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U.N. Funding, Payment of Arrears and Linkage to Reform: Legislation in the 105th Congress

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ABSTRACT

The Clinton Administration and the Congress are currently debating the payment of past debt (arrears) to the United Nations in the legislation authorizing and appropriating funds for the Department of State. The issues include how much of the debt should be paid, the timetable for payment, and the conditions which the U.N. must meet to receive payment. The debate currently includes unrelated House language on abortion which derailed passage of the entire bill in 1997. This report tracks the legislation, summarizes the bills being considered, and refers readers to related products. It is updated regularly.

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Summary

The conference report on H.R. 1757, the Foreign Relations Authorization bill for FY1998-FY1999, will be debated in the Senate beginning April 24 with a vote expected April 28, 1998. On March 26, the House adopted the conference report (H.Rept. 105-432) on H.R. 1757; the bill authorizes a total \$926 million for payment of arrears to international organizations in exchange for U.N. and U.N. agency reforms. The House version of the bill did not address payment of the U.S. arrears or U.N. reforms. The conferees accepted virtually all the Senate language in Conference. The Conference version of the bill also contains unrelated House language restricting activities of foreign family planning organizations, which the President has threatened to veto. This linkage derailed passage of the bill in 1997.

During the first session of the 105th Congress, Members debated the conditions that the United Nations would need to meet in exchange for U.S. payment of past debt (arrears) during consideration of both authorization and appropriation legislation to provide funds for U.S. assessed contributions to the United Nations regular budget, U.N. peacekeeping operations, U.N. specialized agencies, and other international organizations. The Administration and Congress disagreed over language restricting the abortion related activities of international private family planning agencies. House supporters of language restricting abortion related activities assert that the House leadership is committed to maintaining a link between the abortion language and releasing funds to pay the United Nations.

The Clinton Administration's FY1999 request includes \$231 million for U.N. assessed peacekeeping operations and \$930.773 million for assessed contributions to international organizations of which \$297 million is for the U.N. regular budget. The Administration seeks \$921 million in FY1998 supplemental monies payable in FY1999 (\$475 million) and FY2000 (\$446 million) for arrearages.

Last year, P.L. 105-119 (H.R. 2267), the State Department Appropriations bill, appropriated \$955.5 million for FY1998 funding for U.S. assessed contributions to international organizations, including \$54 million for arrears. The arrears payment may be made only after enactment of legislation authorizing such payment and including many of the reform provisions in H.R. 1757. P.L. 105-119 also appropriated \$256 million for FY1998 contributions to U.N. peacekeeping, of which \$46 million for arrears may be made available only after specific authorization.

The 1997 Budget Resolution contains an allowance for FY1998, 1999, and 2000 for payment of arrears to the U.N. agencies affected, allowing up to full payment of arrears as requested by the Administration. Meanwhile, during 1997, the U.N. General Assembly in New York debated and approved many reform measures proposed by the U.N. Secretary-General.

Note: for additional discussion see CRS Issue Brief 86116, *U.N. System Funding: Congressional Issues*; and CRS Issue Brief 90103, *United Nations Peacekeeping Issues for Congress*.

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Introduction

Some Members of Congress have argued that fiscal mismanagement, lax personnel policies, and extravagant spending at the United Nations and other international organizations have wasted U.S. contributions. While this view has not been universal, Congress has voted over the last decade or more, to reduce the amount appropriated to fund U.S. contributions to the U.N. system in order to force the United Nations to adopt reforms aimed at curtailing waste. The Department of State is concerned that the U.S. arrearages (money owed by the United States to some U.N. agencies, U.N. peacekeeping, and other international organization accounts) are continuing to grow despite the adoption by the United Nations of many of the reform measures required by Congress and endanger the fiscal health of the U.N. system. State Department officials argue that continued refusal to pay is hampering U.S. efforts to make further reforms at the United Nations. During 1997, negotiations between the Administration and Congress over the payment of the arrears and the reforms on which payment would be conditioned were intense.

For FY1999 the Clinton Administration requested \$231 million to pay for U.N. assessed peacekeeping activities and \$930.773 million to pay assessed contributions to international organizations of which \$297 million is for the U.N. regular budget. In addition, the Administration proposes paying \$1.021 billion in accumulated arrearages to international organizations over the next three fiscal years. Most of the funds—\$921 million—are sought in a proposed advanced appropriation to be included in a FY1998 supplemental that would only be disbursed in FY1999 and FY2000. The Administration requested as part of a supplemental package, \$921 million (\$475 million for FY1999 and \$446 million for FY2000 disbursement) to pay outstanding dues owed to international organizations and for U.N. peacekeeping operations.¹

The Senate Appropriations Committee, which reported the supplemental appropriations legislation on March 17, did not include U.N. arrearage payments. However, during floor debate on March 25, the Senate adopted an amendment sponsored by Senator Helms (by vote of 90-10), which expressed the sense of the Senate that U.S. taxpayers ought to be commended for their generous U.N. contributions and the United Nations should immediately reduce the U.S. assessed peacekeeping assessment to 25%. The House Appropriations Committee approved \$505 million in advance appropriations (\$475 million for FY1999 and \$30 million for

¹For more detailed information on the Supplemental legislation, see CRS report 98-123 F, Supplemental Appropriations and Rescissions for FY1998.

FY2000) for U.N. peacekeeping arrearages. According to the CQ Dailey Monitor or April 24, 1998, House Speaker Gingrich has promised that a second supplemental bill providing money for both the International Monetary Fund and U.N. arrears will be considered by the House later in the session.

Congress appropriated \$100 million (\$54 million for U.N. regular budget arrears and \$46 million for U.N. peacekeeping arrears) last year (P.L. 105-119, H.R. 2267), but those funds may not be paid until authorizing legislation is enacted which makes payment contingent on specific U.N. reforms. In 1997, Congress and the Administration had negotiated such authorizing language, including provisions (popularly known as the Helms-Biden agreement) which would have allowed the United States to pay \$926 million in arrears payments over three years to international organizations and U.N. peacekeeping operations (\$100 million was the amount that would be paid in the first year.). The arrearage payments were made subject to the implementation of specified U.N. system reforms (“benchmarks”), including a reduction in U.S. assessment rates for the United Nations, some U.N. system organizations, and for U.N. peacekeeping operations. That authorizing legislation was not enacted because of disagreement over unrelated House language restricting activities of foreign family planning organizations.

At the beginning of 1998, the Administration proposed modifications in the Helms-Biden agreement for payment of the arrears, pointing out that because the original legislation had not passed, some of the provisions were no longer viable. In response, the Congress, and particularly the Senate, has made clear that the Senate language in H.R. 1757 will be adopted in exchange for payment of the \$926 million in arrears. This paper looks at the proposals contained in H.R. 1757, as reported by House and Senate conferees.

Background

Although reforming the United Nations had been debated for years, the Administration and the Congress had been unable to agree on the reform measures needed until the agreement reached between Senators Helms, Biden, and the Administration in 1997. Nor has there been a common position in Congress on reform. Legislation introduced over the last few years has ranged widely from withdrawing from all or some U.N. agencies to fully repaying U.S. debts to the entire U.N. system; from limiting participation in U.N. peacekeeping operations to limits on any participation in the U.N. system; and from reduced U.S. contributions to some or all U.N. agencies to increased appropriations for some U.N. agencies or programs. The fragility of the current reform/arrears agreement, as shown by the parrying between the Administration and Congress demonstrates the difficulty of the situation.

Congress plays a key role in U.S. policy toward the United Nations because it appropriates funds for U.S. assessed contributions. Recently, it has taken a more active role in U.S. policy as the size of the arrears has grown (an amount which is itself in dispute) and as it has tied payment of this debt to “meaningful reform” of the United Nations. The falling congressional allocations for the international affairs budget function in an attempt to reduce the U.S. budget deficit made agreement on

repayment even more problematic because the arrears continued to grow and repayment became more difficult every year. Some Members of Congress are using the congressional power of the purse as leverage to streamline and reorganize the U.N. system. Others view payment of the arrears in terms of reducing the U.S. cost of membership in the U.N. system, without particular regard for how the reduction occurs or its impact on the U.N. system, while other members continue to support some or all U.N. funding.

Reform of the United Nations will occur only with the agreement of the majority of U.N. member countries. How the other member governments view U.N. reform, and especially U.S. proposals for change, will be influenced by how the United States addresses the arrearage issue.

Foreign Relations Authorization Bill

Reform of the U.N. system and payment of the U.S. debts (arrears) were debated in both the House and Senate extensively during 1997. Nonetheless, the Foreign Relations Authorization bill, H.R. 1757, which passed the House on June 11, 1997 by voice vote did not contain any of the anticipated U.N. reform amendments nor any authorization for payment of arrears. The House-passed measure did reinstate a modified version of the “Kassebaum-Solomon Amendment” allowing the President to withhold 20% of the funds appropriated for U.S. assessed contributions to the United Nations or any of its specialized agencies if the Secretary of State certifies that such organization has failed to implement or continue to implement consensus-based decision-making procedures on budgetary matters which ensure that sufficient attention is paid to the views of the United States and other major financial contributing countries.

The Senate version of H.R. 1757, which passed on June 17, 1997, contained the text of an amendment which was negotiated among the Administration, Senate Foreign Relations Committee Chairman Helms, and Ranking Minority Member Biden. This bill authorized the payment of \$100 million in arrears for FY1998, \$475 million for FY1999 and \$244 million for FY2000. This \$819 million would be paid only in exchange for Administration certification of “reform benchmarks” to be met by the United Nations, some of the U.N. specialized agencies, and U.N. peacekeeping accounts. The \$819 million started from the figure of \$1.021 billion which the Administration claims the United States owes and results from 3 subtractions totaling about \$202 million.²

On March 10, 1998, House and Senate conferees filed a report (H.Rept. 105-432) on H.R. 1757 which largely adopted the Senate-passed arrears levels linked to a list of U.N. reform benchmarks. The conference committee subjected current

²The \$202 million included about \$68 million which would not be paid to the U.N. Industrial Development Organization (UNIDO), a \$27 million U.N. credit for tax equalization (which the Administration had already applied in its request to Congress to reduce current FY1998 requirements), and \$107 million in expected U.N. reimbursements to the United States for peacekeeping.

funding for international organizations to a series of withholdings and conditions, while arrears payments in FY1998, FY1999, and FY2000 are subject to a separate series of conditions being met. The conference report was adopted by voice vote in the House on March 26, 1998. The Senate began consideration of the Conference report on April 24 and is expected to vote on the bill on April 28, 1998.

FY1998 and FY1999 Funding For Current U.S. Contributions

H.R. 1757 as reported by conference committee conditions the release of \$901 million for contributions to International Organizations for FY1998 and \$900 million for FY1999 on a number of factors usually requiring certification by the Secretary of State before funds are disbursed:

- making \$80 million for the United Nations available only upon certification by the Secretary of State that during calendar year 1998 the United Nations has not increased funding for any program without offsets elsewhere and not exceeded its biennial \$2.533 billion budget;
- withholding 20% of available funds until a certification is made about the U.N. inspector general or Office of Internal Oversight Services (OIOS);
- blocking the disbursement of funds until the Secretary of State certifies that no U.S. funds were contributed to pay for the holding of any U.N. single issue global conference; or that U.S. contributions to the U.N. regular budget were not used for any other organization, including for the Framework Convention on Global Climate Change, the International Seabed Authority, or the 1998 Desertification convention; and
- withholding \$50 million of FY1999 funds pending certification that the United Nations has reduced 1,000 personnel slots from the 1996-1997 U. N. level of 10,012 posts as reported by House and Senate conferees.

H.R. 1757 included other conditions as well. The U.S. contribution to all the agencies in the account was reduced to a total of \$900 million each for FY1999 and FY2000. The bill authorized appropriation of necessary sums to offset adverse fluctuations in foreign currency exchange rates provided the Director of the Office of Management and Budget certifies the need. The measure required that the United States insist on refund or credit of excess contributions.

The bill stated as U.S. policy that Israel should be made a member of one of the U.N. regional blocs, pointing out that currently Israel is the only longstanding U.N. member which is not a member of such a bloc from which countries are elected to membership on the Security Council. The Senate bill also sought the abolition of the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Palestinian People and other Arabs of the Occupied Territories, the Committee on the Exercise of the Inalienable Rights of the Palestinian People, the Division for Palestinian Rights, and the Division [sic] on Public Information [Special Program] on the Question of Palestine.

The measure also expressed the sense of Congress that all U.N. staff should comply with child and spousal support obligations and urges the Secretary of State to ensure that the United Nations is enforcing child and spousal support payments. (The measure as passed by the House withheld \$10 million in authorized U.N. arrearage payments until the Secretary of State certifies that the United Nations is actively enforcing child and spousal support payments in compliance with court orders and the United Nations is actively reforming its pension policy to make U.N. pension funds subject to court orders of spousal and child support.)

U.N. Peacekeeping Provisions. The bill authorized the appropriation of \$210 million for Peacekeeping for FY1998, and \$220 million for FY1999. It modified and refined already enacted language, dealing primarily with reporting requirements, and added new provisions. The bill required the United States to report annually to the United Nations on total U.S. voluntary and assessed costs in support of U.N. peace and security operations and requested the United Nations to compile and publish annually the same information for all U.N. members. It established a requirement that the United States seek reimbursement from the United Nations for any U.S. assistance (1) to the United Nations, (2) to any U.N. authorized and funded peacekeeping operation, or (3) to any nation to facilitate its participation in any such peacekeeping operation. This provision applied only to assistance provided after the date of the Act and only to assistance exceeding \$3 million per fiscal year, per operation. Finally, the bill issued a policy statement on use of U.N. commanded and funded peacekeeping operations that is similar, but not identical, to the policy already set forth in the Presidential Decision Directive 25 on peacekeeping and in the U.N. Security Council President Statement, both issued in May 1994 (for discussion see CRS Issue Brief 90103, *United Nations Peacekeeping: Issues for Congress*). This section also stated a policy of opposition to the establishment of U.N. peace operations approved by the U.N. General Assembly and funded from the U.N. regular budget.

Benchmarks for Payment of Arrears

Under H.R. 1757, as reported by House and Senate conferees, a total of \$926 million would be authorized for reduction of U.S. arrears to the United Nations, U.N. peacekeeping operations, and other international organizations. Of the total amount, \$819 million would be paid over a three-year period (\$100 million in FY1998, \$475 million in FY1999, and \$244 million in FY2000). For each year, the Administration must certify that certain reforms have been carried out. Funds may be obligated only if the appropriate certifications have been submitted to the appropriate congressional committees 30 days prior to payment of such funds. Another \$107 million owed by the United Nations to the United States as reimbursable peacekeeping payments is authorized to be used to reduce U.S. arrears to the United Nations.

FY1998. The requirements for the first year include certification that neither the United Nations nor any U.N. affiliated agency has required the United States to violate the Constitution or cede sovereignty, nor has it:

- imposed taxes or fees on any U.S. national, with the exception of publication fees or World Intellectual Property Organization (WIPO);
- created a standing army;

- charged the United States interest on arrears (only the International Telecommunications Union (ITU) and the Universal Postal Union (UPU) currently charge interest on arrears);
- exercised authority or control over any U.S. national park, wildlife preserve, monument or property; or
- engaged in external borrowing.

None of these requirements is likely to cause problems to the United Nations under current interpretation. With the exceptions noted above, no U.N. agency currently has the authority to take any of these actions. Senator Helms described interference with U.S. sovereignty as a potential problem during floor debate and Senator Biden described the danger as “basically zero”.

FY1999. The benchmarks include a certification that the FY1998 benchmarks continue to be satisfied. The United Nations must establish a “contested arrearages account” for all U.S. arrearages not included for payment in this authorization, incurred before the date of enactment of this legislation, and agree that the amounts in this account will not be used to apply the provisions of Article 19 of the U.N. Charter to the United States (Article 19 states that countries whose arrears equal or exceed the preceding two full years contributions to the United Nations *shall* lose their vote in the General Assembly). Some have questioned whether this provision requires the United Nations to take control of contested arrears owed to all U.N. agencies, and argue that the United Nations does not have the authority to address arrears owed to other agencies. The proposal would have to be clarified, debated, and adopted by the General Assembly.

In addition, for FY1999, there must be a reduction in the U.S. assessment rate from 25 percent to 22 percent for the regular budgets of the United Nations, the World Health Organization (WHO), the International Labor Organization (ILO), and the Food and Agriculture Organization (FAO) and from 31 percent to 25 percent in the peacekeeping assessment. It also requires that the two U.N. peacekeeping operations funded by the U.N. regular budget, the U.N. Military Observer Group in India and Pakistan (UNMOGIP), and the U.N. Truce Supervision Organization (UNTSO), be subject to annual review by the U.N. Security Council.

FY2000. The benchmarks include certification that all previous benchmarks continue to be satisfied. In addition, the U.S. assessment for the United Nations and all U.N. specialized agencies must be no more than 20 percent. Other benchmarks include:

- The WHO, ILO, and FAO must establish and have regular reports by independent inspectors general, similar to the United Nations Inspector General (OIOS);
- The United Nations, ILO, WHO, and FAO must adopt program evaluation procedures which will result in regular evaluation of the continued relevance

and effectiveness of all programs, and the termination of those which are no longer needed (sunset provision);

- These four agencies must establish clearer budget procedures, and maintain budgets which do not exceed levels agreed on at the beginning of each budgetary biennium except by consensus agreement; and
- The ILO, WHO, and FAO must have approved a 2000-2001 budget that reflects a decline in budget from the levels agreed to for 1998-99.

In addition, the United Nations must have given U.S. General Accounting Office (GAO) access to financial data for nationally mandated reviews and the United States must have a permanent seat on the U.N. Advisory Committee on Administrative and Budgetary Questions (ACABQ). Another benchmark requires modification in the U.N. procurement system.

The bill also requires certification that the U.N. Secretary-General has established merit hiring, an employee code of conduct, a personnel evaluation system, enforces worldwide availability of staff, and conducts periodic assessments of the U.N. payroll to determine total staffing. The United States must have completed a thorough review of the U.N. personnel allowance system and made recommendations to reduce entitlements.

The conference version of H.R. 1757 grants the Secretary of State a very limited authority to waive one of the conditions in each of FY1999 and FY2000. The waiver may be exercised only if substantial progress has already been made in meeting the conditions to be waived. No waiver is allowed for the requirements to reduce U.S. assessment rates or to establish an inspector general in the specialized agencies.

Future of the Legislation

In late February, 1998, the Administration provided the Congress with legislation modifying H.R. 1757 which took into consideration the changes in assessment rates made during the 1997 General Assembly session, the additional money needed to pay U.S. contributions to the United Nations due to lack of legislation during 1997, and made other technical changes in the language of the legislation. In response, Senator Helms released to the press a letter he sent to Senate Majority Leader Trent Lott opposing any changes to the agreement reached in 1997 and blaming the President's lack of agreement on the abortion related provisions for the current disagreement. (The President has threatened to veto the legislation if it includes the abortion language.) The conference legislation, which was filed in the House on March 10, is very close to the Senate version of H.R. 1757.

In the House, the majority leader postponed consideration of the conference report because of inability to agree on a rule for consideration, according to the March 13 issue of CQ Congressional Record Scanner. According to CQ, the opposition to the conference report includes conservative Republicans, who refused to vote to authorize payment of back dues to the U.N. system, Republicans who disagree with the inclusion of language concerning abortion programs, and most Democrats. Congressman Hamilton, ranking Democrat on the International Relations

Committee, is reported to have complained to the Rules Committee that the minority was not consulted at all on the legislation, and that the conference had not met since last July. He outlined several provisions which he felt would undermine the President's authority and undermine U.S. foreign policy, both as regards the U.N. related language, and as regards other portions of the bill which also reorganized the Department of State and other foreign policy agencies.

The Senate version of the authorization bill (H.R. 1757) passed in 1997 by a vote of 90 to 5. Because it also authorized funds for and reorganized several of the U.S. foreign affairs agencies, this vote may not reflect Senate sentiment toward the U.N. reform provisions. U.N. provisions of the bill were part of a larger overall compromise between the Administration and Senator Helms on a variety of foreign policy issues, as well as on the more domestic issues of the budget agreement. Senators Helms and Biden claimed to have the support of the Administration on the U.N. reform measures, and noted that the reforms proposed were substantially the same as those proposed by the U.N. Secretary-General. H.R. 1757 had strong bipartisan support both in the Foreign Relations Committee and on the floor. Both Senators Helms and Biden indicated during the debate that the bill was a compromise in which both sides had given up significant provisions. Senator Biden and several other members indicated that they would have preferred payment without benchmarks, but that this bill was the best the Senate could do. Senator Robb's floor statement on H.R. 1757 said that the majority of the Senate will only agree to pay our debts conditioned on comprehensive U.N. reforms as the prerequisite for payment. And Senator Lugar's amendment to H.R. 1757, which would have authorized the same \$819 million for arrears without any benchmarks, was defeated by a vote of 73 to 25.

Although the House did not vote on the Senate reform/arrears payment language, an indication of member sentiment was the vote on the Obey amendment to H.R. 2267, the Department of State appropriation bill. This amendment would have removed the requirement for an authorization, with all its attendant reform measures, for the \$100 million of arrears money contained in the bill for FY1998. The amendment was defeated by a vote of 216 to 171.

U.N. arrears/reform is currently linked to the Administration/congressional debate over abortion policy. According to House members who oppose abortion, the House leadership has agreed that the U.N. arrears funds should be linked to a return to the "Mexico City" language banning abortion related activities by any agency receiving U.S. government funds.

Current Appropriations Legislation

The Administration's request for FY1999 appropriations included \$231 million to pay for U.N. assessed peacekeeping operations and \$930.773 million to pay assessed contributions to international organizations, of which \$297 million is for the U.N. regular budget. The Administration also proposed paying \$1.021 billion in accumulated arrearages to international organizations over the next three fiscal years. Most of the arrearage funds—\$921 million—were sought as a proposed advance

appropriation to be included in an FY1998 supplemental but would only be disbursed in FY1999 (\$475 million) and FY2000 (\$446 million).

The Senate Appropriations Committee did not include funds for international organization arrears in reporting FY1998 supplemental appropriations legislation. However, on March 25, 1998, during floor debate on S. 1768, the Senate agreed to an amendment offered by Senator Helms, which expressed the sense of the Senate that American taxpayers ought to be commended for their generous contributions to U.N. activities and called for the United Nations immediately to reduce the U.S. peacekeeping assessment to 25%. The amendment also called on the U.S. Ambassador to the United Nations to introduce a resolution in the U.N. Security Council requiring the Council to report to U.N. members the amounts that the U.S. government has spent in support of U.N. Security Council resolutions since January 1, 1990, and for the Secretary of State to issue a demarche to all U.N. members informing them of the funds that the United States had expended in support of U.N. Security Council resolutions. Within 45 days of enactment, the President is to report to Congress on implementation of these actions.

The House Appropriations Committee approved \$505 million in advance appropriations (\$475 for FY1999 and \$30 million for FY2000) for U.N. peacekeeping arrears. Expenditure of funds is subject to enactment of authorizing legislation including required reform conditions and prohibits payment of arrearages until the U.S. assessment for the U.N. regular budget is reduced to 22% and for peacekeeping to 25%. The Committee explained that the recommended \$505 million, together with the \$100 million provided in the regular FY1998 appropriation (P.L. 105-119) and another \$107 million authorized in the State Department authorization (H.R. 1757) to be credited to U.S. arrearages to the United Nations, totals \$712 million, which is the amount that the Administration has sought for payment of U.N. regular budget and peacekeeping arrears. The remaining \$309 million requested for payment of arrears to other international organizations, in the Committee's view, need not be dealt with in an advance appropriation.

Although the authorization bill did not pass during 1997, P.L. 105-119 (H.R. 2267), which became law on November 26, 1997, provided FY1998 appropriations for calendar 1997 U.S. contributions to certain international organizations and U.N. peacekeeping operations below the Administration-requested level. However, Congress assumed that favorable exchange rate savings due to the continuing strength of the U.S. dollar would make the lower appropriations levels sufficient to pay assessments due in FY1998 and avoid further arrearages. The Administration had requested \$969.5 million for current contributions to international organizations and \$240 million for current assessed peacekeeping activities. Congress appropriated \$901.5 million for current contributions. In addition, Congress appropriated \$54 million for payment of some U.S. arrears but only after passage of an authorization which includes some of the reform measures proposed by the Senate in H.R. 1757. The bill also appropriated \$210 million for peacekeeping, and an additional \$46 million is available for payment of arrears under the same conditions. H.R. 2267 passed the House by a vote of 282-110 and the Senate by unanimous consent on

November 13, 1997.³ The bill, as passed, also reiterated several conditions which have been in the legislation for several years and affect the timing and amount of the U.S. payment. Several of these conditions had also been part of the reform/arrears language of H.R. 1757. These include:

- withholding 20% of available funds until a certification is made about the U.N. inspector general or Office of Internal Oversight Services (OIOS);
- making \$100 million (up from \$80 million in previous years) available only on a semi-annual basis upon certification by the Secretary of State that in the preceding 6 months the United Nations has not increased funding for any program without offsets elsewhere and not exceeded its biennial 1998-1999 budget of \$2.533 billion; and
- transferring \$12 million from this account for U.S. contributions to the Comprehensive Nuclear Test Ban Treaty Preparatory Commission.

Congress also continued two restrictions on funding peacekeeping operations until reports to Congress are made.

Who Is Involved in U.N. Reform?

In Congress, the actors vary depending on the particular U.N. reform issue. The Senate Foreign Relations and the House International Relations Committees, and the Senate and House Appropriations Committees play a major role in the debate, particularly in the subcommittees which address Department of State funding. Congress funds U.N. system contributions through two separate authorization and appropriation channels. The United Nations, the autonomous U.N. agencies, and many other international agencies to which we contribute assessed contributions are authorized and appropriated in the legislation governing the Department of State. In these agencies, member governments agree on a regular budget and an assessment level for each government, and the United States and all other members are obligated to pay that amount. Most other U.N. agencies or programs are funded through the Foreign Aid Authorization and Appropriation legislation⁴. While most of the reform requirements have been set during consideration of Department of State legislation,

³For details on this legislation, see CRS Issue Brief 86116, U.N. System Funding: Congressional Issues.

⁴The humanitarian assistance, development assistance, and some technical assistance agencies and programs of the U.N. system are authorized and appropriated as part of the foreign assistance legislation. Contributions to these agencies are entirely voluntary and the United States can pay as much or as little as it wishes . . . or nothing at all. These agencies include UNICEF and the World Food Program. Some U.N. system agencies, such as the International Atomic Energy Agency (IAEA) and the International Civil Aviation Organization (ICAO), while funded primarily by an assessed regular budgets, also have special programs that are funded from voluntary contributions. In these cases, Congress considers and funds U.S. contributions to these agencies through both acts.

Congress has also used the Foreign Aid appropriations legislation during the last decade to press for reforms.

The Congressional Budget committees, in setting overall spending levels for broad U.S. government activities, including international affairs, also play a significant role, though their interest is more focused on domestic economic conditions than on the United Nations. The Budget Resolution, as passed by both houses in 1997, provides for payment of arrears to the U.N. agencies and peacekeeping accounts at the level requested by the Administration. But the resolution clearly left the decisions about the amount and conditions of repayment to the authorizing and appropriating committees. It also required the return of any money not dedicated to payment of arrears to the Treasury, rather than allowing it to be used for other purposes.

The House and Senate leadership and their staffs have been deeply involved in U.N. reform discussions as well, with particular attention to the impact of U.N. funding on the U.S. budget. Discussion on payment of arrears to the United Nations system and the reform “benchmarks” to be met by the United Nations in exchange for payment are taking place in closed sessions and negotiations with top level Administration officials.

In the Senate, the debate has been directed by Foreign Relations Chairman Jesse Helms, with the backing of the Republican majority, majority leader Trent Lott, and Judd Gregg (chairman of the Appropriations subcommittee with jurisdiction over U.N. appropriations) in many of his efforts to date. Senator Helms is a long time critic of the United Nations who has often expressed his dissatisfaction with the pace of reform. Senator Joseph Biden, the ranking minority member, played a significant negotiating role on behalf of the Administration and supported the bill on the floor. On the other hand, Senators Lugar and Sarbanes, next in seniority on the Foreign Relations Committee on both the majority and minority sides did not support the legislation as reported.

In the House, direction of U.N. reform efforts has been more diffuse. International Relations Committee Chairman Benjamin Gilman has a long-term interest in the United Nations and has played a significant role in the current debate. In the final defeat of the “arrears/reform” legislative package, the House leadership played a significant role. The reform/arrears language was withdrawn from the bill because the Administration and the House could not agree on House sponsored language restricting abortion related activities, a subject more closely related to the domestic abortion debate than to international activities.

For the Administration, the actors are equally diverse. While acknowledging obligations of membership in multilateral organizations pursuant to treaties ratified with the advice and consent of the Senate (such as the U.N. Charter) or by specific acts of Congress (such as acceptance of the International Labor Organization Constitution) to include assessed financial contributions, the Clinton Administration has not forcefully argued before Congress that U.S. payment is an international legal obligation. Indeed, though the Department of State supports full funding of U.S. contributions to the U.N. system and payment of the arrearages, increasing demands on a static or falling State Department budget have put pressure on the Department leadership to go along with reduced contributions for U.N. accounts in order to fund

other department functions. The Office of Management and Budget has also involved itself as a player in the reform debate, though often with more concern for total federal expenditures than U.N. reform issues.

The United States supported U.N. Secretary-General Kofi Annan for office on the understanding that he would be more forceful in his reform efforts than his predecessor. One of his first acts was to travel to Washington to discuss reform with Congress, an unusual action for a U.N. Secretary-General, and he has returned several times to discuss the arrears/reform issue. He also began his tenure with an ambitious agenda for reform which drew on the reform proposals of the United States and other members. The U.N. membership adopted many of his provisions during the 1997 General Assembly session, but they still must be implemented⁵. On the issue most important to Congress, the reduction of the U.S. assessment rate, the General Assembly did not adopt the U.S. proposal, but did leave open the possibility of reconsidering it if progress can be made in other areas resulting in payment of the arrears. In the long run, acceptance of the U.S. reform proposals depends on the ability of the U.S. government to convince the other governments of the world that these efforts are worth pursuing, and that reforms to date have been inadequate. Member Governments agree that waste and fraud should be eliminated, and many would like to see smaller budgets and fewer staff. But many governments also publicly criticize the U.S. arrearage. U.S. loss of a seat on a major U.N. budget committee (the Advisory Committee on Administrative and Budgetary Questions) in November 1996 was an indicator of the concern, if not anger, of other governments. Many also express concern that the U.S. goal is not reform of the United Nations, but the elimination of a number of its agencies and programs.

Meeting the Benchmarks

The focus of the Senate version of H.R. 1757, according to the committee report, is on reduced spending. The major provision governing payment of arrears is the reduction of the U.S. assessment from 25 percent to 20 percent in all agencies and for peacekeeping from 31 percent to 25 percent. Senator Helms stated during the floor debate that in the future, Americans will pay a smaller share of a smaller budget. The report language makes clear that Congress is willing to contribute no more than \$900 million overall to international agencies after FY1998.

Many of the benchmarks in the legislation provide policy guidance for the Administration rather than mandate changes in U.N. procedures. Others required for the second and third years of the reform effort are already underway. The United Nations, ILO, WHO, and FAO, all either have or are in the process of establishing inspector general units and clearer budget documents. They are clearly working toward reduced budgets and greater program evaluation. In those cases where the benchmarks proposed are already part of U.N. Secretary-General Annan's planned reform measures, it is possible that the benchmarks can be met according to the Senate timetable, and Senators Biden and Helms indicate the United Nations can easily meet them. The Administration, including former Congressman Bill Richardson,

⁵For a summary of the reform adopted by the 1997 General Assembly, see CRS Report 98-275 F. U.N. Reform in the 1997 General Assembly. March 23, 1998.

U.S. ambassador to the United Nations, and Secretary of State Albright, have also assured Congress that the United Nations can meet the requirements. In other cases, and particularly those where other governments are likely to disagree with U.S. reform efforts, meeting the benchmarks within the Congressional time frame is not so promising.

Senator Lugar argued in his dissenting views in the committee report that the 38 benchmarks included as preconditions to paying U.S. arrears make it unlikely that United Nations members can meet them in the next three years, so the problem of U.S. arrears will linger. He was pessimistic that the United Nations will reform in the manner we wish or that the United States will ever pay the arrears. In his statement before the Senate Foreign Relations Committee during hearings on U.N. reform on November 6, U.S. Ambassador to the United Nations for Management and Reform Richard Sklar stated that there is great fear among members that the current reform efforts are part of a U.S. attempt to downsize the United Nations and diminish the power and influence of the General Assembly.

The most serious obstacle to meeting the benchmarks is the reduction of the U.S. assessment from 25 percent to 20 percent. Under the criteria used to determine national assessments, the 25 percent cap on contributions means that the United States pays a smaller contribution than it should. Other countries with smaller economies are paying an increasing share of the cost of the United Nations. Under the schedule adopted in December for contributions covering 1998-2000, Japan's assessment will rise to over 20 percent and Germany's to nearly 10 percent, for example⁶. U.N. members, including close allies among the industrialized countries, universally deeply resent the U.S. position and attitude, according to Ambassador Sklar at the November 6 hearing. They have long been critical of the U.S. failure to pay its debts to the United Nations and the majority do not support further "concessions"

reports indicated that all U.N. members, both industrialized and developing opposed

assembly began meeting in New York in

fall indicated that support for the reduced U.S. assessment had grown somewhat

Nonetheless, arrears/reform package was dropped from U.S. legislation in

abortion language dispute, U.S. Ambassador to the United Nations Richardso

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cut the U.S. assessment from 25 to 22 percent.

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⁶Data on the contributions, assessment rates, and arrears of the 15 largest U.N. donors is contained in CRS Report 95-571 F, *United Nations Regular Budget Contributions: Members Compared, 1989-1996*. September 19, 1997. For information on the 1998 assessment schedule, see CRS Issue Brief 86116, *U.N. System Funding: Congressional Issues*.

⁷*Washington Post*. November 15, 1997. A 18

Reduction of the U.S. assessment in the U.N. specialized agencies presents an additional problem. In the three largest U.N. agencies, where the United States pays 25 percent of the budget, the ILO, WHO, and FAO have already established their 1998-1999 budgets and assessments. While all three have agreed to consider revisiting their budget decisions during 1998 in order to retroactively reduce the U.S. assessment, their assessment levels follow that of the General Assembly, which has not yet reduced the U.S. assessment. The annual meetings of all three organizations are in early summer.

Finally, there is concern that even if U.N. member countries accept all these benchmarks, the U.S. will still refuse to pay. Money must be appropriated annually by Congress. Previous Congresses and Administrations have already created three-year, five-year, and seven-year repayment plans which were not fully implemented. Although the first \$100 million was appropriated in 1997 (but cannot be contributed without authorizing legislation) and the second year has been included in the House supplemental appropriation, at least, the three-year period involves a commitment on behalf of a future Congress. In addition, this legislation continues old and adds new withholding conditions for FY1998 funding. Who is to say that additional conditions will not continue to be added with each Congress? Senator Lugar noted that even while the bill attempts to address the arrears, it also creates new debts by providing less than the Administration request. Such partial and conditional withholding in U.S. funding led to the cumulative build up of U.S. arrears that this legislation purports to address, but at the same time creates more U.S. conditions, withholding, and delay in payments.

Future Concerns

Reaction at the United Nations

Press reports indicate that U.N. members and the Secretary-General expressed dismay over the Congressional inaction on the arrears/reform package as the General Assembly Session concluded its session in late 1997. It came, in fact, just one day after the U.N. General Assembly adopted by consensus much of the U.N. Secretary-General's reform package substantially as it had been proposed in March and July of that year. Echoing the concern expressed by the Administration, U.N. delegates representing close allies noted that the failure to pass the legislation would not help the U.S. position in the United Nations on reform issues or reduced assessments. Countries continued to repeat these sentiments when the General Assembly reconvened on March 10, 1998.

Throughout the Fall 1997 session of the General Assembly, Administration officials and members of Congress had worked to gain support for the arrears/reform plan proposed by Congress. Secretary of State Albright urged U.N. members to accept the U.S. proposal, saying: "If the United Nations waits for a better proposal with more from the U.S. Congress, it is likely to get a proposal with more

requirements and less money.”⁸ Congressional supporters emphasized to U.N. members that the bill would ensure the payment of \$819 million and end the feud with the United Nations over payment of arrears. Senator Biden noted that \$575 million would be paid off in the first two years. (The \$819 million is the amount agreed upon by Senator Helms and the Administration as the amount acceptable to both sides. This amount was later raised to \$926 million with the Senate/ State agreement to dedicate o arrears \$107 million owed to the United States by the United Nations, but not yet aid, for certain peacekeeping expenses, rather than returning it to general revenue.)

many of the reforms insisted on by Congress were included in the Secretary-General’s

stalemate as a betrayal of promises to pay up since, on paper at least, the U.N.

Assembly is in the process of reforming the United Nations along the lines that Congress has proposed. Even the budget, adopted by the General Assembly for the two year 1998-1999 period, of \$2.532 Billion was a little below the requirement set by Congress for the period in H.R. 1757. The chairman of the European Union was quoted as saying that the United States was endangering reforms in the organization while contributing to its financial crisis. He repeated this statement when the General Assembly reconvened in March 1998 to address the funding situation. Whether the members will agree to adopt the U.S. proposals is a matter of negotiation and whether the measures adopted by the U.N. General Assembly will satisfy the Congress is a completely separate question.

U.N. Secretary-General Annan met with the President and Members of Congress in early March 1998, in an attempt to bring about progress in payment of U.S. arrears. According to Joseph Connor, Undersecretary General for management, the United States is in danger of losing its vote in the General Assembly. In explaining this, U.S. Ambassador Richard Sklar noted that if Congress doesn’t fund the arrears by October 1 of this year, the country will be in arrears enough to trigger Article 19 of the U.N. Charter. On October 1, countries that are deficient in their payments equal to two years of contributions are given notice that they will lose their voting rights on January 1.

The resolution on the scale of assessments for the 1998-2000 U.N. budget, which was adopted in December 1997, demonstrates what the United States did not achieve in apportioning the costs of the United Nations. The resolution adopted continued the United States assessment at 25 percent. A second U.S. proposal, which would base the assessment on a significantly shorter economic time period (3 years) was not adopted, although the time period was reduced from 7.5 to 6 years. However, a clause of the resolution would allow the assessment schedule to be revisited during the 1998 session for possible revision of the 1999 and 2000 assessments if progress is made in paying arrears.

Foreign Policy Concerns

A concern raised throughout the debate is the impact of nonpayment on U.S. leadership in the United Nations. Senator Lugar and other members also have

⁸*Washington Post*. September 28, 1997. A 13.

expressed concern for the impact of Congressional U.N. funding/reform actions on other U.S. foreign policy relationships. He noted that whenever the United States backs away from honoring its commitments, other nations take notice. He argued that this action jeopardizes our leverage in a host of foreign policy and national security issues, is not good foreign policy, and that the future ramifications are likely to be expensive. Senator Sarbanes commented that the Foreign Relations Committee attempt to micro-manage the United Nations may alter the very nature of our relationship with that agency to our detriment.

Senator Biden expressed the hope that this legislation would restore bipartisan support for the U.N. system. He called the bill balanced, important to U.S. foreign policy and workable. Both Senator Helms and Biden expressed concern that without this compromise language, foreign policy decisions on the United Nations are left to the Appropriations Committee.

Peacekeeping Issues

The Conference report provided a total of \$819 million for payment of U.S. arrears to **all** affected international organizations in the Contribution to International Organizations account also includes the U.N. assessed peacekeeping accounts funded through the Contributions for International Peacekeeping Activities account. As of December 31, 1996, the United Nations listed the United States as owing \$926.1 million to U.N. peacekeeping accounts alone. The Administration arrears request for U.S.-recognized peacekeeping arrears totalled only \$658 million. Where does the United Nations get the remaining \$268.1 million, nearly 30% of the year-end U.S. outstanding contributions on the U.N. books?

Other International Agencies

A final concern about the language of the legislation which was not raised during the debate is the impact of the current impasse on other international agencies. The bill includes arrears payments to all the organizations in the account, including, for example, non-U.N. organizations such as the Organization of American States (OAS), the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), and the International Agency for Research on Cancer. Payment of the U.S. debt to these other organizations is put off until the third year of the agreement. Payment to these agencies is also dependent on required reforms being implemented by the United Nations and the three designated U.N. specialized agencies (FAO, ILO, and WHO) within a three-year period.