

## United Nations General Assembly 2018

This series decodes deals, political moves, and gossip at the world's biggest political summit.

### FINANCIAL CONTEXT

## Where does the UN get its money? A simple explanation of a complex system

By Amanda Shendruk • September 22, 2018



REUTERS/JEANTY JUNIOR AUGUSTIN

Keeping the peace isn't cheap

As the United Nations' annual meeting gets underway in New York City, one point of tension could be Donald Trump's past

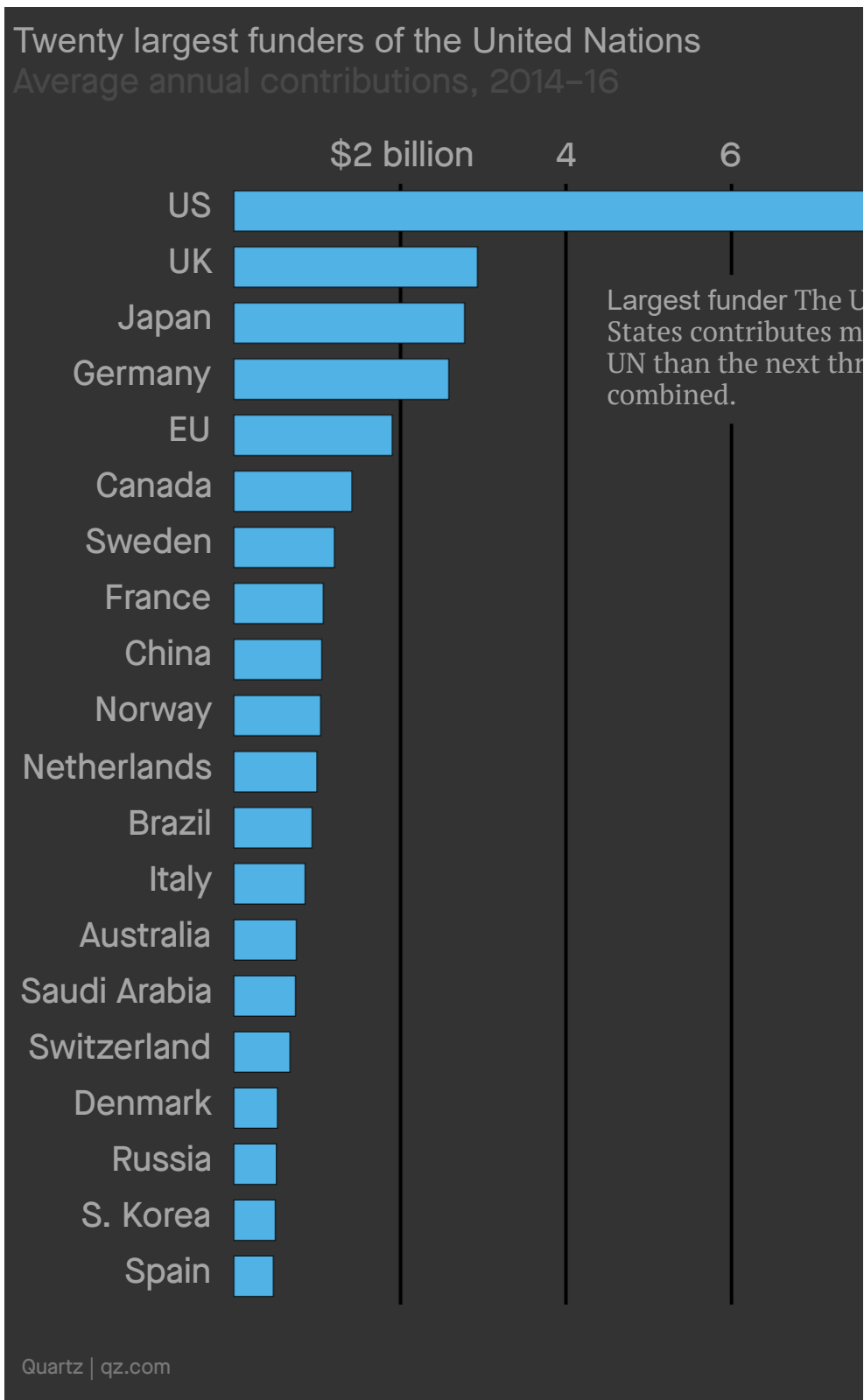
A tangle of resolutions, agencies, programs and national interests, the financial architecture of the United Nations can be as labyrinthine as the organization itself. But one thing about it is very clear: The United States dollar is essential. In 2016, the organization's total expenditures were nearly \$50 billion, with the US financing about \$10 billion, or one fifth, of that.

For decades, the US has grumbled about its share of the UN's financial burden. Back in the 1990s, the United States nearly lost its General Assembly vote as it withheld mandatory contributions. Until recently, that funding furor had quieted. But now, Trump is wielding funding cuts as a diplomatic tool in order to more closely align UN policy with that of the US. These aren't hollow threats; last month the administration announced it will cut funding for the UN program that assists Palestinian refugees. It's a move that could have significant consequences for millions of people.

To understand what further cuts could mean, here's your primer on how money flows in and out of the UN.

## **Which countries pay the most to the UN?**

The UN is funded in two ways—through mandatory payments and voluntary contributions. Each of the organization's 193 members is required to pay a percentage of both the UN's regular operating budget and the peacekeeping budget. These assessed contributions are determined through a complex formula that ultimately requires the United States to pay 22 percent of the general budget and 28 percent of the peacekeeping budget. These are the largest shares of any nation.



Nations, however, aren't the only sponsors of the UN. The Bill and Melinda Gates Foundation has given significant amounts of money to the organization. Over the past three years, the charitable foundation has contributed almost \$300 million

annually, putting it 25th on the list of highest funders, just after Argentina.

## **Who funds the work of UN agencies?**

Members also finance many of the UN's more than 30 affiliated specialized agencies, program and funds, like the UN Educational, Scientific and Cultural Organization (UNESCO), UN Children's Fund (UNICEF), and the International Monetary Fund (IMF). Some of these agencies have assessed budgets. The World Health Organization (WHO) and the International Atomic Energy Agency (IAEA) for example, are funded in part by mandatory payments.

In addition to the compulsory contributions, nations may choose to voluntarily provide more finances. Some funds and program are supported solely through such optional payments, like the World Food Programme.

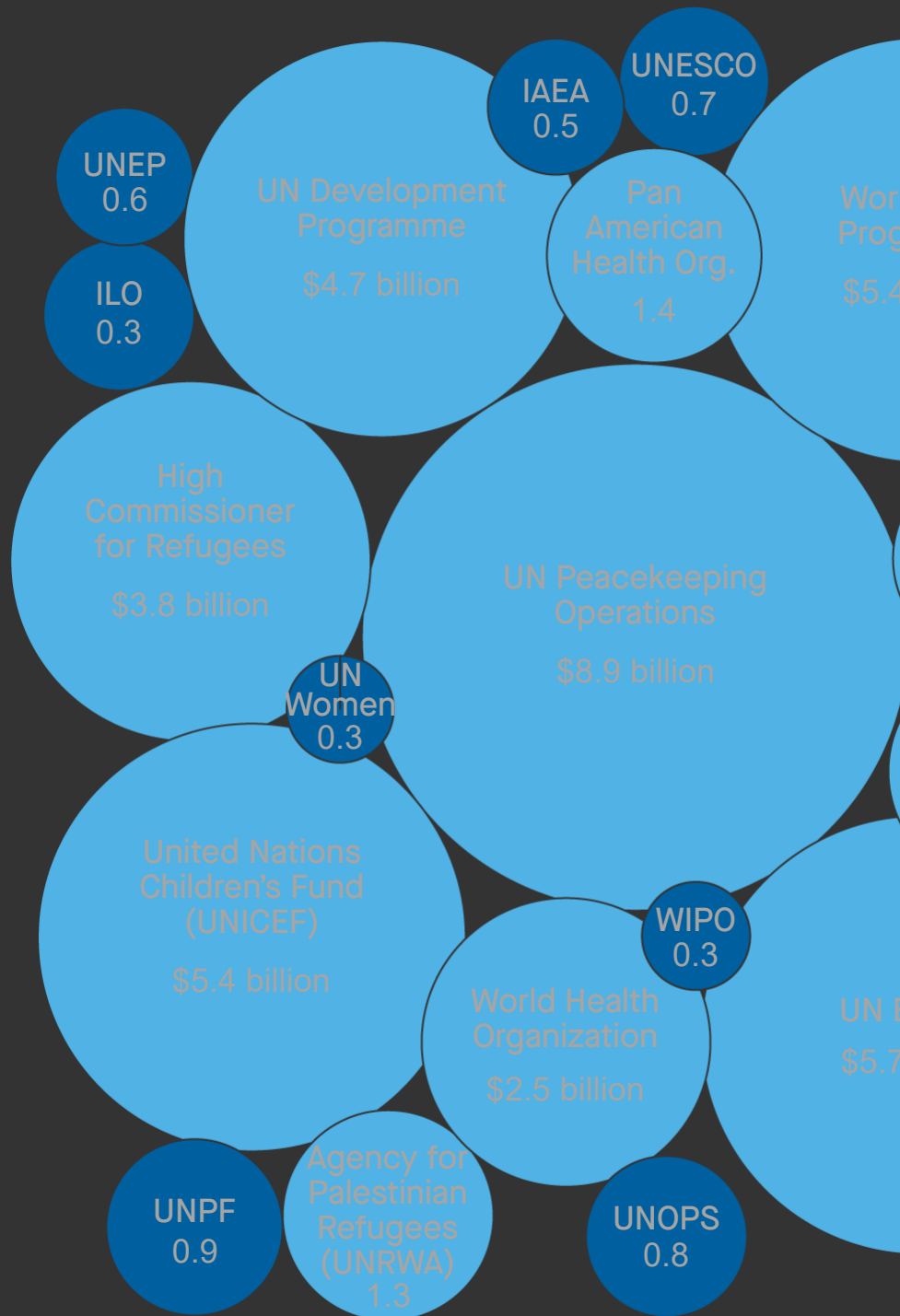
Of the \$10 billion the US contributed to the United Nations in 2016, \$4 billion consisted of assessed payments and \$6 billion was voluntary.

## **How does the UN spend its money?**

The UN isn't playing with small change. While the general budget expensed \$5.7 billion in 2016, peacekeeping operations cost nearly \$9 billion.

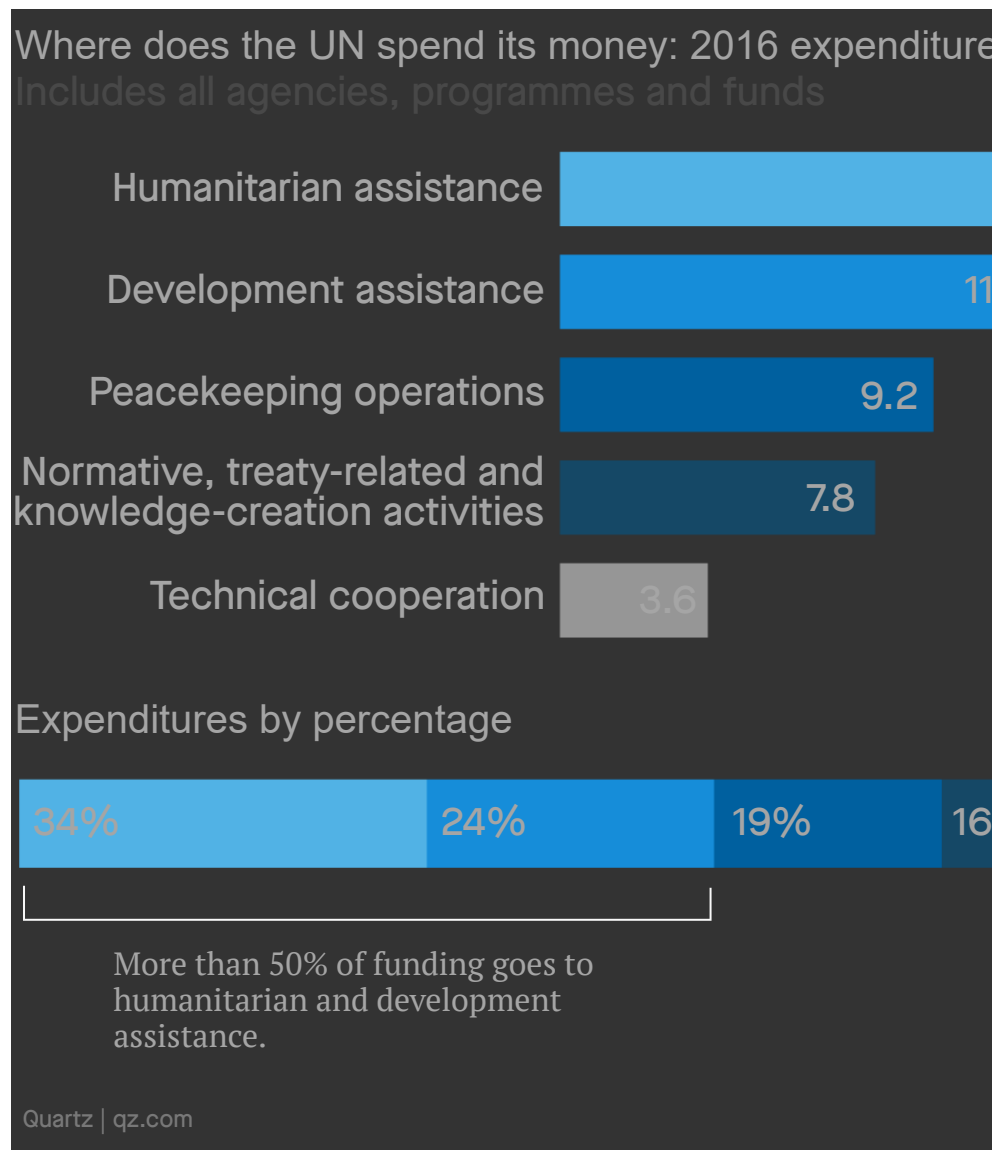
## Total expenditures by 20 largest agencies, 2016

● greater than \$1 billion



The Regular budget covers UN administrative costs, as well as a few programs. It is one of the larger assessed contributions members pay.

The UN has categorized high level spending into five general groups, which allows analysis of expenditures without diving into the intricacies of individual agency and programme budgets.



The majority of funds end up in humanitarian and development assistance. Humanitarian assistance is short-term help provided in the case of natural or man-made disasters, while development assistance focuses on promoting sustainable development and long-term impacts.

Peacekeeping operations are the third highest category of

treaty-related and knowledge-creation activities and technical cooperation round out the last two. Technical cooperation consists of funds that cannot be linked to development, while treaty-related and knowledge-creation activities reflect a broad category that includes establishing standards and policies, work related to international agreements and treaties, and research.