

THE POLITICAL ECONOMY OF UN SYSTEM OPERATIONAL ACTIVITIES: OVERCOMING THE BILATERALIZATION OF MULTILATERALISM THROUGH POOLED FUNDS?

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ABSTRACT: This article intent is to present the different means through which UN activities are financed – such as by assessed, voluntary or earmarked contributions – and to understand how their allocation affects the degree of influence that can be potentially exerted by those who finance the bulk of UN activities. Firstly, an introductory section describes the specifics of UN aid-related activities, in contrast with its normative functions at its decision-making bodies or set at international conferences sponsored by UN system entities. Then, it lays out the multiple forms through which UN system entities finance their activities: from the mandatory contributions, attached to UN and its specialized agencies membership, to the different types of voluntary contributions, such as those earmarked for a specific project or country that by the mid-1990s surpassed the volume of mandatory ones. Finally, we assess what the gathered data inform about the relation between the UN funding structure and the opportunities and constraints presented to actors interested in promoting a less fragmented flow of UN operational activities. We identified pooled funds as a promising but underexplored mechanism to avoid the bilateralization of the multilateral cooperation forward by UN system.

Key words: United Nations, Multi-Partner Trust Funds, Pooled Funds

A ECONOMIA POLÍTICA DAS ATIVIDADES OPERACIONAIS DO SISTEMA ONU: SUPERANDO A BILATERALIZAÇÃO DO MULTILATERALISMO POR FUNDOS AGRUPADOS?

RESUMO: Esse artigo apresenta as diferentes formas de financiamento das Nações Unidas – como por contribuições obrigatórias, voluntarias previstas no orçamento ou voluntárias de destino prédeterminado e não previstas no orçamento –, buscando compreender como esses diferentes meios de alocação de recursos podem afetar o grau de influência exercido pelos maiores financiadores das atividades da ONU. Em primeiro lugar, uma sessão introdutória descreve e especifica as atividades operacionais da ONU de ajuda internacional, em contraste com suas funções normativas encaminhadas em seus fóruns de tomada de decisão ou em conferências internacionais patrocinadas por entidades do sistema ONU. Em seguida, apresentamos as múltiplas formas pelas quais as entidades do Sistema ONU financiam seu funcionamento: desde as contribuições obrigatórias,



vinculadas a afiliação à ONU e às suas agências especializadas, até os diversos tipos de contribuições voluntárias, como aquelas atreladas a projetos ou destinatários previamente especificados, que, em meados da década de 1990, ultrapassaram em volume as contribuições obrigatórias. Concluímos o artigo escrutinando o que os dados recolhidos quanto ao financiamento das atividades operacionais da ONU nos informa quanto a relação entre a estrutura de financiamento das Nações Unidas e as oportunidades e constrangimentos presentes para atores interessados em promover a menor fragmentação do Sistema ONU. Identificamos fundos agrupados como uma promissora, mas ainda sub-explorada, forma de evitar a bilateralização da cooperação multilateral realizada pela ONU.

Palavras-chave: Nações Unidas, Fundos Fiduciários Multi-Parceiros, Fundos Agrupados

1. Introduction

This article's intent is to understand how relations between UN system¹ and other actors – as foreign aid donors and recipients – may influence UN operational activities, identifying institutional and material resources that enable them to do so, as well as to present the debate over the different means through which UN activities are financed – such as by assessed, voluntary or earmarked contributions – and how the manner each of them is allocated affects the degree of influence that can be potentially exerted by those who finance the bulk of UN activities, undermining other member states preferences. In short, the article assesses how UN operational activities, including its reform agenda, can be influenced by its funding pattern.

UN activities decentralized funding and its current funding pattern – with funds, programmes and specialized agencies with their own budgets financed by increasingly voluntary and earmarked resources – allows leeway to those countries that provide these resources to influence the activities that will have funds and those that will have not (Weiss, 2013; Jenks, 2014; Weinlich, 2011). This has raised the debate over the bilateralization of multilateralism, since only 27% of contributions made to UN operational activities are under the decision-making of multilateral governing bodies, individual donors directly contracting UN entities (Graham, 2016, p.2).

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¹ UN system comprises the UN, with its main organs and subsidiary bodies, such as funds and programs, and specialized agencies and related organizations.



Historically, UN system decentralized institutional framework was often associated with more diversity and wider margin of choice of multilateral cooperation partners for member states and societies alike (UN, 2005b, Muller, 2010; Muller, 2017), but, more recently, the literature and UN itself identify the combination of this framework with the current funding pattern of UN operational activities as triggers of fragmentation (Weiss, 2013; Jenks, 2014; Weinlich, 2011; UN, 2016a)². The institutional fragmentation incites the overlap and duplication of UN activities, the competition for funds and the lack of cohesiveness among UN actors, threatening UN relevance and strategic position within international cooperation dynamics (A/60/1).

This has given birth to a reform agenda focused on UN system-wide coherence (A/61/583)³, supported by member states that finance most of UN activities and who has the potential to exert influence through their material resources and use their leverage in favor of their preferences (UN, 2014; Jenks, 2014; Baccarini and Diniz, 2014). Accordingly, donors whose practices are appointed as causing UN fragmentation could use their influence power over UN financing in favor of changes intended to overcome this fragmentation and sponsoring activities in which UN system acts as a collectivity rather than individually. The article questions whether and how these actors resort to their influence over funding UN activities to incite coordination and collaboration among UN entities.

The article's hypothesis is that donors make use of their potential to influence UN operational activities thought their material power by progressively increasing the offer of funds to be jointly used by the UN system as a whole, raising the funds available to pooled funds, a new funding mechanism for UN activities created in 2003. The chapter verify this support by collecting data over UN activities financing, paying especial attention to resources channeled by those joint funds, which offers amounts to be shared by UN system entities on the ground and can be seen as effective means to encourage them to work together.

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² There are other factor that led to UN system's fragmentation, such as the ineffectiveness of ECOSOC's coordination mandate and the haphazard growth in the number and variety of UN entities, for further information see Muller (2010).

³ For more on the emergence of UN reform topic "system-wide coherence", see Campos (2017).

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In order to test our hypothesis, we resort to UN official documents – as Secretary General annual reports, the Quadrennial Comprehensive Policy Review and UN Department of Economical and Social Affairs reports (UN-DESA) – and funding data, available through as CEB statistics base and the Multi-Partner Trust-Funs Office data. On top of that, we resort to OECD multilateral cooperation reports as well as to its overall database.

First, an introductory section describes the specifics of UN aid-related activities, in contrast with its normative functions at its decision-making bodies or set at international conferences sponsored by UN system entities. Then, we lay out the multiple forms through which UN system entities finance their activities: from the mandatory contributions, attached to UN and its specialized agencies membership, to the different types of voluntary contributions, that by the mid-1990s surpassed the volume of the mandatory ones. Finally, we assess what the gathered data inform about the relation between the UN funding structure and the opportunities and constraints presented to the on going reform agenda.

2. The UN System functions and funding

UN operational activities

The UN System mandate encompasses activities that present either an ideational-normative quality or an operational one (Claude, 1956; Cox and Jacobson; 1973). The ideational and normative dimensions correspond to its role of setting global norms and standards and of routing global policies and advocacy in order to advance them. Operational activities comprise the implementation of aid projects and programmes – including technical assistance and advice on policies – and financing development and emergency relief projects. Thus, UN operational activities are named operational activities for development, which refer both to activities focused on development and those focused on humanitarian assistance (Degnbol-



Martinussen and Engberg-Perdersen, 2003)⁴.

Albeit the UN system operational activities⁵ are divided in financial reports into development-related and humanitarian-related activities – as seen in figure 1 –, this distinction is often unclear (Browne, 2006, p.12) and there is no harmonized system-wide classification (UN, 2015). The most common approach for this distinction is to combine the nature of activities with its implementation timeframe. Thus, the United Nations operational activities cover, on the one hand, activities with longer-term development goals and, on the other hand, activities with a shorter-term humanitarian assistance focus (UN, 2015).

Throughout its history, UN System increasingly took over tasks on development cooperation, leading to a significant growth of its operational activities, which have passed through different moments. Initially, the UN system operational activities were put into place along functional lines, following the specialized agencies architecture and the functionalist ideal of a common non-politicized cooperation, based on technical expertise (UN, 2005b). From 1960 on, the growing demand for cooperation by newly independent countries and the multidisciplinary nature of the development agenda gave rise to a growing number of entities and reoriented the operational activities to serve member states, the focus transitioning from a broad technical approach that would fit all to underdeveloped members' national demands (Weiss, 2013). Contemporarily, following the many conferences hold by the UN since the 1990s, the UN operational activities took another turn as it became based on the establishment of internationally agreed goals (Jenks and Jones, 2013). Since the 1960s, the UN's operational branch grew vastly, corresponding to the highest share of its agenda in terms of both financial and personnel resources (UN, 2016a, A/72/61).

To this day, operational activities account for the largest share of UN spending (UN, 2016a, A/72/61). In 2015, they accounted for 62% of UN System total spending, while the amount spent with its normative activities accounted for 21% and the peacekeeping consumed 17 % of the resources (see figure 1).

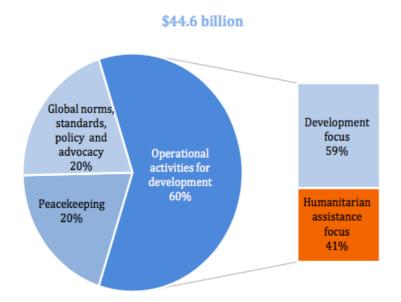
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⁴ The literature defines international aid as assistances that can be financially verified, such as capital, goods and services (Browne, 2006, p. 12), but debates at the UN – as the recent debate at ECOSOC over the long term positioning of the UNDS – encompass cooperation that can not be verified by financial flux, but by the impact they have.

⁵ Hereafter, UN operational activities and operational activities for development are going to be used interchangeably.



Figure 1: Financing of United Nations system-wide activities: 2015



Source: A/72/61-E/2017/4 (UN, 2015 p:3).

The multiple and diversified group of UN entities engaged in its operational activities offer a wide range of development cooperation partners from the United Nations System, but it also worsened the System's already fragmented institutional framework (Weiss, 2013). The proliferation of entities gave rise to overlapping mandates and, therefore, incited the competition rather than the cooperation within the UN system, both at the systemic and at the local levels (A/72/61). This has put forward an agenda of reform that tries to tackle those issues (A/60/1), which should consider UN activities funding in order to achieve the desired effect. Below, we present the UN operational activities in the broader view of international cooperation for development, identifying, against his background, its operational activities specificities and importance.

UN operational activities in the context of international cooperation

In spite of recent changes at the global cooperation for development scenario

– as the emergence of new governmental and non-governmental actors and the
diversification of its financing mechanisms –, the UN system still accounts for the

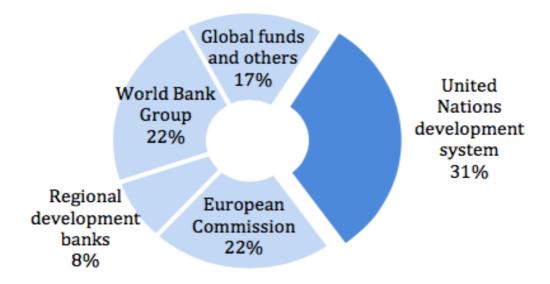


largest share of multilateral cooperation flows worldwide (see Figure 2, A/72/61). The rise of new actors has put pressure on the UN system, which struggles to demonstrate it provides aid effectively and efficiently in a context where the *value for money* motto – a byword at the 2000s International Conferences on Financing for Development – is repeated to exhaustion by countries that provide the bulk of resources for development cooperation (Weinlich, 2011; Jenks and Jones, 2013).

Notwithstanding, many recognize that UN system singularities justify the preference for investing in its multilateral cooperation, as its universal membership and its capacity to mobilize the international community around common agreed normative directives on the most diverse topics (Weiss, 2013; Degnbol-Martinussen and Engberg-Perdersen, 2003). The UN broad membership contributes for it being perceived as a neutral and legitimate actor especially in the field of development related activities (Jolly, Emmerij and Weiss, 2005).

Figure 2: Channels of multilateral aid: 2014

Total use of multilateral system (2014): \$62.3 billion



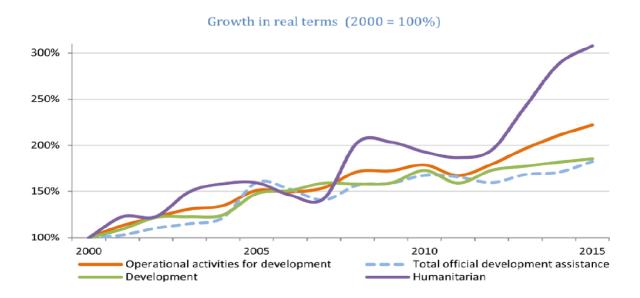
Source: A /72/61-E/2017/4 (UN, 2016a p:6)

Accordingly, the amount of resources channeled for UN operational activities has grown in a pace faster than Official Development Assistance (ODA), to large



extent due to the surge of financing for UN humanitarian focused activities (see Figure 3). Yet, member states have frequently made the point in favor of reforms in order to maintain UN system relevance in the face of the nowadays challenges presented above (A/71/243). In addition, there are different means of financing UN operational activities, not all of them presenting characteristics that inspire the neutrality and the legitimacy ordinarily related to the UN. Thus, in the next section, we analyze the multiple UN activities funding instruments and the challenges arising by use of some of them.

Figure 3: Growth in ODA & UN system operation activities funding (2000-2015).6



Source: A /72/61 (UN, 2016a p:5).

UN System financing means

The resources that fund UN System operational activities are differentiated by their core or non-core character. Core resources are not earmarked and are allocated in accordance with multilateral mandates and strategic plans of UN entities, their allocation being often defined by governing bodies through intergovernmental decision-making processes in which priorities and budgets are established (Jenks,

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⁶ This data does not include UN activities that are self-financing locally, since ODA definition do not encompass them.



2014). Non-core, by contrast, are earmarked resources whose allocation and application are determined mostly by contributors, not being necessarily linked to the legislative function of governing bodies, this includes, for example, amounts channeled to specific projects implemented by UN at the local level and national resources used by contributors to fund UN field activities in its own territory. The restricted character of non-core resources – with attachments to individual assignments – undermines UN system-wide convergence, strategic positioning and coherence (UN, 2015).

There are five main financial instruments by which UN activities are funded: assessed contributions, core voluntary contribution, negotiated pledges, earmarked non-core funding and fees (Glemarec, Jenks *et al*, 2016).

Assessed contributions are those UN member states are obliged by the UN charter and other treaties governing their relations with, for example, the specialized agencies (UN, 1945, atrg. 17). These resources rely on a formula based on the countries' ability to pay and are seen as reliable funding source to forward UN core functions. Core voluntary contributions are those over which member countries have discretionary power over, but are defined in the budgets, what makes sure that their allocation will be under UN governance bodies and that there is predictability of incoming resources (Weinlich, 2011; Jenks and Jones 2013; Jenks, 2014; Glemarec, Jenks *et al*, 2016).

Negotiated pledges are based on the acquiescence of contributors to provide a certain scale of resources to a matter in question. These pledges are legally binding since they are defined by formal agreements among its parties, which is a very common financing instrument of international thematic conventions sponsored by the UN on a diverse and multiple agenda – as the resources agreed by environment related conventions (Weinlich, 2011; Jenks and Jones, 2013; Glemarec, Jenks *et al*, 2016). Fees are a financing instrument by which the charge of services raises funds, such as the fees charged by the World Intellectual Property Organization (WIPO) to manage patents and other intellectual property rights (Weinlich, 2011; Jenks and Jones, 2013; Glemarec, Jenks *et al*, 2016).

Together, assessed, voluntary core contributions, negotiated pledges and fees constitute UN System regular budgets, their allocation being under the auspices of the multilateral governance that constitutes the UN. This is mandated for the UN



General Assembly – more specifically, its Fifth Committee, the administrative and Budgetary Committee – and specialized agencies governing bodies (UN, 1945, atrg. 17).

On the other hand, earmarked non-core funding are contributions that are directed to a specific theme or recipient, without being predicted on UN system entities budget nor passing through its intergovernmental decision-making, arising from negotiations among donors, UN entities and recipient countries (Weinlich, 2011; Jenks and Jones 2013; Jenks, 2014; Glemarec, Jenks *et al*, 2016). This type of contribution will be further discussed in the section dedicated to assessing current UN financing, since it corresponds, today, to the largest share of resources available to finance UN operational activities.

Table 1: Financing Instruments of the United Nations Development System

Type of	Assessed	Voluntary	Negotiated	Earmarked	Fees
Contribution	(core)	Core	Pledge (core)	Funding	
				(non-core)	
What is the	Price of	Voluntary,	Allocation of	Funding is	Knowledge,
central	membership	annual	responsibility	earmarked to	management and
characteristic		pledges	of	theme, country	product fees from
of the			participating	or project; (not	both state and non-
financing			member	earmarked to	state actors
instrument?			states	procurement)	
How is burden shared?	Formula	No burden sharing mechanism; purely voluntary	Allocation of responsibilities formalized	No institutionalizing burden-sharing formula	Flat or negotiated fees
How are	Established	Established in	Established in	Allocated in	



resources	in budget	budget	budget	negotiations	Various
allocated?				between donor,	
				UN entity and	
				recipient	
What is the decision-making process?	Overall membership	Overall membership	Overall membership	Participating membership	Various
Examples	UN regular budget based on formula	Non-assessed commitments to UN system regular	Resources agreed by UN Environmental Conventions	Bilateral resources available to specific UN's	Fees paid to maintain WIPO
		budget		projects	

Source: Overview of Financing Instruments in the UN Development System, by Glemarec, Jenks et al; Dag Hammarskjöld Foundation and the United Nations Multi-Partner Trust Fund Office, 2016.

Nowadays, non-core financing instruments are the prevailing form that funds UN System operational activities (see figure 4 below), causing the emergence of a debate over their *bilateralization*. Introducing the term, Weinlich (2011) highlights that donors categorize earmarked resources provided by them to finance UN activities as bilateral (OECD, 2008; OECD, 2011; OECD, 2010 OECD, 2013), while the UN annual reports on its operational activities financing consider them as part of the System's activities funding (UN, 2011; UN, 2012a; UN, 2012b; UN, 2015). Notwithstanding, owing to the large volume and the diverse nature of the activities financed by these resources, the latest OECD *Multilateral Cooperation Report* affirms that these flows are difficult to classify, recognizing – to some extent – that their self-classification as bilateral by donor countries does not pacify the debate over this contribution's nature (OECD, 2015).

On the one hand, some relate the nature of the international cooperation strictly to the decision-making on the allocation of resources, understanding earmarked contributions, hence, as factors that fundamentally undermine UN system



multilateralism (Weinlich, 2011); on the other hand, some understand that, since the purposes of this disbursements are often jointly defined at UN normative decision-making bodies and conferences, this minimizes the impact of earmarked resources over the multilateral character of the United Nations operational activities (Jenks, 2014)⁷.

There are difficulties to measure UN system funding, in general, and its operational activities, in particular, the two main reporting documents – the Secretary General's Annual Reports on UN Operational Activities Funding and the OECD's Multilateral Cooperation Report – being only recently established institutionalized. The Secretary General's Annual Reports on UN Operational Activities Funding begun as recent as 2006, being institutionalized in the aftermath of the Millennium Development Goals (UN, 2015). Meanwhile, the first OECD's Multilateral Cooperation Report came out in 2008, presenting the data based on OECD's definitions and members' self-declaration of development cooperation outflows (OECD, 2008; OECD, 2010). Accordingly, this report not only takes into account UN activities financed by donors as bilateral, but it also excludes UN activities financed by the own local governments – a financing pattern especially common at Latin America and at emerging countries like India, corresponding to the bulk of resources allocated to local activities of the UN system (Weinlich, 2011). Therefore, the data on UN activities financing must be interpreted carefully, since methodological aspects may lead to different inputs and outputs alike.

It is particularly relevant to be able to discern between multilateral outflows and inflows, the previous being the flows from multilateral organizations to partner countries, whilst the latter are flows into multilateral organizations – including core and non-core contributions (OECD, 2016). Here, we look at both flows in order to understand how UN funding pattern affects how its operational activities are institutionally structured.

2. Assessing UN operational activities funding

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⁷ For more on the debate over the *bilateralization of multilateralism* see Bruce Jenks 2014 and Erin Graham, 2017.



A chronology of UN activities finance

The funding pattern of UN operational activities has followed the lines of different moments of UN system engagement with the Development Cooperation agenda, each historical phase presenting its own peculiarities. Jenks identify four phases (Jenks, 2014, p:1810):

- **From 1945 to 1960**, starting with the emergence of the UN system, influenced by the functionalist ideal of technicality and based on agencies` entitlement to take part in international cooperation;
- From 1960 to 1990, in the context of the Cold War and the decolonization process, focused on building state capacities, countries` entitlement being at the core of this second phase;
- **From 1990 to 2000**, when the UN Development System was placed to provide services to developing countries;
- The goal-setting era, from 2000 to nowadays, in which we have been since the turn of the millennium.

Along these phases, UN activities financing pattern have follow the lines of the functions UN took to itself at each of these cycles, since the different founding mechanism emerged as better means better suited for the purpose of each phase.

The specialized agencies were the embodiment of the functionalist ideal of technical expertise translated into institutionalized communities of practices (Jenks and Jones, 2013, p: 23). Accordingly, at the end of the Second World War, entities were created to bring together specialists and skills related to specific sectors, as UN Education, Scientific and Culture Organization (UNESCO) and Food and Agriculture Organization (FAO) creation in 1945 and World Health Organization (WHO), in 1948, along with the already existing International Labor Organization (ILO). Not only the governance, but also the financing mechanisms of specialized agencies were put in place in line with the functionalist idea: individual entities having its own finance mechanism provided by its member-states assessed contribution (Jenks, 2014, p:1811). Therefore, the offer of resources was closer attached to the cost of UN membership.



The General Assembly Resolution 200 (III) authorized the UN regular budget to be used to forward Technical Assistance⁸ – it was UNGA's mandate, as enshrined in the UN charter – to consider and approve financial and budgetary arrangements with specialized agencies, examining its administrative budgets and to make recommendations on them (UN, 1945, art.17).

In 1949, aware of important aspects of social and economic development that would not be covered by the sectors represented at UN system through the specialized agencies, member states represented at the ECOSOC requested – through the resolution 222 (IX) – the establishing of a joint UN entity with a broader mandate. This led to the creation of the Expanded Program of Technical Assistance for Less-Developed Countries through *General Assembly* resolution 305 (IX)⁹. The UN Expanded Program of Technical Assistance (EPTA) was financed by governments' voluntary contributions, though part of UN's and its agencies' regular budgets still were used to cover the provision of multilateral cooperation (UN, 1949).

The EPTA resources were divided among UN agencies based on percentage shares. At EPTA's first distribution of funds – from a total of 20 million dollars –, 14% were allocated for UNESCO, 11% for ILO and 29% for FAO (UN, 1949). Nonetheless, in its early days, this represented a very small percentage of UN overall expenditures.

The second phase resulted from a new focus, due to the Cold War and the decolonization process, which redirected UN operational activities purpose from the functionalist paradigm to the building of state capacities, new funding mechanisms being created to route resources directly to countries (Jenks and Jones, 2013; Jenks, 2014). UN activities became focused on individual countries, in contrast to the earlier sector approach (Browne, 2011). The historical context contributed to this new perspective in two ways: first, the Cold War polarization made political alignment to blocs the main reason to both mobilize and allocate resources; second, decolonization brought the support for the newly independent countries to the center

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Resolution available at: https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/043/71/IMG/NR004371.pdf?OpenElement.

Resolution available at: https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/051/24/IMG/NR005124.pdf?OpenElement.



of UN activities, which should provide services in order to foster their national development (UN, 2005b; Muller, 2010; Jenks and Jones, 2013; Jenks, 2014).

The creation, in 1966, of the United Nations Development Programme (UNDP), through the mergence of EPTA and the UN Special Fund for Underdeveloped Countries, marks this turn, since it allocated resources in a country-by-country basis. Prioritization was transferred to countries, which could choose which sector – and agencies – to engage with, but the implementation would be still forwarded by the UNDS entities whose mandate was attached to the established national priorities (Jenks and Jones 2013, p.25-26).

This meant that, whilst member-states had discretionary power over policy prioritization, the role of cooperation implementation partners was still reserved to UN system, coexisting those focus of the first and second phases outlined above – sectoral priorities as well as country-based demands –(Jenks and Jones, 2013; Jenks, 2014).¹⁰

The funding of UN system operational activities in this phase was based on UNDP – in charge of running 75% of total technical assistance funds, 90% of which came from regular voluntary contributions (Jenks, 2014, p: 1814). Thus, core contributions were the main mechanism to finance UNDS for three decades (1950-1980), enabling resources to be accessed in a predictable basis, albeit its voluntary nature. Not only the management of these resources were concentrated in UNDP, but also recipient agencies were concentrated in UN specialized agencies, which together accounted for more than half of UN system cooperation implementation expenditures (Jenks, 2014, p:1814).

The third phase coincides with the end of the Cold War and globalization, being a turning point to UNDS, since specialized agencies and UNDP lost, respectively, their quasi-monopoly over UN operational activities implementation and funding allocation and supervision, in parallel with the growing share of non-core contributions (UN, 2005b; UN, 2012c; Weilich, 2011; Jenks and Jones, 2013). On the one hand, by late 1980s, developing countries have already developed national

¹⁰ The literature argue that this kept the power of international cooperation for development at the hand of develop countries and that UN approach to development were a manifestation of North countries preferences. In spite of this debate relevance, it exceeds this research objective.



capacities that enabled them to implement multilateral cooperation activities; on the other hand, in the face of assessed and regular budget being overtaken by non-core resources, agencies advanced its own funding strategies, leading to the competition for resources among them.

Therefore, the provision of resources through a system-wide channel was frustrated, while national governments implementation surpassed UN agencies and accounted for more than half of programmes delivered (Jenks, 2014, p: 1815)¹¹. This was in accordance with member-states demand for national ownership over international cooperation flows, but UN operational activities "became a myriad of numerous, often small scale, interventions responsive to a multitude of governments priorities expressed across a wide range of ministries" (Jenks and Jones, 2013, p:25).

This piecemeal approach – along with the absence of a system-wide source of finance – led to an acute fragmentation of the system, prompting questions about its multilateral nature, because of the lack of jointly defined focus for both programing and financing alike (Weinlich, 2011; Jens and Jones, 2013; Jenks, 2014). The end of Cold War motivation to use aid as a foreign policy tool is related to the almost zero growth of foreign aid flows in nominal terms and its decrease in real terms throughout 1990 (Jenks, 2014).

In this context, development cooperation, in general, goes through an adaptation, with a succession of global thematic conferences throughout the 1990 that culminated in the 2000 World Summit and forwarded a new development agenda.

Accordingly, the fourth phase is characterized by the establishment of global goals and the escalation of the non-core contributions share in UN activities overall financing (see figure below). This encompasses the Millenium Development Goals (MDGs) period between 2000-2015 as well as the Agenda 2030, based on the establishment of the Sustainable Development Goals (SDGs) in 2015. The next

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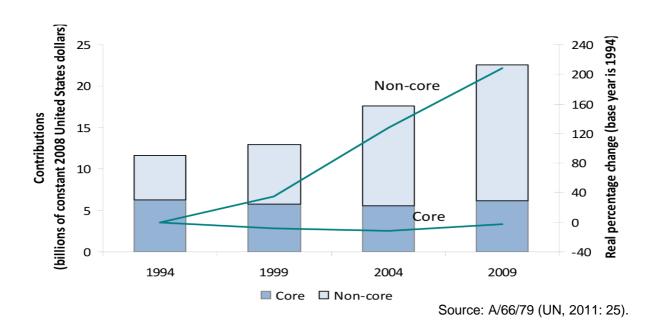
¹¹ Jenks states that, whilst in mid-1980s UN agencies answer to 58% of total programme delivery financed by UNDP and national execution accounted for only 6%, by mid-1990s the situation was reversed, national execution corresponded to 58% and agencies for only 15% of UNDP total expenditures (Jenks, 2014, p: 1815).



section presents the main features of UN system operational activities financing over this period, analyzing how the current funding pattern positions member states to exert influence over the manner UN system activities are structured.

Core resources were the main means through which activities of the UN System were funded until they were overcome by non-core around 1995 (UN, 2011, p:25). The growing relevance of non-core resources is related to historical and political factors, such as the end of the Cold War and was reinforced by the establishment of the Millennium Development Goals, which were structured into thematic silos funded in accordance to the donors' preferences due to non-core financing room for maneuver (Graham, 2017; Jenks and Jones, 2013). Each donor or group of donors could favor, for example, the specific goal or thematic that it is more sensible to, as the Northern Countries are to women empowerment (Weiss, 2013; Weinlich, 2011).

Figure 4: Trends in total contributions for operational activities for development (1994-2009)

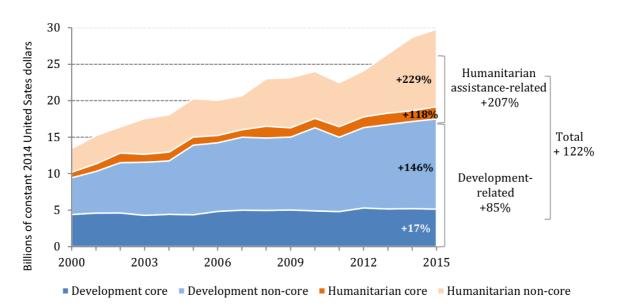


UN activities current funding pattern



Since 2000, UN operational activities for development funding have grown steadily, but non-core resources channeled for humanitarian related operational activities correspond to the majority of this growth (A/72/61- paragraph 30). As seen above, these earmarked contributions are often criticized by its overall negative impact, since they are not under the multilateral decision-making scrutiny, being disbursed for specific projects, which have become intensely disputed among UN system agencies. Many academics and the UN itself share this assumption that earmarked funding is deleterious for the system coherence and effectiveness, being a regular statement at the Secretary General's annual report on UN operational activities and at the General Assembly regular sessions final documents as well as consultancy reviews and research analysis¹².

Figure 5: Real change over time in the funding of operational activities for development (2000-2015).¹³



Source: A/72/61- E/2017/4 (UN, 2016a, p. 10).

³ Percentage relative to 2000.

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¹² See Secretary General report from 2006 to 2017; General Assembly's resolutions from A/60 to the latest one A/72 and Silke (2011); Weiss (2013); Jenks and Jones (2013); Clemarec, Jenks *et al* (2016); Graham (2017).



Notwithstanding, as we presented UN system financing instrument above, there are different types of earmarked funding, each of them being perceived as more or less prone to hindering UN system cohesion and coherence alike, inciting its institutional fragmentation and ineffectiveness.

There are four types of non-core funding: 1) entity-specific thematic funds; 2) inter-agency pooled funds, encompassing joint programmes; 3) funding earmarked to specific programmes and projects, including local resources; 4) global funds administered outside the United Nations development system (A/72/61 - paragraph 36). From UN entities` perspective, the degree of flexibility of these non-core funding types vary from loosely to stricter earmarking, thematic and inter-agency pooled funds being at the former pole, whilst the vertical global funds are on the latest (A/72/61 - 30th paragraph 37).

Entity-specific thematic funds

Thematic funds are earmarked by the definition of the topic they will be directed to, but this is in line with the UN entities' strategic plan – approved by their governing bodies (UN, 2016a, paragraph 41). This entails that these resources are both subject to UN entities long-term planning and flexible enough to be routed for specific purposes within its broader thematic mandate. This type of UN financing mechanism downsize is the silos prone of its thematic approach (Glemarec, Jenks *et al*, 2016: 23), which has been pointed out as distorting factors over priority setting at the MDGs era (Jenks and Jones, 2013). During the *ECOSOC dialogue on the longer-term positioning of the United Nations development system,* it was also mentioned that the contribution for this softly earmarked mechanism would depend on member states stronger ownership of strategic plans and higher confidence on UN entities' management capability (UN, 2016a, paragraph 42).

Inter-agency pooled funds & joint programmes

Inter-agency pooled funds are financing mechanism directed to broad programmatic and clearly defined UN system-wide endeavor, not demanding that



those who offer the resources decide over a specific UN entity as partner (UN, 2016; Glemarec, Jenks *et al*, 2016: 23). A UN administrator manages this fund and its resources are allocated by UN-led governance mechanism, in charge of setting the fund objectives and its outcomes structure (UN, 2016a, paragraph 43).

Pooled funds arose as UN operational activities funding instrument in 2003 post-war Iraq, when a Multi-Partner Trust Fund (MPTF) for Iraq was set so donors could contribute to UN system, relying on its internal governance to distribute resources in a coherent fashion based on its priority setting (Jenks and Jones, 2013; Jenks, 2014; Glemarec, Jenks *et al*, 2016). The operational success of the Iraq Recovery Trust Fund turned its office – set up in UNDP –into the current Multi-Partner Trust Fund Office, which answers today – together with the secretariat–, as inter-agency pooled funds administrator (Jenks, 2014).

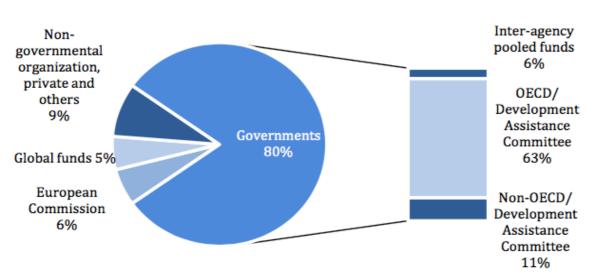
This financing mechanism has since grown steadily, channeling 1.5 US\$ billion dollars per year today (UN, 2016a, paragraph 44). In 2015, from the 80% of resources that financed UN operational activities coming directly from governments, multi-donor trust funds accounted for 6%, an increase from the 3% of 2014 (see figure 6)¹⁴.

Figure 6: Main Groups funding sources of UN operational activities in 2015

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¹⁴ In 2014 the total resources coming directly from governments were 21,8 billions or 77% of the total of 28.4 billions, the 3% corresponding to 0.6 billions (A/71/63 p:12).





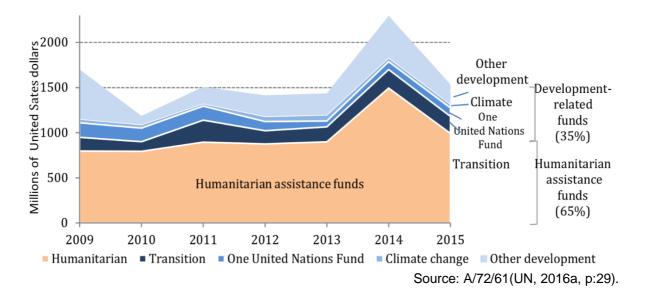
Total contributions in 2015: \$26.7 billion

Source: A/72/61-E/2017/4 p:7.

There are four main types of pooled funding: Humanitarian Coordination; Thematic Coordination; UN Coordination & Country Level Funds; National Pooled Funds. The One UN fund is a MPTF as well as other joint programmes – which are defined as partnership involving more than one and often up to five UN system entities, governmental partners and other stakeholders (UN, 2016a). As in UN overall non-core budget, humanitarian-related funds account for the largest share of UN pooled funds resources allocation.

Figure 7: Deposits made to inter-agency pooled funds by fund category (2009-2015)





Earmarked to specific projects and local resources

The bulk of non-core financing for UN operational activities comes directly from government in the form of contributions for specific programs and projects and is often refer to as multi-bilateral resources (Weinlich, 2011; Jenks and Jones, 2013; UN, 2016a). This is related to the context of UN operational activities following the end of the Cold War, as seen above, when it developed into a multitude of countless individual projects, an approach that gained strength from the turn of the millennium in consequence of the development cooperation agenda focus on aid effectiveness and donors' perceptions that they could control more closely the allocation of their resources by offering them on a project-to-project basis. As seen in the previous chapter, this led to fierce negotiations at the General Assembly over how UN activities are structured, unleashing UN reform initiatives that recognize the funding patterns as factors that impact over it.

An interesting point is that countries that were identified as having a recalcitrant position over UN reform initiatives – namely Brazil and India – share another thing other than their preference for the Security Council reform (Campos, 2017), that is the UN activities at these countries are self-financed. Local resources are the largest share of UN operational activities funding especially at Latin America and it is interesting have noticed the lack of engagement of these countries – apart from Uruguay – at this dimension of UN reform agenda.

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Interviews conducted with both UN staff and diplomats confirm that those that served at or represent countries where local resources finance UN activities describe UN system presence at the local level as cohesive and coherent (Campos, 2017). This might reveal the correlation between this pattern of funding and the form by which UN activities take place.

Global Thematic Funds

Global Thematic Funds have a vertical nature, since they are channeled for specific topics as UN inter-agency pooled funds, differing from them for not being administered by the UN, which does not perform any leading role at its allocation process (UN, 2016a). These funds rely on their own governance and funding structures, which decisions over its allocation make the UN perceive the resources made available by them to finance UN operational activities as strictly earmarked. The amounts offered for the UN by this type of fund oscillates recurrently, what is interpreted as a factor that undermines UN operational activities funding predictability (UN, 2016a).

Table 2: Non-core financing instruments of UN System



Type of	Entity-specific	Pooled funds and	Earmarked to	Global Thematic Funds
contribution	Thematic funds	Joint Programmes	specific	
			Programmes and	
			projects	
 Main	Softly earmarked	Inter-agency	Multi-bilateral	Vertical funds for
characteristics	to finance a	funds to support	and resources	specific themes and
	specific UN entity	broadly defined	channeled	issues, tightly earmarked
	strategic plan and	programmatic	through the UN	for specific projects
	its outcomes in	and results	for specific	
	an given issue	framework	projects and	
	area	through mingled	programs that	
		contributions	attract donors	
Contributions				
2015	529 millions US\$	1.5 billions US\$	17,8 billions US\$	1.4 billions US\$ dollars
	dollars	dollars	dollars	
Allocation				
Decision-making	Managed by	Managed by a UN	project-specific	Autonomous (UN only as
and process	recipient UN	fund	management	implementer)
	entity	administrator	1 22 52 (11)	

Source: elaborated by the author based on A/72/61, paragraph 36-52 (UN, 2016a); Glemarec, Jenks et al (2016); Jenks (2014); Weinlich (2011).

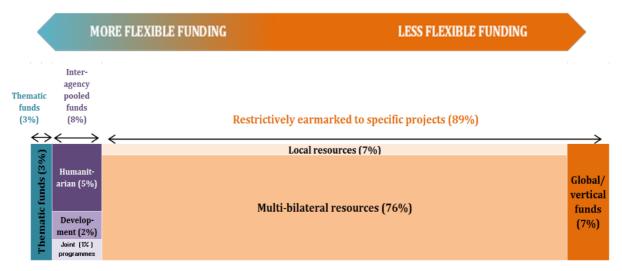
The relation between non-core funding mechanism and the degree of discretion by contributors

The presentation above of UN non-core financing instruments shed light on the fact that not all of its types are strictly earmarked, impacting differently over UN system-wide planning flexibility and predictability (UN, 2016a). Thematic trust-funds and pooled funds are seen as positive funding means, due to the former alignment with Un entities strategic plans and the later allocation led by an UN administrator. On the other hand, earmarked contributions for specific programs and projects as well as global funds are seen as more rigorously routed, the first inciting the competition for funds among UN entities and not providing a sustainable and predictable source of resources, while the second volatility and its autonomous



decision-making avoid it to be a reliable origin for UN operational activities funding. These perceptions are identified at UN reports since the mid-2000s, but it was clearer at the recent dialogue on the long-term position of the UN development system, being presented at SDGs latest report on UN operational activities (see figure 8).

Figure 8: Non-core funding modalities for United Nations operational activities for development 2015



Source: A /72/61 (UN, 2016 p:12), based on CEB statistics and Multi-Partner Trust Fund Office databases on inter-agency pooled funds.

The imbalance between core and non-core resources together with the prevalence of multi-bilateral resources as the main funding source of UN operational activities has given rise to criticism that core resources are being consumed by the management of the abounding earmarked projects and programs (Weinlich, 2011; Jenks and Jones 2013). This would be a form of outsourcing bilateral development cooperation expenses to the UN core budget, overloading its administrative and operational capacity.

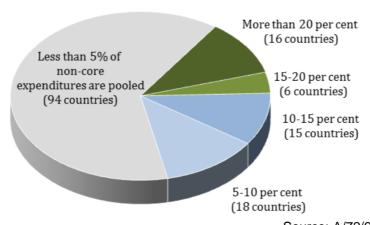
Therefore, the idea of a *critical mass* of core resources – needed to forward UN activities without putting further burden over its administrative and operational structure and to forward entities strategic plans – emerged as a way to overcome core and non-core disproportion impacts. Notwithstanding, albeit member states`



reception of the concept – that has been part of funding negotiations vocabulary – they could not agree on its threshold and the UN have failed to convince them over its proposed notion of half overall funding (UN, 2016a; Glemarec, Jenks et al, 2016). Accordingly, the 2012 QCPR requested that funds and programmes define common principles for the concept of critical mass. The 2012 QCPR also requested that agencies and country teams alike presented an Integrated Budget, which should contain both the need and the expectation of funding to put into practice its strategic plans (UN, 2012c).

The 2016 SG's operational activities financing report take into consideration the idea presented by Glemarec, Jenks *et al* (2016) that pooled funds should correspond to at least 15 to 20 % of country-level non-core expenditures in order to promote UN cohesion and coherence (UN, 2016a), the report identifying only 16 countries reached that threshold in 2015 (see figure 9).

Figure 9: Estimated share of country-level non-core expenditure channeled through inter-agency pooled funds in 2015



Source: A/72/61 (UN,2016a p:29).

The analyses of the data presented at the 2010 report on UN operational activities financing over Delivering as One Initiative pilot countries indicate that 6 out of 8 had already reached this threshold by 2010 – Albania, Vietnam, Cape Verde,



Rwanda, Tanzania and Mozambique – with contributions of the *One UN Fund* ¹⁵. Back then, the *One UN Fund* share of the UN system development-related expenditure corresponded to 28.3% in Vietnam, 27.2% in Cape Verde, 25.7% in Albania, 23.1% in Tanzania, 15,8% in Rwanda and 19.5% in Mozambique –, while in other pilots this share was less noteworthy, such as 7.5% in Uruguay and 7.2% in Pakistan, summing up to 15.7 % of development-related expenditures in these countries, a number three times higher than the overall expenditures in 2015 seen above (UN, 2012a; UN, 2012b; OECD, 2010).

Nonetheless, in spite of the growing number of resources channeled through such pooled funding mechanisms, it is worth noting that the decrease of contributions for *One UN Fund* after the end of the Delivering as One pilot phase in 2012 jeopardizes advances forwarded by this initiative – as the achievement of the 20% threshold pointed out above (see figure 10 below).

Yet, institutional instruments put into place, such as the common budgetary framework for UN local teams and UN entities integrated budgets, might serve – to some extent – as UN system cohesion and coherence promoters even in the face of a financing pattern based on strictly earmarked non-core funding instruments.

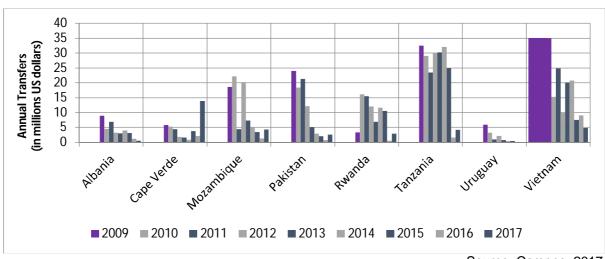


Figure 10: Inter-agency pooled funds (2009-2016)

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Source: Campos, 2017.

¹⁵ See A/67/50 table 4 at page 27 http://www.un.org/esa/coordination/pdf/2012 funding report-figures_and_tables.pdf.



Furthermore, both the *Economic and Social Council dialogue on the longer-term positioning of the United Nations development system* and debates revolving 2030 Agenda financing focused on tackling the preeminence of rigidly earmarked multi-bilateral funding, identifying it as a cause of fragmentation for how UN system operational activities are structured and curbing its potential as well as its relevance (UN, 2016b). The horizontal character of the SDGs is seen as a fundamental factor in favor of changes in international multilateral cooperation, in general, and within UN, in particular. Thus, the correlation between funding instruments and the status of the institutional framework of UN operational activities is acknowledged by UN member states and entities alike.

On top of that, Antonio Guterres` new cycle of reforms of UN operational activities – *Repositioning the UN development system* – not only proposed a funding pact to reinvigorate its structure and avoid the fragmentation stemming from the current pattern of non-core and earmarked contributions, but also creates a SDG pooled fund and call on member states to make contributions to it (A/72/124 - E/2018/3; A/73/63 - E/2018/8). This acknowledges the nexus between UN funding pattern and the potential lost of legitimacy as the largest multilateral actor and reflects the relevance of this debate for UN and its members.

3. Final remarks

The manner by which UN operational activities are funded – by increasingly earmarked voluntary contribution – relates to the potential by contributors to exert influence over it. The dominance of a funding pattern based on the allocation of resources by multi-bilateral means allows leeway for those that finance the bulk of UN activities. Notwithstanding, the big data approach of both UN and OECD reports over UN operational activities do not explore nuances that might permit a deeper look into the relation between UN institutional framework and these funding patterns.

Accordingly, both OECD and UN acknowledge their reporting of multilateral and of UN operational activities conjunctural and inherent limitations as recent enterprises, which are in the midst of an improvement process, that must take into account literally the worldwide flows of international cooperation, often depending on



third parties` data disclosure. This led to accounts of international multilateral cooperation overall trends and elucidates a debate over the influence of their financing mechanisms over tits decision-making. However, as mentioned by Jenks and Jones in their influential *UN Development at Crossroads*, analysis of the overall trend of UN operational activities can only grasp what more detailed researches can assess, opening up an interesting research agenda.

The research conducted in this article exposed how terminologies, classifications and general methodological aspects – as the absence of a system-wide definition over development and humanitarian related operational activities, the self-declaration of earmarked resources as either bilateral and multilateral as well as the focus over multilateral inflows in spite of outflows – makes the assessment of UN operational activities and its funding mechanisms more complex and challenging. The framing of case studies being a good option to delimitate the analysis and to gather more refine data.

Addressing the Delivering as One pilot countries funding pattern, we could verify that non-core resources of a particular type, the pooled funds, accounted for a significant share of UN local disbursements, what was identified as necessary – albeit not sufficient – for nurturing UN system country-level cohesion, partly discouraging UN institutional fragmentation.

Therefore, our hypothesis that donors make use of their potential to influence UN operational activities thought their material power by progressively increasing the offer of funds to be used collectively by the UN system as a whole, especially at the country level, was somewhat confirmed, since after the end of the pilot phase in 2012, the amount channeled for these countries by pooled funds has seen a decrease. This goes against the overall increase in the use of pooled funds for funding UN operational activities – whose share doubled from 2014 to 2015, heightening from 3 to 6% –, but in consequence of expenditures in humanitarian-related pooled funds.

The cycle of financing for UN operational activities might also explain this decrease, since following the end of the pilot phase the focus of UN in development cooperation shifted for the normative activities, as the transition between MDGs and



SDGs were prioritized. Funds flows usually accompanies major normative shifts underway, hence, it is important to bear in mind that contributors to UN non-core resources might have been expecting the new norms before engaging in their financing implementation. Accordingly, the funding compact to finance SDGs, encompassing a pooled fund for their achievement, indicates that pooled funds' history within UN is just starting.

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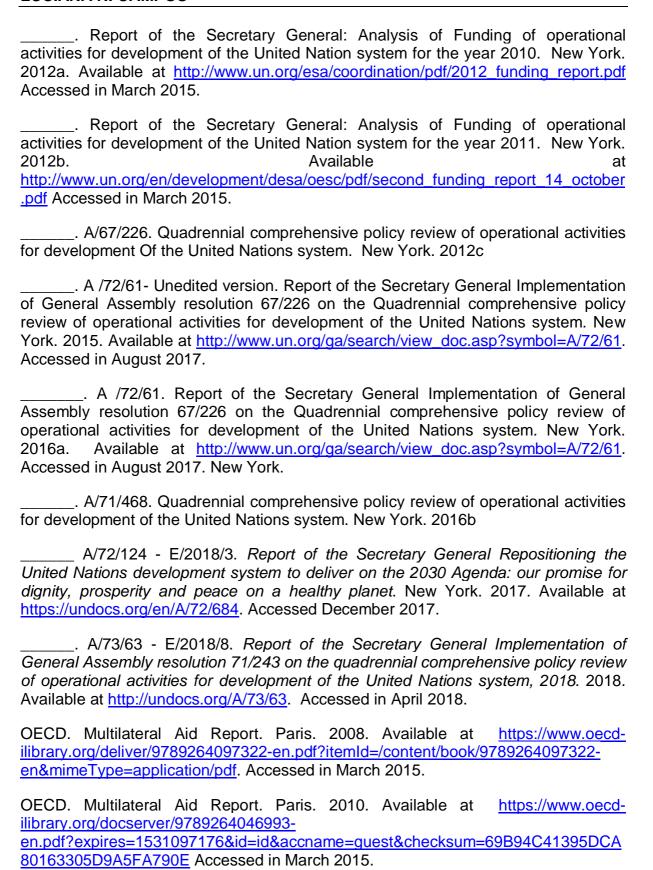
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