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United States General Accounting Office
Washington, DC 20548

National Security and
International Affairs Division

B-283835

October 8, 1999

The Honorable Benjamin Gilman
Chairman, Committee on International Relations
House of Representatives

Subject: Revised Estimate of the Shortfall in U.S. Contributions to the United Nations

Dear Mr. Chairman:

For several years the United States has been in arrears in the payment of its assessed contributions for the U.N. regular budget, international tribunals,¹ and peacekeeping operations. Assessed contributions—which are levied on U.N. members to fund the organization's activities—are considered to be in arrears if unpaid by December 31 of the year they are due. Article 19 of the U.N. Charter states that a member loses its right to vote in the U.N. General Assembly if the amount of its arrears equals or exceeds the amount of its assessed contributions for the preceding 2 years.²

You were concerned that the United States could lose its right to vote on January 1, 2000, unless it reduced its arrears before the end of 1999. In July, we estimated that the United States would need to pay about \$153 million in addition to anticipated payments of \$508 million before the end of 1999 to reduce its arrears sufficiently to avoid losing its right to vote on January 1, 2000.³ As you requested, we updated our estimate of the U.S. contribution shortfall on January 1, 2000, by analyzing changes in the amounts of anticipated and actual U.N. assessments and U.S. payments since July 1999. We verified our analysis by discussing it with Department of State officials. We conducted our review from September through October 1999 in accordance with generally accepted government auditing standards.

RESULTS IN BRIEF

On the basis of actual and anticipated U.N. assessments and U.S. payments as of September 30, 1999, we estimate that the United States will need to pay about \$111 million in addition to anticipated payments of \$548 million before the end of 1999 to

¹ The United Nations has established international criminal tribunals for the former Yugoslavia and Rwanda to investigate and prosecute persons responsible for genocide and other serious violations of international humanitarian law committed in those regions.

² A member's loss of its right to vote in the General Assembly does not affect its right to vote in the U.N. Security Council or in several U.N. specialized agencies.

³ See United Nations: Status of U.S. Contributions and Arrears (GAO/NSIAD-99-187, July 28, 1999).

reduce its arrears sufficiently to avoid losing its right to vote in the U.N. General Assembly on January 1, 2000. This estimate of the U.S. contribution shortfall is \$42 million less than our July 1999 estimate. The reduction in our estimate reflects a net increase of \$40 million in anticipated and actual U.S. payments for U.N. peacekeeping and \$2 million in anticipated credits from the United Nations for unspent U.S. payments for U.N. peacekeeping in prior years.⁴ Changes in anticipated U.S. payments or U.N. credits before the end of 1999 would affect our estimate of the shortfall. A table showing the calculation of our estimate of the U.S. contribution shortfall and the changes from our July 1999 estimate is enclosed.

AGENCY COMMENTS

We provided a draft of this letter to the Department of State's Bureau of International Organization Affairs. Officials from the Bureau concurred with our updated estimate of the additional payment the United States needs to make before the end of 1999 to avoid losing its right to vote in the U.N. General Assembly on January 1, 2000, and our analysis of the factors responsible for the change in our estimate since July 1999. State officials also provided several technical comments on this letter, which we incorporated as appropriate.

We are providing copies of this letter to other congressional committees; the Honorable Madeleine Albright, Secretary of State; the Honorable Robert Holbrooke, Permanent U.S. Representative to the United Nations; the Honorable Jacob Lew, Director, Office of Management and Budget; and the Honorable Kofi Annan, Secretary General of the United Nations. Copies will be made available to others upon request.

Please contact me at (202) 512-4128 if you or your staff have any questions about this letter. Key contributors were Tetsuo Miyabara and Michael Rohrback.

Sincerely yours,



Harold J. Johnson
Associate Director
International Relations and Trade Issues

Enclosure

⁴ The United Nations refers to these credits as "unencumbered balances."

**REVISED ESTIMATE OF THE U.S. CONTRIBUTION SHORTFALL
ON JANUARY 1, 2000 (AS OF SEPTEMBER 30, 1999)**

Dollars in millions						
	July 1999 estimate		September 1999 estimate		Change from July 1999 estimate	
	Subtotal	Total	Subtotal	Total	Subtotal	Total
U.S. assessed contributions due through 1999 (estimated)		\$1,963		\$1,979		\$16
Arrears (outstanding contributions for 1998 and prior periods)	\$1,294		\$1,294		0	
1999 assessed contributions (estimated)	669		685		\$16 ^a	
Less estimated payments during 1999		508		548		40
Fiscal year 2000 appropriations (estimated)	204		206		2 ^b	
Fiscal year 1999 appropriations (estimated)	301		339		38 ^c	
Fiscal year 1998 appropriations	3		3		0	
Less U.N. credits (estimated)		20		22		2^d
Subtotal (projected arrears balance on Jan. 1, 2000)		\$1,435		\$1,409		-\$26
Less projected assessed contributions due for most recent 2-year period		1,282		1,298		16
1998 assessed contributions	613		613		0	
1999 assessed contributions (estimated)	669		685		16 ^a	
Estimated contributions shortfall on January 1, 2000		\$153		\$111		-\$42

Note: Table reflects actual and anticipated U.N. assessments and U.S. payments as of September 30, 1999.

^a Change reflects the net of (1) increased assessments of about \$84 million for the U.N. peacekeeping operation authorized by the U.N. Security Council in Kosovo and (2) decreased assessments for several U.N. operations, such as those in Angola and Sierra Leone. Assessments for 1999 for the U.N. regular budget (\$304 million) and international criminal tribunals (\$45 million) have not changed since July 1999.

^b Change reflects anticipated payment of about \$2 million for the U.N. peacekeeping operation in Tajikistan. State continues to anticipate payment of \$204 million from fiscal year 2000 funds for the U.N. regular budget assessment for calendar year 1999. The United States has paid its calendar year assessments for the U.N. regular budget with funds appropriated for the following fiscal year since 1983.

^c Change reflects the net of (1) increased U.S. payments of about \$31.3 million for the U.N. operation in Kosovo and an anticipated payment of \$35.4 million for the same operation and (2) a decrease of \$29 million in U.S. payments for several U.N. peacekeeping operations, such as those in Angola, Sierra Leone, and Western Sahara. Actual and anticipated payments from fiscal year 1999 funds for the U.N. regular budget (\$100 million) and international criminal tribunals (\$41 million) have not changed since July 1999.

U.S. payments for Kosovo (which total about \$67 million) reflect congressional approval of the Department of State's August 1999 reprogramming request. This payment is less than U.N. assessments for this operation (see note a) because Section 404(b)(2) of the Foreign Relations Authorization Act of 1994-95 (PL 103-236) caps U.S. payments after fiscal year 1995 at 25 percent of the total of all assessed contributions for a U.N. peacekeeping operation. The United Nations, however, continues

to assess the United States at a higher rate (currently about 30.4 percent) because the U.N. General Assembly has not changed the U.N. methodology for calculating U.S. and other members' peacekeeping assessment rates.

The \$29 million decrease in U.S. payments for several peacekeeping operations reflects several changes since July 1999. For some operations, such as in Sierra Leone, U.S. payments declined because actual assessments were less than anticipated. For other operations, such as in the Western Sahara, the United States decided not to pay some assessments for policy reasons.

^dChange reflects increased U.N. credits to the United States for unspent amounts from prior years for U.N. peacekeeping operations—such as in Bosnia, where staff costs were lower than budgeted.

Source: GAO analysis of U.N and Department of State financial data.

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