

Financing UN Peacekeeping: Avoiding another Crisis

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Introduction

UN peacekeeping missions are facing cash-flow problems and financial strains due to the late payment and withholding of assessed contributions. For UN peacekeeping this is déjà vu. Since the inception of UN peacekeeping, the financing of missions has been a challenge for the secretary-general, with periods of calm followed by periods of crisis. The UN has been particularly vulnerable to withheld and late payments from its biggest financial contributors. Since 2016, the United States has started to withhold a portion of its contribution and build up arrears, which are placing a strain on UN peacekeeping. Withholding contributions has an impact on missions' effectiveness and the ability of troop-contributing countries to deploy. Surmounting the financial challenges faced by peacekeeping will require the collective energy and imagination of the UN membership. This paper examines how member-state contributions to peacekeeping are calculated, historical and current financing challenges faced by peacekeeping missions, and ideas for placing UN peacekeeping on a firmer financial footing.

Who Pays for UN Peacekeeping?

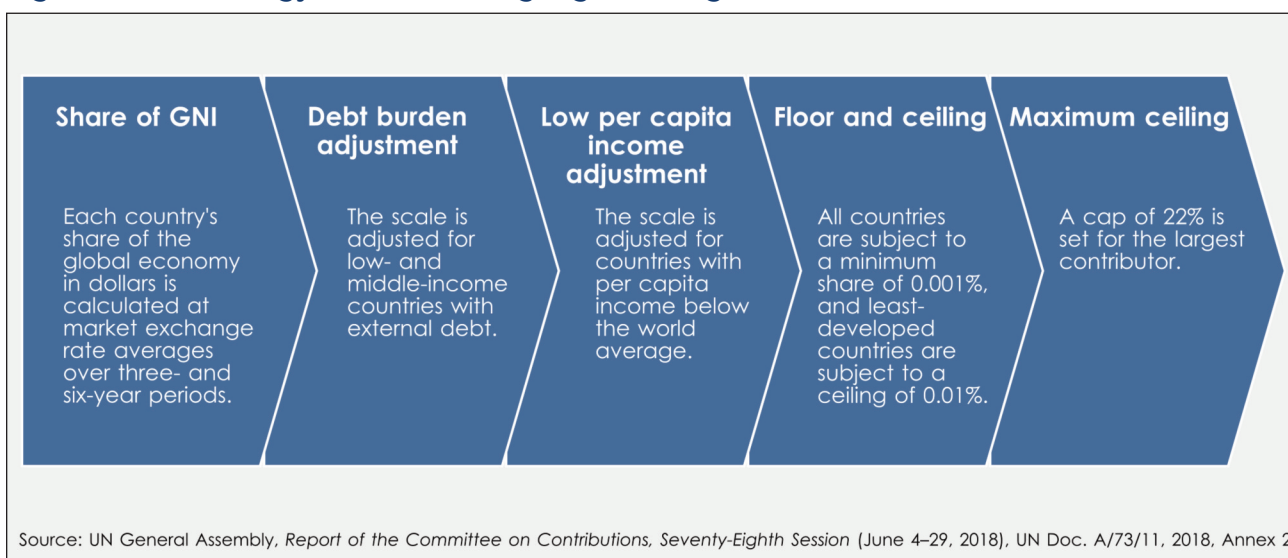
Each country's contribution to UN peacekeeping takes as its starting point the formula used to determine contributions to the UN core (regular) budget, known as the "scale of assessments." The basis for the regular budget scale is a country's share of global gross national income (GNI), with adjustments applied for a country's level of indebtedness and its standing relative to average global income. Payment limits apply for both the least-developed countries and the biggest contributor (see Figure 1).

At the outset of the United Nations, the United States contributed almost 40 percent of the core budget, reflecting its share of the global economy after the Second World War. The UN General Assembly decided early on that the UN should not overly rely on one country and established a ceiling for the share paid by the largest contributor. Over the years, the ceiling for the largest contributor has periodically decreased as UN membership expands and other countries are able to take on a greater share (see Figure 2).

After two decades of dispute, the UN General Assembly settled on an agreed methodology for peacekeeping funding in 1973.¹ This methodology was updated in 2000 and has remained unchanged since. The methodology for the peacekeeping scale of assessments builds on the UN regular budget scale by

¹ UN General Assembly Resolution 73/272 (January 3, 2019), UN Doc. A/RES/73/272.

Figure 1. Methodology for determining regular budget scale of assessments

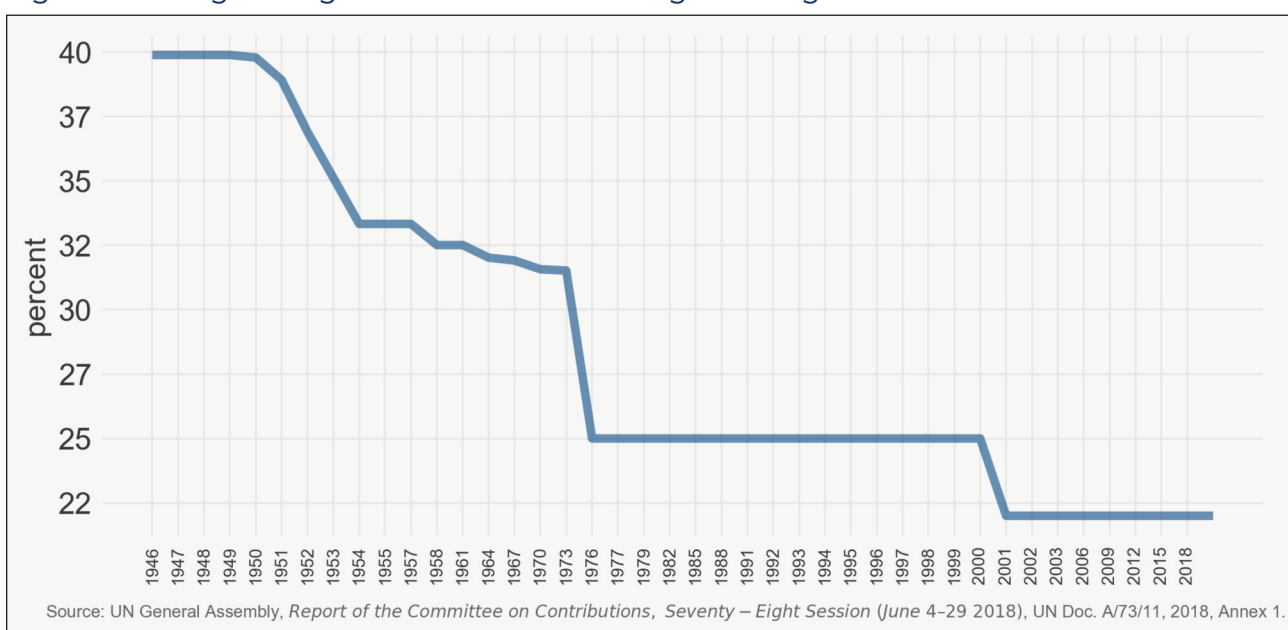


applying additional adjustments to determine each country's share of the peacekeeping budget.²

Countries are divided into ten levels based on their per capita income (see Table 1). Countries with per capita income below twice the world average are placed in levels D to I and receive discounts on a sliding scale based on their relative per capita income. Most countries with income twice the world average contribute at the same rate

to peacekeeping as to the regular budget, although a small number of wealthy countries (e.g. Brunei, Saudi Arabia, and the United Arab Emirates) receive small discounts. The permanent members of the security council form a separate level in recognition of their decision-making responsibilities for peacekeeping and pay an increased share (above their regular budget rate) equivalent to the discounts received by other countries.

Figure 2. Ceiling for largest contributor to UN regular budget



² UN General Assembly Resolution 55/235 (January 30, 2001), UN Doc. A/RES/55/235.

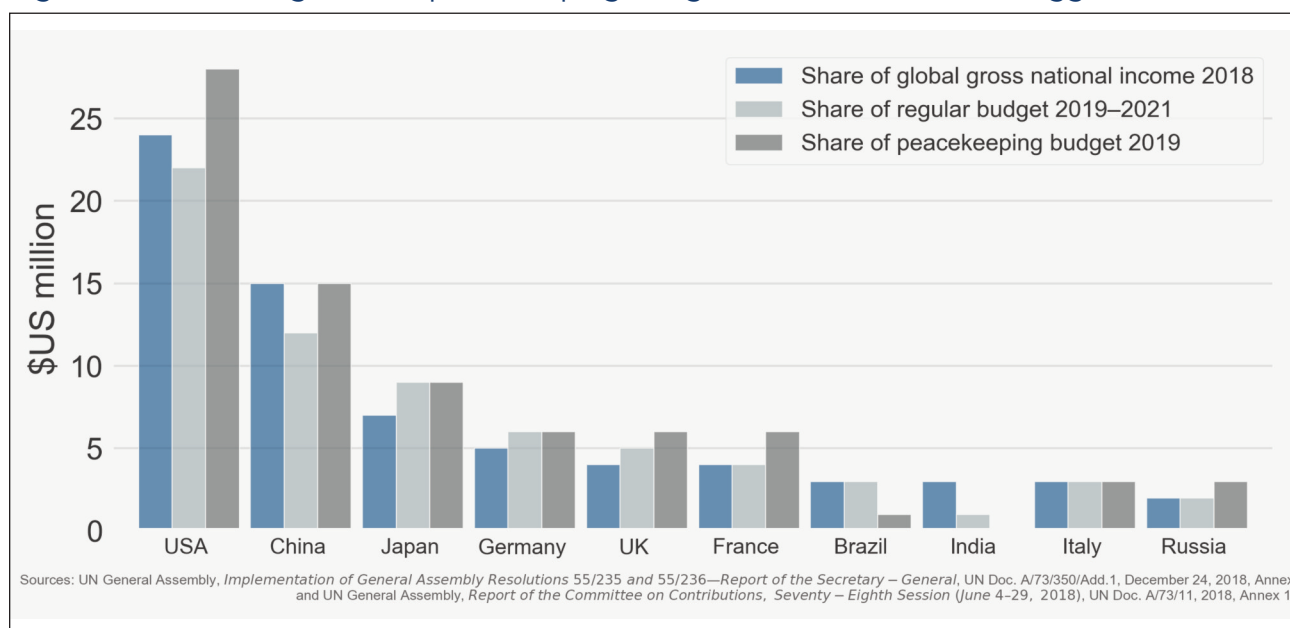
Table 1. Ten levels of peacekeeping contributors³

Level	Criteria	Discount Level
A	Permanent members of the Security Council	Premium
B	Countries with per capita income more than 2 times the world average	0
C	Countries with per capita income more than 2 times the world average but still in receipt of discounts	7.5
D	Countries with per capita income less than 2 times the world average	20
E	Countries with per capita income less than 1.8 times the world average	40
F	Countries with per capita income less than 1.6 times the world average	60
G	Countries with per capita income less than 1.4 times the world average	70
H	Countries with per capita income less than 1.2 times the world average	80
I	Countries with per capita income less than the world average	80
J	Least-developed countries	90

The combination of the UN regular budget scale and the additional discounts applied to UN peacekeeping can be dramatic (see Figure 3). Many countries pay vastly different amounts to the UN regular and peacekeeping budgets even when the

size of their economy has been factored in. India’s share of the regular budget is five times as big as its share of the peacekeeping budget, and San Marino (population 33,000) pays three times as much to UN peacekeeping as Bangladesh (population 162

Figure 3. Share of regular and peacekeeping budget assessments for ten biggest economies



³ UN General Assembly Resolution 73/272 (January 3, 2019), UN Doc. A/RES/73/272.

million). The share of the five permanent members of the council, on the other hand, is 27 percent more than their share of the regular budget.

Both the regular budget and the peacekeeping budget scales are scheduled for renegotiation every three years by the General Assembly, but because the scales are a classic zero-sum negotiation—if one country pays less, another country must pay more—UN member states have consistently struggled to agree on significant changes. The methodology for the peacekeeping scale has only been significantly adjusted once in the last forty years. Despite the efforts of some delegations, the most recent negotiations on both the peacekeeping and the regular budgets, completed in December 2018, maintained the status quo.

A History of Disputes over Peacekeeping Financing

In the seventy years since the Security Council initiated UN peacekeeping through the deployment of UN military observers to the Middle East, peacekeeping has become central to the work of the United Nations. Financing has been an issue of dispute during almost that entire period.

EARLY PROBLEMS WITH FINANCING PEACEKEEPING

The first two UN missions, the UN Truce Supervision Organization (UNTSO) and UN Military Observer Group in India and Pakistan (UNMOGIP)—were small and focused on observation and monitoring. Both were funded from the UN regular budget, as UNMOGIP still is to this day. UN peacekeeping evolved quickly thereafter. To address the Suez crisis in 1956, the General Assembly established the first armed peacekeeping operation, the UN Emergency Force (UNEF), overcoming vetoes in the Security Council. The unusual circumstances for the creation of UNEF complicated its funding arrangements. The General Assembly decided that the state providing troops would pay for salaries and equipment, while other costs should be met by all member states based on the regular budget scale of assessments. However, some countries withheld their contribu-

tion as a matter of principle, arguing that authority for mandating peacekeeping missions rested solely with the Security Council.

The UN Operation in the Congo (ONUC), established in 1960, faced even bigger financial challenges. The largest-ever UN peacekeeping mission, with 20,000 military personnel, its deployment flowed from the secretary-general's decision to flexibly use the authority granted him by Security Council Resolution 143 (1960) "to take the necessary steps... to provide the Government [of the Republic of the Congo] with such military assistance as may be necessary."⁴ As the mission was established using flexible resources at the secretary-general's disposal, there was an intense debate among UN member states about whether it was properly mandated and how to meet its costs. Ultimately, this led to several countries, including the Soviet Union, withholding payments, precipitating the first of many liquidity crises for UN peacekeeping.

Withholding of contributions from ONUC and UNEF led to the biggest financial crisis the UN has faced to date. The General Assembly went as far as authorizing the secretary-general to issue bonds to meet the budget shortfall.⁵ While providing some temporary respite, this approach caused longer-term problems, with some countries withholding amounts equivalent to the bond repayments. Even though, on the request of the General Assembly, the International Court of Justice opined that these were legitimate expenses of the UN under Article 17.2 of the Charter, some member states still refused to contribute.

By the mid-1960s, the Soviet Union's total withholdings exceeded two years of assessed contributions, which should have triggered Article 19 of the Charter and the Soviet Union's loss of its vote in the General Assembly (see Box 1). This, in turn, led to a political crisis, with the General Assembly's work put on pause for much of 1964 and 1965 and UN member states ultimately concluding that applying Article 19 to the Soviet Union at the height of the Cold War was a step too far. The Soviet arrears from this period remained on the UN's books throughout the 1970s, and while

4 UN Security Council Resolution 143 (July 14, 1960), UN Doc. S/RES/143.

5 Susan R. Mills, "Financing of United Nations Peacekeeping Operations: The Need for a Sound Financial Basis," International Peace Academy, September 1989.

Box 1. Charter of the United Nations, Chapter IV, Article 19

“A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years.

“The General Assembly may, nevertheless, permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.”

the Soviet Union paid off much of the debt in the mid-1980s, a share of the debt inherited by Ukraine remains on the UN’s books to this day.

THE UNITED STATES’ WITHHOLDING HISTORY

Although a number of countries withheld contributions in the early days of the UN, by the 1980s, withholding was a practice most closely associated with the US. Beginning in 1985, under the administration of President Ronald Reagan, the US delayed by a whole year the congressional budget from which it paid its UN assessments, which led to the build-up of arrears for both the UN regular budget and the peacekeeping budget. Even so, it was not until the mid-1990s that peacekeeping finance became a defining issue in domestic US policy debates on UN reform and the fairness of the US share. While President Bill Clinton initially endorsed greater US support for UN peacekeeping, by 1993 he was arguing before the General Assembly that “[the US] rate should be reduced to reflect the rise of other nations that can now bear more of the financial burden.”⁶ He subsequently signed legislation that capped the US contribution to UN peacekeeping at 25 percent (see Box 2).⁷

The build-up of US arrears coincided with a dramatic surge in UN peacekeeping after the Cold War. The Security Council authorized twenty new operations between 1989 and 1994 in countries ranging from Angola to El Salvador. Peacekeeping missions also started becoming more complex with the creation of multidimensional missions designed to ensure the implementation of comprehensive peace agreements, which require peacekeepers to take on tasks ranging from the protection of civilians and human rights monitoring to the reintegration of former combatants. Peacekeeping has also shifted increasingly away from tackling conflicts between countries to intra-state civil wars. By 1999, US withholding was having a hugely detrimental impact on UN operations, and international criticism, combined with the looming possibility of the US losing its General Assembly voting rights, led to Congressional action. As leading members of the Senate Foreign Relations Committee, Senators Jesse Helms and Joe Biden constructed a package that called for partial payment of US arrears with subsequent payments predicated upon a lowering of the US assessment rate and UN reforms.

Box 2. Foreign Relations Authorization Act for Fiscal Years 1994 and 1995, Section 404(b)

“(1) Fiscal years 1994 and 1995. Funds authorized to be appropriated for ‘Contributions for International Peacekeeping Activities’ for fiscal years 1994 and 1995 shall not be available for the payment of the United States assessed contribution for a United Nations peacekeeping operation in an amount which is greater than 30.4 percent of the total of all assessed contributions for that operation...

“(2) Subsequent fiscal years. Funds authorized to be appropriated for ‘Contributions for International Peacekeeping Activities’ for any fiscal year after fiscal year 1995 shall not be available for the payment of the United States assessed contribution for a United Nations peacekeeping operation in an amount which is greater than 25 percent of the total of all assessed contributions for that operation.”

⁶ “The UN Assembly; In Clinton’s Words: U.N. Become Engaged in Every World Conflict,” New York Times, September 28, 1993.

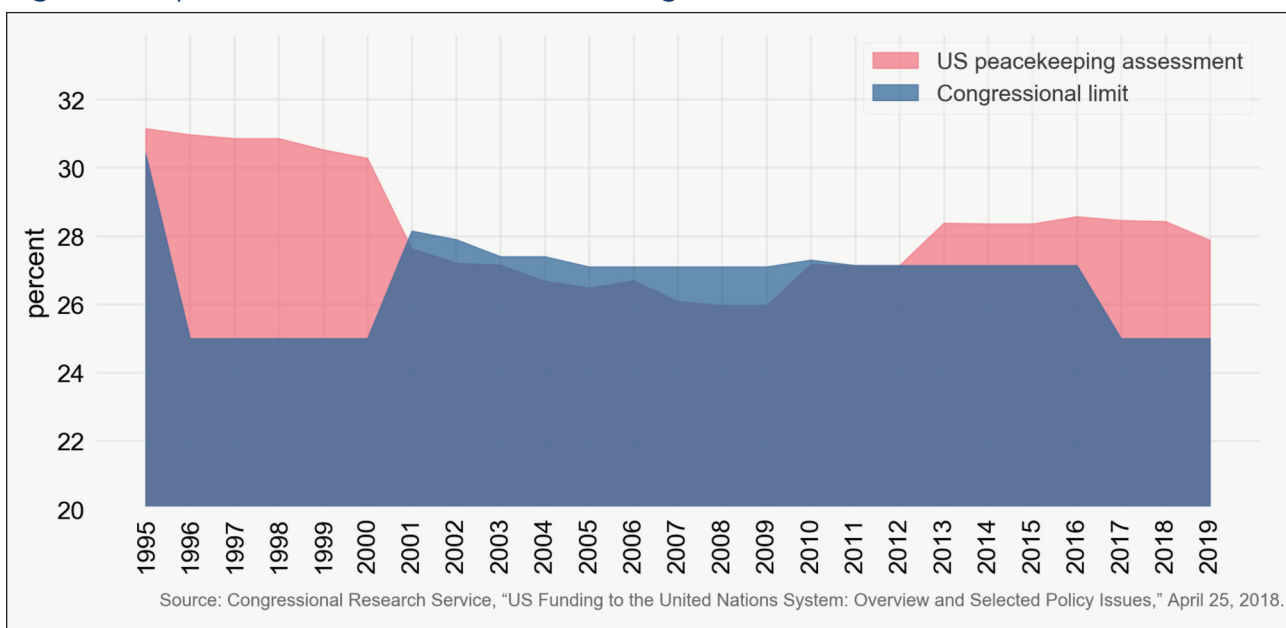
⁷ Harold J. Johnson, “United Nations: Status of U.S. Contributions and Arrears,” U.S. Government Accountability Office, July 28, 1999.

The “Helms-Biden” package was initially condemned by many countries as unfair but ultimately provided the framework for the then-US ambassador to the United Nations, Richard Holbrooke, to negotiate a reduction in the US contribution to the regular budget from 25 percent to 22 percent. This followed a multi-faceted campaign described by the then-chairman of the UN Fifth Committee, who oversaw the negotiations, as “singularly aggressive and comprehensive.”⁸ The final agreement required some creative solutions, including a contribution of \$31 million from American entrepreneur Ted Turner to smooth the transition for countries expected to pay more.⁹ In exchange for countries agreeing to lower the ceiling to 22 percent, the US committed to clearing \$926 million of the \$1.3 billion in arrears it had built up over the previous decade. At the time, many member states believed that the agreement reached would secure the UN’s future finances and permanently place the UN-US relationship on firmer footing.¹⁰

Since the enactment of Helms-Biden, the US has

had a mixed record in paying its full assessed peacekeeping rate. The original congressional legislation from 1995 placing a 25 percent cap on the US peacekeeping contribution has not been formally repealed, so the administration must rely on Congress to waive the requirement on an annual basis. Between 2001 and 2012, the congressional limit remained above the US assessment rate, allowing the US to gradually reduce outstanding arrears (see Figure 4). However, this changed with the omnibus appropriations bill for 2013, which capped US peacekeeping contributions at 27.14 percent, even though the US rate had grown to more than 28 percent.¹¹ While Congress maintained the 27 percent ceiling through the end of the 2016 fiscal year, the US did not fall behind in its payments because it was able to use credits from previous overpayments to UN peacekeeping operations to make up the difference. This meant that by 2017, the US had cleared most of its deficit to UN peacekeeping, leaving approximately \$260 million of outstanding (and partially disputed) arrears.

Figure 4. Gap between US assessment and congressional authorization



8 Gert Rosenthal, “The Scale of Assessments of the UN Budget: A Case Study of How the United States Exercises Its Leverage in a Multilateral Setting,” *Global Governance* 10, no. 3 (July–September 2004).

9 Suzanne Nossel, “Retail Diplomacy: The Edifying Story of UN Dues Reform,” *National Interest*, no. 66, Winter 2001/02.

10 Derek Chollet and Robert Orr, “Carpe Diem: Reclaiming Success at the United Nations,” *Washington Quarterly* 4, no. 4 (2001).

11 Jordie Hannum and Ryan Kehmna, “U.S. Funding for United Nations Peacekeeping,” in *U.S. Engagement in International Peacekeeping: From Aspiration to Implementation*, Don Kraus, Robert A. Enholm, and Amanda J. Bowen, eds. (Washington, DC: Citizens for Global Solutions Education Fund, 2011).

Since 2017, the US Congress has not enacted legislation to raise the 25 percent cap on payments.¹² As such, there is a gap of over \$200 million between the US assessment and the congressionally authorized budget for UN for peacekeeping in each budget cycle. By the end of the current peacekeeping cycle (in June 2019), total US arrears to peacekeeping will total close to \$1 billion—equal to the amount owed in 1999, when Helms and Biden intervened. Without congressional action, US arrears will continue to accumulate by almost \$200 million a year.

The Impact of Late Payments and Withholding on UN Missions

When member states do not pay their contribution to UN peacekeeping in full or on time, it creates a potential cash-flow problem for the UN Secretariat. A UN mission may have the budget and authority to spend but not the cash to carry out operations in full. The cash-flow problem is compounded by prohibitions put in place by the UN General Assembly. Unlike the UN regular budget, there is no single peacekeeping budget; instead, each peacekeeping mission has its own dedicated account, and member states are sent separate bills for their share of its budget. Even though the General Assembly usually decides on a mission's budget for a whole year, the secretary-general is only able to bill member states until the date on which the Security Council is scheduled to renew a mission's mandate. Member states are then billed again once the Security Council has extended the mandate. This is true even when the Security Council has not changed the mandate in many years.

For example the annual budget of the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) is

agreed by the General Assembly in June for a one-year period (July 1st to June 31st of the following year), but its mandate is extended annually by the Security Council in the fall (it currently runs until November 15th). This means that the Secretariat bills member states first for the period July 1st to November 15th and then again, after the mandate has been renewed by the Security Council, from November 15th to June 31st.

The secretary-general is also prohibited from using cash designated for one mission to meet the urgent needs of another (see Box 3). Instead, they must rely on borrowing against the \$153 million in the accounts of closed peacekeeping missions, which is not explicitly prohibited as it is for active missions. Another source of funding for urgent peacekeeping needs is the \$150 million peacekeeping reserve fund, which was established in 1993 to provide the secretary-general with a rapid cash-flow mechanism. However, the reserve can only be used to fund a new mission or when a mission's mandate has significantly changed. Moreover, while organizations or governments facing liquidity constraints similar to the UN usually look to reduce spending, reducing spending within a peacekeeping mission's agreed-upon budget only provides short-term relief and raises future challenges. This is because any savings or underspending vis-à-vis the agreed budget must go back to member states in the form of a credit.

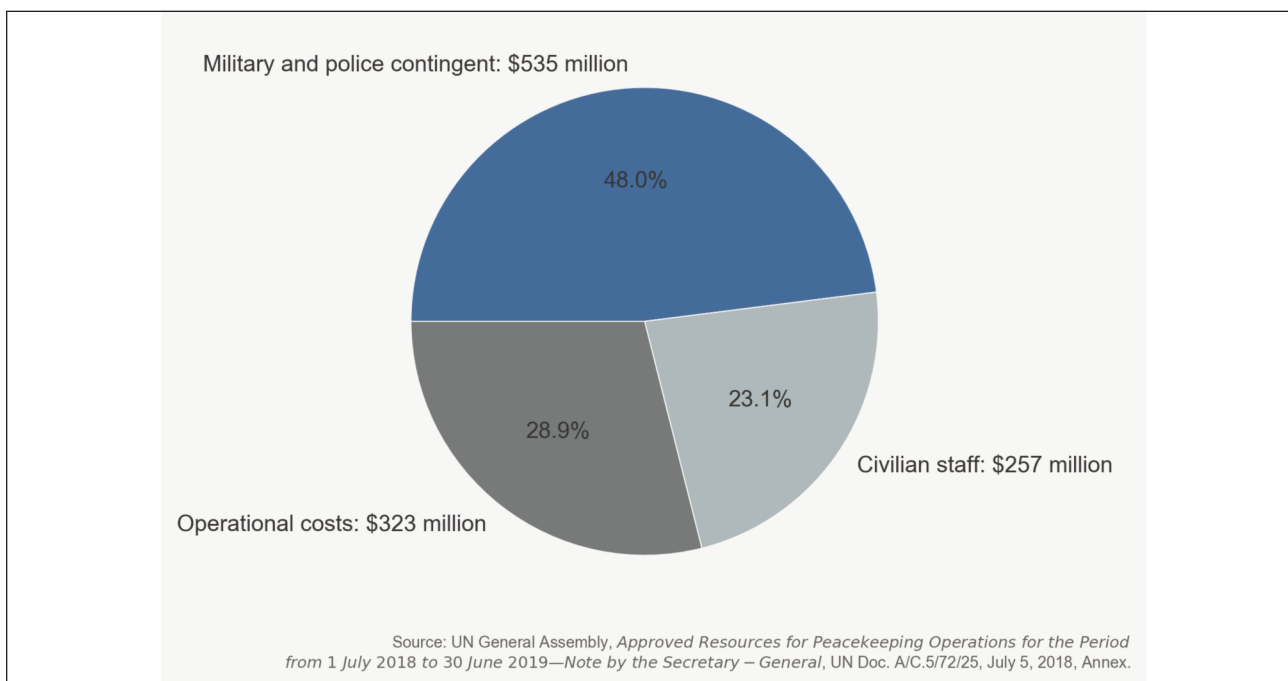
Cash-flow challenges primarily impact troop-contributing countries. The UN currently has over 100,000 uniformed personnel from over 120 countries, the majority of which are African and Asian. Military personnel working for their own national armies are seconded to work under the command of the UN. Reimbursements for uniformed personnel and their equipment typically account for some 30 percent of the peacekeeping budget and are the largest part of the budget for most peacekeeping missions (see Figure 5).

Box 3. Language contained in each active peacekeeping mandate

“Emphasizes that no peacekeeping mission shall be financed by borrowing funds from other active peacekeeping missions.”

12 Congressional Research Service, “US Funding to the United Nations System: Overview and Selected Policy Issues,” April 25, 2018.

Figure 5. MONUSCO budget 2018/2019



When deploying personnel to UN peacekeeping missions, a country signs a memorandum of understanding with the United Nations that details the equipment, self-sustainment services, and personnel it is asked to deploy and for which it is entitled to be financially reimbursed.¹³ The General Assembly periodically reviews and agrees upon rates of reimbursement for both personnel and equipment. The current rate for military and police personnel is \$1,428 per person per month. Once a contingent deploys, the mission's leadership verifies that it has met its obligations under the memorandum of understanding and then allows UN headquarters to disperse reimbursements to the contributing country.

Cash shortfalls in missions are most immediately felt through delays in reimbursements for troop- and contingent-owned equipment. Delaying reimbursements helps mitigate the potential impact on other operational aspects of peacekeeping missions, including the payment of staff salaries. For much of 2018, almost one-third of annual payments for personnel, equipment, and sustainment activities were overdue (see Figure 6).

This has started to impact the ability of troop-contributing countries to generate and deploy replacement contingents and update contingent-owned equipment. Rwanda, for example, reportedly had to withdraw a planned rotation of one of its troop contingents to MINUSCA because it had not received reimbursements it was relying on to update contingent-owned equipment.¹⁴ At the end of 2018, the UN owed \$255 million of outstanding reimbursements to troop- and police-contributing countries.

Placing UN Peacekeeping on Firmer Financial Footing

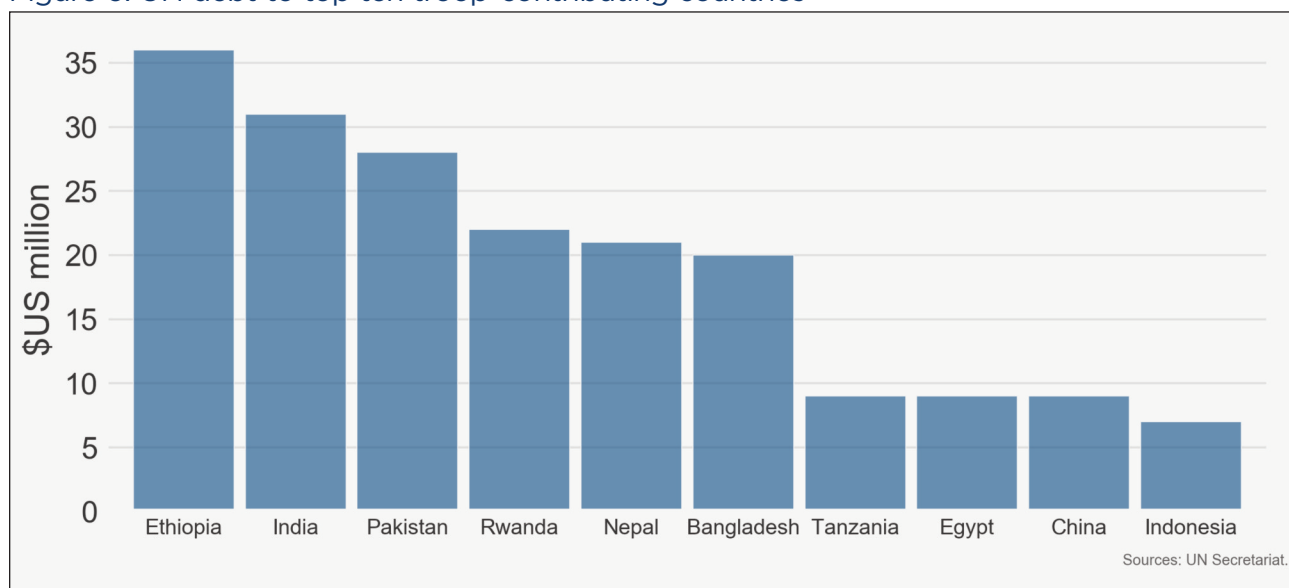
Member states are obliged to pay their assessed contributions to the United Nations on time and in full. The secretary-general annually apprises member states of the financial situation of the organization, reminding them of their obligations. In 2019, Secretary-General António Guterres took the additional step of writing to the whole membership expressing his concerns about what he described as a “financial crisis.”¹⁵ In addition to

13 Katharina P Coleman, “The Political Economy of UN Peacekeeping: Incentivizing Effective Participation,” International Peace Institute, May 2014.

14 Paul D. Williams, “In US Failure to Pay Peacekeeping Bills, Larger UN Financing Questions Raised,” *IPI Global Observatory*, October 23, 2018.

15 Mark Leon Goldberg, “UN Peacekeeping Faces Massive Funding Shortfall,” *UN Dispatch*, January 16, 2019.

Figure 6. UN debt to top ten troop-contributing countries



this, he briefed both the Security Council and General Assembly about his concerns and intention to propose measures that would improve the financial health of the organization. He now needs the collective support of member states to place UN peacekeeping on firmer financial footing.

REDUCING ARREARS AND RELIANCE ON THE LARGEST CONTRIBUTOR

There is some indication that the extraordinary steps taken by the secretary-general have expedited some delayed contributions. To ensure that the level of arrears does not increase, the secretary-general will in particular need to convince the US administration and Congress to pay its contribution in full, in line with the peacekeeping scale of assessment that the General Assembly adopted by consensus in December 2018. Once the build-up of additional arrears has been arrested, the next step is to ask the US administration to pay in full the arrears that have built up over the last two years. Ultimately, to prevent the periodic, repeated build-up of US arrears, Congress would ideally need to permanently repeal the quarter-century-old legislation capping US contributions at 25 percent.

This will not be easy, and the secretary-general will require support from UN member states to do

it. Many countries have lamented the challenging financial situation faced by the United Nations; the Indian permanent representative to the United Nations, for example, has been vocal in recent months, emphasizing the detrimental impact arrears have on the poorest troop-contributing countries.¹⁶ It is unclear whether member states have used their bilateral contacts with the US and other countries who have not paid their UN assessment in full to actively press for the payment of outstanding arrears.

The United States has justified limiting its peacekeeping contribution to 25 percent by highlighting a need to more equitably share the burden.¹⁷ From its origins, the UN has recognized that reliance on a single member state should be limited. There is also a legitimate case for some countries to pay a larger share of the peacekeeping budget—particularly countries with the highest per capita income that are currently receiving discounts to their peacekeeping assessments. However, the fact that the General Assembly has changed neither the peacekeeping nor the regular budget scale methodology since 2000 highlights the difficulty of finding consensus on how to approach adjustments to the system.

¹⁶ Seema Sirohi, "Pay the Countries Sending Peacekeepers, India Tells UN," *The Wire*, January 20, 2019.

¹⁷ Donald Trump, remarks to the 73rd Session of the United Nations General Assembly, New York, September 25, 2018, available at www.whitehouse.gov/briefings-statements/remarks-president-trump-73rd-session-united-nations-general-assembly-new-york-ny/.

Economic trends underlying the scale of assessment indicate that the dynamic among the largest contributors to the UN budget has already begun to change. While future trends in the scale of assessment are difficult to predict precisely, the dramatic rise in the Chinese share of the UN budget will continue over the next decade (see Figure 7). Economic forecasts indicate that China will overtake the US as the world's largest economy by 2032.¹⁸ Chinese GDP per capita is already above the world average, which means that over the next two scale periods (six years) it will cease to benefit from discounts. Soon after that, it will hit the ceiling for the largest contributor, which means that its shares of both the regular and peacekeeping budgets will match those of the US. This could change the underlying dynamic behind the build-up of arrears to UN peacekeeping.

Recommendations to Build the Resilience of the UN Secretariat

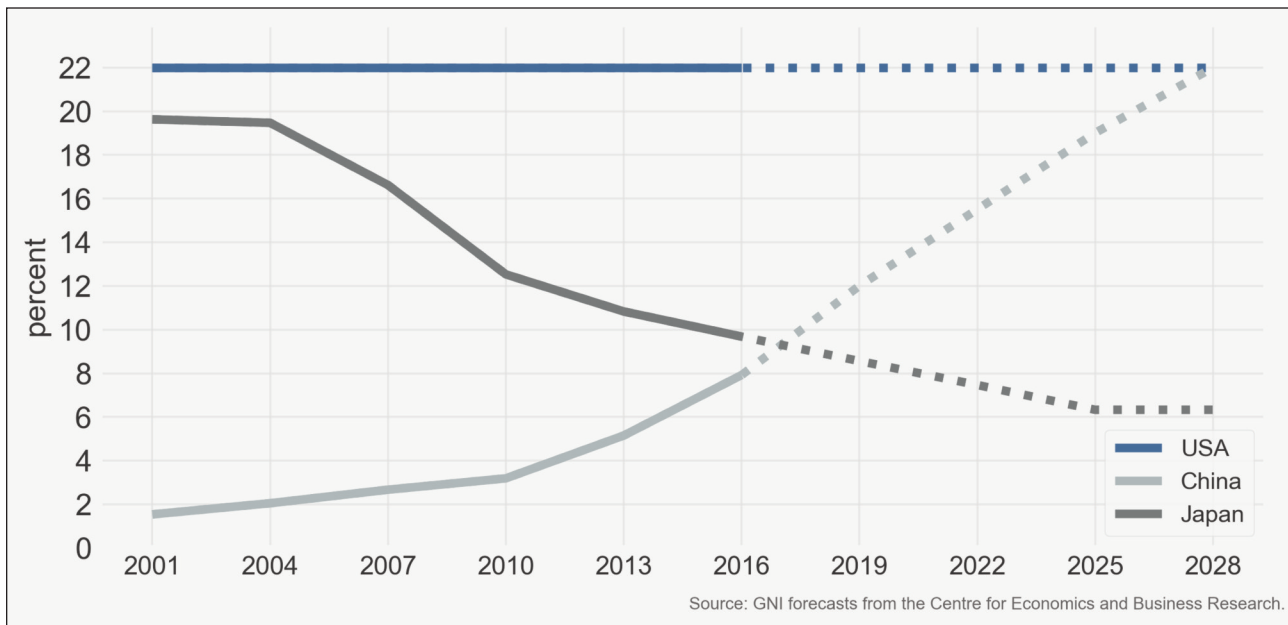
The rules and regulations put in place to govern the management of UN peacekeeping have developed over time but have not kept pace with the changing

size of missions and the new challenges they face. Constraints put in place by member states unduly restrict the secretary-general. A reevaluation of some of these constraints would benefit all member states that support peacekeeping, whether as financial contributors or troop and police contributors.

In March 2019, the secretary-general briefed member states on the financial situation of the Secretariat, including in relation to peacekeeping, and offered several proposals to remedy the situation. These included managing cash as a pool, increasing the reserve fund, retaining credits, and issuing year-long assessments. Those proposals are expected to go before member states for consideration later this year. These proposals—including possible variations—and other options are considered below, along with some of the political considerations that are likely to influence member states' decision making.

- **Create a cash reserve for peacekeeping:** The secretary-general does not currently have any formal reserves to manage urgent liquidity problems beyond borrowing from closed missions. He has floated the idea of creating a dedicated Peacekeeping Working Capital Fund

Figure 7. Projected share of UN regular budget



¹⁸ Centre for Economics and Business Research, "World Economic League Table 2019," December 2018.

of \$250 million to address the liquidity challenges of active peacekeeping operations. An alternative to a new fund could be to use the Peacekeeping Reserve Fund more widely. This fund has proven to be a vital mechanism when mission mandates change, and relaxing some of the restrictions placed on it by the General Assembly would allow it to play an equally valuable role in bridging cash-flow gaps and ensuring continuity in mission operations. However, the level of the fund has not been increased in twenty-five years and has not kept pace with inflation. Simply taking account of the cumulative inflation since its creation would mean increasing the fund to \$270 million. Because some member states may be reluctant to make additional payments to increase the peacekeeping reserve, this could be done on a voluntary basis or by the secretary-general retaining unspent funds for a limited period (as was the case when the reserve was created).

- **Consolidate peacekeeping accounts:** The General Assembly's prohibition on cross-borrowing between peacekeeping budgets means that the UN Secretariat can at any time have millions of dollars deposited in the bank for one mission while another peacekeeping mission is unable to pay its bills. This places unnecessary pressure on peacekeeping missions, particularly smaller ones. Consolidating peacekeeping accounts for separate field missions into a single set of accounts and reports would significantly improve cash management and operational flexibility. Likewise, it would not create any additional financial burdens for member states. However, consolidating peacekeeping accounts may create challenges for some countries vis-à-vis their domestic budgeting arrangements and processes for parliamentary approval of budgets, as these are often appropriated on a mission-by-mission basis. A more modest approach would be to manage the cash balances of active missions as a pool while maintaining the balances in separate accounts. Another approach could be to allow the secretary-general to cross-borrow with certain constraints, such as a cap on the total allowed to be borrowed from a mission's annual budget.
- **Streamline billing:** The current practice of sending multiple bills, which must all be processed individually, creates an unnecessary burden on both the Secretariat and member states. Aligning billing with the budget process and permitting the secretary-general to issue assessments for a whole year rather than until the mandate is scheduled for renewal would reduce bureaucracy. To reduce duplication and help small delegations, the secretary-general should move to issuing a single assessment letter covering all peacekeeping missions. Some member states may raise concerns that they will be billed for a peacekeeping mission whose mandate is not subsequently renewed. The experience of seventy years of peacekeeping suggests this concern is more theoretical than real, however, as the Security Council tends not to make big unexpected changes to peacekeeping mandates. Mission drawdowns and closures have tended to be staged with planning assumptions already reflected in budgets.
- **Incentivize budgetary discipline:** National governments facing budgetary challenges have the option of reducing expenditures. While there may be some scope within peacekeeping missions to reduce or delay expenditures in response to cash-flow challenges, this has the perverse effect of making the liquidity problem worse over time because any savings must be returned to all member states in the form of credits. Before the creation of the Peacekeeping Reserve Fund, the General Assembly allowed cash to be retained temporarily from certain missions on an ad hoc basis to help alleviate liquidity problems. Allowing limited flexibility on the return of credits to member states until liquidity reserves are built up would provide the secretary-general with some additional relief and incentivize budget discipline.
- **Encourage prompt payments:** Under the Financial Regulations and Rules of the United Nations,¹⁹ member states are required to pay their assessed contributions within thirty days of receipt of a letter from the secretary-general informing them of their assessment. Many UN member states meet this deadline, for which they

¹⁹ United Nations, *Financial Regulations and Rules of the United Nations*, UN Doc. ST/SGB/2013/4, July 1, 2013.

should be commended, particularly because the incentives for prompt payment currently in place are weak. The secretary-general has floated the idea of amending Article 19 to decrease the threshold for loss of voting rights from two years to one year, but the high threshold for amending the Charter and subsequent requirement for national ratification mean that this is not a realistic option. An alternative approach could be to introduce late-payment penalties or to look again at the proposal from Secretary-General Kofi Annan to introduce interest on arrears.²⁰ There will be resistance to such an approach, including legitimate arguments that this will add to the burden of some of the poorest member states that currently struggle to pay their assessment in full. A more credible option could be to introduce small inducements such as a 1 percent credit for countries that pay within thirty-days of notifica-

tion.

UN peacekeeping can anticipate further financial challenges for at least the next two years. Withholding of contributions by the US will continue to negatively impact troop- and police-contributing countries most directly, but it has wider consequences for mission performance, jeopardizing both overall mandate implementation and also, in some cases, the ability of missions to adequately respond to emerging crises. Member states should assist the secretary-general in reinforcing all countries' obligation to pay their dues to the UN in full and on time. To address structural weaknesses, member states also need to look creatively at changes to the way peacekeeping budgets are processed and managed and to identify solutions that overcome the unnecessary constraints placed on the secretary-general.

²⁰ UN General Assembly, *Investing in the United Nations: For a Stronger Organization Worldwide*, UN Doc. A/60/846, May 12, 2006.

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