The U.S. Should Push for Adjustment in U.N. Dues

Brett D. Schaefer

Every three years, the member states of the United Nations negotiate how to divvy up the expenses of the U.N. regular budget and the peacekeeping budget. These negotiations center on the U.N. “scale of assessments,” which assigns a specific percentage of the budget to each member state according to its “capacity to pay”—a calculation based primarily on its gross national income over a set period modified by various factors. The overall result is a highly tilted system with a handful of states footing the lion’s share of U.N. costs but with minimal ability to shape the budget itself. This system has undermined efforts to reform the U.N. in ways that would improve efficiency, transparency, and accountability.

The Obama Administration should press strongly to adjust the scale of assessments for 2010–2012 to more equitably spread the financial burden among the member states. Reforming the U.N. assessment scale is a controversial topic, and the U.S. faces significant pressure to avoid it. However, the opportunity for assessment reform comes around only every three years, and the Fifth Committee of the General Assembly (which approves U.N. administrative and budgetary matters) is now working on the assessments scale for 2010–2012. The U.S. should seize this opportunity.

The Free-Rider Problem. The General Assembly, which establishes budget and policy priorities for the U.N., operates on an egalitarian one-country, one-vote basis. In the vast majority of cases, decisions by the General Assembly are adopted by consensus. When votes are held, most decisions are made by a majority of member states. However, decisions on important matters, such as the budget, require approval by a two-thirds majority, or 128 of the 192 members—even if those 128 member states contribute little to the U.N. budget.

The one-country, one-vote structure of the General Assembly creates a free-rider problem in which countries that pay little to the U.N. drive its financial decisions. Consider the following facts in Table 1:

- The top 15 contributors to the U.N. combined are assessed 84.34 percent of the U.N. regular budget and 89.53 percent of the U.N. peacekeeping budget.
- The U.S. has been the U.N.’s largest financial supporter since that organization was established in 1945. It is currently assessed 22 percent of the U.N. regular budget and 25.96 percent of the U.N. peacekeeping budget.
- The combined assessment of the 128 least-assessed countries—two-thirds of the General Assembly—for 2009 is a paltry 0.92 percent of the regular budget and a minuscule 0.29 percent of the peacekeeping budget.

This paper, in its entirety, can be found at: www.heritage.org/Research/InternationalOrganizations/wm2735.cfm

Produced by the Margaret Thatcher Center for Freedom

Published by The Heritage Foundation

214 Massachusetts Avenue, NE
Washington, DC 20002–4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.
The 130-member Group of 77 (G-77) together pay a mere 8.81 percent of the regular budget and 5.26 percent of the peacekeeping budget.

The members of the Non-Aligned Movement (NAM) are assessed a combined 6.95 percent of the regular budget and 4.01 percent of the peacekeeping budget.

The members of the Organization of the Islamic Conference (OIC) are assessed a combined amount of just under 2.99 percent of the regular budget and 1.21 percent of the peacekeeping budget.

These percentages do not fully convey the disparities. Consider that the U.S. fiscal year 2010 budget requests $598 million to pay for the U.N. regular budget and over $2 billion for the U.N. peacekeeping budget. By comparison, the 54 countries assessed the lowest rate of 0.001 percent of the regular budget each would pay just over $25,000 per year based on the proposed 2010/
2011 U.N. regular budget of $5.06 billion. The 35 countries that are assessed the lowest rate of 0.0001 percent of the peacekeeping budget would be asked to pay approximately $7,750 each for the $7.75 billion peacekeeping budget from July 2009 to June 2010.8

These vast disparities undermine incentives to ensure that U.N. resources are used efficiently and as intended. Every outdated U.N. mandate needs someone to fulfill it, so eliminating activities could result in lost U.N. posts that are currently filled by one of these minimal contributor's citizens or the citizens of other countries in their regional or political grouping. Why should minimal contributors to the U.N. budget ruffle feathers? Supporting the status quo or a budget increase gains them allies from the countries that do not want to see their citizens lose a plum U.N. job. Besides, the cost is inconsequential to them. As a result, reform stalls.9

Perverse Outcomes. This system can lead to perverse outcomes. For instance, the top 15 contributors to the U.N. (jointly assessed well over 80 percent of the U.N. budgets) are expected to pay even if the budget is approved over their objections. Indeed, the U.N. has actually voted several times in recent years to approve budgetary decisions despite the objections and concerns of major donors.10

Ostensibly, U.N. assessments are tied to a country’s ability to pay, which is based largely on its gross national income (GNI) over a period of several years. It is adjusted to discern a country’s “capacity to pay” by incorporating factors like debt burden and per capita income. There are maximum and minimum caps on assessments for the U.N. regular budget of 22 percent and 0.001 percent. Assessments for the peacekeeping budget are based on those for the regular budget, but countries receive additional discounts ranging from a 0 percent discount for developed countries to a 90 percent discount for least-developed countries.11 These discounts are made up for by charging the five permanent members of the U.N. Security
Council (China, France, Russia, the U.K., and the U.S.) a premium.

As Table 1 illustrates, however, there are winners and losers under this scenario. Among the five permanent members of the Security Council, both China and Russia underpay based on nominal and purchasing power parity (PPP)-adjusted GDP and GNI data. The U.S. underpays based on nominal GDP and GNI but overpays based on PPP adjusted numbers. France and the U.K. are over-assessed based on both numbers. Based on either number, Japan is grossly over-assessed. The 128 lowest contributors are under-assessed. But the real beneficiaries are the wealthier developing countries like Brazil, China, India, Indonesia, Iran, and Turkey, whose under-assessment is preserved by their influence in key General Assembly political groupings like the G-77, NAM, and the OIC. Unsurprisingly, it is the G-77, led by China, that is calling for maintaining the current methodology.12

Several Options for Reform. The divorce between obligations and decision-making is perhaps the greatest cause of the decades-long intransigence on U.N. reform. These problems are unlikely to be solved unless a stronger relationship between budget decisions and financial contributions can be achieved. Several options exist,13 including giving larger donors more say over budgetary matters by:

- **Moving toward voluntary funding.** End the practice of funding most U.N. activities through the assessed budget and instead have them be funded though voluntary contributions from member states. This would relieve the mandatory financial burden for all U.N. member states and impose a stronger market incentive for U.N. activities to meet their goals and justify continued funding.

- **Adopting a two-tier system for budget approval.** This system would require the support of two-thirds of member states and by states contributing at least two-thirds of the regular budget.

In addition, the scale of assessments should be revised. Some possibilities include:

- **Adopting an egalitarian scale of assessment to reflect the one-country, one vote process in the U.N.** Establish equal dues for all member states of slightly more than 0.52 percent. Each country would provide about $13.2 million per year under the 2010/2011 proposed U.N. regular budget and $40.4 million for peacekeeping under the current budget.

- **Raising the minimum contribution level from 0.001 percent of the regular budget and 0.0001 percent of the peacekeeping budget.** Raising the minimum contribution to 0.1 percent would increase minimum annual dues to about $2.5 million under the 2010/2011 regular budget and $7.75 million for the current peacekeeping budget—$10.3 million per year is significant but certainly affordable for countries that value their U.N. membership. Importantly, however, it would

---


ensure that even the smallest contributors would bear a palpable cost from proposed budget increases, which would give them reason to scrutinize the U.N. budget before approving it. This contribution floor would also enable reductions in contributions by large donors and level out differences in financial responsibilities.

- **Require all permanent members of the Security Council to pay at least 5 percent of the regular budget.** Such a minimum (which is more than what China and Russia currently pay) would reflect these members’ authority in the organization. Additionally, any such reform should require elected members of the council to pay at least 1 percent during their two-year terms.

- **Use GDP adjusted for PPP.** This step would more accurately reflect incomes across countries, particularly those like China and India, which are grossly under-assessed under the current methodology.

**A Critical Opportunity.** Congress and the Obama Administration have both expressed a desire for U.N. reform. If the U.N. is to be a more effective, efficient, and accountable body, budgetary decision-making must be linked to financial responsibilities. One way is for the U.N. to adopt a system of voting on budgetary matters that gives major donors a greater say in budgetary decisions or move toward voluntary funding for activities currently under the U.N. regular and peacekeeping budgets. If that is not possible, at least the financial burden should be spread across U.N. membership more evenly by adjusting the scale of assessments in accordance with one or several of the above options.

The chance to reform the U.N. assessment system arises only once every three years: 2009 is one of those years, and the Obama Administration must not let this opportunity slip away.

—Brett D. Schaefer is Jay Kingham Fellow in International Regulatory Affairs in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation and editor of ConUNdrum: The Limits of the U.N. and the Search for Alternatives (Rowman and Littlefield Publishers, 2009). Erica Munkwitz, Administrative Assistant in the Thatcher Center, contributed to this paper.