



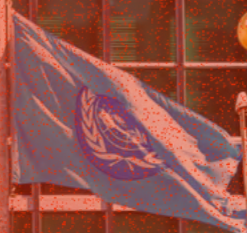
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We Get the UN We Fund, Not the UN We Need

How the UN Opened Its
Doors to Private Funding and
Networked Multilateralism

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Published by the Rosa Luxemburg Stiftung, New York Office, May 2022

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With support from the German Ministry for Economic Cooperation and Development (BMZ).

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How the UN Opened Its Doors to Private Funding and Networked Multilateralism

By Elena Marmo, Global Policy Forum



On 11 March 2022 at United Nations (UN) Headquarters in New York City, Secretary-General António Guterres addressed an audience of Member States, UN staff and other stakeholders at the final consultation meeting on his proposed Our Common Agenda. He urged Member States: “The process surrounding Our Common Agenda is an opportunity to recommit to our fundamental enduring principles while overhauling the practices of multilateralism for a new age.” The report details this new multilateralism to be “an inclusive, networked and effective multilateralism.”¹

This concept of a networked multilateralism, evidenced by a series of multi-stakeholder consultations throughout February and March 2022, presents yet another new term to describe the rising UN engagement with members of the private sector. Thus far, multistakeholderism has been used to refer to broadening intergovernmental processes so that a diverse set of stakeholders

¹ See: <https://www.un.org/sg/en/node/262370>.

are included: business associations, private philanthropic foundations, civil society and academia, to name a few. It represents a trend that risks shifting the UN's policies and approaches toward the private sector's interests, namely profit-driven motives and market-based solutions, and away from what people and the planet really need.

The engagement of business actors in the UN is not a new phenomenon. Business associations (mainly U.S.-based) were already represented at the founding conference of the UN in San Francisco in 1945 and actively influenced the formulation of the UN Charter. Under the category of Non-Governmental Organizations (NGOs), international interest groups from the business sector have had formal participatory rights since the UN's inception. The International Chamber of Commerce (ICC) was one of the first "NGOs" to receive consultative status at the UN in 1946, and the International Organization of Employers (IOE) followed a year later. This has also been driven by Reagan-era economics and an emphasis on regulation and privatization, creating a narrative that Member States are unable to address the world's challenges alone.

This briefing will outline trends in UN System funding that have contributed to the rise in Public-Private Partnerships (PPPs) and highlights the latest manifestation of this: networked multilateralism at the UN. In this context, it is important to consider the potential risks and dangers of a multilateral system constrained by restricted, or earmarked, funding and an overreliance on corporate partners that remain largely unaccountable to human rights and other sources of international law.

A Brief History of the UN's Regular Budget

At the time of the UN's founding in 1945, maintenance of international peace and security was the chief concern of the organization.² However, the Charter's aim to "achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms" came later in the history of the organization, as the diverse and complex UN System of various offices, organizations and bodies we know today took shape over the subsequent decades.

At the founding of the UN, a funding system based on assessed contributions was established that today defines the contributions Member States make to the UN's regular budget, international tribunals and peacekeeping operations. The contributions are assessed based on a formula that aims to measure any given country's "capacity to pay."

² Article 1.1, UN Charter.

A 2021 Briefing by the UN Department of Economic and Social Affairs (DESA) outlined the methodology, which includes a consideration of various factors to calculate each country's responsibility for the overall budget. DESA noted that the formula takes into account national income and conversion rates, as well as adjustments for debt burden and low per capita income. Additionally, there are limits to scale, including a floor and ceiling, as well as special measures for Least Developed Countries (LDCs).³ However, this formula only serves to calculate each country's proportion of the UN system regular budget for which they are responsible, and as Member States' assessed contributions have remained static for some time, so too has the regular budget. In *Fit for Whose Purpose?*, Adams and Martens state:

“In contrast to the mounting global problems faced by the UN and its expanding responsibilities and mandates, public funding flowing to the organization's programs, funds and specialized agencies has failed to keep pace. The UN has remained notoriously underfunded and has had to tackle repeated financial crises.”⁴

Despite the everchanging landscape and increasing complexity to the global situation, including developments in geopolitical peace and security, the adoption of the Sustainable Development Goals (SDGs) and the worsening climate crisis, the budget has not kept pace. As the Secretary-General highlighted during the last Our Common Agenda consultation, “the drafters of the Charter could not imagine the world we inhabit today.”⁵ It is only fit that quality and quantity of funding be revisited in light of this.

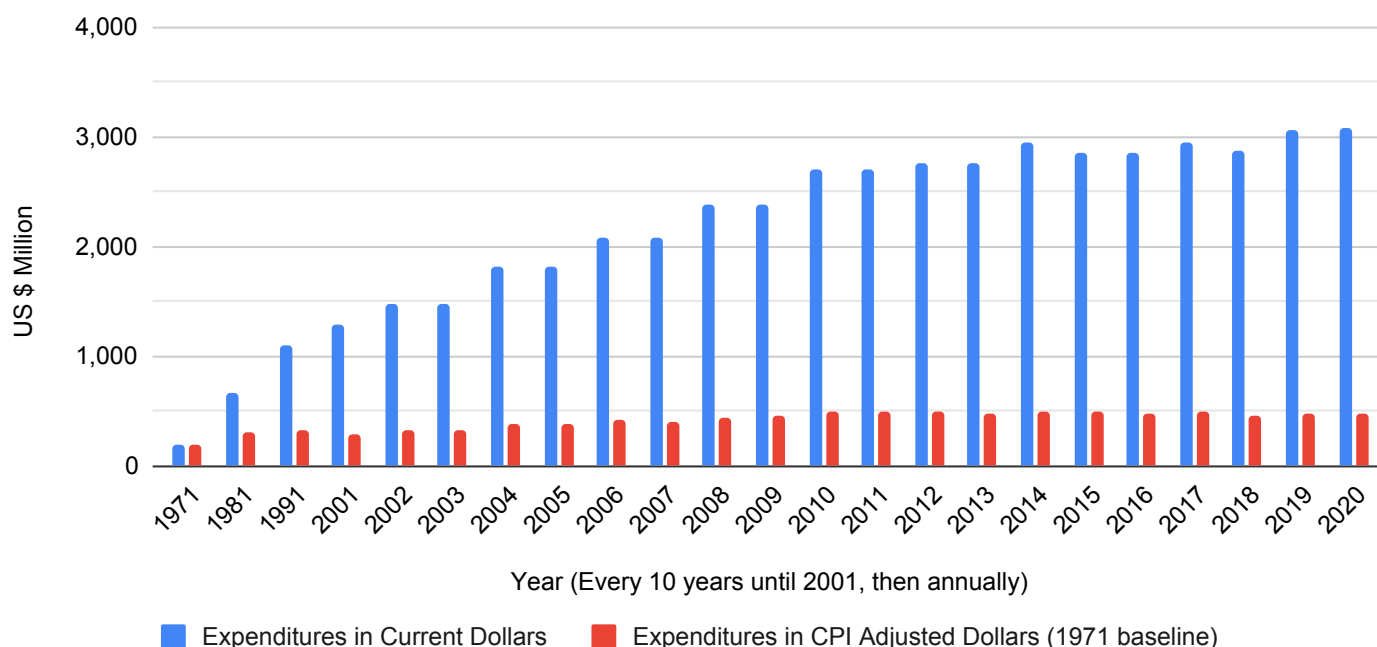
Despite the logical progression to grow the UN's regular budget as the organization's scope and global context continue to broaden and become more complicated and complex, it has not. In *Fit for Whose Purpose?*, Adams and Martens highlight that, “since the 1980s, Member States, led by the USA, have followed a ‘zero-growth doctrine’ for the regular budget of the UN.” See the figure below which captures the adjusted regular budget expenditure for every 10 years from 1971–2001, and annually from 2001–2020. The graph demonstrates that despite gradual growth in the total budget amount over years, when adjusted for inflation using the Consumer Price Index (CPI), it has actually remained the same value for quite some time.

3 UN DESA Briefing (2019). “The methodology used for the preparation of the United Nations scale of assessments for the period 2019–2021.”

4 Barbara Adams and Jens Martens (2015). *Fit for whose purpose? Private Funding and Corporate Influence in the United Nations*. Global Policy Forum.

5 See: <https://www.un.org/sg/en/node/262370>.

UN Regular Budget Expenditures in Current v. Real Terms



Sources: **Regular Budget Expenditures:** United Nations Board of Auditors' Reports / **Consumer Price Index:** The US Department of Labor, Bureau of Labor Statistics. Created by Elena Marmo, GPF

In 2022 the total UN regular budget is approximately USD \$3.12 billion.⁶ In 2012, a decade ago, the total regular budget expenditure was USD \$2.76 billion.⁷ Adjusted for the CPI change in USD over the same period (which captures inflation and adjusted costs of goods and services over time), this actually represents an 18.3 percent budget reduction in 2022 as compared to 2012. By comparison, the city of New York had a 2020 budget of USD \$92.5 billion.⁸

Other specialized agencies within the UN also face these funding challenges. The World Health Organization (WHO) for example, also follows an assessed contributions model. In 2020, WHO's total revenue was USD \$4,299 million, but only US \$466 million, or about 11 percent of that total, came from assessed contributions to the general budget.⁹ For WHO in 2020, this lack of regular resources proved mobilizing quickly to the global COVID-19 crisis quite challenging. WHO Director-General Dr. Tedros Adhanom Ghebreyesus recently stated: "If the current funding model continues, the WHO is being

⁶ United Nations (2022). *Proposed programme budget for 2022*.

⁷ United Nations (2021). *Board of Auditors Report 2012, A/69/5/Vol.I*.

⁸ New York City Council, (2020). *2020 Budget*.

⁹ World Health Organization (2020). *Audited Financial Statements*.

set up to fail.”¹⁰ As such, Member States of the WHO Executive Board are exploring measures to increase assessed contributions gradually to consist of 50 percent of WHO’s total annual budget.¹¹

The demands of the global context have grown considerably, leaving an imprint on the overall system-wide budget. But with a stagnant regular budget, UN agencies, funds and programs and other institutions have sought funding elsewhere. This has led to greater reliance on other sources of funding—voluntary contributions from Member States, individual companies and private philanthropic foundations through direct contributions to UN agencies, offices, thematic and pooled funds, and through the United Nations Foundation. Unlike assessed contributions, these are completely voluntary and require, in many instances, negotiation with donors and restrictive alignment with their priorities and interests even though these may not align with the urgent needs of people and planet. In addition they are not stable nor predictable, which makes long-term program planning for the UN agencies, funds and programs difficult.

Broadening the UN Donor Base

The creation of the UN Foundation marked the beginning of the institutionalization of corporate partnerships with and corporate funding for the UN. In *The UN Foundation—A Foundation for the UN?*, authors Barbara Adams and Jens Martens detail the origins and implications of the UN Foundation. In 1997 billionaire Ted Turner announced he would gift USD \$1 billion in Time Warner stocks to the United Nations. In order to receive and distribute these funds, the UN Foundation was created. Adams and Martens cite that Turner’s contribution was in response to the United States Congress withholding an estimated USD \$1 billion in assessed contributions to the UN.¹²

Following its creation in 1998, the UN Foundation became a primary driver of fundraising from third party sources. Today, the UN Foundation notes: “We employ rigorous accounting standards and financial controls to effectively steward the more than \$2 billion entrusted to us by our Chairman, partners, and donors since our founding.”¹³ In 2020, the UN Foundation had expenses totaling USD \$280.3 million.¹⁴

10 See: <https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-150th-session-of-the-executive-board-24-january-2022>.

11 See: <https://www.who.int/news-room/commentaries/detail/covid-19-has-shown-sustainable-financing-of-who-is-needed-to-deliver-health-for-all>.

12 Barbara Adams and Jens Martens (2018). *The UN Foundation—A foundation for the UN?*

13 See: <https://unfoundation.org/who-we-are/our-financials/>.

14 Ibid.

Since the UN Foundation came into existence, other efforts have been undertaken to legitimize the importance of the business and corporate sector in international decision-making, bringing business closer to the values of the UN. Some specific cases include the creation of the United Nations Fund for International Partnerships (UNFIP) established by the UN Secretary-General Kofi A. Annan in 1998 and the subsequent creation of the UN Office of Partnerships (UNOP), the creation of the Global Compact and its “10 Principles” for corporate sustainability in 2000, the granting of observer status in the General Assembly to the International Chamber of Commerce (ICC) in 2016, the UN’s 2019 Memorandum of Understanding with the World Economic Forum (WEF) from the S-G’s office, and the growing reliance on private sector fundraising among the UN funds and programs.

UN Development System (UNDS) Reform—Retooling for Partnership

The concerns articulated thus far regarding the UN’s regular budget, are also present among the individual budgets of the various UN funds and programs. Following the adoption of the 2030 Agenda for Sustainable Development, the United Nations Economic and Social Council (ECOSOC) embarked on an effort to harmonize UN Development System (UNDS) activities with the 2030 Agenda and its SDGs as well as system-wide pressure for greater country ownership of in-country activities. Part of this process includes the 2017 Quadrennial Comprehensive Policy Review (A/RES/71/243) and ongoing reform proposals for the UNDS, all aimed at improving the quality of development and meeting the needs and priorities of host countries and donor governments.

Over the past several years, the funds and programs have raised concerns regarding the unequal distribution of core and non-core resources. Core resources, also known as regular resources, are unrestricted and unearmarked. They can be used to fund and staff general operations and much of the norms and standards work for which the UN is well-known. Meanwhile, non-core, earmarked or restricted resources are tied to specific projects, often informed by dialogue between the donors and agencies.

At the most recent Second Regular Sessions of the Executive Boards in November 2021, UN staff all painted a bleak funding picture, indicating that the percentage of core resources is falling far below the 30 percent target set forth in the Funding Compact, established as part of the UNDS Reform process.¹⁵ The Funding Compact, established in 2019, is an agreement between the development system and Member States, including financing

¹⁵ A/74/73/Add.1.

commitments for both donors and UN entities with a view to enhance delivery on the SDGs.

However, the compact is a voluntary and non-binding document, making enforceability challenging. For this reason, funds and programs have turned to private fundraising initiatives to supplement their annual budgets. As these efforts grow, Member States warmly welcome them, as they obfuscate Member State responsibilities as laid out in the Funding Compact while enhancing the role of the private sector.

ECOSOC holds an annual stock-taking on the performance of the UNDS and shapes priorities. At its last such session in May 2021, Ib Petersen, Deputy Executive Director of UNFPA, chaired the session on the UN Funding Compact. Noticing the system-wide concerns regarding a lack of flexible, core resources, he remarked that “we get the UN that we fund.”¹⁶

UN staff presented concerns regarding the quality of funding for their various agencies. In meetings throughout 2021, UN staff presented figures to their respective executive boards. Among UNICEF, UNDP, UNFPA, and UN Women, only UN Women met its 30 percent core resource target in 2020. However, UN Women Director of Strategic Partnerships Daniel Seymour noted that while UN Women is “happy with exceeding the 30 percent core target... It’s not UN Women’s belief that 30 percent is the right target. We believe 50/50 is the correct target for our mandate.”¹⁷

Beyond this, the various funds and programs have articulated their turn to the private sector as a source of funding. For some organizations like UNICEF, 2020 contributions from the private actors (including individual donations, corporate contributions, and philanthropy) totaled USD 717 million, amounting to 21 percent of their overall income. In all, 49 percent of UNICEF’s “regular” or “core” resources in 2020 came from private actors.¹⁸

Today, private funding of UN activities takes a variety of forms, including contributions to UN Trust Funds, country-level programs, and support for specific initiatives and activities. Some funding is contributed directly and some through US-based foundations, such as the UN Foundation and the Foundation for the Global Compact. If not yet significant in aggregate terms, such funding can represent a significant and dominant share of support for specific programs at the country level. This is particularly evident in the health sector, which is now largely influenced by the Bill & Melinda Gates Foundation.

16 See: <https://media.un.org/en/asset/k1i/k1it4a7wgd>.

17 UN Women (2021). *Financing Gender Equality and Women’s Empowerment Results*.

18 UNICEF 2020 Annual Report.

As evidenced by the politics surrounding the UN regular budget and assessed contributions, with money comes influence and as corporations continue to increase funding, namely core resources in the case of UNICEF, their ability to shape the UNDS agenda and priorities remains concerning.

Promoting Partnerships at the Highest Level

In September 2021, Secretary-General António Guterres announced his Our Common Agenda aimed at accelerating the implementation of existing agreements, namely the 2030 Agenda and Sustainable Development Goals (SDGs). Central to this is his term, “networked multilateralism,” with a view to increase other stakeholder engagement with and participation in multilateral processes.

Over the course of February and March 2022, Member States, UN staff and representatives of civil society, the private sector and academia attended consultations on these themes. There has been broad support from Member States for a number of proposals by the Secretary-General and he summarized some of these during a 22 March consultation with ECOSOC:

- Biennial Summits at the level of Heads of State and Government between UN Member States, the G20 and the International Financial Institutions, with a view for the first summit to take place before the end of 2022
- A High-level Advisory Board on Effective Multilateralism comprised of former Heads of State
- Development of new metrics to complement Gross Domestic Product (GDP) such as the Multidimensional Vulnerability Index
- The creation of a Global Accelerator for Jobs and Social Protection—including a Global Fund for Social Protection and a High-level Coalition
- A Transforming Education Summit during the UNGA High-level week in 2022
- A World Social Summit in 2025 to “create momentum and coordinate action toward achieving the SDGs and take stock of efforts to renew the social contract”¹⁹
- Creation of a UN Office for Youth to facilitate youth engagement at the UN
- A 2023 Summit for our Future to further discuss a number of proposals, including the new Agenda for Peace, the global digital compact protocols

¹⁹ See: *Our Common Agenda* Report of the Secretary-General.

around an emergency platform, a declaration on future generations and the proposed Code of Conduct for Integrity in Public Information

- A multistakeholder digital technology track in preparation for the Summit for our Future to agree on a Global Digital Compact (informed by the existing High-level Panel of Experts on Digital Cooperation, co-chaired by Melinda Gates and Jack Ma)

While the substance of the proposals may signal to some a step in the right direction, the participation modalities give pause. Central to these proposals is their multistakeholder or networked multilateral nature. Although more stakeholders participate in various processes, responsibility of governance and accountability to advancing the goals of the UN must remain with Member States. While the UN welcomes private donors, their influence is carried to shape program priorities and now, as corporations are invited to participate in implementation of Our Common Agenda proposals, their influence will also be carried through the various agendas and priorities. Multistakeholderism and networked multilateralism assert duty bearers, rights holders and corporate interests are all equal stakeholders and, in doing so, obscures the power imbalances that exist among these groups. Corporations, unlike governments, are accountable to their shareholders with a view to increase profit. This, in many cases, is directly in conflict with the transformation needed to protect people and planet.

Some of the most concerning proposals in Our Common Agenda may seem quite mundane and have not been at the forefront of Member State discussions thus far. The agenda includes a mandate for the United Nations Office of Partnerships to become the main interlocutor to support civil society engagement with the UN. However, the emphasis of this office, and its connection to the United Nations Foundation, has focused primarily on intermediating access for the private sector, namely corporations, to the United Nations. Many CSOs criticize that the Secretary-General has proposed to place this responsibility of civil society engagement with the UN Office of Partnerships. This further legitimizes the role of corporations in the UN and conflates the role of corporations with the role of civil society, which serves as an accountability mechanism for Member States, whereas private corporations often serve as roadblocks and impediments to SDG progress.

Conclusions

As the world is currently faced with climate, COVID-19 and development crises in addition to various ongoing conflicts and wars, the urgency of a rights-based and people-centered multilateralism could not be more evident. However, central to this is an adequate, predictable budget that grows with

the priorities and global needs. As Member States and UN leadership continue to push for partnerships, multistakeholderism and networked multilateralism as a solution to meet these needs, they fail to acknowledge that partnerships and multistakeholder efforts since the founding of the UN have failed to deliver. Is the networked multilateralism being promoted today destined to the same fate?

Member States must remain duty bearers, accountable to Human Rights and delivering on the UN Charter as well as their various international commitments. Perhaps even more importantly, the power in decision making among Member States should be informed by the General Assembly and its one member, one vote model, not a system wherein influence is weighted by total contributions to the UN—regular budget or otherwise.

The private sector also has a role to play, but this role should be informed by transparency and accountability to international norms and standards. Additionally, Member States need to advance strong and clear UN rules of engagement with the private sector to avoid undue influence and conflicts of interest. Rather than grandstanding at the UN to announce a multi-million dollar donation, corporations should be paying their fair share of taxes in jurisdictions where they are based and/or operating, and that requires the political will of UN Member States to enact policies that regulate corporate activity, rather than invite them into the corridors of the United Nations Headquarters.



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