

U.S. FINANCIAL CONTRIBUTIONS TO THE UN

Since its inception in 1945, the U.S. has been the UN's largest financial contributor. As a permanent member of the Security Council and host of UN headquarters in New York City, the U.S. holds significant clout at the UN, and its leadership in providing financial support to the organization is a reflection of that influential role. Funding from Member States for the UN system comes from two main sources: assessed and voluntary contributions.

- **Assessed contributions** are payments that all UN Member States are required to make.¹ These assessments provide a reliable source of funding to core functions of the UN Secretariat (see page 56) via the UN regular and peacekeeping budgets. In addition, the UN's specialized agencies (see page 61) have their own assessed budgets.
- **Voluntary contributions** are not obligatory, but instead left to the discretion of individual Member States. These contributions are vital to the work of the UN's humanitarian and development agencies—including the UN Children's Fund (UNICEF), World Food Programme (WFP), UN Development Programme (UNDP), UN Refugee Agency (UNHCR), and UN Population Fund (UNFPA), among others—which do not have assessed budgets.

ASSESSMENTS FOR THE UN REGULAR BUDGET AND SPECIALIZED AGENCIES

The UN regular budget covers the UN's core bodies and activities, including special political missions. The current assessment structure sets maximum (22 percent) and minimum (.001 percent) rates for Member States, with a country's rate based on its ability to pay. That is determined by a complex formula which takes into account a Member State's gross national income (GNI), GNI per capita, and several other economic indicators. Assessment rates are renegotiated and approved by the General Assembly every three years.

Given the U.S.'s high level of economic development and per capita income relative to other countries, it pays the maximum rate. Over time, the U.S. has negotiated several reductions in its share, most notably an agreement in 2000 to establish the current maximum and minimum assessment structure, essentially capping U.S. contributions at 22 percent. Prior to this agreement, the U.S. was assessed 25 percent of the regular budget.

The U.S. regular budget contribution is included under the State Department's "Contributions to International Organizations" (CIO) account. In addition to the regular budget, CIO covers U.S. assessments for more than 40 other international organizations, including NATO, the International Atomic Energy Agency (IAEA), and the World Health Organization (WHO).

¹ Article 17, paragraph 2, of the UN Charter stipulates that: "The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly."

PUTTING THE UN'S BUDGET IN PERSPECTIVE:

\$5.4b

TOTAL UN REGULAR BUDGET FOR TWO YEARS

Less than what Americans spend on greeting cards for two years (**\$7.5b**)

\$600m

THE U.S. SHARE OF THE UN REGULAR BUDGET

Less than the city of Tulsa, Oklahoma's FY '19 budget (**\$859m**)

\$2.0b

THE U.S. SHARE OF THE UN PEACEKEEPING BUDGET

Less than what Americans spent on Easter candy in 2017 (**\$2.6b**)

\$7.1b

TOTAL UN PEACEKEEPING BUDGET

Less than the state of Rhode Island's FY '19 budget (**\$9.4b**)

ASSESSMENTS FOR THE UN PEACEKEEPING BUDGET

Like the regular budget, peacekeeping assessments are based on a Member State's ability to pay, with one major difference: the five permanent members (P5) of the Security Council—the U.S., U.K., China, France, and Russia—shoulder a higher proportion of peacekeeping costs relative to what they pay for the regular budget. Since the P5 hold veto power over Security Council decisions, in effect no UN peacekeeping mission can be deployed without their support. The P5's higher financial responsibility is therefore meant to reflect its unique role in authorizing peacekeeping missions and crafting their mandates.

Similar to the regular budget, peacekeeping rates are revised every three years, and new assessment rates for 2019-2021 were approved in December 2018. Over the past two decades, the U.S. rate has decreased from a high of 31.7 percent in 1994 to the 27.9 percent rate in effect today. At the same time, other countries have seen their assessment rates increase. For example, over the last decade, China's has risen dramatically, from just 3.1 percent in 2008 to 15.2 percent in 2019, a testament to its growing economic clout.

U.S. contributions to the UN peacekeeping budget are included under the State Department's "Contributions for International Peacekeeping Activities" (CIPA) account. In addition, Congress includes U.S. assessments for the UN Support Office in Somalia (UNSOS)—an entity that provides logistical support and equipment to the African Union led peacekeeping force in Somalia—under the Peacekeeping Operations (PKO) account.

Since the mid-1990s, federal law has capped U.S. contributions to peacekeeping at 25 percent. As a result, Congress must revisit the issue every year during the appropriations process. While on numerous occasions Congress has decided to waive the cap, there have been several instances where the cap has remained in place, and the U.S. has accrued arrears. Most recently, Congress failed to lift the cap in Fiscal Years 2017-2019, causing the U.S. to take on an estimated \$750 million in peacekeeping debt. Building up arrears risks undermining missions that are squarely in our national interests; alienating countries that contribute troops to UN peacekeeping operations, including U.S. allies; and ceding our ability to shape UN peacekeeping activities to reflect our nation's priorities and values to adversaries like Russia and China. As such, Congress must address these underpayments by lifting the cap and appropriating sufficient funds to pay our back dues.

RECENT FUNDING HISTORY FOR SELECT UN-RELATED ACCOUNTS

| ACCOUNT | CIPA | CIO | PKO |
|--|-----------------|-----------------|-----------------|
| FY'17 Omnibus | \$1.907 billion | \$1.359 billion | \$659 million |
| FY'18 Omnibus | \$1.382 billion | \$1.467 billion | \$537.9 million |
| FY'19 President's Request | \$1.196 billion | \$1.095 million | \$291.4 million |
| FY'19 House SFOPS | \$1.589 billion | \$1.364 billion | \$490.4 million |
| FY'19 Senate SFOPS | \$1.683 billion | \$1.440 billion | \$477.4 million |

THE IMPORTANCE OF ASSESSED FUNDING FOR THE UN

U.S. financial contributions to the UN system makes up just over 0.2% of the federal budget. In any given year, the majority of these contributions are voluntary. For example, the State Department's report on U.S. contributions to international organizations in Fiscal Year 2017 shows a total of \$2.6 billion in dues payments to the UN regular budget, peacekeeping operations, and specialized agencies from the Contributions for International Peacekeeping Activities, Contributions to International Organizations, and Peacekeeping Operations accounts. This represents just 27 percent of all U.S. contributions to the UN that year, which totaled more than \$9.7 billion. By contrast, five UN humanitarian agencies—the World Food Programme (WFP), UN Refugee Agency (UNHCR), UN Children's Fund (UNICEF), the International Organizations for Migration (IOM), and the UN Relief and Works Agency for Palestine Refugees (UNRWA)—all of which are voluntarily funded, collectively received nearly \$5.2 billion from the U.S. in FY'17 (53 percent of the total).

Despite their relatively small slice of an already modest pie, however, assessed contributions have been criticized by some in Washington. Legislation has been repeatedly introduced in Congress (though never passed) conditioning future U.S. contributions on the UN adopting an almost entirely voluntary funding scheme. In addition, some officials in the current administration have spoken favorably about the U.S. adopting an a la carte approach to funding core UN programs. Such proposals are counter-productive: contrary to the claims of its proponents, an entirely voluntary funding structure for the UN is unlikely to save the U.S. money in the long-run and could lead to significant budgetary shortfalls for UN activities that are squarely in our national interest. More detail is provided below.

ASSESSED FUNDING STRUCTURES REQUIRE OTHER COUNTRIES TO SHARE THE FINANCIAL BURDEN

A major advantage of assessed funding is that it ensures the financial burden for core UN activities is spread across the entire international community, rather than being the primary responsibility of a single country. As explained in the previous section (see page 47), because the U.S. is both an economic powerhouse and permanent member of the UN Security Council, we are assessed a sizable chunk of the UN's regular and peacekeeping budgets. Nevertheless, the UN's 192 other Member States shoulder the vast majority of these costs—78 percent of the regular budget and 72 percent of the peacekeeping budget. The fact that all Member States, even the least developed, are required to contribute to the organization at specified levels prevents the U.S. from being saddled with the burden of financing these activities alone. By contrast, the U.S. often pays more under voluntary funding arrangements—one reason why past U.S. administrations and Congress have rejected this idea.

U.S. LEADERS AND EXPERTS AGREE THAT VOLUNTARY FUNDING IS PROBLEMATIC

Successive administrations and outside experts have recognized the limitations inherent in voluntary funding structures. The 2005 Congressionally-mandated Newt Gingrich-George Mitchell report on UN reform noted that such schemes are often slow and lead to U.S. priorities being underfunded. Later that year, the House passed The United Nations Reform Act of 2005, which proposed that the U.S. automatically withhold dues from the UN unless certain specific reforms were met, including switching to a system of voluntary financing. The Bush Administration issued a Statement of Administration Policy which said that it had "serious concerns" about the legislation because it "could detract from and undermine our efforts," requesting "that Congress reconsider this legislation."



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VOLUNTARY FINANCING COULD LEAD TO SHORTFALLS FOR U.S. PRIORITIES

The UN's assessed budgets fund a number of the organization's most consequential activities that support U.S. national security and foreign policy objectives, including special political missions in strategically significant countries like Afghanistan, Iraq, Libya, and Somalia, as well as peacekeeping operations that seek to protect civilians and bring stability to hotspots on four continents. The reality is that any government or large organization needs stability and predictability in its budget. In particular, planning for large and logistically complex operations like peacekeeping efforts require significant lead time and preparation that can only happen with assured funding streams. In the U.S., assessments, in the form of taxes, fund our own military.

Adoption of voluntary funding arrangements for the UN's regular, peacekeeping, and specialized agencies budgets would almost certainly lead to underfunding. For example, the UN's voluntarily-financed humanitarian and global health activities, far less controversial than the UN's peacekeeping and human rights work, have suffered from a lack of sufficient financial contributions. In 2017, for example, WFP needed more than \$9.6 billion to deliver lifesaving food aid and nutritional support to tens of millions of people around the world, but received only \$6.8 billion from donors, of which the U.S. provided \$2.5 billion. A similar situation played out several years ago with funding for the World Health Organization (WHO), which has a relatively small assessed budget and relies on voluntary contributions for the majority of its work. In 2009, due in part to donor countries turning their interests elsewhere, WHO's epidemic and pandemic response department was dissolved. As a result, when several West African countries experienced an unprecedented Ebola outbreak in 2014, the problem was magnified because sufficient resources and infrastructure did not exist.

By creating a more level playing field and requiring all Member States to contribute, assessed funding structures help to prevent these types of gaping shortfalls, which would likely be even deeper for more politically fraught activities that are crucial to U.S. interests.