Few topics are as controversial for the United Nations as financing. It determines what the organization is capable of doing and gives donor government influence over those activities. While all 193 Member States want to benefit from the influence and actions of the UN, most want to limit their spending. The United Nations itself has a biennial (two-year) budget of approximately USD 5.5, provided by allocations by donor governments according to a carefully negotiated formula of national shares or assessments. This money becomes UN general revenues, subject to the authority of the UN General Assembly and Secretary-General. It mostly pays the UN staff of 4,000 international Civil Servants.

Deliberation on spending reform and contributions often are the most difficult facing the UN General Assembly, arousing great tensions and exposing conflicts usually overlooked. But solving these disputes is essential to the credibility and effectiveness of the organization. Failure to solve these disputes is a serious possibility, with implications for the entire international system.

For any organization to function, it needs financial capital. The United Nations obviously is not just any organization. It is the world’s largest, and arguably the most important. Nevertheless, there is plenty of controversy regarding how the United Nations is funded. The current system relies fully on mandatory and voluntary contributions from Member States, based on GDP and other factors.

Some countries think others do not pay enough, while others believe that they pay too much. Some states do not pay the dues that are required of them even in the best of times, let alone in periods of internal conflict.

There are three major parts to this topic that must be discussed: 1) ensuring that every state pays their fair share, 2) determining what is “fair”, 3) increase transparency, and 4) utilizing funds more effectively.

The power to apportion funds was given to the General Assembly in Article 17 of the UN Charter. It states:
Reforming the system of UN Member States financial contributions

- The General Assembly shall consider and approve the budget of the Organization.
- The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly.
- The General Assembly shall consider and approve any financial and budgetary arrangements with specialized agencies referred to in Article 57 and shall examine the administrative budgets of such agencies with a view to making recommendations to the agencies concerned.

There are many important UN specialized agencies, and the number can go up whenever there is approval for a new one, or be reduced if there is not enough funding. Examples of current specialized agencies that also receive funding through the UN budget include the World Meteorological Organization, World Bank, and International Monetary Fund.

**US share of United Nations funding**

Negotiations are underway to cut the U.S. contribution to the U.N. budget by $285 million. The cut would be significant.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of UN contribution</th>
<th>Percentage of the global GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>25%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>20%</td>
<td>2.9%</td>
</tr>
<tr>
<td>China</td>
<td>15%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Germany</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>France</td>
<td>5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>U.K.</td>
<td>5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Brazil</td>
<td>3%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>2%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

How the UN Budget Works

The budgetary work for regular operations falls under the **Fifth Committee, Administrative and Budgetary**. Currently, the UN Programme Budget is a biennial process, covering two calendar years. This balances **oversight** with practical problems of contracting **efficiency**.

There is a natural contradiction between the needs of strong **oversight** and the operational **efficiency**. It is impossible to maximize both. Balancing these conflicting needs causes endless difficulty, especially for an organization with 193 Member States, all of them donors or recipients.

Oversight requires routine review of spending to minimize waste and ensure that programs are doing what they are supposed to. Oversight is the basis of responsibility to donor governments. But too much oversight is inefficient, tying up money and administrative time monitoring programs rather than actually achieving their operational goals. Efficiency requires less investment in oversight and more spending on actual operations. Efficiency is maximized by long-term investment processes, to minimize overhead (or administrative) spending, to enhance predictability and financial efficiency.

Financial Statements and Report of the Board of Auditors is given every year. This is how they publicly release how much everyone paid, how much was actually spent, and suggestions for improving the budget allocations the next year.

The **Committee of Contributions**, part of the General Assembly, determines the scale of contributions from every member nation. The scale for 2016-2017 is as follows:

- Estimates of each Member State’s gross domestic product (GDP);
- Average statistical base periods of three and six years;
- Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of its resolution 46/221 B;
- The debt-burden approach employed in the scale of assessments for the period 2013–2015;
- A low per capita income adjustment of 80 per cent, with a threshold per capita income limit of the average per capita gross national income of all Member States for the statistical base periods;
- A minimum assessment rate of 0.001 per cent;
- A maximum assessment rate for the least developed countries of 0.01 per cent;
- A maximum assessment rate of 22 per cent.

The 2016-2017 Regular Budget was set at 5.5 billion dollars (meaning 2.25 billion per year). **UN Peacekeeping operations for July 2017-June 2017** is 6.8 billion. This covers the missions across the world. Although this may seem like a high amount, for multiple military operations, it is relatively affordable. The worldwide military expenditure is nearing 2 trillion.

Resolution A/55/235 determined that “assessment rates for the financing of peacekeeping operations should be based on the scale of assessments for the regular budget of the United Nations,” which was discussed above. Permanent members of the Security Council are set to pay the most. Depending on how high the poverty rates are in each member
state, the states receive discounts on what they are expected to contribute.

**Current Contributions of Member States**

*For the Overall Budget:* The formula for country assessments was last re-negotiated in 2006. Most countries want to donate as much as possible, to increase their influence over the UN process. But some countries are unhappy with their contributions, most famously the United States, which periodically tries to reduce its payments. In 2017, UN President Donald Trump responded to UN votes against United States policies by trying to punish the organization, unilaterally cutting US support by USD 285 million for the two-year period 2018-20.

Twenty states contribute over 80 percent of the budget, meaning that 173 member states contribute less than 20 percent combined. Some states see this as unfair. But others would argue that this makes sense considering the worldwide wealth disparity. While most Member States contribute something, the poorest receive more than they contribute.

*For Peacekeeping Operations:* Because the requirements for peacekeeping can vary greatly with the rise and fall of armed conflict, they are harder to plan for. Assessment for peacekeeping operations generally follow a scale much like the general revenue scale above. This only works for the oldest and best agreed peacekeeping missions. Other peacekeeping missions are funded differently, depending on their mandate from the UN Security Council and the breadth of support among Security Council Member States and other states in the International Community.

**Other major issues and proposals**

**Overall Funding:** There is widespread agreement that the UN is underfunding, unable to implement the programs it is responsible for. This is largely because Member States are happier agreeing on responsibilities for the organization than paying for them. Some say *raising assessments* is the only fair solution to the problem. However, there is resistance from some Member States, unwilling to invest more in the international community.

Another proposal is to establish an *unspecified fund,* giving the UN Secretary-General the ability to respond to emergencies and opportunities. Some Member States oppose the loss of control this would involve. Another possibility is requiring that all UN resolutions, from any UN body, include financing provisions. These would have to be very specific to have any effect, detailing country assessments, programs to be cut and others to benefit.

**The role of the Secretary-General:** The UN Charter says little about the role of the UN Secretary-General (SG), except that the SG administers its spending. Many advocates of UN reform say the Secretary-General needs actual authority over UN spending, the ability to pick programs that need support and shift money from those that are not performing, to develop and strengthen the organization. Some Member States support this. Others are skeptical, afraid of losing authority to the SG.

**Transparency and Accountability:** Internally, the United Nations is continually working on ensuring that the budget is spent in productive and beneficial ways. The United Nations System Chief Executives Board is where much of these internal processes come from. Finding ways to improving their communication with the public and the Member States can help improve transparency.
Reforming the system of UN Member States financial contributions

Alternate Ways to Fund Programs?
Contributions from Member States could be collected in different ways, although none of them will be popular with everyone. Some have suggested collecting taxes for different things, like a carbon tax or a military tax based on arms trading. While this will clearly promote ideals of the UN and make them more money, there are obviously certain powerful states that would be heavily against taxing.

Another consideration is what other types of voluntary contributions that Member States give to the United Nations. For instance, certain states host UN events, property owned by the UN, and personnel/finances for missions and programs. Some of the more developed and stable countries may also feel like they do not need the help, so why should they pay for it.

Consequences for Non-Payment: The UN is owed billions of dollars by Member States who have not paid dues for a year or multiple years. This is most pronounced on the Peacekeeping side, where billions are owed, and hundreds of millions are owed for the Regular budget too. A large percentage of the contributions owed come from the United States, who have been very slow to pay in recent years. The US Congress is especially hesitant about supporting UN activity. While the US support most UN operations in principle, the Congress often refusing to appropriate money to actually spend on those operations. This is largely because the UN has no natural support in Congress, which prefers to see spending directed at services for its voters (‘The UN doesn’t votes for me’, goes the thinking). US refusal to pay causes great resentment in the international community and undermines US credibility in the organization.

Obviously, this missing money leads to an inability to pay for important services. Every year, around 50 states (and sometimes more) do not pay their dues for the budget. This can be for a variety of reasons. Other states turn in their contributions very late into the year.

The main consequence of nonpayment for two years’ worth of contributions (called in arrears for payment of its dues) is loss of their vote in the General Assembly. However, this is not always enforced, and there is also the available exception if a Member State claims it could not pay for “conditions beyond its control.” In 2016, 15 states were announced to have been in arrears and lost their vote, including Venezuela, Dominican Republic, Bahrain, Mali, and Libya. There are only four states that have currently lost their vote: Comoros, Guinea-Bissau, Sao Tome and Principe, and Somalia.

UN Member State Funding Contributions

<table>
<thead>
<tr>
<th>Member state</th>
<th>Contribution (% of UN budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>22.00%</td>
</tr>
<tr>
<td>Japan</td>
<td>16.624%</td>
</tr>
<tr>
<td>Germany</td>
<td>8.66%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6.13%</td>
</tr>
<tr>
<td>France</td>
<td>6.03%</td>
</tr>
<tr>
<td>Italy</td>
<td>4.89%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.81%</td>
</tr>
<tr>
<td>China</td>
<td>2.667%</td>
</tr>
<tr>
<td>Spain</td>
<td>2.52%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.88%</td>
</tr>
<tr>
<td>Australia</td>
<td>1.59%</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.52%</td>
</tr>
<tr>
<td>Other member states</td>
<td>22.679%</td>
</tr>
</tbody>
</table>
Reforming the system of UN Member States financial contributions

Country and Bloc Positions

**African countries** are mostly recipients of UN spending, but many make small contributions. Above all, they are concerned with the scale of UN programs, supporting greater investment to prevent the rise of armed violence, to resolve conflicts, and facilitate fair economic growth. They want the UN to do more and aggressively press traditional donors to do more as well. Many African and NAM states (below) believe that providing effective resources and services is more important than constantly debating about the fairness of the contributions.

**Canada** is one of the top 10 contributors to the UN, and are consistent in paying it. The delegation has not made any strong statements for reform. It joins other like-minded countries favoring expansion of UN operations and accepting this will require greater investment by Member States.

**China**, as a developing nation, has seen an increase in its expected contribution over the years. Unlike the United States, China tends not to make budgetary concerns an issue. In fact, over the past few years, China has voluntarily donated more money and resources than requested in recent years. This may be because they see the US’ recent actions as opening an opportunity to gain more of an impact on the world stage.

Some Chinese diplomatic analysts see an opportunity here. They say China must be ready to pay more and play a bigger role funding and directing the UN as the United States under President Donald Trump refuses to live up to its long-established commitments.

**European Union** member states support responsible spending and budget transparency, but no country goes as far as the United States has when it comes to proposed cuts. Italy specifically spoke out in support of the peacekeeping budget. Coincidentally, Italy, along with France, were hundreds of millions behind in contributions for the peacekeeping budget in 2014.

In 2015, the European Union Parliament produced a study discussing the need for reform in the UN, including budget and management. The EU argues that more transparency would allow for Member States to help ensure their contributions are being used effectively.

**Latin America**: the countries of Latin America and the Caribbean also are primarily concerned with fairness of UN spending, making sure the benefits of UN activity reach their soils. They generally are supportive of the expansion of UN programs and want to see UN budgets and outlays increased. Almost all of the nations in this region contributes very small percentages (Brazil and Argentina are the highest contributors). Argentina struggled to pay in the early 2000s, but is more stable now and have paid their contributions.

**India** pays a much smaller percentage (0.737 percent for regular and 0.15 percent for peacekeeping) of the budgets than many would assume based on their position on the world stage. However, as its economy rapidly develops, India can do more. While the Indian government is hesitant to spend more on the UN< a growing community in New Delhi argues that Indian must match the rise of China and invest at the same level of China.

**Non-Aligned Movement**: the 120 Member States of the UN’s largest voting bloc are primarily concerned with the responsibilities of wealthy Member States and former imperialist (colonial) states. They work to ensure that the rich and former exploiters continue to live up to their responsibilities to help the disadvantaged parts of the world.
Reforming the system of UN Member States financial contributions

**Russian Federation** contributes a relatively large amount compared to their percentage of world income, but considering their place as a world leader, it is understandable for them to contribute more. Delegates from Russia have not made comments regarding the United States’ push for paying less.

**United States:** Under the administration of President Donald Trump, the delegation of the US continues to fight for budget cuts whenever possible. For instance, during the latest Peacekeeping Budget discussion, the final budget ended with a decrease of USD 285 million, although the US wanted more. Also, these cuts could have occurred even without the US lobbying because many missions are coming to their natural conclusion, including ones in Haiti, Liberia, and Ivory Coast. The United States has not yet paid its dues for 2017, due to the inability of the U.S. Congress to agree on a budget resolution. This is on top of the hundreds of millions still owed over the years.

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Reforming the system of UN Member States financial contributions


