

# CRS Issue Brief for Congress

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## **U.N. System Funding: Congressional Issues**

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## U.N. System Funding: Congressional Issues

### SUMMARY

Congressional debate over U.N. funding focuses on the following questions: (1) What is the appropriate level of U.S. funding for U.N. system operations and programs? (2) What U.S. funding actions are most likely to produce a positive continuation of U.N. system reform efforts? (3) How should the United States address its accumulated arrearages?

The U.N. system includes the parent U.N. organization, a number of affiliated agencies, voluntary funds and programs, and peacekeeping operations. Participating states finance the system with voluntary and assessed contributions. For more than 50 years, the United States has been the single largest financial contributor to the U.N. system.

Both Congress and the executive branch have been pressing U.N. system organizations to reform, especially to improve management and budgeting practices. Indeed, Congress has linked payment of U.S. financial arrears to U.N. reforms. In recent years the United Nations have been undertaking many reforms including a restructuring of its financial assessment system, allowing the United States to begin paying some of its arrears.

The Bush Administration requested \$878.767 million for FY2002 for U.S. assessed contributions to international organizations (including \$266.244 million for the U.N. regular budget) and \$844.139 million for assessed U.N. peacekeeping operations. The Administration also requested \$186 mil-

lion for voluntary contributions through the international organizations and programs account. In addition, \$110 million for UNICEF and \$49 million for voluntary IAEA programs was requested in other accounts.

Appropriations for U.S. assessed contributions for FY2001 for international regular budgets and for assessed U.N. peacekeeping operations were included in P.L. 106-553 which enacted H.R. 5548 as included in the conference report (H.Rept. 106-1005) on H.R. 4942. The measure included \$870.833 million for regular budgets and \$846 million for peacekeeping. In addition, P.L. 106-429 (H.R. 4811) included \$186 million for voluntary contributions to the international organizations and programs account. An additional \$110 million for UNICEF, \$50 million for the Global Alliance for Vaccines and Immunizations (GAVI), \$47 million for voluntary IAEA programs, and \$2.5 million for International Fund for Agricultural Development (IFAD) were provided in other accounts.

P.L. 106-113, enacted in 1999, authorized payment of a total \$819 million for arrears to international organizations (\$100 million for FY1998, \$475 million for FY1999, and \$244 million for FY2000) and authorized application of the \$107 million to U.S. arrears. Arrears payments were subject to certifications that certain conditions had been met (popularly known as the Helms-Biden agreement). Thus far, \$575 million in arrears has been paid.

## MOST RECENT DEVELOPMENTS

*On October 5, 2001 the President signed into law P.L. 107-46 (S. 248) allowing the United States to make the long awaited payment of the second tranche (\$475 million) of its arrears to the United Nations. The legislation raised the percentage for U.S. peacekeeping assessments from 25 to 28.15 as a condition for release of arrears funds, thereby making available \$582 million for U.S. arrears to the United Nations. The action was seen as part of an effort to smooth relations with other U.N. member states as the United States seeks support for an international coalition to fight terrorism in the aftermath of the September 11 terrorist attack .*

*On September 13, 2001, the Senate passed H.R. 2500, substituting S. 1215 as an amendment and providing \$1.091 billion for FY2002 for the contributions to international organizations(CIO) account and \$773.182 million for contributions to international peacekeeping activities (CIPA). As passed, the bill included funds for calendar years 2001 and 2002 for the U.N. regular budget. The conference committee report (H.Rept. 107-278) provided \$850 million for CIO but withheld \$100 million until the Department of State certified that the United Nations has not exceeded its budget for the biennium 2000-20001 of \$2.536 billion and \$844.139 million for CIPA. The House agreed to the conference report on November 14 and the Senate agreed on November 15.*

*On September 4, 2001, the Senate Foreign Relations Committee reported S. 1401, authorizing for the State Department, the full amount requested for the CIO and CIPA accounts. In addition, S. 1401 authorized \$266.2 million to bring U.S. payments to the U.N. regular budget into alignment with the U.N. financial year.*

## BACKGROUND AND ANALYSIS

The United States has been, and remains, the single largest contributor to the U.N. system. In recent years, however, Congress has been pressing to reduce U.S. funding for many U.N. system programs. Congressional debate over U.N. funding is focused on the following questions: 1) What is the appropriate level of U.S. funding for U.N. system operations and programs? 2) What U.S. funding actions are most likely to produce a positive continuation of U.N. system reform efforts? 3) How should the United States address its accumulated arrearages?

### **U.N. System Financing**

The United Nations (U.N.) system is made up of variously interconnected components including specialized agencies, voluntary funds and programs, peacekeeping operations, and the parent United Nations organization itself. The system is financed by contributions from participant states. The contributions are usually made in two ways: more than half are

voluntary contributions and the rest are assessed contributions — required “dues” at levels established by the membership of the organizations involved.

Assessed contributions finance the regular budget of the United Nations, the Specialized Agencies, and the International Atomic Energy Agency (IAEA). Financial assessments are one of the legal obligations accepted by a country when it joins one of these organizations. Thus, the organizations have a regular source of income from their members to enable them to carry out authorized programs. Most current peacekeeping operations are funded through special assessed accounts. U.S. assessed contributions are included within the State Department’s budget. Congress authorizes these funds as part of the “Foreign Relations Authorization Act” and appropriates the money in the “State, Justice, Commerce, and Judiciary” appropriations legislation. The regular assessed budgets of U.N. system organizations as well as regional and other non-U.N. organizations are included in the contributions to international organizations (CIO) account, while peacekeeping is funded in the contributions to international peacekeeping activities (CIPA) account.

Voluntary contributions finance special programs and special apparatus created by the U.N. system, such as the United Nations Development Programs (UNDP), the United Nations Environment Program (UNEP), and the United Nations Children’s Fund (UNICEF). These contributions are entirely up to the individual country, and no country is obliged to contribute to these programs. U.S. voluntary contributions are financed through the foreign assistance authorization and appropriations legislation.

## **U.N. Assessed Budgets**

### **Scale of Assessments**

The regular budgets of the U.N. and specialized agencies are funded by required contributions from member states. The United States is required by Article 17 of the U.N. Charter (a treaty ratified by the United States on August 8, 1945) to contribute to the expenses of the organization. The scale of assessments — which is based generally on a country’s capacity to pay — requires the United States to pay the maximum or 22% of the U.N. regular budget, while 42 members pay the minimum or 0.001%. The U.S. assessment for 2001 is \$266.94 million. Regardless of the size of assessment, each member has one vote on U.N. budget decisions, although budgets since 1988 have been adopted by consensus.

Specialized agencies, while linked to the United Nations, are autonomous in executive, legislative, and budgetary powers. Some agencies follow the U.N. scale in making assessments; other agencies use their own formulas, which often result in lower U.S. assessments, except in the case of the International Atomic Energy Agency and the Joint Financing Program of the International Civil Aviation Organizations, in which the United States pays slightly more than 25%.

If there were no maximum and minimum assessment levels for the U.N. regular budget and charges were based exclusively on a ratio of a country’s gross national product, the United States would be assessed about 27% and some very small and poor countries might be assessed less than 0.001%. In 2001, the top 3 contributors (United States, Japan, and

Germany) were assessed a total of 51.45% of the U.N. regular budget. The top 10 contributors (paying 77.7% of the total) to the regular U.N. budget according to the scale of assessments adopted by the General Assembly for 2001 were as follows.

**Table 1. Top Ten U.N. Regular Budget Contributors for 2001**

Member State	Percent of Budget	Assessments for 2001 in millions of U.S.\$
United States*	22.00	266.94
Japan	19.63	238.17
Germany	9.83	119.21
France*	6.50	78.91
United Kingdom*	5.57	67.56
Italy	5.09	61.81
Canada	2.57	31.22
Spain	2.53	30.75
Brazil	2.23	27.07
Netherlands	1.75	21.21

\*Permanent members of the U.N. Security Council

For 2001, the other two permanent members of the Security Council, the Russian Federation (dropped from the top ten) and China are assessed 1.20%, \$14.56 million and 1.54%, \$18.70 million, respectively.

## U.N. Reform

Because of unpredictable, partial and in some cases, non-payment of assessed contributions by member countries (especially the United States), the United Nations functions under cash shortage problems. Many see resolution of the financial crisis as inextricably linked to U.N. system reform and restructuring. Some argue that serious reform initiatives can strengthen the confidence of member countries in the ability of the organizations to use funds effectively. Others, however, warn that without adequate funds, the system may be in danger of collapse.

**U.S. Role in U.N. Reform.** The U.S. government has been pressing for U.N. reform and has linked payment of its arrearage to reforms. On October 18, 1999, U.S. U.N. Ambassador Holbrooke proposed that the next assessment scale (for years 2001-3) include reduction of the ceiling on U.N. regular budget contributions from 25 to 22%. He also called for establishment of an official and permanent scale for U.N. peacekeeping.

Congressional debate about the U.N. system has linked level of U.S. funding for U.N. activities to U.N. reforms. High-level negotiations between the Administration and congressional leaders led to agreement on an arrearage payment plan linked to reform “benchmarks” (popularly known as the Helms-Biden agreement). The 106<sup>th</sup> Congress enacted P.L.106-113 including a Helms-Biden agreement conditioning arrears payments on U.N. “reforms.”

**U.N. Reform Efforts.** A report submitted on March 1, 1993, by former U.N. Under Secretary-General for Administration and Management Richard Thornburgh criticized U.N. mismanagement and fraud and recommended establishment of a U.N. inspector general office. This suggestion was taken up by Congress, which withheld 10% of U.S. contributions to the U.N. regular budget (in FY1994 appropriations, P.L. 103-121) until the Secretary of State certified that the United Nations had appointed an independent inspector general. On July 29, 1994, the General Assembly established an Office of Internal Oversight Services headed by an Under-Secretary General appointed by the U.N. Secretary-General with the approval of the General Assembly. Six annual reports on the activities of the office through June 30, 2000, have been submitted to the General Assembly, and the Office has undertaken an increasing number of monitoring, auditing, and investigative activities.

On March 17, 1997, U.N. Secretary-General Kofi Annan announced the first part of a two-track reform program. The first track included immediate managerial changes within the Secretary-General's authority to affect, while the second track included reform measures requiring consultation and/or approval by U.N. member governments. Among the first track initiatives were: reducing the budget, staffing levels, and documentation; creating a code of conduct for U.N. staff; reorienting the Department of Public Information; consolidating administrative, financial, personnel, procurement and other services; consolidating economic and social departments; streamlining technical support; and improving integration of development activities at the country level.

On July 16, 1997, Secretary-General Annan announced his second track reform proposals. The 95-page report emphasized focusing on U.N. core missions, and on improving management and efficiency. The proposals included: creating a new management and leadership structure by establishing a Deputy Secretary-General, a Senior Management Group, and a Strategic Planning Unit, assuring financial solvency through creation of a Revolving Credit Fund; overhauling human resources policies and practices including changing the management culture, eliminating 1000 jobs and reducing administrative costs; promoting sustainable development as a central U.N. priority; improving peacekeeping and strengthening post-conflict peace-building capacity; bolstering international efforts to combat crime, drugs and terrorism by consolidating activities in Vienna; establishing a Department for Disarmament and Arms Regulation; enhancing humanitarian activities by replacing the Department of Humanitarian Affairs; and revamping public information functions. The proposal called on members states to consider the following: refocusing the work of the General Assembly on priority issues and reducing the length of sessions; establishing a ministerial-level commission to review the U.N. Charter and specialized agency constitutions; and designating the General Assembly session in the year 2000 as "a Millennium Assembly" to focus on preparing the United Nations for the 21st century.

The U.N. General Assembly in 1997 debated various U.N. reform proposals and on November 12 and December 19 affirmed many policy formulation and management changes proposed by Secretary-General Annan including establishing a Deputy Secretary-General post. Louise Frechette of Canada was named to the Deputy post.

Secretary-General Annan (whose term expires at the end of 2001) has indicated his willingness to serve a second term. Many member countries (reportedly including the United States) support another term for him.

The current U.N. Under Secretary-General for Administration and Management, Joseph Connor (an American, formerly with Price Waterhouse) is taking substantial measures to improve the functioning and efficiency of the U.N. bureaucracy. U.N. Secretariat staff has been cut from about 12,000 in 1985 to less than 9,000 today. The 1998-99 U.N. budget (\$2.532 billion or a little less than \$1.3 billion per year) is smaller than that for 1996-97 (\$2.608 billion), and the 1994-95 budget (\$2.632 billion). The budget for the 2000-2001 biennium, is \$2.536 billion.

## **U.S. Withholding**

Since 1980, Congress prohibited contribution of the U.S. proportionate share for a number of U.N. programs and activities of which Congress did not approve including for the Special Unit on Palestinian Rights, for projects benefitting the Palestine Liberation Organization (PLO), the South West Africa People's Organization (SWAPO), construction of a conference center in Addis Ababa, Ethiopia, for the Second Decade to Combat Racism and Racial Discrimination, and for implementation of General Assembly Resolution 3379 (XXX) (racism equals Zionism). In addition, the Administration withheld the U.S. proportionate share of funds for the Preparatory Commission for the Law of the Sea and funds relating to taxes paid by U.S. citizens employed by the United Nations.

The United States has also withheld funds until certifications are made that certain actions (sought by Congress) have been taken by the United Nations. Such withholdings have included the Kassebaum-Solomon Amendment (sec. 143 of P.L. 99-93, and subsequently amended) which withheld 20% of U.S. assessed dues to the United Nations and its specialized agencies unless those agencies granted voting rights on budgetary matters proportionate to budget contributions by each member country. The 106<sup>th</sup> Congress in authorizations legislation (H.R. 3427 as referenced in P.L. 106-113) required withholding pending certification about the U.N. Office of Internal Oversight Services as well as withholding pending certification about the maintenance of a U.N. budget cap.

## **Arrearages**

Under Article 19 of the U.N. Charter, countries with arrears totaling more than the member's assessments for the two preceding years lose their vote in the U.N. General Assembly. As of April 12, 2001, 23 countries were in that status. In December 1999, the United States paid \$100 million in arrears to the United Nations. This payment avoided loss of U.S. vote in the U.N. General Assembly in the year 2000. Further payment of U.S. arrears required changes in U.S. assessment rates (as required by the "Helms-Biden agreement") to which the U.N. membership had to agree. In December 2000 the U.N. General Assembly agreed to a restructuring of both the regular and peacekeeping assessment structures.

According to the United Nations (as of December 31, 2000), the United States owes assessed contributions of \$1.32 billion (\$164.6 million for the U.N. regular budget, \$12 million for International Tribunals, and \$1.143 billion for peacekeeping). In addition, about \$260 million is outstanding in U.S. assessed payments to U.N. affiliated agencies (such as the Food and Agriculture Organization). The U.S. government, however (because of U.S. statutory and policy withholdings to the U.N. regular budget and applying a lower U.S. peacekeeping assessment), estimates that U.S. outstanding contributions are lower than the U.N. figures.



## U.N. Arrears in Recent Legislation

P.L. 106-113 authorized payment of a total \$819 million and allowed an additional \$107 million to be applied to U.S. arrears. The measure incorporated the Helms-Biden agreement and authorized appropriations for payment of U.S. arrears to international organizations provided certain conditions are met and so certified by the Secretary of State. The agreement authorized payment of \$819 million (\$100 million of FY1998 funds, \$475 million of FY1999 funds, and \$244 million of FY2000 funds), and authorized \$107 million owed by the United Nations to the United States for peacekeeping to be forgiven provided the United Nations applies it to reduce U.S. arrears.

P.L. 106-113 required that State Department certification for release of FY1998 funds include stipulations that neither the United Nations nor any U.N. affiliated agency has required the United States to violate the Constitution or cede sovereignty, taxed U.S. nationals, created a standing army, charged the United States interest on arrears, borrowed externally, or exercised authority or control over any U.S. national park, wildlife preserve, monument or property. In December 1999 the certification was made and \$100 million was paid to the United Nations.

Release of FY1999 appropriated funds required certification that the United Nations has established a "contested arrears account" for all U.S. arrearages not included for payment in this authorization, and agree that the amount in this account will not be used to apply the provisions of Article 19 of the U.N. Charter to the United States. In addition, for payment of FY1999 appropriated funds, there must be a reduction in the assessment ceiling from 25% to 22% for the U.N. regular budget, and a reduction to 25% for U.N. peacekeeping.

Payment of funds authorized for FY2000 requires that the maximum assessment rate for the U.N. regular budget and designated U.N. specialized agencies (FAO, ILO, and WHO) be reduced to 20%; that designated U.N. specialized agencies establish and have regular reports by independent inspectors general similar to the U.N. Office of Internal Oversight Services; the United Nations, FAO, ILO, and WHO must adopt program evaluation procedures which will result in regular evaluation of the continued relevance and effectiveness of all programs, and the termination of those which are no longer needed (sunset provisions); the United Nations, FAO, ILO, and WHO must establish clearer budget procedures and maintain budgets which do not exceed agreed levels; FAO, ILO, and WHO maximum assessment level is lowered to 22%; the United States or the five largest contributors to the United Nations each must have a seat on the U.N. Advisory Committee on Administrative and Budgetary Questions, and the U.S. General Accounting Office is to have access to U.N. financial data.

The Helms-Biden package included waiver authority for two provisions. The Secretary of State after notification and consultation with the appropriate congressional committees may waive the requirement (1) for establishment of a contested arrears account for those arrears in dispute, and (2) for achievement of the 20% ceiling for regular budget assessments for the United Nations and designated specialized agencies. Secretary of State Albright submitted both waivers in January 2001.

FY2000 appropriations legislation (also in P.L. 106-113) included \$244 million for international organization arrears and allowed \$107 million owed by the United Nations to

the United States for peacekeeping to be applied to U.S. arrears. Payment of the \$244 million was prohibited until designated U.N. specialized agencies (FAO, ILO, and WHO) have reduced to 22% the assessed contribution for any single member country, and the organizations have achieved zero nominal growth in the budget for 2000-2001 from the 1998-1999 biennium budget.

In December 2000 the U.N. General Assembly agreed on a financial restructuring of both the regular and peacekeeping assessment structures. As a result the U.S. share of the regular budget was reduced from 25% to 22% and for peacekeeping from about 30.4% to 28.14%, initially, falling to 27.28% by the end of the year and falling to close to 25% in subsequent years. The deal was solidified after U.S. businessman, Ted Turner (founder of the CNN television network) offered to make a one-time payment of about \$34 million (3% of the total U.N. regular budget) to make up the regular budget shortfall resulting from reducing the U.S. assessment from 25 to 22% in the 2001 U.N. budget. Many countries had already budgeted their 2001 U.N. assessments and could not pick up the difference in 2001, and so this voluntary contribution will mitigate the financial burden on other U.N. member countries in 2001. Turner is to make the payment to the U.S. government which in turn will pay the amount to the United Nations. The United Nations, in turn, will credit the payment proportionally against the assessed contributions of the other member countries. The General Assembly also decided to review the assessment agreement at the end of the year 2003 and depending on the status of contributions and arrears to consider appropriate measures to remedy the situation, including adjustments in the ceiling.

The changed assessment scale met the requirement of the Helms-Biden agreement for reduction of the regular budget scale to 22%, in order to release the second tranche of arrears payment (FY1999 appropriations of \$475 million, plus \$107 million credit to the United Nations against U.S. arrears). The new peacekeeping scale, however, while a substantial reduction, did not meet the Helms-Biden requirement of 25%. P.L. 107-46 (S. 248) amends the Helms-Biden provision by raising the percentage to 28.15%, thus allowing certification of and payment of the second tranche of arrears.

However, because of another existing statutory prohibition on U.S. payment of more than 25% of U.N. assessed peacekeeping costs (sec. 404, P.L. 103-236), the United States will continue to build up arrears in its peacekeeping assessments. This prohibition affects current U.S. payments for U.N. peacekeeping. H.R. 1646 as passed by the House raises the allowable level for U.S. current assessed peacekeeping costs to 28.15% for FY2002 and FY2003.

H.R. 1646 as passed by the House also placed additional conditions on release of the third and final installment of U.S. arrears (\$244 million): the Secretary of State must certify that the United States had regained a seat on the U.N. Commission on Human Rights and made a determination on U.N. voting practices; and the General Accounting Office (GAO) had to submit to Congress a detailed accounting of U.S. contributions to U.N. peacekeeping operations from 1990 through 2001.

## **FY2002 Funding for U.N. Assessed Budgets**

The Bush Administration requested \$878.767 million for U.S. assessed contributions to international organizations, of which \$619.517 million was for assessed U.N. system

organizations including \$266.244 million for the U.N. regular budget. In addition, \$844.139 million was requested for assessed peacekeeping operations.

H.R. 2500 as passed (408-19) by the House on July 18, 2001, appropriated \$850 million for FY 2002 U.S. assessed contributions to international organizations of which \$100 million is to be available only after a certification by the Secretary of State that the United Nations has not exceeded its budget for the biennium 2000-2001 of \$2.535 billion. The measure also included \$ 844.139 million for assessed contributions to U.N. peacekeeping operations. An amendment sponsored by Representative Ron Paul to prohibit any U.S. contribution to the United Nations to any affiliated agency as well as an amendment to prohibit U.S. contributions for U.N. peacekeeping operations were defeated on July 18, 2001, by a vote of 62 to 364 and 71 to 359 respectively. An amendment sponsored by Representative Bartlett to prohibit funds to implement any recommendation adopted at the U.N. Conference on Illicit Trade in Small Arms and Light Weapons was withdrawn.

The Senate Appropriations Committee reported (S.Rept. 107-42) S. 1215 on July 20, recommending \$1.091 billion for FY2002 for U.S. assessed contributions to international organizations and \$773.182 million for peacekeeping activities. The committee sought to synchronize the U.S. and U.N. budget years by including funding for both calendar year 2001 and calendar year 2002 for the U.N. regular budget. On September 13, 2001, the Senate passed S. 1215, as a substitute, in H.R. 2500.

H.R. 1646 as passed by the House authorized \$944.067 million for U.S. assessed contributions to international organizations, and \$844.139 million for assessed peacekeeping activities. Of the amounts authorized \$59.8 million for each of FY2002 and FY2003 is to cover U.S. return to UNESCO and \$5.5 million for FY2002 is for payment to the UNESCO Working Capital Fund. On September 4, 2001, the Senate Foreign Relations Committee reported S. 1401, authorizing the full amount requested for the CIO and CIPA accounts and an additional \$266.2 million for calendar year 2002 payments to the U.N. regular budget.

## **FY2001 Funding for U.N. Assessed Budgets**

P.L. 106-553, signed into law on December 21, 2000, enacted H.R. 5548 as contained in the conference report, H.Rept 106-1005. The measure included appropriations for U.S. assessed contributions for FY2001 for international organization regular budgets a total \$870.833 million and \$ 846 million for assessed U.N. peacekeeping operations.

The Administration had requested for FY2001, \$946.06 million for U.S. assessed contributions to international organizations of which \$299.608 million was for the U.N. regular budget. The Administration also requested \$738.66 million for assessed peacekeeping. In addition, \$107 million was requested in FY2000 supplementary appropriations for assessed U.N. peacekeeping operations in East Timor and Kosovo. H.R. 3908 as passed by the House on March 30, deleted all requested supplemental funds for assessed U.N. peacekeeping operations.

On June 26, 2000, the House passed H.R. 4690 ( Departments of Commerce, Justice, and State, the Judiciary and related agencies appropriations Act for FY2001, including assessed contributions for international organizations and U.N. peacekeeping operations) by a vote of 214 to 195. The House agreed to the funding levels recommended (H.Rept. 106-

680) by the House Appropriations Committee: \$880.505 million for regular budget assessed contributions and \$498.1 million for assessed peacekeeping, \$65.555 and \$240.56 million respectively, less than requested by the Administration. \$100 million of the regular budget contributions may only be paid upon certification by the Secretary of State that the United Nations has not exceeded its 2000-2001 biennium budget of \$2.5357 billion.

The Senate Appropriations Committee recommended (S.Rept. 106-404), in its version of H.R. 4690, \$879.144 million for regular assessed budget contributions to international organizations and an additional \$64.8 million for the U.S. share of a new NATO headquarters. The Committee recommended \$500 million for assessed peacekeeping for FY2001 contributions. The Committee also recommended rescission of \$212.744 million of FY2000 funds for assessed peacekeeping contributions. In addition, the measure included \$102 million for payment of contested arrears provided that 1) certification required for payment of FY2000 appropriated arrears was made; 2) the Secretary of State has submitted to Congress a report setting forth the terms of final settlement on all disputed arrears; and 3) legislation is enacted approving the report submitted under 2) above.

## **FY2000 Funding for U.N. Assessed Budgets**

**Authorizations.** P.L. 106-113 authorized \$940 million for payment of current U.S. assessments in international organizations of which \$48.977 million was for NATO. The measure withheld \$80 million pending certification by the Secretary of State that during the preceding calendar year the U.N. budget had not exceeded \$2.533 billion for the 1998-99 biennium; 20% of the funds made available for the U.S. assessed contribution to the United Nations were payable only upon certifications relating to the U.N. Office of Internal Oversight Services; funding for global conferences was prohibited along with funding for other framework treaty based organizations. The measure also provided for foreign currency exchange rate fluctuations, and expressed the position that the United States should continue to insist that the United Nations and its agencies credit or refund budget surpluses to members. P.L. 106-113 authorized \$500 million for FY2000 contributions to assessed peacekeeping operations, and authorized a total \$926 million for international organizations arrears provided specific conditions were met.

**Appropriations.** P.L. 106-113 appropriated \$885.203 million for current U.S. assessed contributions to international organizations, \$500 million for assessed international peacekeeping activities, and \$244 million for arrearage payments contingent on a reduction in the assessment ceiling for the United Nations and designated specialized agencies to 22%. P.L. 106-113 also allowed \$107 million owed by the United Nations to the United States for peacekeeping to be applied to reduce U.S. arrears (without fiscal year limitations).

**Table 2. U.S. Contributions to Current U.N. Assessed Regular Budgets**  
(in millions of \$)

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Estimate</b>	<b>FY2002 Request</b>
United Nations	297.077	302.578	299.651	266.244
U.N.–War Crimes Tribunals	25.000	22.420	23.032	32.000
Cambodia War Crimes Commission	—	—	3.000	3.000
Iraq War Crimes Commission	—	—	4.000	4.000
Food and Agriculture Organization	80.973	81.038	82.388	72.741
International Atomic Energy Agency	49.259	48.929	48.617	49.112
International Civil Aviation Agency	13.036	11.980	12.171	12.011
International Labor Organization	60.726	54.722	55.750	54.873
International Maritime Organization	1.304	1.195	1.152	1.168
International Telecommunications Union	7.281	6.141	5.962	5.871
Universal Postal Union	1.441	1.296	1.240	1.312
World Health Organization	108.372	108.372	108.109	108.109
World Intellectual Property Organization	1.305	1.054	0.815	0.817
World Meteorological Organization	11.019	9.981	9.422	8.259
<b>Total</b>	<b>652.241</b>	<b>649.706</b>	<b>655.309</b>	<b>619.517</b>

## U.N. Voluntary Programs

**FY2002.** The appropriate level of funding for U.N. voluntary programs continues to be a congressional concern. For FY2002 the Bush Administration requested \$186 million for U.S. voluntary contributions to the international organizations and programs account of which 87.1 million would be for UNDP and \$25 million for the U.N. Population Fund (UNFPA). In addition, \$110 million for UNICEF was requested in the Child Survival account and \$49 million for voluntary IAEA programs in the Nonproliferation, Anti-Terrorism and Demining account.

H.R. 2506 as passed (381 to 46) by the House on July 24, 2001, appropriated \$196 million for the voluntary contributions to international organizations and programs account of which not more than \$25 million for FY2002 may be for UNFPA. In addition \$120 million

for UNICEF, \$49 million for voluntary contributions for IAEA, and \$20 million for IFAD are provided from other accounts. The House agreed to an amendment offered by Representative Ose prohibiting use of appropriated funds for a U.S. contribution to the U.N. International Narcotics Control Board.

H.R. 1646 as passed by the House authorized \$186 million for U.S. voluntary contributions to international organizations for FY2002 and such sums as may be necessary for FY2003. Of the authorized amounts \$5.0 million for each of FY2002 and FY2003 is for U.S. cash contribution to the World Food Program (WFP); and \$5.0 million for the U.N. Voluntary Fund for Victims of Torture. Restrictions are placed on UNDP programs in Burma. In addition, \$120 million is authorized for FY2002 for UNICEF.

**FY2001.** P.L. 106-429 (H.R. 4811) included \$186 million for voluntary contributions to the international organizations and programs account. An additional \$110 million for UNICEF, \$50 million for GAVI, \$47 million for voluntary IAEA programs, and \$2.5 million for IFAD are provided in other accounts. The conference committee recommended (H.Rept. 106-997) that of the \$186 million \$90 million be provided to UNDP, \$25 million to UNFPA, \$5 million for the World Food Program, and \$5 million for the U.N. Voluntary Fund for Victims of Torture.

For FY2001 the Clinton Administration requested \$354 million for voluntary contributions to the international organizations and programs account of which \$110 million is for UNICEF, \$90 million for UNDP, and \$25 million for UNFPA

On July 13, 2000 the House passed (239 to 185) H.R. 4811 (FY2001 foreign assistance appropriations) including voluntary contributions to U.N. programs. As passed the measure provided \$183 million for the voluntary international organizations and programs account of which \$5 million was to be provided for the World Food Program (WFP). In addition, \$110 million for UNICEF and \$50 million for GAVI was included in the Child Survival account. On July 18 the Senate passed H.R. 4811 substituting the language in S. 2522 in lieu. The Senate version provided \$288 million for the international organizations and programs account of which not less than \$5 million would be for WFP and not less than \$25 million for UNFPA. Voluntary IAEA programs are funded in both House and Senate versions in a separate nonproliferation account.

**FY2000.** P.L. 106-113 provided \$183 million for FY2000 for U.S. voluntary contributions to the international organizations and programs account. Not less than \$5 million was provided for WFP, and \$25 million for UNFPA subject to certain conditions. \$110 million was provided for UNICEF in the child survival account and voluntary IAEA programs were funded in the nonproliferation, antiterrorism, and demining account. The Administration had requested \$293 million for the international organizations and programs account, including \$101 million for UNICEF, \$80 million for UNDP, and \$25 million for UNFPA. An additional \$43 million was requested for IAEA voluntary programs in another account. H.R. 2415 as passed by the House on July 21 included specific earmarks for particular programs at levels recommended by the House International Relations Committee in reporting H.R. 1211 (H.Rept. 106-122). The committee provided \$293 million for U.S. voluntary contributions to international organizations and programs including \$5 million for the World Food Program, \$5 million for the U.N. Fund for Victims of Torture, \$5 million for the International Program on the Elimination of Child Labor, and \$240,000 for the OAS

Special Rapporteur for Freedom of Expression in the Western Hemisphere. \$25 million was provided for UNFPA subject to certain conditions and withholding and restrictions were placed on UNDP funding in Burma.

**Issues.** An extremely contentious issue has been funding for UNFPA. From FY1986-FY1992 UNFPA received no U.S. funds because of its presence in China, where coercive population practices have been reported. President Clinton reversed the Reagan and Bush policy of not providing any U.S. funds to UNFPA by requesting \$50 million for FY1994. P.L. 103-87 appropriated no more than \$40 million for UNFPA in FY1994. For FY1998 the Administration requested \$30 million for UNFPA and \$25 million was appropriated. P.L. 105-277 prohibited U.S. funds for UNFPA during FY1999. Up to \$25 million was appropriated for UNFPA during FY2000, and again for FY2001. \$25 million has been requested for FY2002. (For more detailed discussion, see CRS Issue Brief IB96026, *Population Assistance and Family Planning Programs: Issues for Congress*.)

U.S. officials cite several reasons for restrained funding recommendations for what they consider to be, for the most part, popular and productive agencies. First, as in the assessed agencies, Administrations have expressed commitments to fiscal restraint in international organizations — to zero growth budgets or budget cuts — arguing that with countries cutting domestic spending, U.N. agencies cannot expect to remain untouched. Second, many believe that there are limits to the United Nations' institutional capacity to deal with world problems.

Members of Congress have been increasingly critical of funding for multilateral programs which are not always seen as serving primary U.S. interests. Recent congressional activity includes close scrutiny and critical review of international organization programs and a refocusing toward those which are deemed clearly to promote U.S. national interests such as the International Atomic Energy Agency.

**Table 3. U.S. Voluntary Contributions to U.N. Programs Financed Through the Foreign Assistance Act (International Organizations and Programs)<sup>a</sup>**  
(in millions of \$)

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Estimate</b>	<b>FY2002 Request</b>
UN Development Program (UNDP)	100.000	80.000	87.091	87.100
UN Children's Fund (UNICEF) <sup>b</sup>	105.000	110.000	110.000	110.000
World Food Program (WFP)	5.000	5.000	5.000	5.400
UN Development Fund for Women (UNIFEM)	1.000	1.000	1.000	1.000
International Contributions for Scientific, Educational, & Cultural Activities	2.250	2.200	1.750	1.750
WMO Voluntary. Coop. Program	2.000	2.000	2.000	2.000
UN Environment. Program (UNEP)	13.000	10.000	10.000	10.750

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Estimate</b>	<b>FY2002 Request</b>
Montreal Protocol Multilateral Fund	34.450	28.000	26.000	25.000
International. Conservation Programs <sup>c</sup> (CITES, ITTO, IUCN, Ramsar)	6.000	5.150	5.450	5.700
UN Voluntary Fund Torture Victims	1.500	5.000	5.000	5.000
International Fund for Agricultural. Development <sup>d</sup> (IFAD)	2.500	2.500	—	—
UN Afghan. Emergency Trust Fund	0.500	0.500	—	—
Climate Stabilization Fund (IPCC, UNFCC)	6.500	6.500	6.500	6.500
ICAO Aviation Security Fund	0.300	0.300	0.300	0.300
UN Population Fund (UNFPA)	—	25.000	25.000	25.000
UN Voluntary Fund for Advisory Services. & Technical Cooperation.	1.500	1.500	1.500	1.500
IAEA Voluntary Programs <sup>e</sup>	40.000	43.000	47.000	49.000
World Trade Organization	—	—	1.000	1.000
<b>Total</b>	<b>\$321.500</b>	<b>\$327.650</b>	<b>\$334.591</b>	<b>\$337.000</b>

<sup>a</sup> Does not include U.S. contributions to U.N. High Commissioner for Refugee (UNHCR) Programs and to U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNWRA), financed through the Migration and Refugee Assistance Account; World Food Program commodities donations; WHO Special Programs; U.N. Volunteers; and U.N. International Drug Control Program.

<sup>b</sup> Appropriated under Child Survival Program

<sup>c</sup> Only CITES is a U.N. program.

<sup>d</sup> IFAD funding for FY2001 was appropriated, and in FY2002 is requested under International Financial Institutions

<sup>e</sup>Appropriated under Non-Proliferation, Antiterrorism, Demining and Related Programs account.

The United States exercises considerable influence among voluntary agencies and many countries follow the U.S. lead in making voluntary contributions. If the United States contributes less than in earlier years, other donors may follow suit. This would magnify the reductions to U.N. voluntary programs considerably. A related concern is the cumulative effect of U.S. contribution cuts on voluntary agencies. U.S. cutbacks to one agency also affect programs in other agencies because many projects are joint, cooperative efforts by a number of U.N. agencies. Moreover, the financial crisis in the central U.N. organ and the specialized agencies also has ripple effects on programs throughout the voluntary system.

Congressional supporters of multilateral voluntary agencies fear that budget reductions will significantly affect these organizations' ability to continue their development work. These proponents point out that many U.N. voluntary agencies serve U.S. interests. They contend that many of these agencies are considered efficient and effective and, in some cases, may provide better development programs than occurs through bilateral channels. **Table 3** summarizes recent U.S. funding actions for some U.N. voluntary programs.



## U.N. Peacekeeping Operations

Issues relating to U.S. support for U.N. peacekeeping operations including financing of such activities have been the source of particular congressional concern. In 1994 Congress enacted legislation (Section 404 of P.L. 103-236) which limited U.S. assessed peacekeeping contributions to 25% of total U.N. peacekeeping assessments. (For detailed discussion, see CRS Issue Brief IB90103, *United Nations Peacekeeping: Issues for Congress*.)

**FY2002.** The Bush Administration requested \$844.139 million for FY2002 for U.S. assessed contributions to U.N. peacekeeping operations and H.R. 1646 as passed by the House authorized appropriation of this amount.

**FY2001.** P.L. 106-553 included \$846 million for assessed peacekeeping contributions for FY2001. The Administration requested \$738 million. In addition, the Administration requested \$107 million in FY2000 supplemental appropriations for U.N. peacekeeping operations in Kosovo and East Timor.

**FY2000.** P.L. 106-113 appropriated \$500 million for FY2000 U.S. assessed contributions for U.N. peacekeeping operations of which \$20 million was to remain available until September 30, 2001. The Administration requested \$485 million (increasing its original \$235 million request by \$250 million) for FY2000 U.S. assessed contributions for U.N. peacekeeping operations. S.886 as passed by the Senate included \$235 million for U.S. assessed contributions to U.N. peacekeeping operations for each of FY2000 and FY2001. (An amendment sponsored by Senator Sarbanes raised the level from \$215 million recommended by the Senate Foreign Relations Committee.) The Senate Appropriations Committee recommended (S.Rept. 106-76 on S.1217) \$280.925 million for FY2000 of which \$137 million was for arrears. No funds were provided for some operations such as Macedonia, Western Sahara, and Haiti, while funding was reduced for some activities including the U.N. war crimes tribunals. \$3.5 million was provided as a down payment for a new mission in East Timor.

## LEGISLATION

### **P.L. 107-46 (S. 248)**

Amends the FY2000-2001 Foreign Relations Authorization Act to adjust a condition for payment of arrears to the United Nations. Introduced on February 6, passed Senate (99-0) on February 7, 2001. Passed House by voice vote on September 24. Signed into law on October 5, 2001.

### **H.R. 1646 (Hyde)**

Foreign Relations Authorizations, FY2002-2003. Passed House 352 to 73 on May 16, 2001.

**H.R. 2500 (Wolf)**

The Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies, Appropriations, FY2002. Reported (H.Rept. 107-139) as an original bill on July 13, 2001. Passed House (408-19), amended, on July 18; passed Senate, as substituted by S. 1215, on September 13. Conference report (H.Rept. 107-278) filed on November 13<sup>th</sup>. House agreed (411-15) to conference report on November 14.

**H.R. 2506 (Kolbe)**

Foreign Operations Appropriations, FY2002. Reported (H.Rept. 107-142) on July 17. Passed House (381-46), amended, on July 24. Reported (S.Rept. 107-58) on September 4. Passed Senate (96-2), amended, on October 24.

**S. 1401 (Biden)**

Foreign Relations Authorizations, FY2002-2003. Reported (S.Rept. 107-60) by the Senate Committee on Foreign Relations on September 4, 2001.

**S. 1215 (Hollings)**

Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations, FY2002. Reported (S.Rept. 107-42) as an original measure on July 20, 2001.

## CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

U.S. Congress. Senate. Committee on Foreign Relations. Subcommittee on International Operations. *The Secretary's Certification of a U.N. Reform Budget of \$2.533 Billion*. Hearing, 105<sup>th</sup> Congress, 2<sup>nd</sup> session. May 20, 1998. U.S. GPO, 1998. 18 p.

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U.S. Department of State. *United States Contributions to International Organizations. Report to the Congress for Fiscal Year 1991*. Washington, U.S. Govt. Print. Off., 1993. 181 p.

——— *United States Participation in the United Nations. Report by the President to Congress for the Year 1999*. Washington, U.S. Govt. Print. Off., 2000. 177 p.

U.S. General Accounting Office. *United Nations: Financial Issues and U.S. Arrears*. GAO/NSIAD-98-201BR. June 1998. Washington, 1998. 61 p.

——— *United Nations: Reform Initiatives Have Strengthened Operations, but Overall Objectives Have Not Yet Been Achieved*. GAO/NSIAD-00-150. May 2000. Washington, 2000. 84 p.

———*United Nations: Status of U.S. Contributions and Arrears*. GAO/NSIAD-99-187. July 1999. Washington, 1999. 29 p.

Volcker, Paul, and Shijuro Ogata, et al., *Financing an Effective United Nations*. New York, Ford Foundation, 1993. 34 p.

## **CRS Reports**

CRS Report 96-960. *U.N. Regular Budget: Current Size, U.S. Withholding, and Congressional Concerns*, by Vita Bite.

CRS Report 97-711. *U.N. Funding, Payment of Arrears and Linkage to Reform: Legislation in the 105<sup>th</sup> Congress*, by Vita Bite, Marjorie Ann Browne, and Lois McHugh.

CRS Report RL30985. *UNESCO Membership: Issues for Congress*, by Lois McHugh.

CRS Report RS20262. *U.N. Arrears: Legislation in the 106<sup>th</sup> Congress*, by Vita Bite.