are delinquent in their assessed contributions to pay their arrears - which amount to millions of euros - in the near future.



That will enable the Working Capital Fund to be replenished in 2016, as required by the Financial Regulations. We also call on the Syrian Arab Republic to pay its bills under Articles IV and V and note that its failure to do so will continue to put financial strain on the OPCW.

We all hope that the OPCW will be able to muddle through its financial difficulties. But at the same time, Member States, and particularly the Executive Council, need to keep a close watch on the situation. If the arrears are not paid - and neither is the 2016 assessment - then the OPCW could find itself in a financial crisis in the second half of 2016. We urge that the Executive Council continue to monitor the financial situation of the OPCW throughout 2016. Transparency about the overall financial situation, and particularly cash flow, will be particularly important, and we therefore request the Director-General to provide detailed monthly updates to Member States.

I request that this statement be considered an official document of the Twentieth Session of the Conference of States Parties.

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