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U.S. Should Challenge Huge U.N. Funding Disparities

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It is well established that the vast majority of United Nations member states pay far less in dues than the United States pays, but the disparity is greater than most realize. Taking U.N. travel subsidies into account, two dozen countries pay roughly $1,000 or less in net contributions to the U.N. regular budget each year while enjoying the same voting privileges as the U.S., which pays nearly $567 million.

No sovereign nation, no matter how poor, should pay so little. Worse, it undermines the incentives for these nations to oversee the U.N. budget properly. The U.S. should call for the elimination of the travel subsidy and for more equitable allocation of U.N. expenses among member states.

Massive Funding Disparities. There are 193 member states in the United Nations. Article 17 of the U.N. Charter states that the "expenses of the Organization shall be borne by the Members as apportioned by the General Assembly." Since the U.N.'s establishment in 1945, these expenses have been apportioned "broadly according to capacity to pay."[1] This means that wealthier nations, based principally on per capita income and adjusted by other factors, are asked to pay larger shares of the budget than poorer nations.

Over the past six decades, the contributions, or "assessments," provided by poor or small U.N. member states have steadily ratcheted downward. Currently, the minimum assessment is 0.001 percent of the regular budget. The 39 countries paying the minimum assessment will pay only $25,852 in gross contributions in 2012, based on the 2012–2013 biennial U.N. regular budget of $5.152 billion.[2]

By contrast, the U.S. is assessed 22 percent of the regular budget, which is nearly $567 million in gross contributions for 2012. The U.S. is assessed more than 180 other U.N. member states *combined* and 22,000 times more than the least assessed countries. Together, the top 15 contributors pay over 81.4 percent of the U.N. regular budget. Moreover, under U.N. rules, the 129 member states that contribute less than 1.3 percent can pass the budget over the objections of the countries paying over 98 percent.[3]

This explains why so many member states are blasé about increases in the U.N. budget: The financial impact on them is miniscule and undermines incentives for them to fulfill their oversight role. This divorce of financial responsibilities from voting privileges is perhaps the greatest cause of the decades-long intransigence on U.N. reform.

Greater Disparity Than Generally Understood. As large as these differences are, they are understated. Although the gross contribution is the number generally highlighted in discussions about member state assessments, the U.S. is the only member state that actually pays contributions based on this figure. Member states actually pay *net* contributions, which are their *gross* contributions less their credit from the staff assessment.

The staff assessment deductions go into the Tax Equalization Fund (TEF), which is apportioned and credited to all U.N. member states.[4] For member states that do not charge taxes on the earnings of U.N. employees, the credit is applied directly against their U.N. budgetary

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assessments, lowering their required annual payment. For member states that tax U.N. earnings—currently, only the U.S.—the amount of tax receipts from U.N. earnings is debited against their base staff assessment credit.

In practice, this means that net contributions for each member state—except, of course, the U.S.—are about 8.6 percent less than their gross contributions. For instance, instead of being charged their gross contribution of $25,852 for the U.N. regular budget in 2012, countries assessed the minimum are charged $23,631 as their net contribution.[5]

Travel Allowances Nearly Offset Assessments for Some. In addition to the stark discrepancies in U.N. assessments, 49 U.N. member states—the "least developed countries" (LDCs)—are eligible to receive subsidies for travel to the U.N. each fall.[6] The latest budget allocated $2,203,600 for travel to the 67th and 68th General Assembly sessions, plus an additional adjustment of $50,600 for rate of exchange, inflation, and vacancy.[7]

Equally divided among the 49 eligible LDC countries, this travel subsidy comes out to $22,486 (or $23,002 after the adjustment) annually in the 2012–2013 regular budget. Of the 49 LDC countries, 24 are assessed the minimum rate of 0.001 percent, or $23,631, in 2012 after their staff assessment credit is deducted. Thus, if these countries take full advantage of the travel subsidy, they will in effect be paying between $538 and $1,055 each year in net contributions to the U.N. regular budget.

The idea behind this subsidy, and the incredibly low assessments of many U.N. member states, is that poor, developing countries do not have the financial means to send representatives to the General Assembly or pay anything more than token amounts for the U.N. regular budget. Indeed, the minimum assessment has been lowered several times to allow developing countries to "meet their priorities at home."[8]

Sadly, the leaders of these countries often fail to emulate this prioritization while in Turtle Bay. For instance, during the 2011 General Assembly, President Ernest Bai Korom of Sierra Leone reportedly occupied two entire floors of the Hyatt 48Lex. Rwandan President Paul Kagame stayed in the $16,000-per-night presidential suite at the Mandarin Oriental in 2011 according to another news report.

Moreover, this extravagance is not unusual, which raises basic questions about the necessity of the travel allowance. If a country needs $23,000 in travel allowances from the U.N. budget, how can it afford tens of thousands of dollars in hotel bills?

Reform Needed. As one U.N. expert observed, "Surely it should not cost a nation less to belong to the UN than an individual to go to college or to buy a car."[9] In reality, this is a gross overestimate for many U.N. member states. This vast disparity

1. Brett D. Schaefer, "The Window of Opportunity to Overhaul the U.N. Scale of Assessments Is Closing," Heritage Foundation *Backgrounder* No. 2701, June 18, 2012, http://www.heritage.org/research/reports/2012/06/the-window-of-opportunity-to-overhaul-the-un-scale-of-assessments-is-closing.
2. United Nations, "Programme Budget for the Biennium 2012–2013," General Assembly Resolution A/RES/66/248 A–C, February 24, 2012, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/66/248 (accessed September 13, 2012).
3. United Nations General Assembly, "Scale of Assessments for the Apportionment of the Expenses of the United Nations," A/Res/64/248, February 5, 2010, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/64/248 (accessed September 13, 2012).
4. For a more detailed explanation of the staff assessment, see Brett D. Schaefer, "United Nations: Credits Owed Should Be Returned to Member States," Heritage Foundation *Backgrounder* No. 2716, August 6, 2012, http://www.heritage.org/research/reports/2012/08/the-un-should-not-be-allowed-to-keep-credits-owed-to-the-member-states.
5. United Nations, "Assessment of Member States' Contributions to the United Nations Regular Budget for 2012," United Nations Document ST/ADM/SER.B/853, December 27, 2011, http://www.un.org/ga/search/view_doc.asp?symbol=ST/ADM/SER.B/853 (accessed September 13, 2012).
6. The current list of LDCs includes 48 countries. The Committee for Development Policy of the Economic and Social Council recommended adding South Sudan to the LDC list and graduating Tuvalu and Vanuatu at its 2012 triennial review of the list. ECOSOC has not voted on the recommendation. However, the 2012–2013 U.N. regular budget authorized travel allowances for 49 LDCs, presumably in anticipation of South Sudan being added. Economic and Social Council Committee for Development Policy, "Report on the Fourteenth Session," March 12–16, 2012, http://www.unohrlls.org/en/ldc/164/ (accessed September 13, 2012); United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, "Least Developed Countries: About LDCs," http://www.unohrlls.org/en/ldc/25/ (accessed September 13, 2012).
7. United Nations General Assembly, "Programme Budget for the Biennium 2012–2013," United Nations Document A/66/6/Add.1, p. 3, http://www.un.org/ga/search/view_doc.asp?symbol=A/66/6/Add.1 (accessed September 13, 2012).
8. Schaefer, "Overhaul the U.N. Scale of Assessments."
9. Edward C. Luck, *Mixed Messages: American Politics and International Organization, 1919–1999*, (Washington, DC.: Brookings Institution Press, 1999), p. 253.

between financial obligations is a key reason why U.N. reform and budgetary restraint are so difficult. To help instill budgetary awareness and incentives for restraint and reform, the U.S. should:

- **Suggest eliminating the staff assessment and the TEF.** This would increase budgetary transparency and result in an immediate 8.6 percent cut in the regular budget on paper. It would not affect any current U.N. programs or the net contributions of any member state except the U.S. Moreover, it would not affect the net remuneration of U.N. employees unless they are U.S. taxpayers, who would be subject to U.S. taxes.

- **Call for eliminating the LDC travel allowances during U.N. budget deliberations.** These allowances are unnecessary and exacerbate the disparity in financial obligations among member states.

- **Propose raising the minimum assessment for the regular budget when the scale of assessments is reviewed.** Raising the minimum assessment to 0.01 percent—the minimum assessment until 1998—would increase minimum annual dues to about $258,000 per year under the 2012–2013 regular budget. While modest, this increase is a reasonable first step and should help to instill greater appreciation for the financial consequences of budgetary increases and give the smallest contributors more reason to scrutinize the U.N. budget before approving it.

Although the U.S. may meet resistance to these changes, increasing the financial stake in the budget for most U.N. member states is critical to improved budgetary oversight and scrutiny.

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