D3 | THE UNITED NATIONS, GLOBAL GOVERNANCE, AND THE TOLL OF FUNDING FAILURES

Introduction

The United Nations (UN) is thought to be a huge organization with a system of funds, programs, and agencies to match its global role that spans the imperatives and pillars of peace and security, human rights, and sustainable development. However, it is surprisingly under-resourced for the work its member states mandate it to do. This chapter explores the nature and consequences of that misfit, as well as the power dynamics that perpetuate it. The chapter highlights the influence and impact of funding imbalances on governance, the distortion of delivery across the UN pillars, and the engagement of civil society and public interest groups.

Funding: you get what you pay for

In 2019, the total funding of the UN system – including the UN Organization proper, the Secretariat, as well as its programs, funds, and specialized agencies – was $56.9 billion, approximately $7.60 per person on the planet. This investment in global "peace architecture" is dwarfed by global military expenditure, $1,917 billion in 2019, or $252 per person. Not only is the volume of UN funding inadequate, but the aggregate figure also disguises many profound imbalances that distort governance and accountability. These imbalances can be seen across the different revenue types (assessed, voluntary, core, non-core, in-kind) and in the fact that nearly half of total funding was contributed by three major donors (USA, UK, Germany). Furthermore, in 2019 funding for humanitarian activities overtook that for development operations; and one of the UN pillars – human rights – received barely 4% of the total budget.

Member states' funding for the UN system comes from two main sources: assessed and voluntary. Assessed contributions are obligatory for all UN member states and are intended to provide reliable funding to core functions of the UN Secretariat as well as to UN specialized agencies (World Health Organization [WHO], United Nations Educational, Scientific, and Cultural Organization [UNESCO], International Labour Organization [ILO], etc.). Voluntary contributions, which are not obligatory, nor exclusively from governments, are vital to the work of the UN's humanitarian and development agencies – which do not have assessed budgets. Some specialized agencies also receive voluntary contributions in addition to their assessments, as does the UN Secretariat in the form of trust funds. Most voluntary contributions are channeled to and earmarked for non-core operations and programs, not to the core programs of the UN system entities.

In 2019, assessed contributions accounted for just over 25% and voluntary non-core (earmarked) contributions over 50% of UN revenues (see Figure D3.1).

The UN reports a steady increase of total funding over the period of 2010–2019. However, both assessed and voluntary core contributions have stagnated, and the increase is accounted for by voluntary earmarked contributions and revenue from other activities (Figure D3.2). The adoption of the 2030 Agenda for Sustainable Development in 2015 reinforced the importance of a system-wide and integrated approach to sustainable development, but the promises by member states, especially by the traditional donors, have not been matched with action.

Member states have acknowledged repeatedly in UN General Assembly resolutions that the lack of core funding undermines the ability of the UN development system to deliver on its multilateral mandates, emphasizing "the need to address the imbalance between core and non-core resources." In 2018, they agreed to a funding compact, in which they "commit to bringing core resources to a level of at least 30 percent in the next five years" (General Assembly 2019).

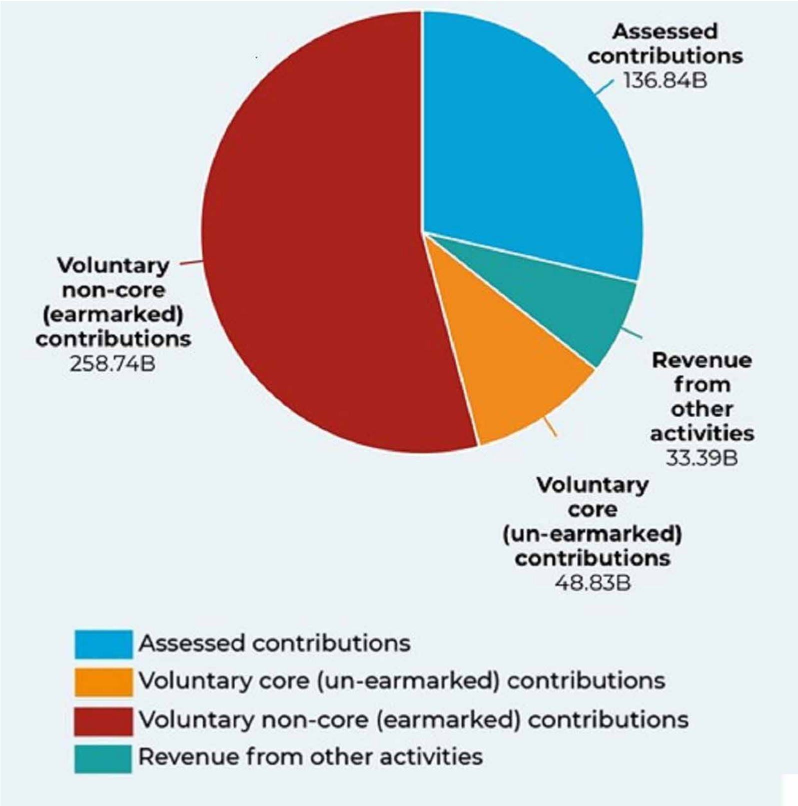

Figure D3.1 Revenue by type of financing instrument funding the UN system.
Source: UN System Chief Executives Board for Coordination, "Revenue by Financing Instrument." 2019. https://unsceb.org/fs-revenue-type

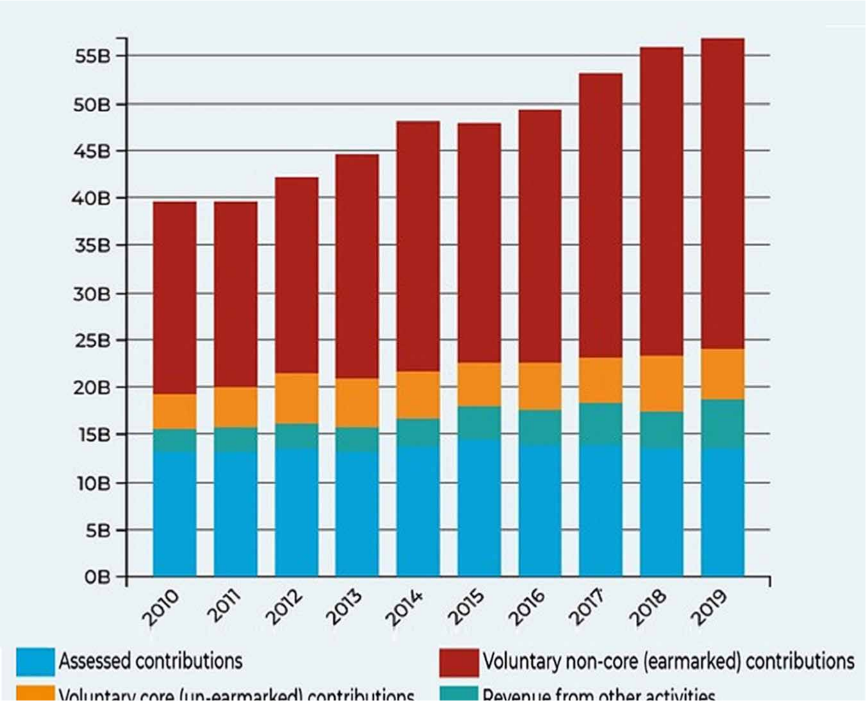

Figure D3.2 Types of financing instruments by year funding the UN system.
Source: UN System Chief Executives Board for Coordination, "Revenue by Financing Instrument." 2019 https://unsceb.org/fs-revenue-type.

Assessed contributions: who contributes the most, who receives the most

The size of the member state assessed contributions is determined by a complex formula which takes into account a member state's gross national income (GNI) per capita, and several other economic indicators.

In 2019, the four largest contributors to the United Nations – the USA (22% of the UN budget), China (12.005%), Japan (8.564%) and Germany (6.090%) – together financed some 49% of the entire UN regular budget. The main recipient is the Department of Peacekeeping Operations (DPKO), which receives approximately half of the total amount, followed by the UN Secretariat (UN System Chief Executives Board for Coordination 2019).

This pattern is also at play in the funding of the UN development system that accounts for most of the resources received (71% of all UN system-wide activities in 2019) (UNDESA/OISC 2019). However, all contributions are of a voluntary nature and mainly earmarked by the donor. The top three contributors (USA, Germany, and UK) account for nearly half of the total funding from governments and the top 10 for almost three-quarters.

The USA has consistently been the largest funder and contributes via each of the four different revenue types. In 2020–2021, it contributed the maximum assessment rate (capped at 22%) to the UN regular budget and 27.89% to UN DPKO. US funding dominance has caused widespread concern, especially when the country de-funds, withdraws from, or denigrates UN agencies and affiliated institutions, as it has done, for example, with UNESCO, United Nations Population Fund (UNFPA), United Nations Relief and Works Agency (UNWRA), and WHO. Additionally, late payments have caused severe cash flow problems and, while most concerns expressed are about budget shortfalls, the resulting constraints are leveraged in decision-making processes.

UN decision-making is often compared (favorably) to the weighted voting set-up of the International Monetary Fund (IMF) and the World Bank, with the UN having one country, one vote as opposed to something closer to one dollar, one vote. This overlooks that fact that decision-making in the UN is exercised in a variety of different, often indirect, ways such as through senior appointments, funding flows (especially to non-core), threats and self-censorship, or acquiescence on the part of other member states.

In 1985 Prime Minister Olaf Palme of Sweden proposed a ceiling of 10% on the assessed contribution of any member state. In addressing the UN General Assembly to commemorate its 40th anniversary, he said: "a more even distribution of assessed contributions would better reflect the fact that this Organization is the instrument of all nations" (Childers and Urquhart 1994, 153). While this statement garnered some support, it exposed resistance in many US circles, aware that it would reduce US political power and leverage at the UN.

As US Ambassador Stephanie Power stated clearly in April 2014: "Our ability to exercise leadership in the UN – to protect our core national security interests–is directly tied to meeting our financial obligations" (Yeo 2014). Recent threats of US withdrawal from the WHO make stark the fragility of the organization's public health mandate. Were the USA to withdraw, the almost entirely private Bill & Melinda Gates Foundation would replace it as top donor, using the 2018–2019 budget cycle, the latest available at time of writing.

As well as heavy concentration and imbalance on the revenue side, the majority of resources flow unevenly to UN entities, with a heavy emphasis on peacekeeping (DPKO) and humanitarian operations (World Food Programme [WFP]). There is comparatively little financial support for lead UN entities addressing most of the Sustainable Development Goals (SDGs), including public health and education and gender equality (WHO, UNESCO, and UN Women respectively) as shown in Figure D3.3.

Moreover, multilateral funding to tackle the global crises of health and climate has favored public–private blended responses (see also Chapters B1 and B3). In addition to being an expensive use of public resources, blended finance, involving for-profit entities, is making it more difficult to monitor and hold initiatives accountable to the public good (see Chapter D4 on World Bank Pandemic Bonds).

As foundations fill the funding gap, the existing governance and accountability gap among governments will be widened. The increased use of institution specific foundations obscures transparency and public accountability. A funding vehicle

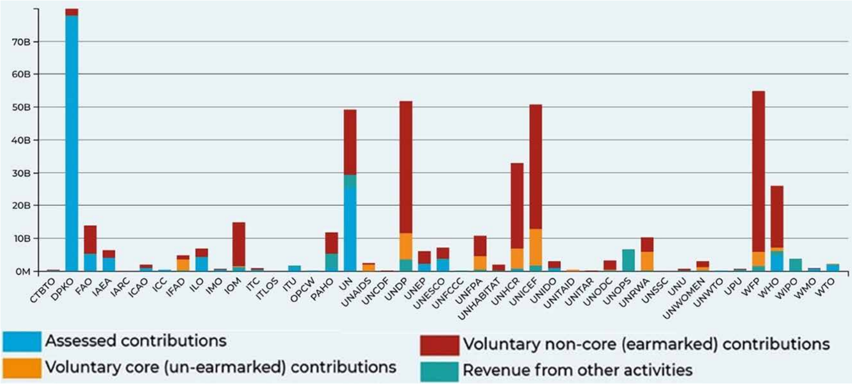

Figure D3.3 Revenue by financing instrument, by entity, funding the UN system.
Source: UN System Chief Executives Board for Coordination. "Revenue by Financing Instrument." 2019. https://unsceb.org/fs-revenue-type

spearheaded by the UN Foundation, a US non-profit foundation established in 1998 by media entrepreneur Ted Turner, is becoming the new "business model" for UN entities with the recent establishment of the WHO Foundation (see chapter D1).

Funding and governance: the evolution of development cooperation

The lack of healthy global governance is driven not only by the dominant funding share of a limited number of donors but also by the source of funding. Since its establishment, development cooperation and official development assistance (ODA) have played a major role in UN funding. In the immediate post-World War II period, UN activities focused on addressing the problem of refugees, mainly in Europe, and rebuilding the economies – also in Europe – devastated by the war, like the US Marshall Plan. With the onset of East/West tensions and the Cold War, geopolitical considerations moved to the forefront with an emphasis on Big Power spheres of influence. The superpower rivalry also shaped the mandates and institutions of the UN system.

Throughout the UN Development Decades of the 1960s, 1970s, and 1980s, development support was largely related to strengthening national capacity to participate in the global economy. Development was viewed as primarily an economics agenda and the development model was essentially one based on economic growth and trickle-down (neoliberal) economics (see Chapter A1 and earlier editions of *Global Health Watch*). North/South tensions dominated negotiations and strongly focused on the desired rate of economic growth for so-called "developing" countries,[1] compared with the estimates and proposals of financial centers in the Global North and the international financial institutions (IFIs). The dominant theory of change held that for developing countries to grow the overall economy, it was necessary to increase the economic pie as it was not politically feasible to redistribute the existing pie. This was accompanied by a belief that policies and strategies for economic growth and liberalized trade and finance were neutral, and that the distribution of their income benefits was a national issue, not a global one.

As globalization took hold, the macroeconomic advice, policy prescriptions, and loan conditions for developing countries from the IFIs mandated a shift from producing for domestic markets via import substitution to producing for external markets, via export specialization, thereby enhancing their comparative advantage in the global economy. Development cooperation and assistance followed suit, accelerating these countries' dependence on external markets and resource flows, over many of which they had little or no influence. The disconnect between trade and investment policies and agreements and domestic development needs had many critics. Women's movements, environment movements, and feminist and heterodox economists steadfastly campaigned against these neoliberal policy nostrums, bringing their critical analyses to the UN which they saw as an alternative policy space. These activist groups emphasized the need to focus on the quality of aid and finance (not just the quantity) and the distortions of tied aid which required aid recipients to use funding to purchase donor providers of goods, services, and expertise. Critiques also addressed the misuse of ODA for structural adjustment programming, requiring recipient countries to implement austerity measures, and the undermining or ignoring accountability to human rights.

The 1990s – and the end of the Cold War – represented a "breakthrough" decade, as it opened space for member state agreements at the UN no longer heavily dominated by superpower politics centered on the nuclear threat. The world conferences of the 1990s covered the full range of social, economic, and environmental issues; they put "quality of development" and non-military threats onto the UN agenda with new agreements and programs of action (see Box D3.1). Global and national mobilizing gave rise to a "people-centered" approach to development.

Box D3.1: "Development Decade" of the 1990s

1992: UN Conference on Environment and Development (Earth Summit), Rio de Janeiro
1993: World Conference on Human Rights, Vienna
1994: International Conference on Population and Development, Cairo
1995: World Summit on Social Development, Copenhagen
1995: Fourth World Conference on Women: Equality, Development and Peace, Beijing
1996: HABITAT II – Second United Nations Conference on Human Settlements, Istanbul
1997: Kyoto Protocol, United National Framework on Climate Change
2001: UN Special Session on HIV and AIDS, New York City

As donors began to re-evaluate the benefits of ODA, backtracking on their commitment to a target of 0.7% of gross domestic product (GDP) to sustain it, the UN and the Organisation for Economic Co-operation and Development (OECD) shaped a more limited agenda with the Millennium Development Goals (MDGs) which slowly became the UN development agenda. The narrow focus of the MDGs on eight development goals failed to capture the ambitions and agreements of the 1990s conferences. While they brought welcome attention to social sectors that had been ignored or neglected with the emphasis on economic growth, they were one-sided, emphasizing domestic policies and programs of developing countries and shifting the "external enabling environment" away from a broad agenda that included trade and finance policies to the provision of development assistance.

The pushback from some developing countries, as well as from many civil society organizations (CSOs), was evident in the post-2015 deliberations as the MDGs expired and in the articulation of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The three years of intense negotiations to shape and adopt the 2030 Agenda – from 2012 to 2015 – rekindled the energy and commitment of CSOs, and the impact of their advocacy efforts on the outcome was unquestioned. SDG10 on inequalities owes its existence and then survival to the sustained and sophisticated work of CSOs, including that of the Women's Major Group (WMG), a network of between 500 and 1,000 feminist organizations worldwide. Formed in 1995, the WMG is rooted in all regions, supporting grassroots women leaders on issues ranging from violence against women to the malfunctioning and discriminatory nature of the global economic system.[2] In addition to the social sector specific goals and their CSO advocates, the SDG process also drew in activists from the climate crisis and the UN Framework Convention on Climate Change process (SDG 13) and those focused on peace and security and conflict-affected countries (SDG 16).

The 2030 Agenda is a universal agenda to which all UN member states are accountable in terms of domestic policy, including those of the Global North, but does not overcome the fragmentation and neoliberal orientation of the policy directives that shape those of the IFIs and the World Trade Organization (WTO). Although there are cogent criticisms of the 2030 Agenda (see Box D3.2), it nonetheless represents a fuller and more integrated approach than the MDGs to sustainable development, which is totally lacking in the MDGs. Its achievement requires significant changes in macroeconomic policy and substantial development cooperation, alongside commitments to tackle the structural and systemic barriers to its fulfillment.

Post-2015 and the 2030 Agenda

While the 2030 Agenda and its goals and targets broke the donor-driven minimizing trend of the previous decade, its adoption was not accompanied by a robust accountability framework at global or national levels. Additionally, it

Box D3.2: The contradictory SDGs

The SDGs, or Agenda 2030, are the first set of post-colonial development goals to be universally applicable to all countries. Unlike the MDGs, the SDGs apply to all the world's countries, with implications for the fulfillment of the goals within their own borders as well as for their international (cross-border) responsibilities. There are goals to reduce inequalities within and among countries (about time!) and environmental sustainability goals and targets that run throughout Agenda 2030. But as Chapter A1 of *Global Health Watch 5* argued, the SDGs remain problematic if not contradictory.

First, there is the problem of the lack of ambition in achieving some goals, notably the target to eliminate extreme poverty by 2030. As Chapter A1 in this volume points out, if other poverty benchmarks are used rather than the paltry "extreme" cut-off one, most of the world would wake up still poor on January 1, 2030.

Second, the inequality goal is based on disproportionately increasing incomes for the bottom 40% but says nothing of reducing incomes of the top 10, 1, or even 0.1%. Do the math: a 100% increase in income for someone earning $2,000 a year would bring the total income to a value of $4,000. A disproportionately modest 10% increase on $1,000,000 would raise the total income by $100,000 – in real (rather than relative) terms – making the millionaire $98,000 richer than the person in this example stuck in the world's bottom 40%. Yet, we could check off "success" in reaching the reducing inequality target. Also, the SDGs fail to have a target to address inequalities among countries.

Fundamentally, the SDGs fail to tackle the power imbalances that ensure the same economic paradigm prevails, one that has brought us to the point of extreme inequality and collapsing ecosystems. A 2017 modeling study of this "sustainable development oxymoron" measured the inconsistencies between the SDGs' economic assumptions and environmental sustainability. It depressingly, if unsurprisingly, concluded that "the SDG agenda will fail as a whole if we continue with business as usual … [and] that the focus on economic growth and consumption as a means for development underlies the inconsistency" (Spaiser et al. 2017). The 2017 modeling study did have some good news: SDG targets relating to health, education, and government investment did not conflict with the environmental goals or targets (ibid.).

failed to demand the long-term quality financing required for implementation and to distinguish public goods and human rights from market-based solutions. The SDGs are regularly marketed as a catalogue of win-win investment opportunities and many in the business and investment sectors and institutions have positioned themselves as champions in their achievement. Thus SDG17, "Strengthen the means of implementation and revitalize the global partnership for sustainable development," has been reinterpreted from a global partnership among member states to a host of self-selected initiatives and partnerships, all claiming to be essential for the achievement of the goal. With inadequate indicators to measure progress and a lack of robust accountability, the quantity of funding has become the dominant measure of progress towards this goal along with partnerships promoted to engage the business and corporate sector and philanthropy in financing the SDGs.

The enumeration of partnerships, promoted as the key modality in the achievement of the SDGs, has steadily become viewed as the primary means of their implementation. This has impacted the work across the UN system, for some entities more than others, and spurred a host of fundraising initiatives including more recently the appeal to wealthy individuals. This engagement with non-government funders has not been accompanied by the related/required principles, guidelines, and accountability mechanisms. The lack of rigor in ex-ante reporting and requirements has furthered the dangerous shift away from core funding and undermined transparent and democratic multilateralism. Indeed, to date there is only one instance of a member state-led process to set terms and accountability for engagement with non-government actors, namely the Framework for Engagement with Non-State Actors (FENSA) created for the WHO. However, FENSA has been criticized by CSOs for putting private sector entities on an equal footing with other non-state actors, failing to recognize their fundamentally different nature and roles (see *Global Health Watch 5*, chapter D1).

The predominant approach to engagement with the business sector is on a voluntary basis, loosely steered by guidelines, principles, and advisory groups and lacking independent or member state oversight and accountability. Two reports by the UN's Joint Inspection Unit (JIU) of 2017 analyzed the UN system's mechanisms and policies on ethics and integrity, as well as on partnerships with the private sector, in the context of the 2030 Agenda. Its "Review of Mechanisms and Policies Addressing Conflict of Interest in the United Nations System" observed that, while the topic of personal conflict of interest is well covered, hardly any organizational conflict of interest policy exists among UN system organizations (Sukayri 2017). The WHO FENSA, in contrast, contains specific if still inadequate provisions on the management of conflicts of interest, both institutional and individual, stating:

> In actively managing institutional conflict of interest … WHO aims to avoid allowing the conflicting interests of a non-State actor to exert, or be reasonably perceived to exert, undue influence over the Organization's decision-making process or to prevail over its interests. (Sixty-Ninth World Health Assembly 2016, 10)

The JIU Report "United Nations System – Private Sector Partnerships Arrangements in the Context of the 2030 Agenda for Sustainable Development" addressed the inadequate UN system attention to due diligence procedures and called for urgent action:

> The Secretary-General of the United Nations and all the executive heads of participating organizations should identify and agree on a minimum set of common standard procedures and safeguards for an efficient and flexible due diligence process, to be applied system-wide in a transparent way by the United Nations operational staff engaged in the initiation and implementation of partnerships with the private sector. (Dumitriu 2017, vii–viii)

Corporate and business intermediaries, access, and influence

Corporate influence in the UN system operates in diverse ways, from (limited) direct funding to (over)representation on high-level panels and "networking" facilitated by platforms such as the World Economic Forum (WEF) and the Global Compact. These vehicles are structured in different ways, have different membership set-ups, and vary in their accountability requirements (either to the UN leadership or to member states). While their status, access, and stance differ, they may be making the case for legitimizing the importance of the business and corporate sector in international decision-making, committed to bringing business closer to the values of the UN. There is a growing concern among CSOs of the reverse: that is, the risk of these forms of interaction infusing business values within the UN. To date, attention to and advocacy on this "multistakeholderism" trend has tended to be entity specific and often cause-related, but some patterns are becoming more transparent from advocacy work across the climate crisis, COVID-19, and the 2030 Agenda. This is exposing the high degree of corporate engagement and interests and the lack of attention to the influence of corporate actors in the UN.

1. Global Compact

Originating as a UN Secretary-General (S-G) initiative in 1999, the UN Global Compact (UNGC) has steadily repositioned itself, with support from key member states, to become a main gateway for business engagement with the UN. From its origins as a S-G initiative, it is now recognized by member states in a biennial UN General Assembly partnership resolution and has steadily positioned itself as focal point to UN agencies on engagement with the private sector. The Compact's 12,765 participating companies span the globe and range in size from small and medium size enterprises (SMEs) to foundations to multinational corporations (MNCs).[3] The Compact leverages influence through a number of affiliated local networks which are involved at local, national, and regional levels. Recently, the Compact has been embraced as a premier partner in the UN development system at the program country level, giving it privileged access to UN entities and program country governments. Its work in connection with the 2030 Agenda illustrates an approach weighted towards bringing corporate political influence into government and governmental agency processes. The Global Compact's mission is to "mobilize a global movement of sustainable companies and stakeholders to create the world we want" (UN Global Impact n.d.). Self-described as the world's largest corporate social responsibility entity, its operating framework is based on its "Ten Principles" which call on members to align their businesses in the areas of human rights, labor, environment, and anti-corruption, though there is no or limited accountability to the principles.[4] The current UN Secretary-General, António Guterres, has reaffirmed the Compact's premier role, stating in his preface to the UN Global Compact Strategy 2021–2023: "Now is the time to scale up the global business community's contributions to the 2030 Agenda and the implementation of the Paris Agreement on climate change" (United Nations Global Compact 2021).

The main sources of finance for the Global Compact and its office are contributions from member states and membership fees from the private sector members, as well as additional support by way of secondments from member states and from private corporations. In addition to limited UN funding, it is supported by the US-based Foundation for the Global Compact, established in 2006. The co-mingling of UN and private sector funding, staffing, programming, and reporting has made it increasingly difficult to assess its impact and monitor accountability to the UN and its mandates. This was addressed in a 2010 report by the UN JIU that drew attention to the lack of government representatives on the Global Compact Board, calling it highly unusual for an intergovernmental organization such as the UN. It added that this weak government oversight is duplicated in the Global Compact Government Group, which is formally entrusted with overseeing the use of government resources (Fall and Zahran 2010, v). The JIU also concluded that the General Assembly Partnership resolutions do not close the governance gap, failing to address and guide the self-set objectives of the Global Compact to promote responsible corporate citizenship, nor its business-led advocacy in policy processes. The 2017 JIU Report reiterated these concerns and recommended a revised mandate for the Global Compact, to include an:

- Enhanced role for member states in its governance structure;
- Updated definition of the relationship between the Global Compact office and the Foundation for the Global Compact, with an emphasis on the transparency of the Foundation's fundraising activities;
- Clear definition of the relationship between the Global Compact headquarters and the Global Compact Local Networks (Dumitriu 2017, viii).

2. World Economic Forum

The World Economic Forum (WEF) is a prominent network that defines itself as "the International Organization for Public–Private Cooperation" and asserts: "The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas" (World Economic Forum n.d.). While not part of the UN system, the WEF has enhanced its influence through a memorandum of understanding (MOU) with the UN. Signed by UN S-G in 2019, the MOU highlights multiple areas of cooperation on activities that the WEF describes as "shaped by a unique institutional culture founded on the stakeholder theory, which asserts that an organization is accountable to all parts of society." It adds: "The institution carefully blends and balances the best of many kinds of organizations, from both the public and private sectors, international organizations and academic institutions" (ibid.) (see Chapter D5).

The agreement frames a new form of strategic partnership. The MOU contains commitments that the UN S-G will be invited to deliver a keynote address at the WEF annual Davos gatherings. His senior staff and the heads of the UN programs, funds, and agencies will also be invited to participate in regional level meetings hosted by the WEF. It also contains a promise that the UN's individual country representatives will explore ways to work with WEF's national Forum Hubs. The agreement could foretell an exclusive place for multinational corporations inside the UN.

The MOU has raised deep concern among many CSOs. In a letter to the S-G, 300 civil society organizations called on the UN S-G to "terminate the UN-World Economic Forum agreement." Calling it a "form of corporate capture," the letter states that:

> We are very concerned that this WEF-UN partnership agreement will de-legitimize the United Nations and provide transnational corporations preferential and deferential access to the UN System. The UN system is already under a big threat from the US Government and those who question a democratic multilateral world. However, this corporatization of the UN poses a much deeper long-term threat, as it will reduce public support for the UN system in the South and the North. ("Corporate capture of global governance" n.d.)

Concerns with the growth in these partnerships have intensified with the plans for the UN Food Systems Summit, to be held in September 2021, and the appointment by the S-G of the President of the Alliance for a Green Revolution in Africa (AGRA) as Special Envoy to the 2021 UN Food Systems Summit. AGRA, founded in 2006 with support from the Bill & Melinda Gates and Rockefeller Foundations, intends to increase the continent's agricultural output through support to commercial farming practices by financing technological inputs (seeds, fertilizers, etc.) and building market outputs (African Centre for Biosafety n.d.). The billion-dollar funded program has so far failed to decrease hunger or reduce farm-household poverty (as promised) with activist demands that it be repositioned to promote agroecological farming practices instead (Malkan 2020) (see also Chapter C5). CSOs worldwide, including the People's Health Movement (PHM), are organizing a parallel "Global People's Summit" to advocate for an agroecological approach to farming, rather than one based on technological interventions and commercialization (Global People's Summit 2021).

State of play at UN – partnerships

UN decisions to strengthen ties with the corporate sector, such as partnering with the WEF, parallel its declining core support from member states and traditional donors. This decline was initially from core to non-core contributions, then taken further by tightly earmarking contributions to entities and projects. This pattern opened the door to non-state funding and the promotion of the role of the private sector initially for resources and, in some instances, for their expertise and business model.

For UN Women, for example, in 2018 private sector corporations, foundations, and individual donations through UN Women's National Committees provided 5% of total contributions, with a 29% increase from $17.9 million in 2017 to $23 million in 2018 (Soria et al. 2019, 4). This upward trend is drawing on funding from non-governmental sources such as the Foundation Chanel, Alwaleed Bin Talal Foundation, Bill & Melinda Gates Foundation, BNP Paribas, and BHP Billiton Foundation to such an extent that BHP Billiton now ranks in the top 20 contributors to UN Women (ibid., 9). The partnership with BHP was signed despite numerous reports of BHP's involvement as co-owner with mining companies Samarco and Vale/SA in the 2015 collapse of a mine tailings dam in Brazil which killed 19 people and left hundreds homeless. At the time of signing, ongoing litigation included a 2018 lawsuit by Australian shareholders against BHP Billiton, alleging that the company misled them as it was aware of the safety risks prior to the disaster, but failed to take any action to prevent it (Business & Human Rights Resource Centre 2015). In August 2018, the company settled a similar lawsuit filed by US shareholders, agreeing to pay $67 million in compensation without admitting liability (Gray 2018).

In a private sector promotional brochure, UNESCO similarly lists various incentives for companies to partner with the agency, including "image transfer" through association with a prestigious UN entity, access to the agency's wide and diverse private networks, and nameless benefits from the agency's role as a neutral and multistakeholder broker (United Nations Educational Scientific and Cultural Organization 2014, 9). These potential benefits for companies apply generally to all UN funds, programs, and agencies; so, it is worth asking: what does "image transfer" mean for the reputation of the UN? Is there not the risk that the cooperation with controversial corporations (e.g., Shell-BP, Coca-Cola, Microsoft, and BHP Billiton) adversely affects the image of the UN as a neutral broker and undermines its reputation? The UN Food and Agricultural Organization (FAO) referred to this risk in a 2005 assessment of its partnership projects, stating that non-state entities with interests that differ from the FAO mission may bring "undue influence" or "reduce the Organization's credibility by damaging its image of impartiality" (Sauvinet-Bedouin et al. 2005, para. 189).

This reliance on non-state funders exacerbates the issues regarding earmarked funding, including fragmentation, competition, and overlap among entities, disregard of UN program priorities, and high transaction costs, all of which create obstacles to progress for a UN system-wide and coherent re-positioning to achieve the SDGs (mandated by Resolution A/RES/72/279).[5] Despite these risks, many UN funds, programs, and agencies plan to increase private funding for their operational activities. In general, they follow a multi-layer fundraising strategy which includes sustaining core contributions from governments and increasing those from emerging economies; exploring "core-like" funding modalities, including pooling resources in multi-donor trust funds; expanding contributions from the private sector, civil society, and philanthropic foundations; and participating in global multistakeholder partnerships. UN organizations are devoting staff and resources to analyzing potential private sector and wealthy individual donors to position themselves as an attractive brand. In 2017, the JIU analysis listed among the "most cited motivational factors" with the UN system: "Build brand image and higher visibility among civil society, including consumers, other business groups and the media" (Dumitriu 2017). Recent strategies have expanded as some UN entities have dedicated staff capacity to the pursuit of individual giving as well as to developing partnerships with corporations (see Box D3.3).

Box D3.3: Appeal to individual giving

The World Food Programme's (WFP) Strategy for Partnership and Engagement with Non-governmental Entities (2020–2025) details its plans for individual giving and brand strengthening as well as market analysis:

> Individual giving is the largest source of donations among non-governmental entities in the global fundraising market, and it continues to grow … The goal is to create a model that becomes self-financing within five years and delivers a significant level of flexible income to WFP … This is based on a belief that the overall individual giving market is limited. However, analysis conducted by a number of peer organizations with large individual fundraising operations shows that the market is both large and growing significantly increasing the opportunities for all organizations. (Executive Board of the World Food Programme 2019)

While the WFP addresses the possible tension with important partners, it ignores the distortion of accountability away from member states to individuals and downplays the important and unique role a UN agency could and should play with governments.

In 2019, UNICEF redoubled efforts to grow private sector fundraising, particularly from individuals. Through the Supporter Engagement Strategy, UNICEF enhances supporter relationships with a view to reducing donor attrition and increasing donor acquisition. Continuing the current level of investment funds will be critical to support ongoing growth, particularly in individual giving. UNICEF regular resources grew in 2018, "comprising $66.1 million by National Committees and $0.8 million by country offices. Individual giving remained the primary source of contributions to regular resources" (United Nations Children's Fund 2019, para. 9). The appeal of individual giving is evident when one recognizes that such resources are virtually always core resources; in addition to this flexibility, they require very little reporting of who may be the donors (most giving is anonymous). In 2014, 92% of the total amount of individual contributions were remitted as core funding.

The United Nations High Commissioner for Refugees (UNHCR) in the last few years has successfully developed and invested in its private sector fundraising. Refugees and internally displaced persons (IDPs), like children, are appealing images for individuals. Such contributions have increased and become a key financial source for UNHCR, and they are likely to continue growing. In 2017, UNHCR mobilized $276 million from individual contributors, nearly doubling in four years ($137 million in 2014). The number of individuals giving to UNHCR in 2014 was close to one million, and in 2017 this number grew to over 1.92 million for refugees (UNHCR 2018a, 42). The UNHCR anticipates that by the end of 2018, there will be a total of 2.5 million individuals contributing a total of $500 million (UNCHR 2018b, fig. 5).

Unequal players – human rights and business

Much engagement of the UN funds, programs, and agencies with the private sector, while adhering to entity due diligence procedures, lack measures of accountability in line with member state decisions in the UN Human Rights Council (UNHRC), such as those laid out in the *Guiding Principles on Business and Human Rights* (UNGPs) (Office of the UN High Commissioner 2011). The UNGPs, adopted by consensus in 2011 by the UNHRC through A/HRC/RES/17/4 (Human Rights Council 2011), provide a roadmap to both governments and businesses and are structured on three pillars: government duty to protect human rights, the corporate responsibility to respect human rights, and access to remedy. Additionally, the Human Rights Council's A/HRC/RES/26/9 has "establish(ed) an open-ended intergovernmental working group [IGWG] on transnational corporations and other business enterprises with respect to human rights … to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises" (Human Rights Council 2014, 2). From its inception this initiative has been developed and promoted by an alliance of social movements, CSOs, and experts from around the world. This Treaty Alliance is campaigning for a UN treaty to end corporate impunity and regulate corporate activities that violate human rights and contribute to environmental destruction (see Chapter D5).

As the negotiations to elaborate this treaty progress, many member states, primarily in the Global North, have resisted its development by tying up progress through questioning on procedural and budgetary grounds. Furthermore, business associations have been active against the initiative. For example, during its deliberations in October 2017, the IGWG received a joint submission from Business at OECD, the Foreign Trade Association, the International Chamber of Commerce, and the Global Voice of Business "which collectively represent millions of companies around the world [and] have been constructively engaged in the business and human rights agenda for many years." This submission stated: "We underscore our opposition to impose direct international human rights obligations on transnational corporations (TNCs) and other business enterprises (OBEs), which takes the debate back to the politically-charged era of the UN norms" (Business and Industry Advisory Committee et al. 2017), a reference to earlier UN attempts to create a code of conduct for transnational corporations.

The tension between the promotion of unregulated economic growth and that of human rights has been addressed in depth by many UN Human Rights Council appointed Independent Experts and Special Rapporteurs, both in individual annual reports and some that are occasionally issued collectively (see Box D3.4). Their report recommendations have ranged from calling on mining companies to respect the rights of indigenous peoples to a joint call to eliminate the investor-state dispute systems (ISDS) that tie countries to arbitration over trade and investment provisions (see Chapter D2).

Box D3.4: Selected list of UN human rights reports addressing the issue of unregulated economic growth

- Olivier De Schutter (Special Rapporteur on Extreme Poverty). 2020. "Looking Back to Look Ahead: A Rights-Based Approach to Social Protection in the Post-COVID-19 Economic Recovery." September 2020. (https://www.ohchr.org/Documents/Issues/Poverty/covid19.pdf
- Philip Alston. 2019. "The Parlous State of Poverty Eradication, Report of the Special Rapporteur on Extreme Poverty and Human Rights." (A/HRC/44/40), July 2020.

- Philip Alston. 2019. "The Digital Welfare State, Report of the Special Rapporteur on Extreme Poverty and Human Rights." (A/74/48037), October 2019.
- David Kaye. 2017. "Special Rapporteur on the Right to Freedom of Opinion and Expression." (A/72/350).
- Victoria Tauli-Corpuz. 2014. "Report of the Special Rapporteur on the Rights of Indigenous Peoples." (A/HRC/27/52), August 2014.
- Victoria Tauli-Corpuz. 2016. "The Impact of International Investment and Free Trade on the Human Rights of Indigenous Peoples." (A/HRC/33/42), August 2016.
- Juan Pablo Bohoslavsky. 2018. "Guiding Principles on Human Rights Impact Assessments of Economic Reform on the Full Enjoyment of Human Rights Particularly Economic, Social and Cultural Rights." (A/HRC/40/57), December 2018.

The UN special procedures mandate holders and other human rights experts have repeatedly highlighted the risks these agreements pose to the regulatory space required by states to comply with their international human rights obligations as well as to achieve the SDGs. In 2019, in a remarkable letter to the S-G, seven human rights experts expressed concerns about international investment agreements (IIAs) and their ISDS mechanism, noting that these have often proved to be incompatible with international human rights and the rule of law. This letter states:

> The inherently asymmetric nature of the ISDS system, lack of investors' human rights obligations, exorbitant costs associated with the ISDS proceedings and extremely high amount of arbitral awards are some of the elements that lead to undue restrictions of States' fiscal space and undermine their ability to regulate economic activities and to realize economic, social, cultural and environmental rights. …
>
> Therefore, the current ISDS reform presents a critical opportunity to seek systemic structural changes to the architecture of ISDS. While addressing the procedural concerns identified during the previous sessions would contribute to improving the efficacy of the ISDS system, it would not remedy the power imbalance between investors and States, which is so deeply entrenched in the architecture of the ISDS system … We believe what is necessary is a fundamental, systemic change, which entails moving towards a fairer and more transparent multilateral system … (Deva et al. 2019)

Philip Alston, in the final report concluding his term as Special Rapporteur on Extreme Poverty and Human Rights, laid out the futility of relying on the business sector to achieve the SDGs and the impact of this action on human rights. Noting the critical importance of adequate funding to achieving the SDGs, it states:

> The response of the international community has been to rely ever more heavily on private sector funding, which is increasingly presented as the only viable way forward. The Secretary-General has called on business to "move further and faster … to meet the global goals" and has argued that "corporate leadership can make all the difference to creating a future of peace, stability and prosperity on a healthy planet." Corporations have been enthusiastic in demonstrating their embrace of the SDGs, though much of this has been superficial such as boasting of female workforce participation. (Alston 2020, 12)

Alston points out that the central strategy is "to use public funds more sparingly" and use them to better leverage private capital. However, he identifies several fault lines with this strategy:

> First, it begs the crucial question as to whether privatization in its various forms is capable of achieving many of the SDGs, especially for the most vulnerable whose inclusion may not be profitable. There are powerful reasons to doubt this. Second, it recasts the overall SDG enterprise as one focused largely on the building of infrastructure and prioritizes an enabling business environment over empowering people. Third, the role of governments is downplayed, often relegated to insuring private investments. Fourth, all too little is done to promote domestic revenue mobilization, leaving in place destructive fiscal policies, systematic tax avoidance strategies, and illicit outflows that entrench poverty and inequality. Fifth, the commitment to "a revitalized Global Partnership," promoting "solidarity with the poorest and with people in vulnerable situations," is lost in the fog of an overriding focus on Public-Private Partnerships with troubling track records. (ibid.)

In recent years, there has been growing acknowledgement by scholars and researchers as well as by some member states that engagement with the for-profit sector and the promotion of unregulated partnerships carries risks for the UN and distorts its purpose and mandate. An article in the British journal *Lancet* details several consequences:

> The move towards the partnership model in global health and voluntary contributions … allows donors to finance and deliver assistance in ways that they can more closely control and monitor at every stage … away from traditional government-centered representation and decision-making; and towards narrower mandates or problem-focused vertical initiatives and away from broader systemic goals sought through multilateral cooperation. …
>
> Over time, the rearrangement of WHO's priorities to align with funds was inevitable, with donors earmarking 93% of voluntary funds in the 2014–15 budget. Influence is heavily concentrated among the top donors. Undeniably then, a direct link exists between financial contributions and WHO focus. (Clinton and Sridhar 2017)

The former WHO Director-General Margaret Chan reaffirmed the importance of public interest safeguards in a speech at the 8th Global Conference on Health Promotion in June 2013, emphasizing that "In the view of WHO, the formulation of health policies must be protected from distortion by commercial or vested interests" (Endal 2013).

Need for a new funding compact

Healthy global governance requires a new funding compact to break the relationship between funding and governance. While not sufficient to address inequalities and pursue policies of rights and sustainability, creating such a compact is an essential first step. People's organizations committed to human rights, sustainable livelihoods, and a livable planet have sounded the alarm for decades on the perils of unregulated corporate practices and inadequate accountability. A number of these have also challenged the governments' multilateral policies and international organizations for their compliance/acquiescence and failures. Many have resulted in institutional changes and guidelines from the International Code of Marketing of Breastmilk Substitutes to the UNGPs. However, many measures such as the principles of Environmental, Social, and Corporate Governance (ESG) necessary for responsible investment are voluntary. Meanwhile, the institutions and monitoring and accountability mechanisms such as the UN human rights machinery suffer from the neglect or distortions illustrated in this chapter. This constitutes a perverse pattern of undermining democratic governance by inadequate funding – quantity and quality – either by accident or by design. Work needs to be strengthened and counter strategies developed to challenge the malfeasance of governance control through funding. That will be one of the critical areas for activist efforts as we emerge (inequitably and all too slowly) from the shadow of the pandemic.

Notes

1 Although *Global Health Watch* prefers to designate countries by their per capita income level (according to the World Bank's low- to high-income categories), the usage of "developing countries" or the more common "low- and middle-income countries," or LMIC, are both problematic. See Chapter C1, note 2.

2 See the Women's Major Group's website: https://www.wecf.org/womens-major-group/.

3 For a list of the UN Global Impact initiative's participants, see https://www.unglobalcompact.org/what-is-gc/participants.

4 To see the ten principles of the UN Global Compact, visit https://www.unglobalcompact.org/what-is-gc/mission/principles.

5 See the "Resolution adopted by the General Assembly on May 31, 2018" (A/RES/72/279) at https://undocs.org/A/RES/72/279.

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