

Forum: General Assembly 5

Issue: Improving the Financial Situation of the United Nations

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Introduction

The United Nations is the cornerstone of the modern world. It funds many projects, ranging from direct humanitarian aid to long-term improvements in accordance with the sustainable development goals. The UN's funds come largely from contributions sent by its Member States as well as additional donations for its charity organizations. The required contributions made by Member States are based on the country's GDP, which funds the majority of UN projects and organizations. However, this dependency limits the United Nations in many ways in the sense that unpaid contributions means that there is less money to spend on UN projects and organizations. Though in past years, the United Nations budget has generally been stable, the Under-Secretary-General for Management, Yukio Tashiro, stated during the last review in May of 2016 that certain areas need to be closely monitored. The overview covered a range of things, including assessment issues, unpaid contributions from Member States, unpaid debts on the part of the UN to Member States, and financial resources. Within the assessment issues, there were four main areas of the UN budget that he focused on. These were the overall UN budget, the peacekeeping budget, international tribunals such as the International Court of Justice, and the Capital Master Plan, which is a six-year project that will renovate the UN headquarters in New York.

Most of the United Nations funds come from Member States. The United Nations Committee on Contributions is in charge of calculating a set amount that each Member State has to pay based on its Gross National Product, usually referred to as GNP. This means that MEDCs are required to pay more than LEDCs so that it is balanced. Regular assessments of contributions take place, in which the UNCC monitors which Member States have paid and which have not. Some Member States choose to donate more than the requirement, especially if it is related to specific projects within the country. Currently, the largest contributor to the UN budget is the United States, which funds 22% of the total UN budget. The United States has recently been pulling out of many UN organizations and agreements, including UNESCO and the Paris Climate Accord. For the UN financial situation, this is a possible area of concern should the United States start contributing less money to the UN. Although agreements and treaties require Member States to donate

a certain amount, this is not always reliable. As the UN continues to expand and develop, alternate sources for finance are becoming essential.

Definition of Key Terms

International Tribunals

The establishment of special committees, organizations, and courts in the United Nations such as the International Court of Justice.

United Nations Fifth Committee

The sub-committee of the General Assembly responsible for matters regarding administration and budgets. The General Assembly as a whole determines and approves of budgetary plans for the Organization based on information provided by the Fifth Committee's reports.

Capital Master Plan

The six-year renovation plan for the United Nations headquarters with the purpose of developing a more eco-friendly and cost-efficient campus.

Assessed Contribution

Payments to be made by members in order to be recognized as a part of an organization. Member states of the United Nations are required to pay dues varying according to their respective gross domestic product (GDP) in order to remain in and support the functions of the organization.

Paris Climate Accord

An agreement made by the member states of the United Nations Framework Convention on Climate Change. The agreement was signed on April 22, 2016 and came into effect on November 4 that year. The accord was drafted in order to officially acknowledge and take meaningful action against the evident consequences of climate change—ultimately through mitigating greenhouse gas emissions.

International Monetary Fund

An organization comprised of 189 countries with the purpose of promoting global monetary cooperation, international trade, and economic stability.

World Bank

An international organization dedicated to facilitating economic development in developing nations through financing, advising, and providing research.

Background Information

The establishment of the UN in 1945 was a turning point in the history of world diplomacy. After a chaotic second world war, the UN was seen as a messenger of peace, and a forum that could serve the purpose of being a world parliament. When the issue of the funding of the organization arose in its initial years, it was decided that the UNO and its activities will be funded by the member states of the UN themselves, and the contribution expected from each member nation would be in proportion to the GDP of the nation. This was considered to be a feasible and democratic solution to the issue of funding, as nations will pay in accordance to their ability, and the overall fund accumulated shall be sufficient to help the UN discharge its duties. But in recent years, however, this form of fund accumulation hasn't really seemed to work out. This shall be discussed in detail further on in this report.

Funding by Member Nations- Effective?

The system of funding by member nations in accordance to overall GDP was excellent idea. In fact, the system was largely effective for a long time until the onset of the 21st century when finance came to be a problem for the United Nations, and this can be owed to several reasons.

UN and its affiliate organizations are devoted to world peace, and to assist nations around the world to do the same. For this purpose, member nations contribute funds to the UNO and its sister organizations, and also borrow loans from the World Bank and the International Monetary Fund (IMF) in times of need or economic distress. When nations return their loans, they do so by paying a small amount of interest on the same, which further adds to the financial treasury of the UN. In this way, the UN is able to accumulate funds for its activities that include peacekeeping missions, refugee camps and social programs in the fields of education and health.

This method, though effective to a large extent, is now posing to be more of a burden than a source of income for the United Nations. This is mainly due to the lack of proper response from member nations. Many member states owe debts to the UN, and others are not contributing to the fund effectively, generously and on time, which has led to major losses to the UN. The financial situation is deteriorating, and this is an issue of major concern. Lack of funds shall mean a virtual standstill of all UN missions around the world, including peacekeeping operations in regions of violence and bloodshed. Lack of finance will also

have a major negative impact on social campaigns and missions of the UN, especially for the causes of education and health. This is a serious matter, and hence, alternative sources of funding need to be looked on to prevent a financial distress in the future.

A problem amidst problems- United States

The United States of America has emerged as the biggest funder of the UN in its years of establishment, contributing 22% of the overall UN budget each year. The US has been a consistent supporter of the UN's agenda, and consistent in its funding of the organization effectively. However, major steps taken by the US with regards to global treaties and accords have created a sense of doubt and uncertainty of its support to the UN agenda in the future.

On 31st May 2017, the President of the United States, Mr. Donald. J. Trump, announced that the US will withdraw from the Paris Climate Agreement, which was signed and ratified by his predecessor, former President Barack Obama in his tenure as the leader of the nation. This step did not only have a major impact on global politics and the issue of climate change, but also gave a message out to the globe, carrying a sense of uncertainty of the UN's consistency to support missions and agreements in the future, as the Paris Accord was also a UN mediated initiative.

In a more recent event, the US announced its withdrawal from UNESCO, the UN's Cultural and Educational wing, along with the state of Israel. This was a major setback to the diplomatic world, and further increased apprehensions with regards to the support of the US for international forums and organizations, including the United Nations. It is, without doubt, a fact that such actions of the US, will certainly have long terms effects on the finance of the UN, as they signify a drastic shift in its foreign policy.

Recent Statements by the UN Undersecretary for Management- Yukio Takasu

On May 3, 2017 the UN Under-Secretary for Management, Yukio Takasu stated that the UN was in a financially 'sound' position. He assured the fifth General Assembly on the agenda of Administration and Budgetary, stating that the UN was not short of funds and had enough finance to meet its needs. The only thing he stressed on was that the withdrawal and usage of reserves had to be well planned, and that member nations had to pay their debts and contributions generously and on time. The UN has, in place, special mechanisms to check the borrowing and lending of finances by member nations. These mechanisms are controlled by financial wings affiliated to the UN, such as the IMF and the World Bank. The UN Committee on Contributions also plays a role in regulating these financial exchanges. Barring these areas, he did not raise any specific concerns.

Though this may have some substance, it is also noteworthy to highlight the fact that shifting to alternate sources of income and funds can significantly help the UN and its affiliates to strengthen

themselves financially and reduce dependence on the national budget of member nations. Additionally, the issue of the US and its withdrawal from multiple US Organizations and affiliates may also prove to be consequential for the overall budget of the United Nations, something which has been discussed previously in this report.

It is, therefore, important to realize the problem of funding and proper resources and planning of fund utilization in the United Nations today. Although organizations and institutions may be in denial of this issue, it is always better to prevent a disease than to cure it. Following the same ideologue, it is right to say that alternate funding resources, better planning and more generous contributions are some basic transformations that the UN, and especially the Fifth General Assembly on Administration and Budgetary, can look to analyze, assess and put into practice.

Possible Consequences of the 'Funding' problem

The ongoing funding problem can have severe effects over the working and functioning of UN events, programs, missions and commitments. The UN - since its inception - has banked all its activities on funds collected from various member nations. If nations do not pay their dues and contributions in full and on time, UN missions and campaigns can be severely affected. One example of this is the peacekeeping operations set up and maintained by the UN in various regions of the globe, particularly those affected by conflict and violence. If funds fall short, these peacekeeping missions can suffer from lack of food, health supplies or even defense equipment and machinery, which can lead to their failure or reduction of their efficiency in their respective regions. It is important to realize that peacekeeping missions such as the Multidimensional mission in Mali (MINUSMA- an issue of separate discussion in this assembly) have played a crucial and pivotal role in restoring stability in their regions of deployment. Lack of supplies due to fund stress can drastically hamper these missions and peacekeeping programs, which is definitely not a good sign for anyone, be it the UN, or its member nations.

Major Countries and Organizations Involved

The United States of America

The United States is the largest contributor of UN funds, financing 22% of the total UN budget. In the past the United States has paid as much as 40% of the total UN budget. Recently, the United States has been pulling out of several United Nations agreements and organizations. If this trend continues, it could be a possible area of concern for the UN should the United States choose to cease contributing these funds.

Japan

Japan is the second largest financial contributor to the United Nations, funding approximately 9% of the total United Nations budget in 2015. Together, the top twenty financial contributors to the UN fund around 83% of the total UN budget. However, financial concerns in Japan may affect its ability to continue to contribute these funds. Despite this, Japan continues to be a key player in the financial planning of the UN hosting conventions and conferences such as the Tokyo International Conference of African Development (TICAD) and the G7 summit. Japan is particularly active in the area of UN peacekeeping.

United Nations Peacekeeping

The UN peacekeeping missions stationed around the world make up a significant amount of the United Nations budget, and are often recognized as an area of concern in terms of the United Nations budget, estimated to make up roughly 7.5% of the overall UN budget. Article 17 of the UN charter requires all Member States to contribute funds to UN peacekeeping. The current leaders in donating these specific funds are the United States, China, and Japan.

The United Nations Development Programme

The UNDP is a UN branch in charge of administration and development. It monitors projects such as the Capital Master Plan and therefore plays a fundamental role in improving the UN financial situation. The UNDP publishes many of the annual UN budget reports, and works closely together with the UNCC on the funding of projects. An example of what it does is the Integrated Budget Plan for 2014-2017, which continues to be update every year with an overview of that year's spending. These plans include strategies for maintaining the UN budget depending on the most recent spending statistics.

The United Nations Committee on Contributions

The committee on contributions is in charge of the assessments of financial contributions made by Member States. This means it tracks whether countries have paid the required amount as well as any additional funding. The required payment is calculated by the committee using Member States' Gross National Product (GNP) in order to make sure that each Member State is able to contribute an amount within its economic capabilities.

Relevant UN Treaties and Events

UN Financial Report (2017)

- Financial situation of the United Nations; Report of the Secretary-General (**A/72/522**)

General Assembly Resolutions

- Scale of Assessments for the Apportionment of the Expenses of United Nations Peacekeeping Operations, 30th of January 2001 (**A/RES/55/235**)
- The Peacebuilding Commission 2005 (**A/RES/60/180**)
- Comprehensive statistical analysis of the financing of operational activities for development of the United Nations system for 2007 (**A/RES/64/75**)
- Scale of assessments for the apportionment of the expenses of the United Nations: requests under Article 19 of the Charter, 10th of October 2017 (**A/RES/72/2**)

UN Charter

- Article 17
- Article 19

Previous Attempts to solve the Issue

The UN financial crises are attributed to the economic shortcomings of its member states—however for some it is instead a political matter. For example, in 2005, major donors including the United States and other European nations refused to provide financial aid to the Organization until it passed all management reforms that were previously proposed for the Management Committee that was established that year. This decision was made due to lack of trust from member states in the effectiveness of the existing management.

One proposed solution by the United States was to agree upon a four-month budget initially instead of the two-year budget in order to gauge the efficacy of management and ensure that all reforms are implemented in a timely manner. However, this proposal which was intended to secure trust from member states in the Organization instead intensified a rift between MEDCs and LEDCs due to the clear influence the United States yielded for its economic superiority. Ultimately, a shorter-term budget plan was an unsuccessful proposal as the Organization decided that the member states would need to know of the budget for longer terms in order to plan for future allocations in full and on time.

Other actions to address the issue at hand have been more or less ineffective as the United Nations does not yield the authority to infringe upon national sovereignty and the inner functions of respective member states. It is with this in mind that the UN secretary general has encouraged on multiple accounts, that member states contribute their part in funding organization—in full and on time. However, in regards to an accountability system, the organization has been unable to implement any like such. Unfortunately, no decisive action has yet to be taken on the matter.

Possible Solutions

A number of solutions can be considered to solve the issue. These can be grouped into two categories- Reforms to the present system and new initiatives and plans.

Reforms to Present System

As discussed previously, the present system of fund accumulation involves member states contributing a fixed sum of money to the UN's overall budget, allocated in their respective national budget. This system runs well, but only if nations are timely in putting in their contribution to the UN fund, which isn't always the case. To help this system go on in a timely and orderly manner, the UN Committee on Contributions can begin a system of incentives, wherein nations contributing in full and on time can be awarded with certain benefits and aid in some social or economic aspect. Another solution could be to create a record of the utilization of funds and contributions from each nation, thereby generating a sense of surety among member nations about the correct use of their funds. This would generate trust, and hence nations will actively contribute to the cause of the UN.

New Initiatives

New initiatives could include changing the overall system based on member contribution, to a more 'fund building' approach. These funds could be accumulated by hosting regular events, programs and public gatherings, based on social causes, and collecting monetary contributions for UN activities. In addition, fund accumulation from active MEDCs in the UNO, such as Brazil, Germany and India can be increased, thereby reducing dependence on nations such as the USA and UK. In addition to these, another solution, as radical as it is, can be to collect an equal amount of fund from each member nation, regardless of GDP or GNP. This would be very difficult to put into practice, considering the widening economic gap between LEDCs and MEDCs, but if at all it is put into practice, it can play a vital role in substantially increasing the contribution of the former to the UN and its affiliate organizations. All these, and many more solutions can be thought of to resolve the funding problem.

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Appendix or Appendices

I. <http://bestdelegate.com/>

(Best Delegate) Provides a lot of useful resources and information about MUN

II. <http://www.un.org/en/databases/index.html>

(United Nations Databases) *Links to databases for resolutions and previous conferences*

III. https://www.globalpolicy.org/images/pdfs/UN_Finance/2009/032009_Financing_the_UN.pdf

(Dialogue on Globalization) *Helpful overview of issue including statistics and possible solutions.*