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# Fit for Whose Purpose?

*By Barbara Adams and Gretchen Luchsinger*

A critical issue repeatedly arising in the post-2015 negotiations relates to responsibility. There is shared responsibility, the preference of rich countries who would like to shift traditional official development assistance (ODA) and other "burdens" given the "rise" of some developing countries. There is common but differentiated responsibility, stressed by developing countries to link common commitment with the reality of varying capacities.

Debates also circle, directly or otherwise, around the role of the state, with some camps continuing to promote its central responsibility. Others call for more room for "stakeholders" to be responsible—notably, the private sector.

The post-2015 agenda must aim for transformation, given that the current course of development is so off track, from imbalanced consumption and production patterns, to gaping inequalities, to the surpassing of planetary boundaries. The intergovernmental negotiating process has recognized this need; drafts of the outcome document have referred to its unprecedented scope and significance. But will the rhetoric see action? How likely is that if some newly "responsible" actors—namely, the large private corporations and foundations from whom trillions of development dollars are expected to flow—are also among the primary drivers of unsustainable development?

## Fit for whose purpose?

For a look at how the balance between public and private responsibility has shifted, and what this means in the real world in terms of adherence to international standards and norms, one needs to look no further than the United Nations itself. A new Global Policy Forum Report—*Fit for Whose Purpose? Private funding and corporate influence in the United Nations*—details how private corporations and corporate philanthropic organizations are increasingly paying to play there.

Why are corporate-led solutions to global problems seen as the way forward? How is it that measures poorly aligned with UN values receive the UN stamp of approval?

In recent decades, the United Nations has been subject to two trends that may also be familiar to some governments. One is the tendency for government donors to earmark funds, leaving different entities scrambling to please donors instead of providing strategic guidance for a consistent, coherent set of core programmes. Many organizations have also ended up looking for new sources of funds, often with the private sector. The underlying thinking is that the public sector can benefit not only from greater private resources, but also from private "efficiency" and "effectiveness." Not factored into this equation is how inefficient and ineffective large private actors have often been in sustaining public goods and upholding human rights.

What are some of the results of "outsourcing" the United Nations? Growing business influence in political discourse, the fragmentation of global governance, the weakening of representative democracy, unpredictable funding that undercuts UN mandates, and a lack of accountability, to name some of the most obvious.

The UN system is meant to serve all the peoples of this world and the planet they inhabit. Total funding per year is around $40 billion, about half the budget of New York City, and less than a quarter of the budget of the European Union. A zero growth doctrine for the UN regular budget has been in place for over three decades—since the 1980s, as governments have bought into the theory that the public sector is somehow less capable, and backed away from adequately funding the multilateral system.

What's the system to do? Increasingly, the answer has been: welcome in big business and private philanthropies. Private funding for UN-related activities reached an unprecedented US $3.3 billion in 2013, constituting 14 percent of all voluntary contributions. The growing use of general trust funds—where contributions have jumped by 300 percent over the last decade—allows donor governments and private concerns to direct UN funding choices outside the "one country, one vote" democracy of UN policy processes.

## UN gateways for business

Private business interests now have multiple options to pay and play at the UN. The one that has opened the door to many others is the UN Foundation—established as a non-profit organization under US law to receive a billion dollar gift from CNN founder Ted Turner. Since the foundation is not a UN organization, the United Nations set up the UN Fund for International Partnerships (UNFIP) as a trust fund to channel the money into UN activities. The relationship between the foundation and the fund is governed by an agreement initially made public, but not so for the most recent iteration.

In 1999, as the UN Foundation established itself, almost all of its annual expenses went towards grants, primarily through UNFIP. Today, only around half goes to grants, and less than 60 percent of grant funds go to UNFIP. Much of the rest backs activities outside the UN system—aligned with UN causes, if often carried out by large US NGOs. Deciding on the UN grants rests, in practice, with the foundation; UNFIP reviews the selections.

Over the last decade, the original Turner funds have remained stagnant, while contributions from other private and public donors have risen, notably from the Bill & Melinda Gates Foundation. Others include ExxonMobil, Goldman Sachs, Cemex, Bank of America and Shell, where a variety of questions might be raised around their links to issues ranging from environmental impacts to the stability of global and national financial systems—in other words, some of the major concerns at the heart of the post-2015 agenda. Where governments give funds, there are questions around why these need to travel through the UN Foundation instead of going directly into the UN system. For one recent UNFIP grant, an internal UN audit flagged concerns about the source of donations, noting the potential for reputational risks and a conflict in ethical values.

The UN Foundation, despite now diminished contributions to UNFIP, enjoys a prominent role at the UN. It freely encourages closer ties with business, often through global "partnerships," and to a large extent benefits from the UN name. Its representatives advise the UN Secretary-General. In its own words, it has evolved from a "traditional grantmaker to an actively involved problem solver…to solve the great challenges of the 21st century." All of this is happening aside from the processes led by UN Member States that, from the beginning of the UN system, have aimed at being democratic, inclusive and responsive to the needs of all—not just a few.

## Fragmentation and more fragmentation

Around 60 percent of UN funding overall goes to activities for development and humanitarian assistance—Member States have now made vocal calls for this system to be fit for achieving the post-2015 agenda. Yet core or unearmarked resources have plummeted from nearly half of all resources in 1997 to only a quarter today. Non-core or earmarked resources make up the balance, imposing significant administrative burdens and diluting programmatic focus. They introduce fragmentation, competition and overlap—in the face of ongoing UN Member State calls for more coordination.

One response has been to try to diversify funding sources—in part by turning to the private sector, often without fully acknowledging the reputational risks that may be involved, or the strong potential for further fragmentation, and the undercutting of the multilateral nature and value of UN development programmes. In 2012, the Global Fund to Fight AIDS, Tuberculosis and Malaria, created in the wake of donor dissatisfaction with UN agencies, was, ironically, the largest donor to UNDP—exceeding even the largest government contributor. It is financed in large part by the Gates Foundation, which is now also the second largest donor to the World Health Organization (WHO), behind only the United States.

UNESCO has attempted to market itself to private donors by promising "a strong image transfer by associating yourself with a reputable international brand" as well as "benefit(ting) from UNESCO's role of a neutral and multi-stakeholder broker" and "strengthen(ing) your brand loyalty."

The UN Capital Development Fund, faced with resource constraints almost from the time it opened its doors, is now the beneficiary of large multimillion dollar donations from the Gates Foundation as well as Visa, MasterCard and Citigroup. Why the sudden interest in a fund that spent years providing small amounts of microcredit and assisting with local development finance? Could it be the market possibilities from the estimated 2.7 billion people around the world who do not yet have access to formal financial services?

Non-core resources have skyrocketed, from under $10 million in 2006 to over $70 million in 2014. Much of this funding goes, for instance, to programmes promoting the use of electronic banking platforms.

## Whose health?

An ongoing budget crisis has threatened the stability of the WHO, long seen as the global health authority, even amid enormous global health concerns. Until 1998, half its budget came from assessed government contributions spent based on what the organization saw as the most compelling priorities. By 2014, assessed contributions comprised less than a quarter of the budget.

What has received the budgetary axe recently? Communicable diseases, and outbreak and crisis response, both the top health priorities particularly of the poorest countries. What's flush with extra cash? Non-communicable diseases, and preparedness, surveillance and response, both favoured by wealthier countries who have bigger problems with the former, and are interested in protecting themselves against disease outbreaks in the case of the latter. These shifts were on ready display for the Ebola crisis, where the WHO's weakened capacities, especially due to cuts that slashed staff expertise, diminished its response, in stark contrast to its widely lauded action on the SARS outbreak little more than a decade before.

Other concerns stem from the growing number of major pharmaceutical companies that have become significant donors to WHO, including Glaxo-Smith Kline, Hoffmann La Roche, Novartis, Bayer, Merck and Pfizer. In the swine-flu outbreak of 2009-2010, experts who advised that WHO declare it a pandemic had ties with drug companies that in turn used the occasion to establish new vaccine contracts with governments.

WHO Director General Margaret Chan, in reference to her now highly earmarked budget, says it is "driven by what I call donor interests." These include, as noted earlier, the Gates Foundation, which is mainly interested in technical solutions with quick, measurable, visible outcomes. As for health systems—which in most countries remain publicly run—Bill Gates has reportedly said that he will never fund these because "it is a complete waste of money, (with) no evidence that it works." Concerns have been repeatedly expressed by researchers that the large sums Gates sinks into what he thinks is worth funding stifle the research agenda and could divert attention in some health systems from underlying causes of diseases such as malnutrition.

Chan notes that going against the business interests of powerful economic operators is one of the biggest challenges facing health promotion. Many industries do not hesitate to use well-documented tactics to fend off regulation and advance their interests. In her words, these comprise "front groups, lobbies, promises of self-regulation, lawsuits, and industry-funded research that confuses the evidence and keeps the public in doubt. Tactics also include gifts, grants, and contributions to worthy causes that cast these industries as respectable corporate citizens in the eyes of politicians and the public. They include arguments that place the responsibility for harm to health on individuals, and portray government actions as interference in personal liberties and free choice."

She continues, "This is formidable opposition. Market power readily translates into political power. Few governments prioritize health over big business. (…) This is not a failure of individual will-power. This is a failure of political will to take on big business."

## Slicing and dicing development

Despite all the talk about "integrated" issues in the post-2015 agenda, there are already moves afoot to split up responsibilities and resources, most notably through the use of so-call vertical funds that focus on single issues—some commentators have gone so far as to propose having a fund for each goal. For example, the new Global Financing Facility to support the UN Every Woman Every Child initiative was launched at the Third International Conference on Financing for Development in July. Managed by the World Bank with the blessing of a few major government backers, it is expected to serve as a major vehicle for financing the proposed SDG on healthy lives.

Every Woman Every Child is one of a series of global multistakeholder partnerships involving public and private actors. These are seen as a practical step in a time of scare resources, pooling resources and skills, and allowing quick, focused action on a discrete set of targets. Their approach may appeal particularly to "partners" with little interest in making links and questioning systemic issues that collectively drive deficits across all elements of sustainable development.

For its part, Every Woman Every Child aims to save the lives of millions of women and children. How is it doing so far? In 2010, it identified a funding gap of $88 billion for reproductive, maternal, newborn and child health services in 49 countries. To date, it has met at most 19 percent of this gap, with, as is often the case, only a portion of committed resources becoming actual disbursements. But the number of commitment-makers has tripled, including a number of governments, foundations, large NGOs and other global partnerships, like the Global Fund to Fight AIDS, Tuberculosis and Malaria.

The initiative's most recent progress report trumpets "its success in mobilizing the private sector." Merck has made commitments to expanding childhood asthma programmes and donate vaccines; Johnson & Johnson agreed to donate medicines and help expand training for health workers. In a series of "Business Impact Stories" published by Every Woman Every Child, Nestlé's Women's Empowerment Initiatives are oddly championed as "integrated in the company's shared value approach and result in increased penetration, footprint and additional volume for Nestlé; strong and emotional links with consumers…and enhanced trust with all stakeholders." It is not immediately clear how exactly women's empowerment fits into this equation.

Other global partnerships include Sustainable Energy for All and Scaling Up Nutrition. The former has allowed a definition of renewable energy that includes hydropower and bio-fuels, despite negative environmental consequences from both. Its initial Global Action Agenda was developed by a High-Level Group where half the representatives were from the private sector, including top managers from Bank of America (a major financer of the coal industry), Accenture, Renault-Nissan, Siemens and Statoil. One civil society representative was invited to attend, from the Barefoot College in India. Similar patterns have persisted throughout the Advisory Board and other governance structures set up to manage SE4All, with the board now chaired by the UN Secretary-General and the President of the World Bank.

The initiative so far has come up with solutions to finance sustainable energy that rely on the same market mechanisms that tend to be associated with perpetuating inequalities and unsustainability—they propose turning to bond markets, public guarantees to mitigate private capital risks and insurance products, among others.

It has also mobilized a series of both financial and non-financial commitments from public and private actors, like the US Power Africa initiative. Among the biggest expected beneficiaries of the $7 billion scheme: General Electric. Companies that make commitments under SE4All are prominently featured on the initiative's website, but come with no effective mechanisms to monitor and review implementation.

## Changing the discourse

For the UN system to respond adequately to today's critical challenges, *Fit for Whose Purpose?* stresses that public funding of it must increase. Funding must be high in quality, including through strict limits on earmarking. Norms, standards and guidelines must be set to govern all interactions of the United Nations with the corporate sector, and both the intergovernmental framework and UN institutional capacity for monitoring and overseeing partnerships must expand.

Perhaps most importantly, the surrounding discourse needs to fundamentally change, drawing a clear distinction between those who regulate and those who are regulated, and reclaiming the public space for the UN system and within it. And responsibilities need to be more than just generically "shared"—they must be well delineated and defined, grounded in norms that protect the collective public interest, and linked to varying capabilities.

Post-2015 aims for a transformative agenda. Is this to be sought in the "new business model" that has emerged, where the focus is, literally, on large corporate interests? Can the UN system ever be fit for purpose for "we the peoples" if private players, arriving with a mix of contradictory incentives, increasingly channel funds and steer agendas without democratic scrutiny?

In the post-2015 agenda, Member States face a turning point. Endorse or tacitly accept this model. Or reaffirm that their primary responsibilities are to speak and act according to the inherent rights of their citizens, and the planet they share. Only the latter choice has hopes of putting the world on track for transformation.

**Contact**

**Social Watch**
Avda. 18 de Julio 2095/301
Montevideo 11200, Uruguay
socwatch@socialwatch.org
www.socialwatch.org

**Global Policy Forum**
PO Box 3283 | New York, NY 10163 | USA
Koenigstrasse 37a | 53115 Bonn | Germany
gpf@globalpolicy.org
www.globalpolicy.org

**www.globalpolicywatch.org**