

Background

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Time to Rein in the U.N.'s Budget

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Abstract: *Since the 2000–2001 biennial budget, the U.N. regular budget has more than doubled, reflecting the U.N.'s failure to adopt reforms to reduce waste, prevent mismanagement and corruption, and increase efficiency. In December 2007, the General Assembly broke with a 20-year tradition of adopting budgetary decisions only by consensus by approving the 2008–2009 regular budget over a U.S. objection. To halt the runaway U.N. budget growth, the U.S. should return to the principle of zero growth in the U.N. regular budget and withhold part of the U.S. contribution until the U.N. implements reforms to reduce waste and to increase transparency and accountability in the budget process.*

In a biennial ritual this past December, the member states of the United Nations debated and passed the U.N.'s two-year regular budget for 2010 and 2011. This process rarely receives close attention in Washington, but it should. The member states have repeatedly voted to expand the U.N. regular budget over the past decade. The 2010–2011 U.N. regular biennial budget continues the trend of approving budget increases without serious efforts to prioritize U.N. programs and activities or to offset new budget expenditures with cuts in outdated, ineffective, and duplicative activities.

U.N. budget growth, the lack of transparency in the organization's budget, and the U.N.'s failure to adopt reforms to reduce waste, prevent mismanagement and corruption, and increase efficiency led the U.S. to vote

Talking Points

- The expansion of the U.N. regular budget over the past decade is unprecedented and unjustified.
- The budget has increased in large part because the U.N. has failed to prioritize programs and activities and to offset new spending with cuts in outdated, ineffective, and duplicative activities.
- The Obama Administration has failed to press forcefully for U.N. budget constraint and reform.
- This will embolden other U.N. member states to demand that the U.S. pay even more to a U.N. that lacks transparency and accountability, has been prone to record-breaking budget increases in recent years, and resists reform.
- At a time when Americans are cutting back, it ill behooves Congress and the Administration to tolerate profligate practices in Turtle Bay.
- The Administration and Congress should oppose future budget increases until the U.N. implements reforms to ensure that increased resources are used to best effect.

This paper, in its entirety, can be found at:
www.heritage.org/Research/InternationalOrganizations/bg2368.cfm

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against the U.N. 2008–2009 budget in December 2007.¹ Over a U.S. objection, the other U.N. member states voted to approve the budget. This decision not only demonstrated a general disregard for the concerns of the U.N.'s largest financier—the U.S. is currently assessed 22 percent of the U.N. regular budget and over 27 percent of the U.N. peacekeeping budget—but also broke a 20-year tradition of adopting budgetary decisions only by consensus.² Because of this change in budgetary decision-making and the U.S.'s earlier abandonment of its zero-growth policy, the U.N. regular budget lacks serious checks on growth, and the reform process lies moribund.

At a time when millions of Americans are cutting back their own spending and the Obama Administration has proposed a freeze on U.S. discretionary government spending, U.N. budget restraint should be a top priority for the U.S. Mission to the United Nations.

Many attributed this outcome to member states' general dislike of Bush Administration policies at the U.N. and saw it as a rebuke. Yet the Obama Administration similarly failed to constrain the U.N. budget or to convince the other member states to act on the many outstanding reforms endorsed by the General Assembly in previous years. Seemingly indifferent to these concerns, the Obama Administration did not even demand a vote on the proposed budget this past December.³ This will only further embolden the other U.N. member states to demand that the U.S. pay more money to a mismanaged organization that lacks transparency and accountability, has been prone to record-breaking budget increases in recent years, and resists reform.

Over the next two years, the General Assembly will decide other budget matters, such as funding activities not included in the December budget resolution, adjusting the current budget for other factors, and negotiating the budget for the next biennium. In anticipation of these decisions and to arrest future U.N. budget increases, the Administration and Congress should:

- **Announce** that the U.S. is returning to the principle of zero real growth in the U.N. regular budget,
- **Identify** key reforms to improve budgetary constraint and insist that the U.N. adopt and implement them,
- **Demand** that large donors be given more influence over U.N. budgetary decisions and restore legislative withholding if the U.N. fails to adopt changes to that effect, and
- **Demand** increased transparency and accountability at the U.N.

At a time when millions of Americans are cutting back their own spending and the Obama Administration has proposed a freeze on U.S. discretionary government spending,⁴ it ill behooves Congress and the Administration to tolerate profligate practices in Turtle Bay. U.N. budget restraint should be a top priority for the U.S. Mission to the United Nations.

The Confusing World of U.N. Budgets

The United Nations is a complex system of organizations, funds, programs, offices, and other bodies. The “core” United Nations is generally considered to be the entities established in the U.N. Charter: the Security Council, the General Assembly, the Economic and Social Council (ECOSOC), the

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1. Brett D. Schaefer, “The U.S. Should Oppose the Largest Budget Increase in U.N. History,” Heritage Foundation *WebMemo* No. 1741, December 13, 2007, at <http://www.heritage.org/Research/InternationalOrganizations/wm1741.cfm>.
 2. Brett D. Schaefer, “Congress Should Withhold Funding for Spendthrift U.N.,” Heritage Foundation *WebMemo* No. 1786, January 29, 2008, at <http://www.heritage.org/Research/InternationalOrganizations/wm1786.cfm>.
 3. Press release, “General Assembly Adopts \$5.16 Billion Budget for 2010–2011, Maintains Current Scale of Assessments for Regular Budget, Peacekeeping, Concluding Main Part of Session,” U.N. General Assembly, December 23, 2009, at <http://www.un.org/News/Press/docs//2009/ga10909.doc.htm> (January 19, 2010).
 4. Lori Montgomery, “Obama to Propose Freeze on Government Spending,” *The Washington Post*, January 26, 2010, p. A1, at http://www.washingtonpost.com/wp-dyn/content/article/2010/01/25/AR2010012503549_pf.html (January 26, 2010).

International Court of Justice, the largely defunct Trusteeship Council, and the Secretariat. These bodies conduct various activities and oversee a wide array of committees, commissions, and working groups. Although most of these activities are focused on the New York headquarters, the core U.N. budget also funds staff and activities at the various U.N. offices in other countries and affiliated bodies.

Other bodies within the U.N. system have varying degrees of autonomy. Approximately two dozen U.N. funds, programs, and other entities—such as the United Nations Children’s Fund (UNICEF) and the United Nations Development Program—ostensibly “report” to the U.N. General Assembly, but typically act independently and often have separate governing boards. Another two dozen specialized U.N. agencies and related organizations are even more autonomous. Some of them, such as the International Labor Organization, predate the United Nations. Others, such as the International Monetary Fund and the World Bank, were established contemporaneously.⁵

The funding of these bodies and their activities is complex. Most of the autonomous specialized agencies are funded independently by their member states through agreed assessments (a percentage of the organization’s budget assigned to individual countries that they are obligated to pay), voluntary contributions, or a combination of both. Most U.N. funds and programs are similarly funded through independent financial contributions from the member states in the form of assessments or voluntary contributions,⁶ but many also receive some funding through the U.N.

The “core” United Nations has two main budgets approved by the General Assembly:

- **The regular budget.** The U.N. regular budget funds the activities, staff, and basic infrastructure of the Secretariat and most of the activities of the entities established in the U.N. Charter except for U.N. peacekeeping.⁷ The regular budget also provides funds (ranging from full funding to token amounts) to support the activities of various U.N. bodies including the United Nations Human Rights Council, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, and the United Nations Environment Program. It is a two-year (biennial) budget. Expenditures for the 2008–2009 regular budget totaled \$4.87 billion. The regular budget is supplemented by extensive extrabudgetary resources that totaled \$8.66 billion for the 2008–2009 biennium. Thus, under a comprehensive accounting, the U.N. regular budget for 2008–2009 actually totaled \$13.5 billion.⁸

In December, the General Assembly approved a \$5.16 billion budget for 2010–2011 that, based on past practice, will be adjusted several times over the biennium. The Secretary-General projected that extrabudgetary resources in the 2010–2011 budget will be over \$9.4 billion, which results in total projected budget expenditures over \$14.5 billion.⁹

- **The peacekeeping budget.** The U.N. peacekeeping budget funds most of the peacekeeping missions established by the Security Council. Unlike the regular budget, the peacekeeping budget is an annual budget. It can fluctuate sig-

5. For a summary, see United Nations, “Structure and Organization,” Web site, at <http://www0.un.org/en/aboutun/structure> (January 20, 2010).

6. For instance, the 2009 budget included line items for U.S. contributions to approximately 50 distinct international organizations and budgets, with the U.N. and its affiliated bodies receiving the lion’s share. See U.S. Department of State, *Congressional Budget Justification, Fiscal Year 2009*, pp. 619–620, at <http://www.state.gov/documents/organization/100326.pdf> (January 20, 2010).

7. The United Nations Truce Supervision Organization (UNTSO) and United Nations Military Observer Group in India and Pakistan (UNMOGIP), established in 1948 and 1949, respectively, were established before a separate peacekeeping budget was created and are still funded through the U.N. regular budget.

8. U.N. General Assembly, “Proposed Programme Budget for the Biennium 2010–2011,” September 11, 2009, A/64/6 (Introduction), p. 28.

9. *Ibid.*

nificantly as missions are established, expanded, contracted, or terminated. The approved peacekeeping budget from July 2009 to June 2010 is \$7.8 billion.¹⁰

The United States has been the U.N.'s largest financial supporter ever since the organization's founding in 1945. The U.S. is currently assessed 22 percent of the U.N. regular budget and more than 27 percent of the U.N. peacekeeping budget.¹¹ The U.S. budget for fiscal year (FY) 2010 requested

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\$598 million for the U.N. regular budget and more than \$2 billion for the peacekeeping budget.¹² The U.S. provides similar contributions to many of the U.N.-affiliated organizations. In addition, the United States voluntarily contributes to many U.N.

organizations. Total U.S. contributions to the U.N. exceed \$5 billion annually.¹³

Staggering Increases Since 2000

Although it has received less notice than the increases for the U.N. peacekeeping budget, the U.N. regular budget has grown sharply since 2000, especially when compared to the relatively flat budgets from the mid-1980s until 2000. For instance, the U.N. regular budget grew only 45 percent in nominal terms—less than 5 percent in real terms measured in constant 2000 U.S. dollars¹⁴—from the 1986–1987 biennium through the 2000–2001 biennium.

The primary reason for adjustments during this period were inflation and fluctuating exchange rates between the U.S. dollar (in which the U.N. budget is denominated) and the currencies of other countries where the U.N. has a significant presence, such as Switzerland. From the mid-1980s through the 1990s, this budget constraint was encouraged by the zero-growth budget policy of

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10. Press release, "General Assembly Adopts Peacekeeping Budget of Nearly \$7.8 Billion for Period 1 July 2009 to 20 June 2010," U.N. General Assembly, June 30, 2009, at <http://www.un.org/News/Press/docs/2009/ga10841.doc.htm> (January 20, 2010).
 11. U.N. General Assembly, "Implementation of General Assembly Resolutions 55/235 and 55/236," A/64/220/Add.1, December 31, 2009. For analysis, see Brett D. Schaefer, "U.N. Dues: Obama Lets American Taxpayers Down," Heritage Foundation *WebMemo* No. 2747, January 5, 2010, at <http://www.heritage.org/Research/InternationalOrganizations/wm2747.cfm>.
 12. U.S. Department of State, *Congressional Budget Justification, Fiscal Year 2010*, p. 578, at <http://www.state.gov/documents/organization/123413.pdf> (January 20, 2010).
 13. The State Department reported that the United States contributed about \$3 billion to the U.N. in 2004, but this excluded contributions to the U.N. by many other parts of the federal government. In 2006, the Office of Management and Budget (OMB) calculated that U.S. contributions to the entire U.N. system totaled \$4.1 billion in 2004 and \$5.3 billion in 2005—substantially larger sums than previously estimated. The OMB transferred responsibility for producing the report to the State Department for subsequent years. The State Department reported U.S. contributions of \$4.5 billion in 2006 and \$4.2 billion in 2007, implausibly indicating that the United States had reduced its U.N. contribution for two successive years despite rapid growth in U.N. budgets over that period. The State Department provided no explanation for the lower reported contributions. U.S. Department of State, Bureau of Public Affairs, "U.S. Participation in the United Nations: Financial Contributions," September 8, 2005; U.S. Office of Management and Budget, "Report on US Contributions to the United Nations System," July 31, 2006, at http://coburn.senate.gov/oversight/index.cfm?FuseAction=Files.View&FileStore_id=4d8e1af8-452e-4030-bd5a-6e0bdf9fbedb (January 20, 2010); and Tom Coburn, "U.S. Contributions to the U.N. System Are Over \$5.3 Billion," Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Government Affairs, U.S. Senate, August 1, 2006, at http://coburn.senate.gov/oversight/?FuseAction=OversightAction.View&ContentRecord_id=cb1276da-802a-23ad-4f6e-9b71d30d4064 (January 20, 2010). The State Department reports for 2006 and 2007 are unpublished.
 14. U.N. budget data were converted to constant U.S. dollars using the deflator from U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2010*, pp. 199–200, Table 10.1, at <http://www.gpoaccess.gov/USbudget/fy10/sheets/hist10z1.xls> (January 26, 2010).

the U.S. and supported by other large contributors to the U.N. budget.

By contrast, since the 2000–2001 biennial budget, the U.N. regular budget has more than doubled from \$2.49 billion for the 2000–2001 biennium¹⁵ to the \$5.16 billion under the 2010–2011 budget approved by the General Assembly on December 23, 2009.¹⁶ In constant 2000 U.S. dollars, this constitutes an increase of 70 percent over this period, thus representing a dramatic expansion in the size of the budget, not just an adjustment for inflation.

This level of growth is extraordinary. The U.N. regular budget has increased even faster than the U.S. budget, which grew by 97 percent between 2000 and 2010 in nominal terms because of an enormous increase in expenditures, including costs associated with the war on terrorism, two major military operations, and the unprecedented govern-

Since the 2000–2001 biennial budget, the U.N. regular budget has more than doubled.

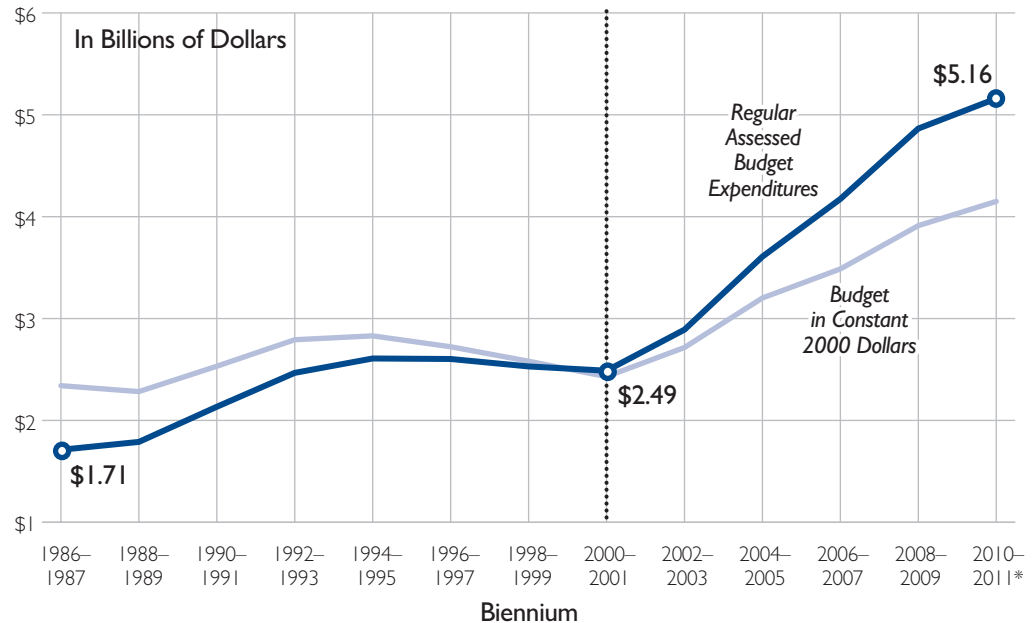
ment expenditures to address the financial crisis and stimulate the economy.¹⁷

Some may point to the increase in the U.N. peacekeeping budget as an apt comparison. However, although the U.N. peacekeeping budget increased more than threefold from \$1.7 billion¹⁸ in 2000–2001 to \$7.8 billion¹⁹ for 2009–2010, this increase is linked to a similar increase in the size and complexity of peacekeeping operations.²⁰ A careful review of U.N. peacekeeping operations is long overdue, but few would argue that the increase in the U.N. peacekeeping budget was not directly related to increased demands for resources.²¹

15. U.N. General Assembly, “Proposed Programme Budget for Biennium 2002–2003,” A/56/6, Introduction, April 25, 2001, p. 35.
16. Press release, “General Assembly Adopts \$5.16 Billion Budget for 2010–2011, Maintains Current Scale of Assessments for Regular Budget, Peacekeeping, Concluding Main Part of Session,” December 23, 2009, at <http://www.un.org/News/Press/docs/2009/ga10909.doc.htm> (January 20, 2010).
17. U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2010* (Washington, D.C.: U.S. Government Printing Office, 2009), pp. 21–23, Table 1.1, at <http://www.whitehouse.gov/omb/budget/historicals> (January 27, 2010), and Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, January 2010, at <http://www.cbo.gov/ftpdocs/108xx/doc10871/01-26-Outlook.pdf> (January 27, 2010).
18. Press release, “General Assembly, Acting on Budget Committee Reports, Approves Some \$1.67 Billion in Resources for UN Peacekeeping,” U.N. General Assembly, June 15, 2000, at <http://www.un.org/News/Press/docs/2000/20000615.ga9726.doc.html> (January 20, 2010).
19. U.N. General Assembly, “Approved Resources for Peacekeeping Operations for the Period from 1 July 2009 to 30 June 2010,” A/C.5/63/26*, August 21, 2009, at http://www.un.org/ga/search/view_doc.asp?symbol=A/C.5/63/26 (January 20, 2010), and U.N. Department of Peacekeeping Operations, “Financing for UN Peacekeeping Operations,” Web site, at <http://www.un.org/en/peacekeeping/contributors/financing.shtml> (January 20, 2010).
20. According to the U.N. Department of Peacekeeping Operations, “There are almost 110,000 serving on 20 peace operations.... This represents a seven-fold increase in UN peacekeepers since 1999.” United Nations, “Honouring 60 Years of United Nations Peacekeeping,” February 2008, at <http://www.un.org/events/peacekeeping60/factsheet.shtml> (January 20, 2010), and U.N. Department of Peacekeeping Operations, “Monthly Summary of Contributors of Military and Civilian Police Personnel,” Web site, at <http://www.un.org/en/peacekeeping/contributors> (January 20, 2010).
21. Many U.N. peacekeeping operations are useful and serve U.S. interests. However, there are significant questions about the efficacy of some long-standing missions and the appropriateness of U.N. peacekeeping operations in violent situations such as those in Darfur and Congo. Moreover, the U.N. needs to improve accountability and oversight of U.N. peacekeeping and reevaluate the system of assessing member states for peacekeeping expenses. For analysis of the strengths and weaknesses of U.N. peacekeeping, see Brett D. Schaefer, “Critical Reforms Required for U.N. Peacekeeping,” Heritage Foundation *Background* No. 2313, September 8, 2009, at <http://www.heritage.org/Research/InternationalOrganizations/bg2313.cfm>, and Brett D. Schaefer, “The U.S. Should Push for Adjustment in U.N. Dues,” Heritage Foundation *WebMemo* No. 2735, December 15, 2009, at <http://www.heritage.org/Research/InternationalOrganizations/wm2735.cfm>.

United Nations Regular Budget: Dramatic Growth Since 2000–2001

From 1986–1987 to 2000–2001, the U.N.'s biennial regular budget grew by 45 percent. The growth from 2000–2001 to 2010–2011 is 107 percent.



* Approved by General Assembly.

Sources: U.N. General Assembly, "Proposed Programme Budget for the Biennium," bienniums 1988/1989 through 2010/2011; U.N. General Assembly, Fifth Committee, "Programme Budget for the Biennium 2010–2011," A/C.5/64/L.19, December 28, 2009; and U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2010*, pp. 199–200, Table 10.1, at <http://www.gpoaccess.gov/USbudget/fy10/sheets/hist10z1.xls> (January 26, 2010).

Chart 1 • B 2368 heritage.org

The U.N. regular budget faces no such challenges; peacekeeping has a separate budget, and efforts to alleviate the consequences of the financial crisis and the global economic downturn are focused through U.N. funds, programs, and other bodies that are funded independently of the regular budget. The regular budget funds some programmatic activities, including expensive special political missions in places such as Afghanistan and Iraq. However, the growth in the U.N. regular budget is more a reflection of the organization's unwillingness to reform and prioritize expenditures to accommodate new concerns than it is a representation of an expansion of U.N. efforts to help nations or people in times of crisis.

No End in Sight. At first blush, the rather modest increase in the regular biennial budget from \$4.87 billion for 2008–2009 to the \$5.16 billion

approved by the General Assembly for 2010–2011 seems to be an overdue exercise in budgetary restraint. The U.N. Secretary-General was eager to characterize it that way in justifying his budget to the member states: "I am proposing a budget of \$4,887.5 million [\$5.06 billion after recosting].... This reflects real growth of \$22.4 million, or 0.5 per cent over the revised appropriation."²² This claim is virtually identical to his 2008–2009 budget proposal, which similarly "represented real growth of \$23 million over the current, 2006–2007, biennium, or just half a percentage point."²³

The truth is that the Secretary-General is engaging in budgetary sleight of hand by contrasting the actual end-of-budget expenditures for the previous biennium to the proposed upcoming biennial budget expenditures, which he knows will be adjusted

22. Press release, "Secretary-General Presents United Nations 2010–2011 Budget to Fifth Committee," U.N. Secretary General, October 29, 2009, at <http://www.un.org/News/Press/docs/2009/sgsm12576.doc.htm> (January 20, 2010).

23. Press release, "Presenting \$4.2 Billion Budget for 2008–2009 to Assembly's Fifth Committee, Secretary-General Says UN Resources 'Never Stretched So Thin,'" U.N. General Assembly, October 25, 2007, at <http://www.un.org/News/Press/docs/2007/gaab3818.doc.htm> (January 20, 2010).

sharply upward. For instance, the 2008–2009 budget grew from an initial proposal of \$4.4 billion (\$4.2 billion before recosting) in June 2007 to \$4.87 billion by the end of the biennium—an

Since 2000, the U.N. has added hundreds of millions of dollars to each initial budget proposal by the end of the biennial budget cycle.

increase of \$469 million. A more forthright comparison would be between the respective budget proposals for 2010–2011 and 2008–2009, which would reveal that he was actually proposing a budget increase of over \$660 million, or more than 15 percent, after recosting.

The proposed 2010–2011 budget request is doubly deceiving because of the selective U.N. budgeting process. Recent budget proposals submitted to the General Assembly have not included all of the anticipated expenditures identified by the Secretary-General. Indeed, since 2000, the U.N. has added hundreds of millions of dollars to each initial budget proposal by the end of the biennial budget cycle. This trend is a relatively recent development. As illustrated in Chart 2, this practice sharply contrasts with the relatively minimal adjustments and even overall budgetary reductions of the late 1980s and 1990s.

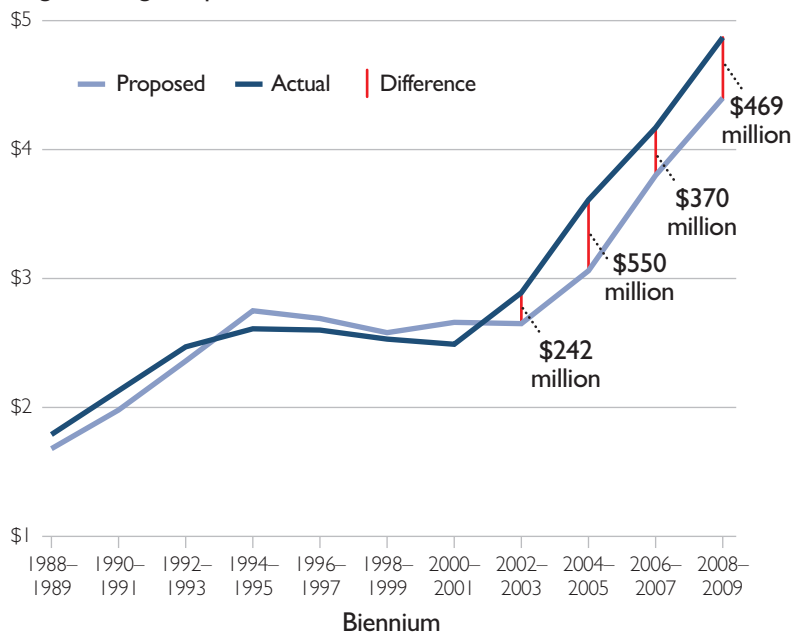
In 2006, the U.S. Mission to the U.N. projected that additional budget expenditures would increase the 2008–2009 budget from the projected \$4.2 billion to \$4.8 billion,²⁴ a projection subsequently validated by U.N. budget data. In other words, the Secretary-General deliberately underestimated the 2008–2009 budget

proposal by excluding expected activities, knowing that subsequent budget adjustments would receive far less attention than the initial budget proposal.

If the 2010–2011 biennial budget follows this pattern, the actual expenditures for the 2010–2011 biennial budget will be closer to \$5.6 billion than to the \$5.16 billion approved by the General Assembly. Indeed, the European Union spokesman to the General Assembly’s budgetary committee criticized the Secretary-General’s 2010–2011 regular budget proposal because “the amount did not represent full expected costs for proposals that would be considered during the main session,” noting that the “total amount was more likely to be \$5.3 billion to \$5.4 billion.”²⁵ Unsurprisingly, the final budget

The United Nations’ Recent Pattern of Underestimating the Budget

Regular Budget Expenditures, in Billions of Dollars



Sources: U.N. General Assembly, “Proposed Programme Budget for the Biennium,” bienniums 1988/1989 through 2010/2011.

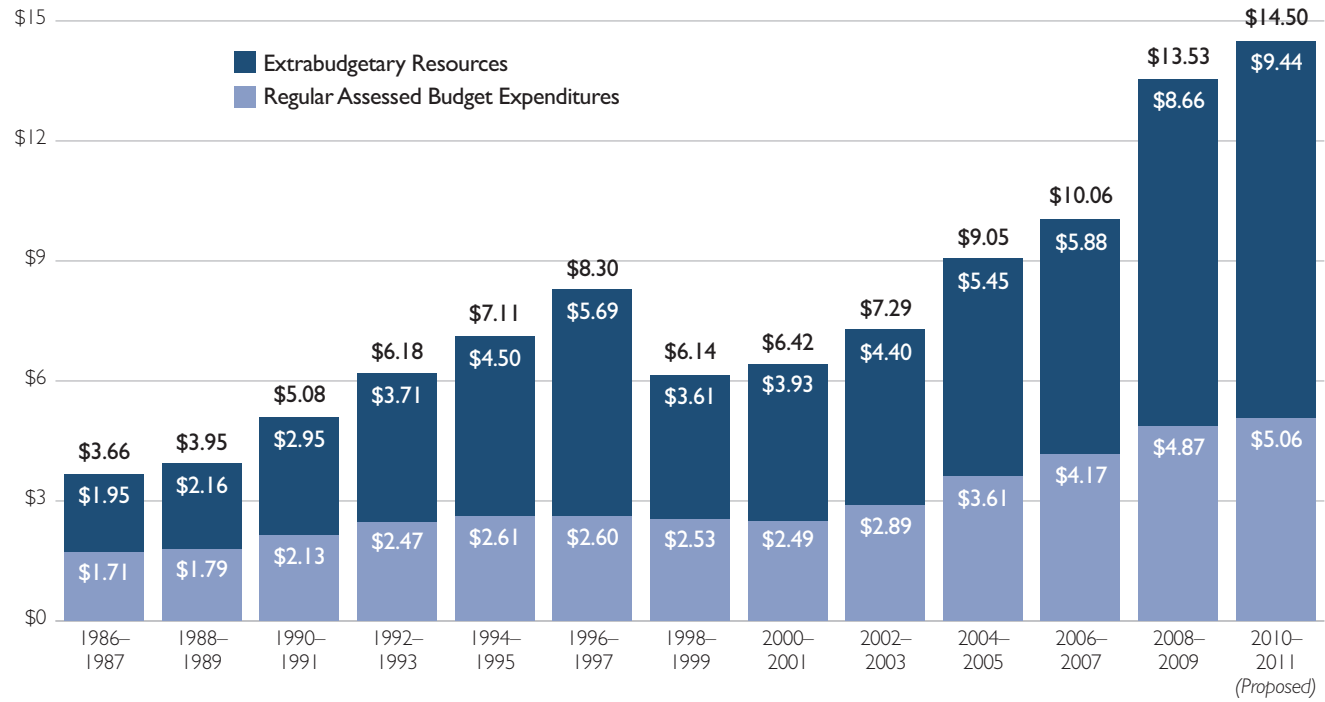
Chart 2 • B 2368 heritage.org

24. Schaefer, “Congress Should Withhold Funding for Spendthrift U.N.”

25. Press release, “Secretary-General Introduces \$4.89 Billion 2010–2011 Budget to Fifth Committee, Says Will Work with Member States ‘in Full Partnership’ on Final Document,” U.N. General Assembly, October 29, 2009, at <http://www.un.org/News/Press/docs/2009/gaab3925.doc.htm> (January 20, 2010).

U.N. Budget: Extrabudgetary Expenditures Growing More Rapidly Than Regular Expenditures

In Billions of Dollars, by Biennium



Sources: U.N. General Assembly, "Proposed Programme Budget for the Biennium," bienniums 1988/1989 through 2010/2011.

Chart 3 • B 2368 heritage.org

approved by the General Assembly was \$100 million more than the Secretary-General's \$5.06 billion proposal.²⁶ Further increases loom in the future.

Extrabudgetary Resources. This obfuscation of the U.N. regular budget does not even touch on the huge issue of extrabudgetary resources. As illustrated in Chart 3, extrabudgetary resources supporting the United Nations regular budget have grown even faster than regular budget expenditures. In 1986–1987, regular budget expenditures were roughly equivalent to extrabudgetary resources. In the proposed 2010–2011 budget, extrabudgetary resources were projected to be roughly double the size of regular budget expenditures.

In one sense, this trend is gratifying. Extrabudgetary resources are essentially voluntary contributions by member states to support activities ostensibly under the aegis of the U.N. regular budget. These additional resources bolster activities that the member states value and, presumably, believe would be enhanced by additional support.

As noted by the U.N. Joint Inspection Unit—one of the U.N.'s quasi-inspector general bodies—extrabudgetary resources have enabled an expansion of activity and have allowed member states to provide scarce expertise through gratis personnel. Furthermore, "the increasing recognition of the need to compete for scarce funds... has tended to make orga-

26. See press release, "Secretary General Presents United Nations 2010–2011 Budget to Fifth Committee," and press release, "General Assembly Adopts \$5.16 Billion Budget for 2010–2011."

nizations more dynamic and efficient.”²⁷ The JIU’s conclusions closely follow the arguments made by those who argue that most U.N. organizations should minimize their reliance on member state assessments and shift to voluntary funding for most activities because this would improve efficiency and responsiveness to the donors’ priorities.²⁸

However, extrabudgetary resources suffer from a lack of transparency and accountability, a common problem throughout the U.N. system. As the JIU pointedly noted, “The United Nations Secretariat was unable to provide the Inspectors with requested data.”²⁹ Instead, the JIU relied on incomplete data

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prepared by the U.N. System Chief Executives Board for Coordination. It is inexcusable that the U.N. was unable to provide detailed information to its own internal inspection unit on resources that comprise roughly two-thirds of its entire regular budget.

Of note, but not surprising, is the commensurate increase in U.N. employment in conjunction with expansion of the regular budget. As illustrated in Chart 4, U.N. posts (employment) have increased by more than 40 percent since 2000. Almost all of this increase is due to an expansion in posts funded through extrabudgetary resources.

Resistance to Reform and Budgetary Constraint

Until quite recently, the U.N. adopted budgetary decisions only by consensus. This informal process was adopted under threat of U.S. financial withholding when a Democrat-controlled Congress in 1984 approved the Kassebaum–Solomon Amendment to the Foreign Relations Authorization Act for FY 1986 and FY 1987. The amendment withheld 20 percent of U.S. assessed contributions to the U.N. regular budget and specialized agencies until the U.N. adopted weighted voting on budgetary matters.

The impetus for the amendment was the inability of the U.S. and other Western countries to arrest the organization’s rapidly increasing budgets. As the U.S. Ambassador to the U.N. at the time, Jeane Kirkpatrick, observed, “The countries which contribute more than 85 percent of the U.N. budget regularly vote against that budget, but are unable to prevent its increases because the countries who pay less than 10 percent of the budget have the votes.”³⁰

The Kassebaum–Solomon Amendment was a modest success. Weighted voting was not adopted, but the U.N. informally agreed in 1986 to the consensus-based budgeting process in which every country theoretically had a “veto” and could halt the budgetary process by voting “no.”³¹

Under the consensus-based budgetary process, the U.S. was able to prevent excessive growth in the

27. The JIU is concerned about the potential lack of predictability of voluntary contributions, but the funding trend since the 1986–1987 biennium indicates that extrabudgetary contributions to support the regular budget are remarkably consistent, decreasing only once over those 13 budgetary periods. The concern over the flexibility of extrabudgetary contributions—the fact that donors often earmark their contributions for specific purposes—is peculiar since the donors are motivated to provide those funds because they feel the regular budget is not giving specific activities adequate resources. If all activities were funded this way, activities that are perceived as valuable would likely receive adequate voluntary funding. The only activities that would be pinched are those perceived to be overfunded or without value, which is a positive outcome.

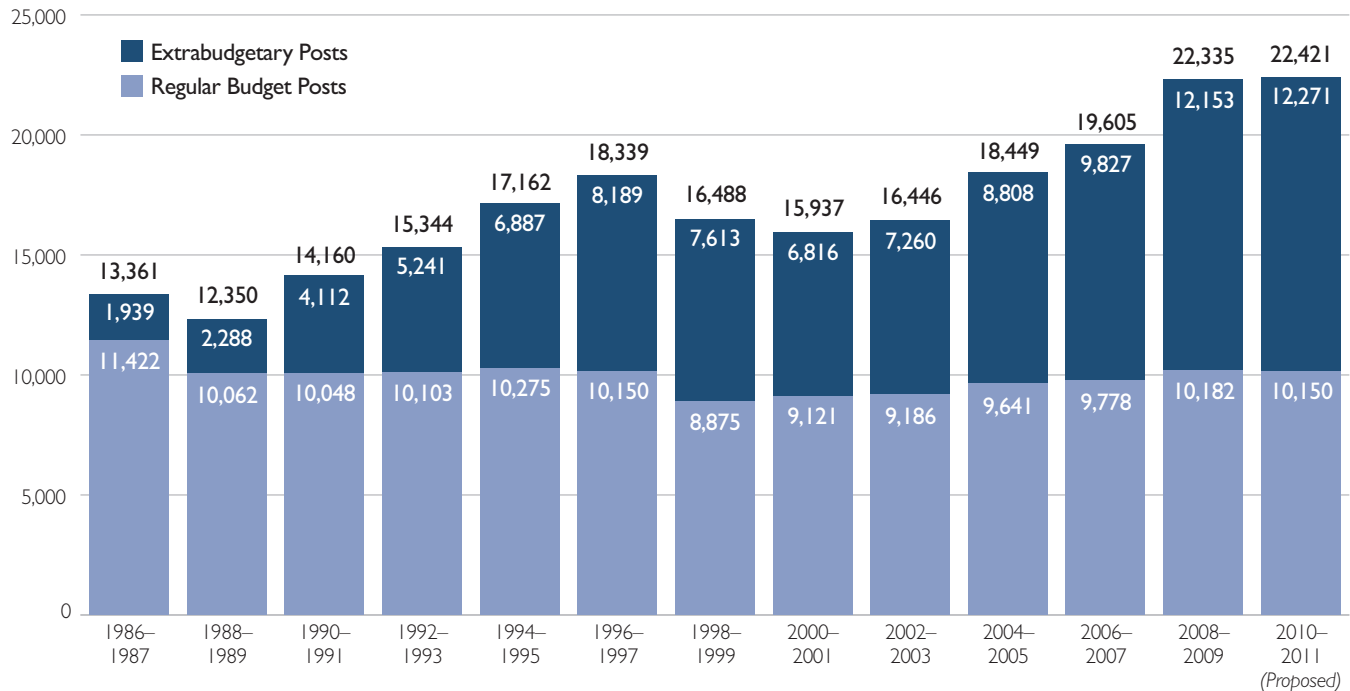
Similarly, the JIU’s concern over the narrow base of donors is laughable given that only 16 countries pay more than 85 percent of the U.N.’s assessed regular budget. U.N. Joint Inspection Unit, “Voluntary Contributions in United Nations System Organizations: Impact on Programme Delivery and Resource Mobilization Strategies,” JIU/REP/2007/1, 2007, p. 6, at http://www.unjiu.org/data/reports/2007/en2007_01.pdf (January 20, 2010).

28. See John R. Bolton, “The Key to Changing the United Nations System,” in Brett D. Schaefer, ed., *ConUNdrum: The Limits of the United Nations and the Search for Alternatives* (Lanham, Md.: Rowman & Littlefield Publishers, 2009).

29. U.N. Joint Inspection Unit, “Voluntary Contributions in United Nations System Organizations,” p. 3.

30. Edward C. Luck, “Reforming the United Nations: Lessons from a History in Progress,” Academic Council on the United Nations System *Occasional Paper* No. 1, 2003, at <http://www.reformwatch.net/fixers/58.pdf> (January 20, 2010).

U.N. Employment: Extrabudgetary Posts Have Topped Regular Posts Since 2006–2007



Sources: U.N. General Assembly, "Proposed Programme Budget for the Biennium," bienniums 1988/1989 through 2010/2011.

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U.N. regular budget by insisting on zero growth in the U.N. budget, excluding adjustments for currency fluctuation and, later, for inflation. However, the George W. Bush Administration's desire to involve the U.N. in Iraq and Afghanistan set the stage for undermining this constraint on the regular budget. As observed by Ambassador John Bolton, former Permanent U.S. Representative to the United Nations:

Following the successful initial operations in Afghanistan and Iraq, the United States sought greater U.N. involvement in rebuilding those states and establishing democracies. The United States preferred that these

operations be special political missions funded through the regular budget at a lower cost than if they were peacekeeping missions (22 percent versus over 26 percent). Many U.N. member states, which resented President Bush's decision to sidestep official U.N. approval of the Iraq war, insisted that funding for these missions be in addition to existing budgetary commitments and resisted U.S. efforts to cut other parts of the regular budget to fund them. The falling U.S. dollar also led to increased operational costs for the U.N. that were built into the U.N. budget increases. For all these reasons, the United States agreed to increase the budget.³²

31. While the consensus budgeting process helped to constrain U.N. regular budget growth, it generally failed as a policy lever to reduce the budget or to force a review of mandates and spending priorities. Consensus makes opposing budget increases easier, but it also makes eliminating programs more difficult because only one sponsor is needed to block action.

While turning away from its zero-growth policy, the U.S. still sought to constrain growth in the U.N. regular budget through various reform measures. A critical part of this process was the mandate review effort proposed by Secretary-General Kofi Annan and endorsed by the General Assembly in the 2005 Outcome Document.³³ The resolution instructed the Secretary-General to compile a list of U.N. mandates³⁴ for the member states to review for relevance, effectiveness, and duplication. A Mandate Registry was established to provide, for the first time, a comprehensive list of the more than 9,000 individual mandates of the General Assembly, Security Council, and ECOSOC.

This process was immensely revealing, both in terms of the need for the review and as an illustration of the difficulties involved in trying to eliminate outdated or irrelevant mandates. For example:

- Mandates dating back decades remain active. For instance, according to the registry, there is an active, recurrent mandate adopted in 1946 regarding “the possible transfer of certain functions, activities and assets of the League of Nations.” A 1956 resolution, renewed within the past five years, calls on the U.N. to assist a committee examining the “effects of atomic radiation.” This mandate became largely redundant in 1957 with the creation of the International Atomic Energy Agency (IAEA), but it remains in effect.
- The most recent report from the co-chairmen of the mandate review was issued in August 2008.

It concluded that only 155 (56 percent) of the 279 mandates in the Humanitarian cluster were “current and relevant” and that only 18 (35 percent) of the 52 mandates in the African Development cluster were current and relevant.³⁵

Opposition by a number of member states has stalled the mandate review. According to the review’s co-chairmen, the registry has not been updated since 2006. Only a very small number of mandates have been eliminated.³⁶ There is no evidence that more recent reports identifying outdated or irrelevant mandates, such as those identified in

The main effort to eliminate outdated or irrelevant U.N. mandates has completely stalled and the future of the mandate review itself is in question.

the Humanitarian and African Development clusters, have resulted in action.

In short, the main effort to eliminate outdated or irrelevant mandates has completely stalled. In a sad twist, the future of the mandate review itself is in question, mostly because it provides a basis and methodology for eliminating mandates.

On top of stalling reform, the member states abandoned even cursory adherence to the informal agreement to adopt U.N. budget resolutions only through consensus. In a series of votes beginning in 2006, the majority of the member states that contribute little to the U.N. budget began approving

32. Bolton, “The Key to Changing the United Nations System,” p. xx.

33. U.N. General Assembly, “2005 World Summit Outcome,” A/RES/60/1, para. 163(b), October 24, 2005, at <http://unpan1.un.org/intradoc/groups/public/documents/UN/UNPAN021752.pdf> (January 20, 2010).

34. As the U.N. noted, “Mandates are not easily defined or quantifiable; a concrete legal definition of a mandate does not exist. Guided by the Summit Outcome Document and subsequent discussions, and in order to facilitate the current mandate review exercise, we have, however, identified an agreed upon...working definition: a mandate is a request or a direction for action by the UN Secretariat or other implementing entity, that derives from a resolution of the General Assembly or one of the other relevant organs.” United Nations, Mandate Registry, “Frequently Asked Questions,” at <http://webapps01.un.org/mandatereview/displayFAQ.do;jsessionid=2064543609EFB82F18FD1B010743695F> (January 20, 2010).

35. U.N. General Assembly, “Mandate Review: Co-Chairs’ Report,” August 8, 2008, p. 3, at <http://www.un.org/ga/president/62/issues/resolutions/mr080808.pdf> (January 20, 2010).

36. The latest progress in actually eliminating mandates appears to be from 2006: “To date, out of the 399 non-renewed mandates older than five years to be examined, only 69 have been agreed by all Member States to be completed and put aside.” See Irene Martinetti, “Sluggish Progress on U.N. Mandate Review,” Center for UN Reform Education *UN Reform Watch* No. 18, August 16, 2006, at <http://www.centerforunreform.org/node/62> (January 26, 2010).

budget decisions over the objections of the U.S. and other major donors.³⁷ As Ambassador Bolton observed:

In Bush's second term, budget restraint at the U.N. all but disappeared.... In December 2007, the General Assembly voted 142 to 1 to approve a 2008–2009 biennium budget that is projected to reach \$5.2 billion, a 25 percent increase over the previous budget; the United States cast the sole “no” vote. This outcome marked the formal demise of the “consensus” voting process on U.N. budgets, a two-decade tradition that had given each country a “veto” on budget matters.³⁸

Because Congress repealed the Kassebaum–Solomon Amendment in the early 1990s under the mistaken assumption that the agreement to pass the U.N. budget by consensus would not be violated, the U.N. faced minimal consequences for spurning the budgetary concerns of its largest financier.

What the U.S. Should Do

The expansion of the U.N. regular budget over the past decade is both unprecedented and unjustified. While Ambassador Susan Rice, Permanent U.S. Representative to the United Nations, has acknowledged the need to prioritize in the U.N. budget,³⁹ the Obama Administration's actions indicate that U.N. fiscal restraint and reform are not priorities for the U.S. Mission.

Indeed, the U.S. Mission to the United Nations made no public statement during the December budget negotiations. It did not demand management reform or improved U.N. oversight or accountability as a condition for U.S. support for the budget. It voiced no public objection when the General Assembly adopted without a vote a larger budget than the Secretary-General had proposed and an increase in the U.S. peacekeeping assessment. In fact, the U.S. did not even bother to demand a vote on these issues.⁴⁰

American taxpayers deserve better. No other nation will defend U.S. interests or the interests of U.S. taxpayers if the U.S. does not.

American taxpayers deserve better. No other nation will defend U.S. interests or the interests of U.S. taxpayers if the U.S. does not. The Obama Administration, in return for U.S. support of the U.N. budget, should have demanded that the U.N. implement and support reforms like the mandate review that have already been endorsed by the General Assembly, insisted that the U.N. find offsets within its budget to fund new expenditures, and fought the increase in the U.S. peacekeeping assessment.

Although the General Assembly has adopted the initial budget, it will likely vote several times in the next year to fund activities and mandates that were not included in the initial 2010–2011 regular budget. In December 2010, the General Assembly will also vote on a mid-biennium budget adjustment, and negotiations for the 2012–2013 biennial budget will begin in the second half of 2011.

To avoid a repetition of recent budget fiascos, the United States must be prepared. Specifically, the U.S. should:

- **Announce that it is returning to the principle of zero growth in the U.N. regular budget.** Although not a perfect solution, the U.S. policy of a zero-growth U.N. budget helped to constrain growth in the late 1980s and 1990s. The U.S. should restore this policy as a guide for arresting the recent record growth in the U.N. budget. In fact, why should the President's proposed budget freeze not include U.S. funding for the U.N.? To that end, Congress should endorse a zero-growth policy for the U.N. budget and cap

37. Schaefer, “Congress Should Withhold Funding for Spendthrift U.N.”

38. See Bolton, “The Key to Changing the United Nations System.”

39. Susan E. Rice, statement before Fifth Committee, U.N. General Assembly, October 29, 2009, at <http://usun.state.gov/briefing/statements/2009/131074.htm> (January 20, 2010).

40. Press release, “General Assembly Adopts \$5.16 Billion Budget for 2010–2011.”

the dollar amount that the U.S. will pay for assessed contributions to the U.N. regular budget at current levels.

- **Identify key reforms to improve budgetary constraint and insist that the U.N. adopt and implement them.** There are many reforms that would help to ensure that U.N. regular budget resources are used to better effect, including sunsetting U.N. mandates and implementing the mandate review. Congress and the Administration should work together to identify the most critical reforms and to inform the U.N. and other member states that the U.S. will withhold a portion of its contribution to the U.N. regular budget until they are fully implemented.
- **Demand more influence on U.N. budgetary decisions.** Congress should demand that the U.N. member states, at the very least, affirm that all budgetary decisions must be adopted by consensus. Ideally, Congress should go further by requiring the U.N. to adopt weighted voting on budgetary matters or, even better, to replace the practice of member state assessments for the U.N. regular budget with a system of voluntary funding. Congress should withhold U.S. contributions to the U.N. regular budget until these reforms are adopted and reinforce this by withholding a portion of U.S. assessments if the membership adopts a budget over the U.S. objection.
- **Demand increased transparency and accountability at the U.N.** The U.S. should demand that the organization meet minimum standards for transparency in its budgeting procedures, including the sources and uses of extrabudgetary resources. The absence of a truly independent inspector general at the U.N. is also an ongoing problem. It underscores the U.N.'s irresponsibility in refusing to extend the mandate of the independent U.N. Procurement Task Force,⁴¹ which

was taking great strides in uncovering mismanagement, fraud, and corruption in U.N. procurement. Since the task force's demise at the end of 2008, U.N. investigations into mismanagement, fraud, and corruption have been severely curtailed.⁴² The U.N. needs more independent oversight, not less, and the U.S. should insist on it.

Conclusion

The runaway U.N. regular budget would be more palatable if U.N. rules, regulations, and procedures ensured that budget resources would be used in a transparent, accountable, and effective manner. However, member states' opposition to key reforms to address these weaknesses has undermined or stalled nearly all serious reform initiatives.

If the U.S. fails to stand firm against unwise and unjustified expansion of the U.N. budget, no other nation is likely to step forward. The U.S. should oppose any overall increase in the U.N. regular budget. The policy should be maintained, at the very least, until the organization implements reforms to ensure that resources are used to best effect. Such a policy would protect U.S. taxpayers' dollars at a time when even President Obama says that government spending needs to be curtailed. The best interests of the nation are served by a U.N. that is less vulnerable to corruption, prioritizes its resources to meet current organizational priorities, and can meet the responsibilities placed on it by the U.S. and other member states.

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41. Brett D. Schaefer, "The Demise of the U.N. Procurement Task Force Threatens Oversight at the U.N.," Heritage Foundation WebMemo No. 2272, February 5, 2009, at <http://www.heritage.org/Research/InternationalOrganizations/wm2272.cfm>.

42. John Heilprin, "UN Cuts Back on Investigating Fraud," ABC News, January 12, 2010, at <http://abcnews.go.com/Business/wireStory?id=9542709> (January 20, 2010).