

How Well-meaning Donors Create the UN Machinery They Don't Like

Written by Vytautas Jankauskas and Ronny Patz

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VYTAUTAS JANKAUSKAS AND RONNY PATZ, SEP 27 2019

In April 2019, the UN Secretary-General presented the UN “Funding Compact” to the UN Economic and Social Council (ECOSOC), arguing that the current funding practices in the UN system “increase transaction costs, fragmentation, volatility and competition among entities”. The Funding Compact – drafts of which were discussed controversially over many months with donors and UN officials as one could see during debates at the German Development Institute (GDI) workshop “Better Funding – Stronger Multilateralism?” in March – is a reminder that donor states themselves, through their funding practices, are creating the UN bureaucracy they do not like.

Throughout most of their existence, the United Nations have been repeatedly criticized for their bureaucratic inefficiency, lack of (the right) priorities, and accountability gaps. President Donald Trump regularly accuses the UN for being an ‘unelected, unaccountable, global bureaucracy’, which focuses on process rather than results and suffers from bureaucratic mismanagement. Although his attacks are based on a profound distaste for multilateralism, he is by far not the first Western politician to make such claims. Western donors in particular voice less pronounced yet similar complaints, thinly veiled in a language of “evaluation”, “transparency” and “accountability”.

In essence, there is nothing wrong about this. Donor states want to see concrete impact and do not want their resources wasted. They look for value for money, lean administration, and accountable structures, because, ultimately, they need to justify their financial support to multilateral organizations when they face publics at home. However, multilateral governance is hard, and finding agreement among close to 200 states on how to prioritize funding is challenging – so donors get frustrated when their priorities are not well-reflected. Their calls for reprioritization, for administrative reform, or for cuts are faced with majorities for whom “reform” means implementing Western interests: cutting development spending in the Global South, cutting staff posts from regions that are unrepresented in the UN administration, or focusing on policies that are only of benefit to major contributors.

One way for donor countries to break this deadlock has been the increasing use of voluntary and earmarked contributions, while keeping core budgets at zero growth and thus limit the importance of multilateral budget negotiations. A good example is the World Health Organization (WHO), as discussed by Ronny Patz and Klaus H. Goetz in “Managing Money and Discord in the UN” (Oxford University Press, April 2019). In line with their findings, the World Health Assembly in May 2019 decided to significantly increase the overall expenditures for 2020-21 but to keep the obligatory member state contributions for this period at the level of 2018-19. This means that the increasing gap will have to be filled by additional voluntary support from both member states as well as private actors such as the Gates Foundation. Yet, earmarking of voluntary funding leaves certain key areas underfunded and WHO leadership cannot shift earmarked funding around, not even when collectively agreed priorities lack resources.

WHO stands representative for a wider trend. According to the UN, its core funding has grown by 23 percent since 2002 while non-core funding has skyrocketed by 150 percent in real terms. By 2016, earmarked funding constituted about 80 percent of total funding to the UN funds and programmes according to a 2018 OECD report. Major donors such as the USA, the UK, Germany, and the EU are already heavily earmarking but Donald Trump promised last year to shift even more U.S. funding from assessed to voluntary contributions, arguing that this will allow to ‘target American resources to the programs with the best record of success.’ However, while earmarked funding can satisfy

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individual donors and help to make the UN more accountable to each of them, this practice undermines the overall functioning of the United Nations system and many of its agencies in the long run.

First, the increasing voluntary and earmarked funding leads to fragmentation. As UN Secretary-General António Guterres put it, 'fragmented funding can only deliver fragmented results.' Tight earmarking and project-like results orientation distract the UN system and its staff from focusing on global mandates. Instead, it favors micro-management by donors as well as the UN staff producing quick results instead of tackling hard and long-term challenges.

Second, earmarking and dependence on short-term voluntary funding creates additional administrative burdens in the form of a fundraising bureaucracy. With the current funding modalities in the UN system, UN officials enter into a permanent fundraising and donor reporting mode. Instead of producing results, they are producing reports to keep donors happy and interested. And, as Dan Honig has recently shown in *International Organization*, more 'reporting undermines performance.'

Third, executive leaders of UN agencies and other highly-paid officials travel around the world to talk to country leaders and ministers to ask for fresh money, instead of spending their valuable time on better management of their organizations, on resolving challenging multilateral discussions or on coordinating humanitarian and development efforts. When national leaders complain about bloated UN bureaucracies and lack of strategic management, they should start freeing UN executives from wasting time on asking for money, especially money for already agreed multilateral priorities.

All of these developments have not escaped UN agencies, donors and the academic community alike. The UN Funding Compact is an attempt from the UN core to change practices or to at least coordinate funding better, to reduce earmarking and increase long-term financial commitments from donors. However, the 2016 "Grand Bargain" already promised to move in a similar direction, with limited success according to a June 2019 independent report by HPG/ODI.

Why do these efforts fail? Because they are bureaucratic solutions to a political problem. The political problem is not distrust of an unaccountable UN bureaucracy. The problem is distrust among member states and donors. Earmarking, fragmentation and bureaucratization are just symptoms of failed multilateralism that become visible in the UN bureaucracy. The solution – far from easy – therefore is not better funding to get to better multilateralism, but better multilateralism and increased trust among states, donors or recipients.

About the author:

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