

## Research Report GA5 3/3

Issue: General Reflection on Alternative Financing for the UN

### 1. Description of the problem

Since the establishment in 1948, dues from each member state have funded the United Nations. In times of the world financial crisis and rising earth population, national governments have to cut their budget to maintain good living conditions for its people and economic competitiveness.

Due to this reasons many states have failed to pay their dues. But this money is needed by the United Nations since global solving is more needed than ever before in order to secure international peace and security. Additionally voluntary payments for multilateral aid programs and other have been cut by national governments, even though these programs are important to protect the environment, promote public health, defend human rights, care for refugees, foster development and promote peace.

The committee is urged to find a way alter the financing system of the United Nations to improve its situation. For this topic it's important to learn the numbers to comprehend the extent of the problem.

### 2. Definition of key terms

Dues – Each member state of the United Nations has to pay a certain amount of money to finance the activities of the UN. This amount may vary for each different nation.

### 3. The current UN Finance system

The financing system of the UN is based on compulsory as well as voluntary contributions of its 192 member states.

While the voluntary contributions apply to the different UN funds and programs, the assessed, mandatory contributions basically apply to the regular budget and the peacekeeping operations. Only specialized agencies of the UN have a mixed funding of compulsory and voluntary payments.

The basic principle for the assessed contributions is the capacity to pay of each member state. The individual calculated percentage is determined every three years by the General Assembly and the 5<sup>th</sup> Committee. The rate is based on the country's gross national income average of the last three to six years and is calculated according to the particular national dept per capita income and currency fluctuation. The US happen to be the only member state meeting the fixed ceiling rate of 22%, whereas some of the poorest countries only meet the floor rate and minimum of 0.001 percent.

The regular budget is adopted for a two-year-period by the GA and the 5<sup>th</sup> Committee. The adoption of the budget is on consensus. However, in 2007 it was not adopted in consensus for the first time in UN history, since the United States voted against the 2008/2009 budget.

In 2007 the total sum of UN spending came to \$ 17.8 billion, including all

programs, funds and specialized agencies.

As the funding of these institutions are mostly based on voluntary contributions, each nation is in a position to significantly influence the focus of the UN's work.

#### 4. Positions of countries involved

Financing the United Nations is a topic, all member states are involved in and they should all be urged to take on responsibility concerning this issue.

Nevertheless, there are some nations, playing a highly important part, such as the United States of America, being the biggest donor of the UN budget and at the same time criticizing the current Finance System as well as owing the UN most debts of all member states. Further countries being significant donors of the UN funding are Japan, Germany, the United Kingdom, France, Italy, Canada, China, Spain, Mexico, Australia and Brazil.

#### 5. Possible Solutions

Finding a solution is a very difficult task, since debates on who has to pay and how it can be controlled are highly sensitive cases. The committee needs to keep in mind the different economic situation of each individual country.

Many experts already proposed a new funding scheme through global taxes or fees. This tax could be charged in order to reach other policy goals such as reducing the consumption of environmentally polluting fossil fuels through a global carbon tax, or reducing currency speculation through a global tax on currency exchange.

The committee should also have a look at the proposal known as the Tobin Tax, after economist James Tobin of Yale who first proposed it in 1972, would impose a tax of just a fraction of one percent on a currency exchange volume estimated at more than \$250 trillion.

Furthermore some proposals envision a burden-sharing concept by lowering the ceiling rate up to 10 percent with small increases for other member states. This concept would also limit the political influence of big donor countries and increase political leverage of other smaller donors.

As a further advise the 5<sup>th</sup> Committee should keep in mind, that financing the UN is a highly political issue, rather than a merely economic one and therefore to treat with the right amount of respect for the sovereignty and financial situation of each member state.

Useful Links and Sources:

Articles about alternative financing of the UN, web, Feb. 14 2010,  
<http://www.globalpolicy.org/component/content/category/224-general.html>

Alternative financing of the UN, web, Feb. 14 2010,  
<http://www.globalpolicy.org/un-finance/alternative-financing-for-the-un-5-14.html>

Article about the current Finance System of the UN; March 2009:  
[http://www.globalpolicy.org/images/pdfs/UN\\_Finance/2009/032009\\_Financing\\_the\\_UN.pdf](http://www.globalpolicy.org/images/pdfs/UN_Finance/2009/032009_Financing_the_UN.pdf)

Assessment by the UN Secretariat on the regular budget for 2010; Dec. 2009:  
[http://www.globalpolicy.org/images/pdfs/Member\\_States\\_Assessment\\_for\\_Regular\\_Budget\\_for\\_2010.pdf](http://www.globalpolicy.org/images/pdfs/Member_States_Assessment_for_Regular_Budget_for_2010.pdf)

Payments owed to the UN by the 16 Major Debtor Countries:  
<http://www.globalpolicy.org/un-finance/tables-and-charts-on-un-finance/the-core-un-budget/27405.html>