

The UN regular budget is approximately US \$1.3 billion annually. In 1995, the overall peacekeeping budget accounts for approximately another \$3.5 billion. It is hoped that in the next few years total peacekeeping expenditures will fall dramatically with the conclusion of several high-profile, expensive missions. The UN's various development and relief agencies, funds and programs mean that total expenditure from the UN system exceeds \$12 billion. In comparative terms, total official development assistance by OECD countries this year is approximately \$55 billion.

The UN is currently in perilous financial circumstances. It has been so in the past and has always found a compromise solution. But this time, the Secretary General in June 1995 suspended reimbursements to troop-contributing countries on the grounds that cash balances for the Secretariat would be down to US \$200 million by year's end. The suspension will raise this amount to \$300 million, which still makes cash management difficult (but probably not impossible) for the UN. Late payment is a chronic feature of UN membership. The Secretariat has responded by over-budgeting nearly every form of activity, and itself pays bills late and juggles actual staffing and consultant contracts relative to authorized staffing and consulting levels.

The collective response of member states so far has been less than impressive: a High Level Working Group of the Whole, chaired by Austria and Trinidad, after eight months of debate (January-July 1995), has yet to formulate substantive recommendations. (It has focused mainly on incentives and disincentives for prompt payment and on modifications to the scale of assessments and is expected to resume in January 1996.) The issue of the scale of assessments was again raised at UNGA50, with more recommendations for further study. Therefore, although member states bemoan the terrible state of UN finances at UNGA, little political will has been mustered to do anything institutionally to redress the problem.

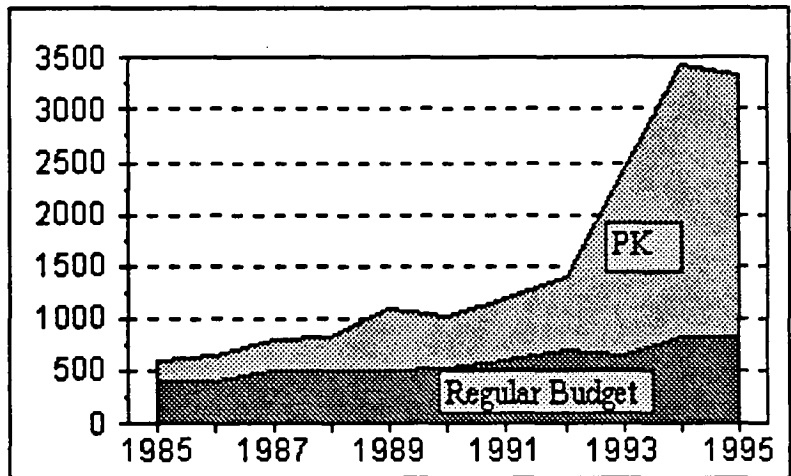


Figure 1 Unpaid Assessed Contributions - regular budget and peacekeeping activities combined (all balances at 30 Sept. \$m)

At UNGA50, however, late payers, and the U.S. in particular were pushed by