

GLOBAL AND REGIONAL ORDER

# FINANCING THE UNITED NATIONS

Status quo, challenges and reform options

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UN financing has become a complex and decentralized affair dominated by voluntary contributions.



Current patterns of UN financing undermine the foundations of inclusive and effective multilateralism.



Member states should reform the system of assessed contributions and increase the transparency of voluntary funding.

# FINANCING THE UNITED NATIONS

## Status quo, challenges and reform options



UN financing is complex and highly decentralized. Assessed contributions are supposed to constitute the backbone of UN funding but have been eclipsed by voluntary contributions made at the discretion of member states.



Current patterns of UN financing undermine the foundations of inclusive and effective multilateralism. Key challenges include the shortfall of resources, the predominance of funding over core UN functions and the unequal influence of member states.



To address these challenges, member states should reform the system of assessed contributions and establish mechanisms to ensure that voluntary funding is transparent and aligned with UN mandates.

For further information on this topic:  
<https://ny.fes.de>



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## EXECUTIVE SUMMARY

The United Nations (UN) is the world's foremost multilateral organization. The UN relies on funding from member states to carry out its functions. The level of funding, the burden-sharing arrangements among member states, and the modalities through which contributions are made have a profound impact on how the UN operates. However, institutional fragmentation and evolving funding practices make it difficult—even for those professionally engaged with the UN—to keep track of the dynamics of UN financing and the complexities that underlie it.

With this in mind, we provide an accessible analysis of how the UN is financed. We begin by analysing the status quo of three funding modalities: assessed contributions, voluntary contributions (core and earmarked), and the umbrella category of »other resources«. We then examine how financing challenges affect UN multilateralism and conclude with a discussion of reform options. We show that recent trends in UN financing undermine the foundations of inclusive and effective multilateralism. The declining importance of assessed contributions and the rise of voluntary (in particular, tightly earmarked) funding have contributed to a dynamic of bilateralization across the UN system, where major—especially Western—donors have a disproportionate say in how multilateral cooperation unfolds. At the same time, resources provided through channels beyond member state flows have remained marginal.

More specifically, we highlight that the level of funding provided by member states does not match expectations for the role of UN entities in addressing global challenges, and that funding shortfalls are widespread across UN pillars. Moreover, the modalities used by member states often shape the way the UN operates, rather than the other way around. Earmarking practices have been particularly influential in shaping funding and implementation logics, as many UN entities focus more on responding to (Western) donor preferences than on addressing needs on the ground. Across the UN system, the complexity of funding structures—with separate budgets and a multitude of trust funds—reflects geopolitical and bureaucratic logics, but undermines the effective functioning of UN bodies, since member states can easily prioritize their own interests and neglect responsibilities elsewhere. Finally, the skewed funding base, in which Western donors provide the bulk of UN resources, reflects not only a deeply unequal international distribution of resources, but also the marginalization of developing country member states in UN processes.

On the basis of these findings, we highlight possible avenues for reform, ranging from a review of the formula and the use of assessed contributions to the regulation of earmarked funding and the mobilization of fees, levies and donations as sources of UN income beyond member state contributions. By linking our discussion of UN financing to broader questions about multilateral challenges, and by providing insights into potential remedies, we hope to explore the broader state of UN multilateralism and contribute to debates about UN reform.

# INTRODUCTION

The United Nations (UN) is the world's foremost multilateral organization. At the UN, member states come together to discuss and (try to) address global concerns about peace and security, human rights, sustainable development and other transnational challenges. In all its efforts, the UN depends not only on the political will of member states to reach consensus, but also on funding to enable the organization to implement its mandates and fulfil its multilateral functions. Funding is also a key means of member state influence, especially in a context where UN entities have to make considerable efforts to secure financial contributions in a competitive environment. The level of funding, the burden-sharing arrangements among member states, and the modalities through which contributions are made have a profound impact on how the UN operates, as well as on its potential and limitations as the multilateral core of world politics.

Financing the UN is an inherently complex business. As a diverse set of multilateral entities (Figure 1), the UN system is the result of a historical evolution that has often been driven by ad hoc adjustments in response to urgent needs and member state interests rather than by rational design. When the UN was founded in 1945, it did not deal with peace-keeping, development assistance or climate change. Today, these areas account for the bulk of the UN's revenues. The proliferation of mandates and institutional fragmentation has made it difficult, even for those professionally involved with the UN, to keep track of the dynamics of UN financing and the complexities that underlie it.

With this in mind, we aim to provide an accessible analysis of how the UN is financed. By »UN« we mean the entire UN system, excluding the World Bank and the International Monetary Fund (IMF).<sup>1</sup> We begin with an overview of the status quo (section 1), then examine how funding challenges affect UN multilateralism (section 2), and conclude with a discussion of options for reform (section 3). Rather than focusing on how UN entities allocate resources, we focus on the inflow of funds, i.e. how member states and other actors finance the UN system. Our analysis goes beyond the mapping of resource flows to different thematic areas by

examining funding modalities—in particular assessed contributions, voluntary contributions and the umbrella category »other resources«—and the challenges they face.

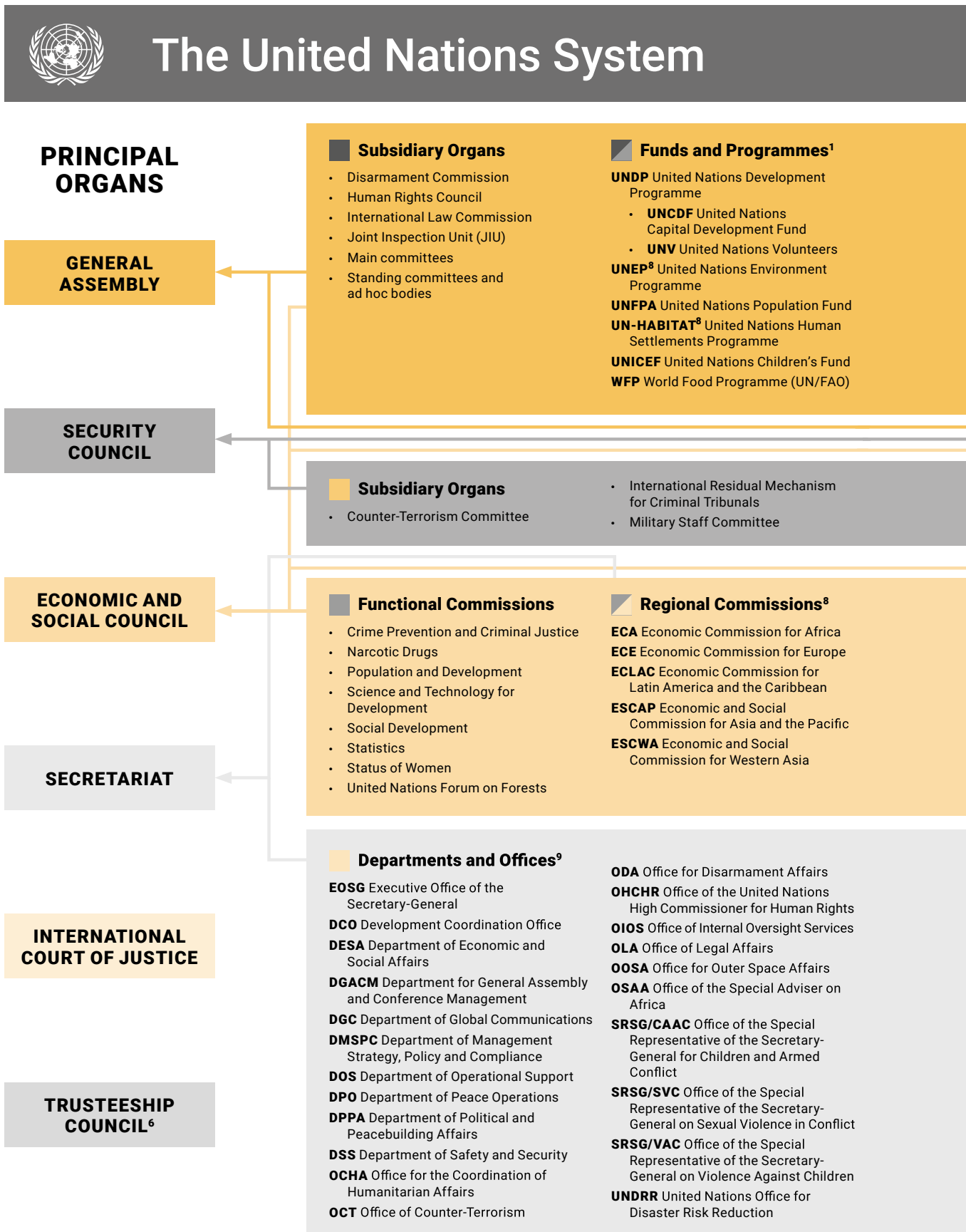
Where available, funding data used in this paper have been obtained from UN sources, such as the UN System Chief Executives Board for Coordination and the UN development system financing reports. We have also analysed sources from individual UN entities, such as budgets, resolutions and reports. In particular, the section on reform options is based on a review of the (limited) academic literature on UN financing and contributions from policy experts. Some of the reform proposals are the result of our own analysis. The paper is also informed by a series of interviews with UN experts and by our own research, analysis and policy advice on UN financing over the past decade.

The analysis of UN financing structures is not just for the information of those working with or on the UN. Examining financing is also an exploration of how the UN works—or fails to work—as a multilateral organization. Financing provides a window into some of the most pressing problems facing the UN today: the inadequacy of resources, the complexity and fragmentation of the UN system, the (mis)fit between funding modalities and the UN's mandated functions, and questions of power and burden-sharing.<sup>2</sup> By linking our discussion of UN financing to these broader issues, we hope to explore the general state of UN multilateralism and contribute to debates on UN reform.

<sup>1</sup> The World Bank and the IMF have different financial data reporting processes and their financial data are not comparable with those included here (UN-CEB 2023: 6–9).

<sup>2</sup> While the current UN reform process under the slogan »Our Common Agenda« is not addressing issues of UN financing (UN 2021) in the interest of focusing on policies and arguably of not further complicating the already complex process of negotiating the Pact for the Future, building a more »effective multilateralism« also requires a taking stock of how financing shapes the UN.

Figure 1:  
The United Nations System



### Research and Training

**UNIDIR** United Nations Institute for Disarmament Research  
**UNITAR** United Nations Institute for Training and Research  
**UNSSC** United Nations System Staff College  
**UNU** United Nations University

### Other Entities

**ITC** International Trade Centre (UN/WTO)  
**UNCTAD**<sup>1,8</sup> United Nations Conference on Trade and Development  
**UNHCR**<sup>1</sup> Office of the United Nations High Commissioner for Refugees  
**UNOPS**<sup>1</sup> United Nations Office for Project Services  
**UNRWA**<sup>1</sup> United Nations Relief and Works Agency for Palestine Refugees in the Near East  
**UN-WOMEN**<sup>1</sup> United Nations Entity for Gender Equality and the Empowerment of Women

### Related Organizations

**CTBTO** Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization  
**IAEA**<sup>1,3</sup> International Atomic Energy Agency  
**ICC** International Criminal Court  
**IOM**<sup>1</sup> International Organization for Migration  
**ISA** International Seabed Authority  
**ITLOS** International Tribunal for the Law of the Sea  
**OPCW**<sup>3</sup> Organization for the Prohibition of Chemical Weapons  
**WTO**<sup>1,4</sup> World Trade Organization

### Peacebuilding Commission

**HLPF**  
 High-level Political Forum on Sustainable Development

- Peacekeeping operations and political missions
- Sanctions committees (ad hoc)
- Standing committees and ad hoc bodies

### Other Bodies<sup>10</sup>

- Committee for Development Policy
  - Committee of Experts on Public Administration
  - Committee on Non-Governmental Organizations
  - Permanent Forum on Indigenous Issues
- UNAIDS** Joint United Nations Programme on HIV/AIDS  
**UNGEI** United Nations Group of Experts on Geographical Names  
**UNGGIM** Committee of Experts on Global Geospatial Information Management

### Research and Training

**UNICRI** United Nations Interregional Crime and Justice Research Institute  
**UNRISD** United Nations Research Institute for Social Development

**UNODC**<sup>1</sup> United Nations Office on Drugs and Crime

**UNOG** United Nations Office at Geneva

**UN-OHRLS** Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

**UNON** United Nations Office at Nairobi

**UNOP**<sup>2</sup> United Nations Office for Partnerships

**UNOV** United Nations Office at Vienna

**UN YOUTH** United Nations Youth Office

### Specialized Agencies<sup>1,5</sup>

**FAO** Food and Agriculture Organization of the United Nations  
**ICAO** International Civil Aviation Organization  
**IFAD** International Fund for Agricultural Development  
**ILO** International Labour Organization  
**IMF** International Monetary Fund  
**IMO** International Maritime Organization  
**ITU** International Telecommunication Union  
**UNESCO** United Nations Educational, Scientific and Cultural Organization  
**UNIDO** United Nations Industrial Development Organization  
**UNWTO** World Tourism Organization  
**UPU** Universal Postal Union  
**WHO** World Health Organization  
**WIPO** World Intellectual Property Organization  
**WMO** World Meteorological Organization  
**WORLD BANK GROUP**<sup>7</sup>

- **IBRD** International Bank for Reconstruction and Development
- **IDA** International Development Association
- **IFC** International Finance Corporation

#### Notes:

- 1 Member of the United Nations System Chief Executives Board for Coordination (CEB).
- 2 The United Nations Office for Partnerships is the focal point vis-a-vis the United Nations Foundation, Inc.
- 3 IAEA and OPCW report to the Security Council and the General Assembly (GA).
- 4 WTO has no reporting obligation to the GA, but contributes on an ad hoc basis to GA and Economic and Social Council (ECOSOC) work on, inter alia, finance and development issues.
- 5 Specialized agencies are autonomous organizations whose work is coordinated through ECOSOC (intergovernmental level) and CEB (inter-secretariat level).
- 6 The Trusteeship Council suspended operations on 1 November 1994, as Palau, the last United Nations Trust Territory, became independent on 1 October 1994.
- 7 International Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA) are not specialized agencies in accordance with Articles 57 and 63 of the Charter, but are part of the World Bank Group.
- 8 The secretariats of these organs are part of the United Nations Secretariat.
- 9 The Secretariat also includes the following offices: the Ethics Office, United Nations Ombudsman and Mediation Services, and the Office of Administration of Justice.
- 10 For a complete list of ECOSOC Subsidiary Bodies see [un.org/ecosoc](http://un.org/ecosoc).

This Chart is a reflection of the functional organization of the United Nations System and for informational purposes only. It does not include all offices or entities of the United Nations System.



## 1

## UN FINANCING: THE STATUS QUO

According to the UN Charter, budgetary matters are straightforward: the UN General Assembly »shall consider and approve the budget of the Organization« (UN 1945: Art. 17) and review the budgets of specialized agencies of the UN system. However, in 2022, only about 3 billion of the UN system's total income of 74 billion US dollars was covered by the UN's regular budget, which is directly controlled by the General Assembly and supports the institutional core of the UN. The bulk of contributions went to various UN funds, programmes, specialized agencies and other entities that have their own funding arrangements (Figure 2).

Overall, funding for the UN is provided through three sets of funding modalities. Assessed contributions are the dues paid by states as part of their UN membership, i.e. they are compulsory payments. They cover not only the UN's regular budget, but also the regular budgets of specialized agencies and related entities that have their own constitutions and membership. Voluntary contributions, in turn, are optional. It is at the discretion of member states whether and to what extent they provide voluntary contributions. An important subcategory of voluntary contributions is earmarked funding, through which contributors specify how funds are to be used by the UN. Finally, we use other resources as an umbrella term for funding modalities beyond assessed and voluntary member state contributions, including fees, levies and funding provided by non-state actors. Figure 3 provides an overview of the evolution of the UN's absolute funding levels and the relative changes between funding modalities over the past decade. It shows that while the absolute level of assessed contributions has remained stable, their relative share of the overall UN funding mix has declined. Voluntary funding, especially earmarked funding, has shown a strong upward trend in both absolute and relative terms, while other resources continue to play an overall minor role. Taken together, the three sets of modalities—assessed contributions, voluntary funding and other resources—provide a comprehensive picture of the status quo of UN financing, which forms the basis for identifying challenges (section 2) and developing proposals for reform (section 3).

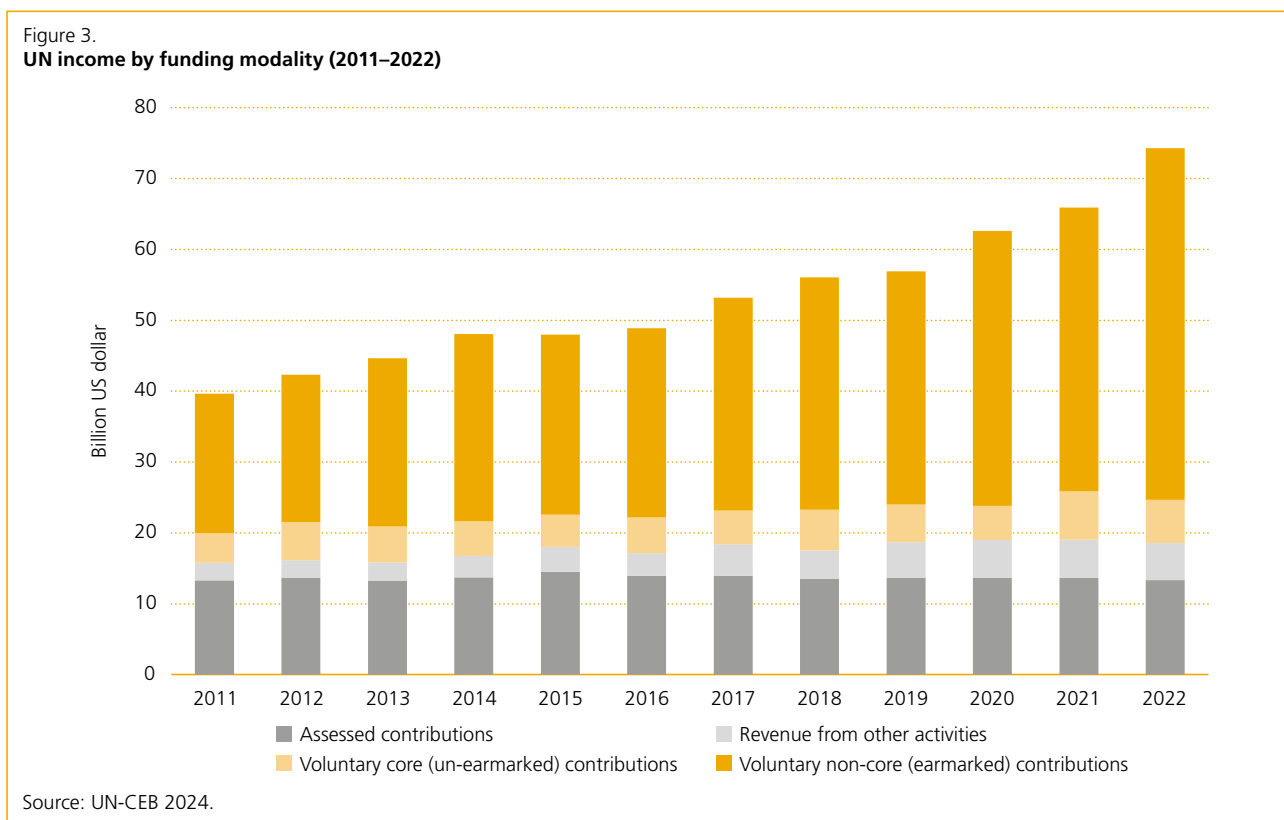
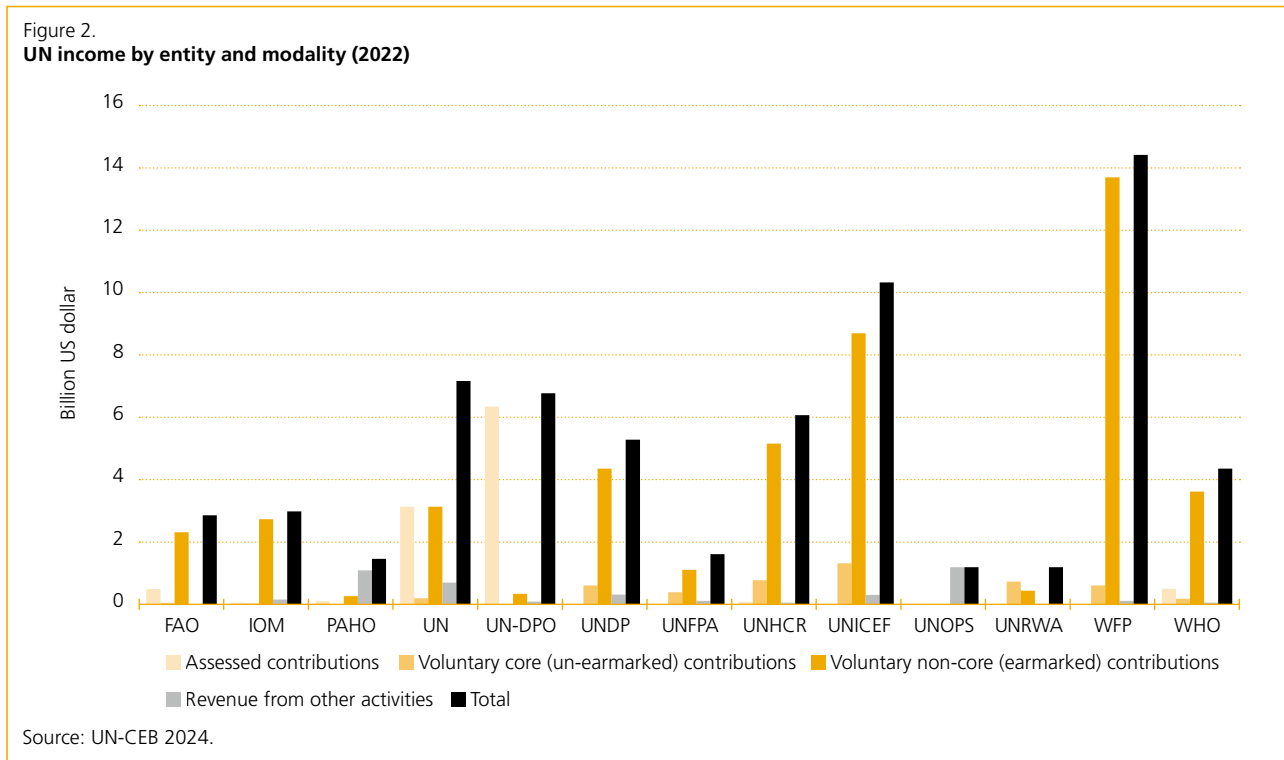
### 1.1 ASSESSED CONTRIBUTIONS: THE WEAKENING BACKBONE OF UN FINANCING

Assessed contributions are the dues that states must pay as part of their UN membership obligations. They are determined on the basis of formulas agreed upon by all member states. While there are various systems for calculating and providing assessed contributions, most focus on the scale of assessments used to determine member states' contributions to the UN's regular budget. With some modifications, the scale for the UN regular budget is also the basis for calculating assessed contributions to the UN peacekeeping budget, the regular budgets of many UN specialized agencies, as well as contributions to other UN entities and related organizations, such as the International Atomic Energy Agency (IAEA) or the UN Framework Convention on Climate Change (UNFCCC).

#### 1.1.1 The UN's regular budget

When the UN was founded in 1945, the original members agreed in Article 17(2) of the UN Charter that the budget of the organization would be apportioned among all member states, and that all would have a say in determining both the total size of the budget and the basis for its apportionment. The General Assembly was given the power to decide member states' contributions in a binding manner (UN 1945: para. 2; see Francioni 2000), and a formula was needed to determine each member state's share. In their initial deliberations, member states developed a scale of assessments that has been the basic principle for determining UN membership dues ever since.

While various components of the formula behind the UN's regular budget have evolved since it was first used in 1946, the basic logic of the scale of assessments has remained the same. The formula focuses on each Member State's share of the world economy—based on national income levels in national currencies, conversion rates and a multi-year base period to ensure a more stable calculation—with a per capita income adjustment, a ceiling and a floor (Haug et al. 2022). A maximum assessment rate for least-developed countries (LDCs) was introduced in 1983, and a debt burden component—which takes into account the extent to which low- and middle-income countries have to service external debt—has been an integral part of the formula since 1986. Since 1998, the minimum contribution that member states are expected



to pay to the organization has been 0.001 per cent. Since 2001, the formula’s ceiling (i.e. the maximum contribution a member state can be asked to pay) has remained at 22 per cent.

This rather abstract methodology behind the scale of assessments translates into concrete percentage points for each of the UN’s 193 member states. Only two countries—the United States (22 per cent) and China (15 per cent)—currently con-

tribute more than 10 per cent of the UN’s regular budget. In the 2022–24 cycle, 16 countries contributed between 1 and 10 per cent, while 175 member states contributed less than 1 per cent. Of the latter, 29 states were assigned the minimum assessment rate (i.e. the floor) of 0.001 per cent of the regular budget, which amounts to 31,509 US dollars each (UN-GA 2024). This is comparatively cheap: in the African Union, for example, which also has a system of assessed funding, the minimum annual contribution for

member states is 350,000 US dollars (AU n.d.: 8). While the disparity between minimum and maximum contributions may sit uneasily with the UN's principle of sovereign equality, the scale of assessments of the UN's regular budget has been one of the most stable features of UN financing and a mechanism for distributing financial responsibilities across economic and geopolitical divides that has been endorsed by all member states.

Today, the UN regular budget supports the UN Secretariat, whose responsibilities span the entire thematic spectrum of the UN system, with a strong focus on political and security-related issues. While the largest budget item is the UN's Special Political Missions, which focus on conflict prevention, peacemaking and post-conflict peacebuilding, support for the UN's other main organs—in particular the General Assembly and the Economic and Social Council (ECOSOC)—and conference management also receive substantial allocations. The regular budget also supports entities that are formally part of the Secretariat with varying amounts. These entities, most of which rely on voluntary contributions (see below), include the Office of the High Commissioner for Human Rights (OHCHR), the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the UN Conference on Trade and Development (UNCTAD), the UN Office on Drugs and Crime (UNODC), UN-Habitat and the UN Environment Programme (UNEP).

### 1.1.2 Peacekeeping and other regular budgets

UN member states also pay assessed contributions outside the UN's regular budget. The costs of UN peacekeeping missions, for example, have been treated separately from the regular budget of the UN since the 1960s. For peacekeeping missions—whose total budget is currently about twice the size of the regular budget—the regular budget formula is applied with some modifications (Mir 2019). Given the primacy of the UN Security Council in matters of peace and security, the assessed contribution share of low-income countries is further reduced, while the five permanent members of the Council compensate for reductions through higher payments.<sup>3</sup> As a result, the United States, China, the United Kingdom, France and Russia pay slightly higher shares for peacekeeping missions than their regular budget shares (Durch 1993; Hüfner 2019: 34–39).

In theory, most of the thirty or so UN entities that receive assessed contributions—including UN specialized agencies such as World Health Organization (WHO) and Food and Agriculture Organization (FAO)—could develop their own methodology for calculating member state shares. UN specialized agencies are intergovernmental bodies with their own legal status, membership, governance and funding arrangements. Like the UN Secretariat, they have an explicitly universal outlook and serve as global governance platforms on issues related to their mandates. In practice, however, the specialized agencies and other UN entities that rely on

assessed contributions adhere closely to the assessment scale of the regular UN budget. Most of them modify the scale only to account for differences in membership (Haug et al. 2022). Only a few UN entities actually rely on other formulas, such as tiered contribution systems<sup>4</sup> or methodologies that incorporate mandate-related indicators.<sup>5</sup>

### 1.1.3 The politics of assessed contributions

While the assessed contribution system was designed to provide depoliticized and predictable funding for the UN, based on a concept of fair global burden-sharing, it has often been at the centre of political turmoil. Arrears – i.e. late payments – have been common, and some member states have temporarily lost their voting rights as a result (Schwartzberg 2013: 203; Haug et al. 2022: 12, Mir 2019). In the 1980s, major contributors—particularly Western donors—began to express their frustration at their perceived lack of influence, imposing a zero-growth approach to core budgets and placing increasing emphasis on voluntary contributions (Graham 2023; Lopez-Claro et al. 2020: 267, Schwartzberg 2013: 207). The United States, as the largest contributor, has stood out in terms of its discontent. The US government has repeatedly used (threats of) non-payment to reduce its regular budget share and/or impose its policies on the UN (Hüfner 2019: 25–28; Laurenti 2008: 679), at times bringing the UN close to financial collapse. In 1974, the US Congress unilaterally set a ceiling of 25 per cent on US contributions to the UN's regular budget; this was later reduced to 22 per cent (Schwartzberg 2013: 204). Succumbing to US pressure in the 1980s, the General Assembly adopted a new budget process including a consensus-based decision-making mechanism that »gave Washington more budgetary leverage, though not the weighted voting it had sought« (Laurenti 2008: 689; Hüfner 2019; Lopez-Claro et al. 2020). This was a clear departure from the UN Charter rule (UN 1945: Art. 18, 2) that regular budget decisions require a two-thirds majority of member states present and voting. Today, the process of agreeing the UN's regular budget is notorious for its complexity and politicization, as member states use it to micromanage the UN, deciding even on the creation or elimination of mid-level staff positions in the Secretariat and related entities (Patz and Goetz 2019).

In light of these challenges, the relative share of assessed contributions in the UN system has steadily declined. Across

<sup>3</sup> LDCs are entitled to a discount of 90 per cent with regard to their contributions to the peacekeeping budget (UN n.d.).

<sup>4</sup> The regular budgets of the International Telecommunication Union (ITU), the Universal Postal Union (UPU), and the World Intellectual Property Organization (WIPO) are financed through a system of contribution classes: when joining the organization, member states choose one of a fixed list of classes according to which they then pay their contribution to the regular budget. In the case of the UPU, for example, there are ten classes of contributions, with member states in the lowest class paying one unit of the regular budget and those in the highest class paying fifty units.

<sup>5</sup> For example, only 12 per cent of the regular budget of the International Maritime Organization (a specialized agency of the UN) comes from assessed contributions, which are calculated according to the scale of the UN's regular budget. 85 per cent of the assessed contributions is apportioned on the basis of the size of a member state's merchant fleet, and the remaining 3 per cent is divided equally among member states.

the UN system, only 18 per cent of all income currently comes in the form of assessed contributions,<sup>6</sup> which is thus far from being the main source of UN funding that it should be. As the regular budget has not grown significantly beyond special political missions, an »unsustainable reliance on extrabudgetary resources« (another term for voluntary funding) has emerged, as Secretary-General Ban-Ki Moon wrote to the UN General Assembly in his last year in office (quoted in Patz and Goetz 2019: 133). The limited role of assessed contributions is particularly evident in the UN development pillar. Because a major role for the UN in providing operational support for development was not envisaged when the organization was founded in 1945, and only began to expand from the 1960s onwards, only a small proportion of the UN's development work is funded through assessed contributions. In 2021, for example, only 3.05 billion US dollars—out of a total income of 46.49 billion US dollars in the UN development system – came through assessed contributions.<sup>7</sup> Assessed contributions also play a minor role in UN climate and environment processes. For example, only five per cent of UNEP's annual income is covered by assessed contributions, which are supposed to support the »Secretariat, including the Governing Bodies, coordination in the UN system, and cooperation with global scientific communities« (UNEP n.d.a).

However, recent crises—including funding shortfalls, geopolitical shifts and criticism of the performance and neutrality of UN bodies—have led to a reassessment of the relevance of assessed contributions to the functioning of the UN system. The most prominent example to date is the WHO. At the 2022 World Health Assembly, member states decided that assessed contributions should increase to cover 50 per cent of WHO's integrated budget by 2030, using the organization's 2022–2023 budget as baseline (WHO 2023; see Haug et al. 2023). Similar discussions are underway at the FAO, as the organization is seen as key to addressing the global food crisis, which has been exacerbated by the war in Ukraine. While member states approved only a modest regular budget increase of 5.6 per cent in 2023, this was the first increase in twelve years (Baumann 2023b).

## 1.2 VOLUNTARY CONTRIBUTIONS: THE INCREASING BILATERALIZATION OF UN FINANCING

While the UN's founders sought to build an organization financed by assessed contributions, today's UN receives the bulk of its resources through voluntary funding. Voluntary contributions are made at the discretion of the donor, who can decide how much to give, when and for what purpose. In what amounts to an almost complete reversal of UN financing patterns, the share of assessed contributions in the UN's overall funding mix fell to 18 per cent by 2022, with the remaining 82 per cent coming almost entirely in the form of voluntary funding (UN-CEB 2024). This shift in funding pat-

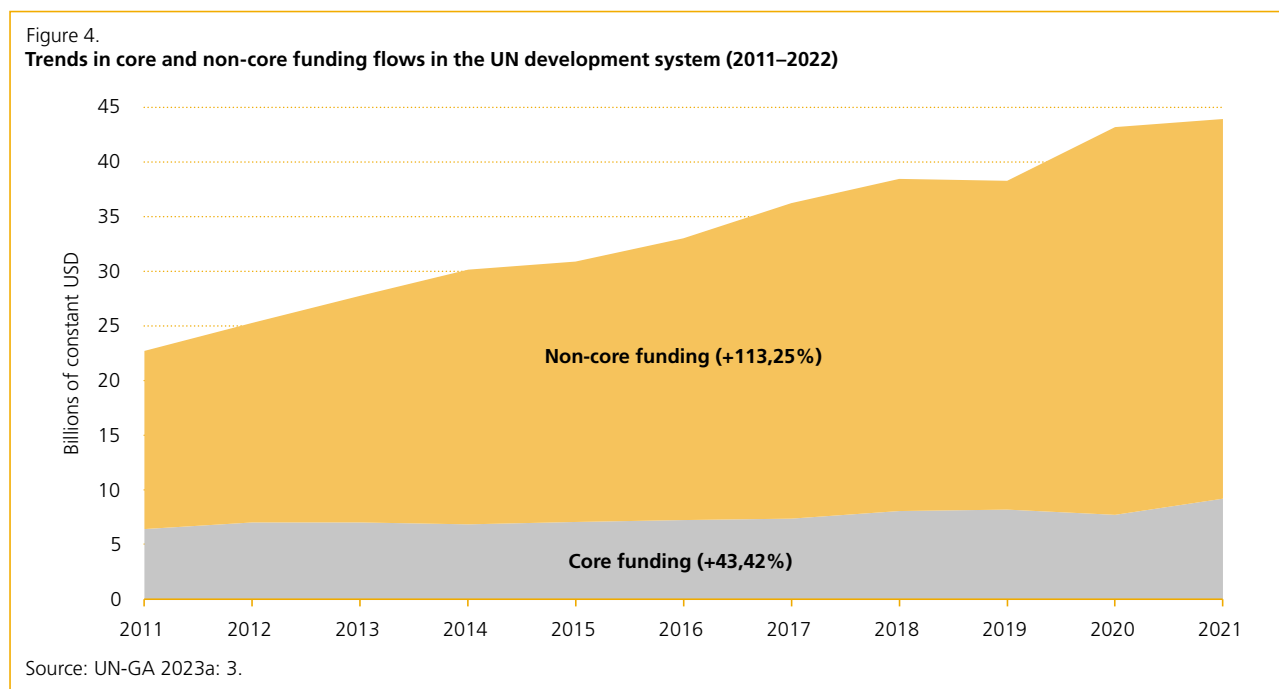
terns has had a profound impact on UN multilateralism. Voluntary resources have helped the UN to grow financially and expand its portfolio beyond what could have been financed by assessed contributions. But voluntary funds have also »reduced the authority of intergovernmental bodies governed by multilateral process and ... significantly altered the accountability structure of many UN programs and agencies« (Graham 2015: 176). The discretionary nature of voluntary funding undermines inclusive multilateral decision-making when the implementation of UN mandates depends on individual donors who can selectively choose priorities and—by providing or withholding resources—effectively decide on the UN's ability to carry out its functions.

The seeds of voluntary contributions as a dominant funding modality in many UN entities were planted in the early years of the organization (Graham 2015: 178). One example is UNICEF, which was created in 1946 and whose founding resolution stated that it would be supported by »any voluntary contributions made available by governments« (UN 1946). The principle of voluntary funding has also been applied to other funds and programmes—including UNDP, UNFPA and WFP—that were created under the auspices of the General Assembly and have evolved over time into fully fledged entities. Their targeted mandates—focusing on »countries that were victims of aggression« (UNICEF) or developing countries (UNDP) as a subset of member states—seemed to justify recourse to voluntary contributions, as the support functions these entities provided were seen as separate from the universal normative concerns of the UN (Jenks 2014: 1811). From these origins of funding arrangements to the current reviews of operational activities for development, the General Assembly has consistently emphasized the voluntary nature of UN development work on both the recipient and donor sides: all assistance is formally based on requests and approvals from host countries, and donors are free to decide whether and to what extent to provide funding (UN-GA 2020).

Initially, much of this voluntary funding came in the form of »core contributions« to specific UN entities. While donors can still choose which entity to support (and which not), core contributions have no further strings attached—they lose their »national identity« once they are received and pooled with contributions from other member states. In the late 1980s, however, another form of voluntary funding began to gain popularity: so-called earmarked contributions. Earmarking means that a donor can direct funding to a specific project, programme, geographic location or issue, decide on implementation modalities and/or designate implementation partners, all on the basis of a contract with the UN (Graham 2017: 18). Although enshrined in the UN's financial regulations of the 1950s (Patz 2023), the expansion of this funding practice in the late 1980s was a »relatively new phenomenon« (Graham 2015: 183). Initially, earmarking figures were not even systematically monitored. Records for the UN development system are available from the mid-1990s, by which time the volume of earmarked contributions had already surpassed that of core funding (UN 2011: 25).

<sup>6</sup> Calculation based on UN data for 2022 (UN-CEB 2024).

<sup>7</sup> See »Statistical annex on 2021 funding data« (UN-ECOSOC 2023).



The turn to earmarking occurred in a context where developed countries, no longer in the majority on UN governing bodies, were actively seeking ways to maintain or increase their influence across the UN system (Graham 2023; Lopez-Claro et al. 2020: 267; Schwartzberg 2013: 207). They adopted a zero-growth approach to regular budgets and shifted their funding portfolios towards voluntary funding. This allowed them to fund priorities that would have been difficult to negotiate in governing boards and the UN General Assembly with its one-country-one-vote principle. Western donors also began to use UN entities more explicitly as implementing agencies for their own projects. If in the 1980s, earmarked funding was referred to as »supplementary« (UNDP 1989), implying the benevolent support of member states to the UN, the more common term today is »bilateral funding«,<sup>8</sup> referring to the direct influence of donors on how their funds are used. In addition to undermining centralized multilateral decision-making, earmarking has also been linked to secondary challenges related to organizational coherence (as it induces competition between UN entities that undermines cooperation), planning (as it is inherently unpredictable) and the overall direction of the UN (as it pushes UN entities to focus on short-term tangible results rather than their broader normative functions).

### 1.2.1 The widespread use of earmarking across the UN system

The trend towards earmarking is most visible in the UN development system, which engages in both development and humanitarian activities. The absolute level of voluntary core funding for UN development work has remained almost stagnant over the past decade, and its relative share has declined significantly (Figure 3). Some entities have been more affected than others. UNDP, for example, went from 90 per

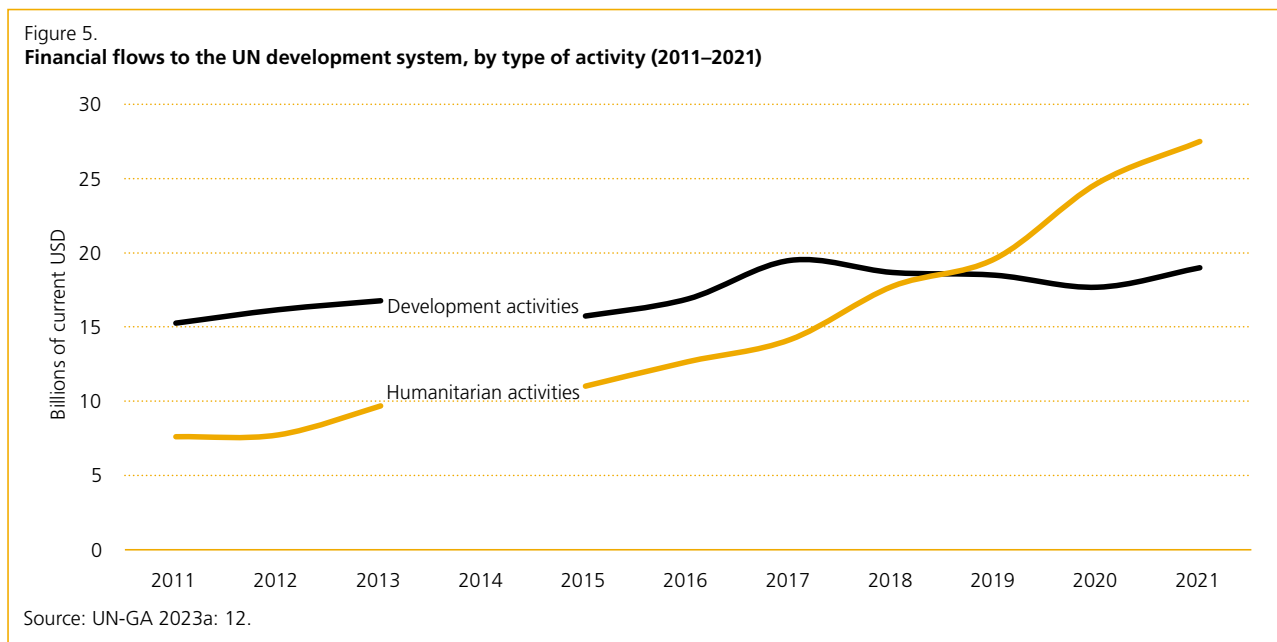
cent of core funding in the 1970s to a similar share of 83 per cent of earmarked funding in 2021 (Jenks 2014: 1814; UN-ECOSOC 2023). The proportion of earmarked funding is also significant for WFP (94 per cent of its income in 2021), UNICEF (81 per cent) and somewhat lower for UNFPA (72 per cent) and UN Women (68 per cent).<sup>9</sup> Across the board, core resources are mainly used to keep the entities' administrations running, while programme implementation relies mostly on earmarked resources. Donors have resorted to funding a large number of specific, often relatively small, projects. At the same time, UN entities have become accustomed to mobilizing and relying on earmarked resources, thus helping to perpetuate the weight of this funding modality (Baumann 2020).

Over the past decade, the growth of earmarked resources across the UN development system has also been driven by a dramatic increase in humanitarian assistance. Humanitarian aid tends to take the form of earmarked contributions, as donors wish to target their funding to specific crises (Figure 4). These funds go not only to the UN Office for the Coordination of Humanitarian Affairs (UN OCHA), but also to entities that implement humanitarian programmes, such as WFP, UNICEF and, to a lesser extent, UNFPA, UN Women, WHO and FAO.

While often discussed in the context of the UN development system, earmarking is a system-wide trend that also affects other parts of the UN, including the Secretariat. Given its normative and political functions, earmarking is a particularly sensitive issue for Secretariat departments. In the peace and security pillar, the Department of Political and Peacebuilding Affairs (DPPA) relies heavily on earmarked resources to support its work on conflict prevention and resolution. UN peacebuilding is financed through the UN Secretary-Gener-

<sup>8</sup> Other terms used for earmarked funds are »non-core«, »irregular«, »other resources«, »extra-budgetary resources«, »restricted funding«, and »trust funds«.

<sup>9</sup> See »Statistical annex on 2021 funding data« (UN-ECOSOC 2023).



al's Peacebuilding Fund, which has so far consisted entirely of voluntary contributions (UN 2020).<sup>10</sup> UN counter-terrorism activities, on the other hand, are financed by the UN Trust Fund for Counter-Terrorism, which combines a small share of assessed contributions from the regular budget of the UN (9 per cent of its income) and mainly voluntary contributions (91 per cent). A lack of consensus among member states on counter-terrorism priorities led to this arrangement, with individual member states now deciding which aspects of counter-terrorism work they wish to fund (UN 2024a). The various trust funds administered by the Office for Disarmament Affairs have also grown in importance over the years. While disarmament issues are also funded through the regular budget, in 2022 a total of 18 million US dollars come in through voluntary contributions compared to only 12 million US dollars in assessed contributions (UN 2022: 1).

The UN's human rights pillar, arguably the epitome of the UN's normative work, now also receives the majority of its funding from voluntary contributions. In 2022, assessed contributions for human rights work amounted to 142 million US dollars (UN-GA 2023d), less than five per cent of the UN's regular budget. In the same year, the Office of the High Commissioner for Human Rights (OHCHR) received 241 million US dollars in voluntary contributions, almost double the share of the regular budget allocated to human rights work. As the central intergovernmental body in the human rights pillar, the Human Rights Council—including its Special Procedures, where special rapporteurs, independent experts or working groups investigate specific human rights issues—had a budget of just over 37 million US dollars in 2022. 15.4 million US dollars came from the regular budget and were earmarked for work on specific Council resolutions, while the remaining 22 million US dollars, or almost 60 per cent, consisted of voluntary contributions. Member states provide

voluntary contributions to those Special Procedures whose mandates are of particular concern to them, thus helping to shape the overall direction of the UN human rights system.

Of the specialized agencies whose mandates focus on normative and coordination functions, only ILO and IFAD—two rather small entities in financial terms—still have core budgets that account for more than half of their income.<sup>11</sup> FAO, UNESCO, UNIDO and especially WHO now receive the majority of their income in the form of earmarked contributions. For WHO assessed contributions currently cover less than 20 per cent of the total budget (WHO 2024). In the area of UN climate work, the UNFCCC secretariat has seen a significant increase in the share of earmarked funding in recent years, from 35 per cent in the 2010–2011 biennium to 48 per cent in the 2018–2019 biennium. While UNFCCC (2017) states that it was the »increase in mandated activities« that necessitated the shift to earmarked funding, our interviews suggest that UNFCCC may be yet another example of Western donors deliberately reducing core contributions and opting for earmarked funding, accepting to fund a larger share of the budget in order to ensure a greater degree of control.

Finally, the emergence of vertical funds in recent years is another important piece of the voluntary financing puzzle. Vertical funds are »global programs for allocating official development assistance that focus specifically on an issue or theme« (Gartner / Kharas 2013: 103). Examples include the GAVI Alliance, the Global Fund to Fight Aids, Tuberculosis and Malaria, the Global Environment Facility – better understood as a »family of funds« (GEF n.d.) – and the Green Climate Fund.<sup>12</sup> These vertical funds have become important donors to the UN. In the case of UNDP, the Global Fund is the

<sup>10</sup> In 2023, the General Assembly approved to allocate 50 million US dollars annually from assessed contributions to the Peacebuilding Fund. See UN-GA 2023b.

<sup>11</sup> Mostly assessed contributions; voluntary core funding is generally negligible in specialized agencies.

<sup>12</sup> Legally speaking, the Green Climate Fund belongs to the UN. It is an »operating entity« under the Financial Mechanism of the UNFCCC. However, it is not listed as part of the UN system (Konukiewicz 2017: 135).

largest donor, ahead of Japan and Germany. Contributions to vertical funds are similar to voluntary core funding because of the pooling of resources, although they are dedicated to specific policy areas. For UN entities, however, resources from vertical funds come in the form of earmarked contributions for specific projects that meet the requirements set by the fund. Because they are outside the UN, these vertical funds can be seen as a way for Western donors to circumvent the UN's inclusive governance.

### 1.2.2 Varieties of earmarking

Earmarking is not only a pervasive phenomenon in UN funding, but also encompasses different arrangements and practices, reflecting the ad hoc nature in which UN budgets and the political interests behind them have evolved. In its development work, the UN distinguishes between »tight« and »soft« earmarking. Tight earmarking refers to project- and programme-specific contributions, often at the country level (UN-GA 2023a: 3, 15, 21). Such funding may be initiated by UN entities or donors, or through processes where it is difficult to identify the origin of the initiative, such as when UN entities anticipate donor interests. Voluntary core funding and tightly earmarked funding are often mixed in programmes and projects, and tight earmarking can also include institutional and global programmes with a specific geographic or thematic focus, such as the Accelerator Labs, a UNDP initiative funded by Germany and Qatar (Weinlich et al. 2020: 120).

Soft earmarking, on the other hand, refers to arrangements where donors pool resources for specific thematic purposes, but where allocations are made through a UN-led governance mechanism (UN-CEB 2023). One form of such pooled funding is »thematic« funding, defined as »co-mingled contributions to single-entity funding mechanism[s] designed to support high-level outcomes within strategic plan[s]« (UN-CEB 2023: 32). Examples include UNDP's four funding windows on Poverty and Inequality, Governance, Peacebuilding, Crisis and Resilience, Nature, Climate and Energy, and Gender Equality and Women's Empowerment, or UNICEF's ten thematic funds, ranging from health and education to gender equality. In 2021, a total of 1.2 billion US dollars was invested in thematic funds across the UN development system (UN-GA 2023a: 10).

Another type of pooled fund are multi-donor trust funds that support institutional functions, as in the case of the UN Secretariat. Examples include the above-mentioned UN Trust Fund for the Support of the Activities of the High Commissioner for Human Rights or the Trust Fund for the UN Regional Centre for Peace and Disarmament in Africa. Other multi-donor trust funds are more programmatic, such as the UN Voluntary Fund for Technical Cooperation in the Field of Human Rights. In UN development and humanitarian work, pooled funds have been positioned as instruments to ensure greater coherence within the fragmented development system. Referred to as »inter-agency pooled funds« in the context of the UN development system, they are defined as »co-mingled contributions to multi-entity funding mechanism, not earmarked for [a] specific UN entity« (UN-CEB 2023:

32). In 2021, there were 247 of them, receiving a total of 3.4 billion US dollars, or 12.3 per cent of all contributions earmarked for the UN development system (UN-GA 2023a: 8–9; UN-MPTFO n.d.). All of these funds are administered by the UN Multi-Partner Trust Fund Office (MPTFO), which is hosted by UNDP.<sup>13</sup>

The trust funds managed by the MPTFO come in a variety of forms. There are the large pooled UN flagship funds, notably the UN Peacebuilding Fund and the Joint SDG Fund.<sup>14</sup> Then there are a few funds with a regional scope, such as the Great Lakes Region Cross-Border Fund. At country level, there are humanitarian funds such as the South Sudan Humanitarian Fund. In development, there are also more targeted pooled funds at country level that support joint programmes of two or more UN entities such as the Joint Programme Early Warning Anticipatory System in Madagascar. For donors, such pooled funds offer a middle ground between core funding and tightly earmarked funding. They generally feature a high level of transparency, have a degree of results orientation, and often involve donors in a UN-led governance mechanism (UN-MPTFO 2017). To incentivize donors to use this modality, which has a stronger multilateral credential than the bilateral logic of earmarked funding and has been touted as »a game-changer in financing the Agenda 2030« (ibid.), overhead costs for pooled funds are set at 7 per cent, as opposed to 8 per cent for tightly earmarked contributions to UN funds and programmes.

### 1.2.3 A narrow contributor base

Like assessed contributions, voluntary contributions are associated with a narrow contributor base, in the sense that a small number of member states provide the bulk of revenue. However, because voluntary contributions give donors much more direct influence over the UN, they have more serious implications for the UN's neutrality and inclusiveness.

In 2022, the three largest member state contributors—the United States, Germany and Japan—together provided 38 per cent (27.6 billion US dollars) of the UN system's total income. For assessed contributions only, the contributor base is even more concentrated: the top three contributors—the United States, China and Japan—account for 45.3 per cent of the UN's regular budget in the 2022–2024 cycle, giving them considerable leverage over the organization. In 2023, all three paid late (UN-GA 2023c). For voluntary funding, the contributor base reflects the overall trend in income. In the UN development system (which accounts for the bulk of UN voluntary funding), the three largest contributors—the United States, Germany and Sweden—together provided 38.2 per cent of total income in 2022. Such a concentra-

<sup>13</sup> Although the responsibility for institutional coherence lies with the UN Secretariat, which also houses the UN Development Coordination Office, the MPTFO's position outside the often cumbersome bureaucratic processes managed by the Secretariat (including the UN General Assembly's Fifth Committee, which deals with funding issues) allows it to act much more quickly.

<sup>14</sup> The Central Emergency Response Fund for humanitarian assistance is another example of a large pooled flagship fund, but is managed by OCHA.

Table 1.  
**Top 10 contributors to UN development work (voluntary contributions, 2021)**

Member state	Contributions to UN development work (in million USD)	Share of total contributions to UN development work (in %)	In comparison: regular budget share for the 2019–2021 cycle (in %)
United States of America	8,794	18.9	22.0
Germany	5,444	11.7	6.1
Sweden	2,652	5.7	0.9
United Kingdom	1,490	3.2	4.6
Japan	1,363	2.9	8.6
Canada	1,317	2.8	2.7
Norway	1,195	2.6	0.8
Denmark	961	2.1	0.6
Netherlands	871	1.9	1.4
France	602	1.3	4.4

Source: »Funding Mix by Contributor«, Statistical annex to 2021 funding data (UN-ECOSOC 2023).

tion of voluntary flows in the hands of a small number of member states leaves the UN highly dependent on individual donors and their priorities. From a multilateral perspective, it is worrying that the lopsidedness of voluntary—and especially earmarked—funding patterns gives major contributors a disproportionate influence on the policy orientation of different parts of the UN system.

If the share of assessed contributions is taken as a measure of burden-sharing fairness for the area of voluntary funding, some member states—such as the Nordic countries—cover a share of voluntary resources for development and humanitarian activities that far exceeds their regular budget shares (Table 1). Others—including Southern powers, high-income Arab countries and many small developing countries—contribute less to development and humanitarian work than their share would be if the scale of assessments of the UN regular budget were applied.

While a number of Southern member states—notably China—have increased their voluntary contributions to the UN system over the past decade, they still lag (far) behind Western donors. Overall, the contributions of the 162 UN »programme countries« (a UN term for developing countries) to UN development work in 2021 amounted to 4.4 billion US dollars, i.e. 9.5 per cent of total contributions to the UN development system. The bulk of this funding came in the form of so-called local resources, through which programme countries finance UN development activities domestically. While China established the UN Peace and Development Trust Fund in 2016 with an initial amount of 200 million US dollars (UN 2024d), voluntary contributions to UN support for South-South and triangular cooperation have generally been more limited (Haug and Weinlich, 2023). China, the largest contributor to the UN Fund for South-South Cooperation, has provided only 15 million US dollars between 2012 and 2021. India, on the other hand, is currently the largest contributor to the trust funds administered by the UN Office for South-South Cooperation, but its contributions from 2017 to 2022 totalled only 79.5 million US dollars, a fraction of what Western donors provided over the same period.

In the peace and security pillar, funding patterns are similarly concentrated. For 2022, the DPPA received 36 million US dollars through its multi-year appeal from 31 member states, with more than 85 per cent of the funding coming from states in the Western European and Others Group. The five largest donors—Germany, the Netherlands, Norway, Sweden and the Republic of Korea—provided about 60 per cent of these voluntary contributions (UN-DPPA 2023a). DPPA's joint conflict prevention programme with UNDP, which is funded entirely by voluntary contributions, received 19 million US dollars in 2021 from only five—all Western—donors: Germany, the Netherlands, the UK, Switzerland and Norway (UN-DPPA 2023b: 14). In its guidance note for the Multi-Year Appeal 2023–2026, the DPPA writes that while its appeal »maintains an overall healthy cash position«, it continues to »exert all efforts to further expand and diversify its donor base« (UN-DPPA 2023a: 3).

The UN Peacebuilding Fund has had a similarly narrow donor base. The top ten donors to the Fund between 2020 and early 2024—together accounting for more than 90 per cent of contributions—are all Development Assistance Committee (DAC) members, namely Germany, the Netherlands, Sweden, Canada, Norway, Denmark, the United Kingdom, Switzerland, France and the Republic of Korea (UN 2024; Table 2). Combining assessed and voluntary contributions, the top five peacebuilding donors in 2023 were Canada, Germany, Japan, Norway and Sweden.<sup>15</sup> Similarly, the top contributors of voluntary contributions to UN human rights work administered by OHCHR in 2022 were EU member states (especially Sweden, Germany and the Netherlands), Norway, the United States and Switzerland (UN-OHCHR 2022). In contrast, the UN Counter-Terrorism Trust Fund is one of the few examples where a UN field of work is primarily funded by member states outside the Western donor group. The main contributors since 2009 have been Qatar (40 per cent) and

<sup>15</sup> Beyond the question of funding, however, the picture is quite different. The top contributors of military personnel and civilian police to UN peacebuilding missions are, in turn, Bangladesh, Ethiopia, India, Nepal and Rwanda (UN 2023: 6).



Table 1.  
**Top 10 contributors to the UN Peacebuilding Fund (2020–2024)**

Member state	UN Peacebuilding Fund contributions 2020-2024 (in million USD) <sup>16</sup>	Share of total UN Peacebuilding Fund contributions 2020-2024 (in %)	In comparison: regular budget share for the 2022-2024 cycle <sup>17</sup> (in %)
Germany	185.8	25.0	6.1
Netherlands	123.2	16.6	1.4
Sweden	101.1	12.6	0.9
Canada	66.2	9.0	2.6
Norway	53.9	7.3	0.7
Denmark	43.5	5.8	0.6
United Kingdom	35.0	4.7	4.4
Switzerland	30.3	4.1	1.1
France	19.1	2.6	4.3
Republic of Korea	18.2	2.5	2.6
<b>Total (ten member states)<sup>18</sup></b>	<b>676.3</b>	<b>90.2</b>	<b>24.7</b>

Source: UN 2024b and UN 2024c.

Saudi Arabia (32 per cent), followed by small contributions from the European Union (7 per cent), the UN Peace and Development Fund established by China (3 per cent) and the United States (3 per cent) (UN 2024a).

### 1.2.4 Mobilizing voluntary core contributions

Given the dominance of earmarked funding from a small group of (mostly Western) donors, attempts have been made to incentivize member states to increase the amount of voluntary core contributions they provide in order to achieve better burden-sharing and an overall increase in resources. One instrument used to achieve this is negotiated pledges or replenishments (Gulrajani and Lundsgaarde 2023). IFAD, which is both a UN specialized agency and an international financial institution, relies on this modality. Replenishments take place every three years and serve as a mechanism to hold IFAD accountable, provide strategic guidance and mobilize resources (IFAD 2017). The number of votes held by member states is linked to their contributions, i.e. a form of weighted voting that can be an incentive—especially for larger donors and emerging powers—to maintain and/or increase their contributions. The two GEF funds also collect contributions through replenishments. In the last replenishment cycle, the GEF received pledges of 5.33 billion US dollars for the period 2022–2026.

For its part, the UN Environment Programme has introduced a Voluntary Indicative Scale of Contributions. This mechanism, also used by the UNFCCC, combines the idea that all member states should contribute voluntarily in line with the burden-sharing formula of the UN's scale of assessments (UNFCCC 2023: 19 ff.). Introduced at UNEP in 2002 to finance the Environment Fund, the Voluntary Indicative Scale

aims to broaden the donor base and increase the overall predictability of funding (UNEP n.d.b.). Member states are »encouraged«, in the official language, to provide specific amounts that reflect their economic capacity (in line with their shares of the regular budget) as well as their past contributions. Unlike the regular budget, member states can also provide more than their assessed shares, allowing budgets to grow without renegotiation among all member states. So far, however, the success of UNEP's Voluntary Indicative Scale has been limited. In 2022, only 45 member states contributed their full share of voluntary contributions in line with the Voluntary Indicative Scale. The majority of developing countries contributed nothing, and China was among those that paid significantly less than it should have (1.35 million US dollars against a voluntary indicative scale of 12 million US dollars) (UNEP 2024).

### 1.3 OTHER RESOURCES: ALTERNATIVE MODALITIES OF LIMITED RELEVANCE

The UN's precarious financial situation has led UN entities to seek funding from other sources. By »other resources« we mean contributions to the UN system that do not come directly or indirectly from governments.<sup>19</sup> Various trends—such as effectively stagnant funding for UN development work during the last decade, drastic funding cuts by the Trump administration in the United States (2017–2021), and the ongoing erosion of core resources—have highlighted the need for revenue streams that are independent of the ups and downs of voluntary funding from (large) government donors. With another Trump administration on the horizon and other donors also cutting funding (Hendra 2023), the prospect of a cash crisis at the UN only adds to this urgency. In general, income from »other resources« is still very limited across the UN system, and there is potential to expand

<sup>16</sup> Mostly pledged contributions; in the case of Denmark and Switzerland, figures include contributions pledged for 2024.

<sup>17</sup> For details see UN 2024c.

<sup>18</sup> Total in absolute terms (2020 to 1 February 2024): 744 million US dollars.

<sup>19</sup> Our definition of »other resources« therefore does not include pass-through arrangements such as vertical funds or European Union funding.

alternative funding streams. However, »other resources« is an umbrella category with different modalities that follow different logics and present different opportunities and challenges. A brief discussion of the most prominent options may serve to stimulate debate on new ways of financing the UN.

### 1.3.1 Individuals

A quintessential non-governmental funding option is donations from individuals. With its »faith in fundamental human rights, in the dignity and worth of the human person« and its aim »to promote social progress and better standards of life in larger freedom« (UN 1945: Preamble), the UN has the potential to be a strong competitor in the market for charitable donations. All major UN entities solicit individual donations, but only UNICEF receives a significant proportion of its income from these sources. While UNICEF does not publish its income from individual donations, the slightly larger category of »private sector contributions«—which includes funding from UNICEF National Committees, individual donors, NGOs and foundations—amounted to 2.7 billion US dollars in 2022 (UNICEF 2024), almost a third of the organization's income. UNICEF's focus on children certainly contributes to this success, as does its systematic outreach approach, which provides ample opportunities for individuals to donate to UNICEF in airports, hotels and other public places. UNICEF also has the advantage that its National Committees, which collect most of the organization's private donations, are registered as legal entities in member states and can offer tax deductions. The same is true of UNHCR's National Association Partners, which are registered as charities at the national level. Other UN entities also have outreach programmes—such as UNDP's crowdfunding initiatives—but raise much smaller amounts.

### 1.3.2 Business and philanthropy

A more financially appealing, but potentially problematic, strategy is to tap into the seemingly abundant resources of the business sector and large philanthropic foundations. Such donations often come from well-organized entities with their own interests, and the larger the donor and/or its donations, the greater the risk of undue influence. What individual donations are to UNICEF, the Bill and Melinda Gates Foundation is to WHO. After the United States, the Gates Foundation is currently the second-largest donor to WHO, with a contribution of 751 million US dollars in 2020/21 (Carbonaro 2023; WHO 2024), underscoring its key role in supporting the world's leading agency in the fight against pandemics and other public health issues. There is a steady stream of critical commentary about the Gates Foundation's (undue) influence on WHO policies and programmes (Crawford 2021), contributing to broader debates about how funding channels the interests of (non-)governmental donors into the UN system. Partnerships with large corporations are often even more controversial and difficult to sustain in the face of public criticism. In the face of intense criticism from civil society organizations in 2022, UN Women ended a short-lived partnership with BlackRock, the world's largest investment fund manager with a problematic human rights and environmental record (Johnson 2022). Other civil society actions have focused on UNEP's links with ExxonMobil and Shell, or Coca Cola's partnerships with UNDP and UN-Habitat

(FEI et al. 2012). This general criticism points to some of the tensions inherent in all private sector contributions to an intergovernmental organization that claims to be impartial (Gleckman 2023). UN policy formally requires the organization to ensure that the integrity of the UN is maintained in such collaborations and that the UN is not simply used for »bluwashing« purposes, where the UN brand is mobilized by third parties to enhance their status or legitimacy.

### 1.3.3 Fees and levies

There are arrangements for mobilizing private resources that do not involve such risks, but are more complex to set up and implement. One example is fees. The World Intellectual Property Organization (WIPO) receives 95 per cent of its income from fees for market services provided through its Global Intellectual Property Systems, making WIPO »almost entirely self-financing« (WIPO 2023). The UN Office for Project Services (UNOPS) is a general contractor providing services to UN entities, member states and other stakeholders and generates most of its income through fees.<sup>20</sup> (To the extent that the implementation of projects for donors takes precedence over the implementation of agreed programmes, the charging of overheads by UN entities for tightly earmarked funds could also be more generally described as a fee-based revenue model.) While fee-based models operate on a market principle, matching supply and demand, they may not be readily transferable to other UN entities. As recent scandals at UNOPS show (Ainsworth 2022), there is also a risk of going too far with the commercial focus (Soirila 2023).

International taxes or levies, i.e. mandatory deductions from transnational financial flows, are perhaps a more promising but complex instrument. Under the Kyoto Protocol's Clean Development Mechanism, developing countries can sell Certified Emission Reduction credits to developed countries to help them meet their carbon reduction targets (UNFCCC n.d.). There is a 2 per cent levy on these proceeds, which is used to finance the Adaptation Fund under the UNFCCC. However, this levy has generated only 215 million US dollars since the programme began in 2009, and revenues have declined in recent years (World Bank 2022: 5). In recent debates on the Loss and Damage Fund—also under the UNFCCC—ideas for an international levy have been floated, but so far have not gained traction.

<sup>20</sup> On UNOPS' previous business approach, see Faremo 2019.

## 2

## HOW UN FINANCING CHALLENGES AFFECT MULTILATERALISM

As the above analysis shows, UN financing is not only a complex phenomenon, but also faces a number of challenges. In this section, we discuss how these challenges affect—and undermine—UN multilateralism. We outline how funding shortfalls limit the UN's ability to deliver, how the political and organizational implications of funding modalities shape UN work, how the fragmentation of funding structures weakens UN performance, and how the dominance of Western funding power perpetuates member state hierarchies.

### 2.1 QUANTITIES: SYSTEM-WIDE DEFICITS

*»Although critics often complain about the UN's burgeoning cost, the regular budget has always been remarkably – one might even say incredibly – low.«*

Schwartzberg (2013: 203)

Regular budgets have not grown in line with the expansion of the UN system, as wealthy member states have chosen to limit multilateral decision-making and instead channel the bulk of their resources through voluntary contributions. At the same time, total funding for the UN has increased significantly over the past two decades, outpacing global economic growth. Contributions to the UN development system, for example, doubled from around 23 billion US dollars in 2011 to 46.6 billion US dollars in 2021, while global GDP grew only by a factor of 1.5.<sup>21</sup> By 2022, total contributions to the UN system reached 74 billion US dollars. But even these sums—about twice the annual budget of a city like Berlin—are comparatively small for an organization entrusted with mandates on global peace, security, development and human rights.

Across the UN system, there are patterns of gross underfunding. While the UN humanitarian appeal for 2021 called for a total of 35 billion US dollars (UN OCHA 2021), the UN only received 25 billion US dollars (UN-CEB 2024). UN development funding has increased by 20 per cent only over the past decade, despite the introduction of the 2030 Agenda, the most ambitious global development agenda to date (UN-GA 2023a: 12). The Joint SDG Fund, established in 2017 with an annual funding target of 290 million US dollars, has only

received a total of approximately 270 million US dollars over six years (Joint SDG Fund n.d.). The assessed contributions allocated to human rights issues have not increased, while »official human rights mandates continue to grow in number and scope« (UN-OHCHR n.d.). Mandated activities that should be funded through regular resources—including the work of treaty bodies and Special Procedures—therefore have to be covered by voluntary resources, which also fall short of needs: the 241 million US dollars that OHCHR received in voluntary resources in 2022 did not come close to the 401 million US dollars that the Office had presented as necessary to meet its obligations and external requests (UN-GA 2022: 199). Moreover, UN entities that receive assessed contributions cannot automatically count on member states to pay their assessed contributions in full and/or on time. Major contributors such as the United States are able to maintain significant levels of arrears (Hüfner 2019), albeit at levels below the threshold for loss of voting rights set out in Article 19 of the UN Charter.<sup>22</sup> This has repeatedly led to serious liquidity problems, including for the Secretariat, where the issue of arrears has »reached a crisis point.«<sup>23</sup> At UNEP and the UN World Tourism Organization, for example, cumulative arrears in 2019 exceeded the level of total assessed contributions for 2019 (Haug et al. 2022: 12f.). Beyond payment practices, the UN's mandated longer-term functions aimed at shaping sustainable change are particularly underfunded, and the UN's financial centre of gravity has shifted towards short-term crisis response activities. The lack of funding is also visible in relation to climate action. Since 2016, the Green Climate Fund has been key to the commitment made by developed countries under the Paris Agreement to mobilize 100 billion US dollars per year to support developing countries in their adaptation and mitigation efforts. However, funding levels remain far from this target, despite the growing—and increasingly urgent—need. A key challenge for the UN Peacebuilding Fund, in turn, is that despite an overall increase in voluntary contributions from member states, »demand has now outstripped available resources« (UN 2020: 1). With regard to the UN's human

<sup>22</sup> As of April 2022, for example, »member states collectively owed 1.6 billion US dollars to the UN just for its regular budget, with the United States being the largest debtor, followed by China, Argentina, Brazil, and the Russian Federation« (Haug et al. 2022: 12). Article 19 of the UN Charter states that »if the amount of [a member state's] arrears equals or exceeds the amount of the contributions due from it for the preceding two full years.«

<sup>23</sup> Written exchange with UN expert; see Deen (2024); Jackson (2024).

<sup>21</sup> For data see Data Commons (2022).

rights work, OHCHR has repeatedly stated that total budgetary allocations are »insufficient to respond to all requests for assistance or needs .... Greater financial support from member states and other donors, including the private sector, will be required to meet all demands« (UN-OHCHR n.d.).

There is an apparent mismatch between what member states expect from the UN system, given the scale of global challenges, and the resources they provide to enable the UN to fulfil its functions. If the political relevance of the UN is measured by the resources it receives, the overall lack of resources does not bode well for the organization and its role in providing key global governance functions. It is arguably a problematic trend that member states tend to channel resources to the World Bank to finance global public goods, when the UN has a more inclusive and holistic multilateral position to address global challenges.

## 2.2 MODALITIES: FUNDING SHAPES FUNCTIONS

*»Normative and standard setting work should not be financially dependent on groups of interested parties.«*

Jenks and Jones (2013: 118)

Financing is not only a matter of volume. The modalities through which resources are transferred are also important, as they have political and organizational implications. Pundits have questioned whether today's UN is financed in the right way, given the growing importance of UN functions related to normative concerns and the provision of global public goods, as opposed to project implementation work. In terms of current funding modalities, it is argued that the best way to fund the UN's normative and global work is through assessed contributions or, as a second-best option, voluntary core contributions. However, while normative and global functions should not be funded »from a select group of donors who pick and choose the norms they want to support« (DHF 2017: 130; Jenks and Jones 2013: 118), this is where the overall UN financing trend has been heading.<sup>24</sup>

The marginalization of core resources—both assessed and unearmarked voluntary contributions—has been a general trend across the UN system, arguably epitomized by the funding dynamics in the development pillar. UN development work now essentially operates within the logic of a competitive market system, with UN entities acting as project implementers. While there are incentives to focus on short-term tangible results, they seem unable to work effectively towards longer-term sustainable transformation in line with UN normative frameworks (Jenks and Jones 2013: 111; Hendra and Baumann 2020; Baumann 2022, 2023a). One structural-institutional aspect fuelling this dynamic is the increasing decentralization of the UN development system. Whereas in the early 1990s, virtually all UN development funding was channelled through headquarters, today every

field office head has resource mobilization responsibilities that conflict with the official emphasis on results orientation.

The pressure to mobilize resources has made the UN »responsive but not responsible« (JIU 2017: 8),<sup>25</sup> i.e. responsive to donors and host governments but less focused on mandates, mission and results (Baumann 2023a; Tiefenbacher 2017). With a strong focus on operational work at the country level, large parts of the UN system have remained a marginal voice in global governance debates. For the UN to engage effectively in the provision of global public goods, negotiated pledges or replenishments have been proposed as a funding modality that combines features of core funding—notably the delegation of autonomy—with the interests of member states in specific issue areas (Jenks and Jones 2013: 111 ff.; Gulrajani and Lundsgaarde 2023). So far, however, negotiated pledges have only been used in IFAD and the UN climate funds, while the WHO is currently exploring the feasibility of replenishment mechanisms to fund global health work (WHO 2023).

Finally, the uneven funding base across UN pillars—where a small number of mostly Western member states provide the bulk of UN funding—has a more fundamental impact on the UN's ability to act as a truly global organization. The dominant role of Western donors and their voluntary (earmarked) contributions helps to perpetuate a North-South divide that is deeply at odds with the requirements of a more universal approach. Donor dependence discourages the UN from treating all member states equally, which is key to carrying out global normative functions (Baumann and Haug forthcoming). While there are good reasons—particularly in terms of economic and institutional capacity—why some member states pay more than others, a differentiated approach to multilateral universality should reconsider the grossly unequal funding structures dominated by voluntary funding (Haug et al. 2022). In today's increasingly multipolar and interconnected world, the UN would be well advised to become more egalitarian in the way it engages with its member states, as not only a symbolic but also a functional condition for effective global governance.

## 2.3 COMPLEXITY: A LIABILITY FOR PERFORMANCE

*»Governments created this system – which over the years has grown into what is probably the most complex organisation in the world«*

Jackson (1969: III)

In 1969, a study on the capacity of the UN development system highlighted the considerable complexity of the UN. This complexity has only increased since then, and is reflected

<sup>24</sup> The WHO is an exception where member states embarked on a path towards more assessed funding, see Haug (2023: 4).

<sup>25</sup> This is partly a response to external incentives: the ODA regime drives UN entities »to identify as much of their budgets as possible as related to operational activities in order to be ODA eligible. ... What is at play here is an incentive system ... which rewards operational projects and penalizes norm and standard setting work« (Jenks and Jones 2013: 115).

in the multi-faceted funding dynamics within the UN system, with implications for the UN's performance. For example, one side effect of the UN's protracted regular budget negotiations is that they absorb diplomatic capacity. This capacity, which is notoriously scarce for many developing country missions in New York, is then unavailable for discussing new concepts and seeking consensus on substance (Patz and Goetz 2019: 44). Viewed in isolation, voluntary funding processes may seem more straightforward. However, the sheer number and variety of funding instruments undermine coherent UN engagement by contributors, overburdens donor administrative capacity, and potentially leads to poor accountability as donors lack the means or will to follow up (Weinlich et al. 2020; Esser and Janus 2023).

For the UN system, complex and decentralized funding mechanisms promote fragmentation, a fertile ground for internal competition. In the climate pillar, for example, the multiplicity of funds—each with its own set of rules—means that developing countries need costly support from consultants to access funding and to navigate processes that can take several years (Roberts et al. 2021; Barbut 2011). This not only reduces the efficiency and effectiveness of the UN funding mechanism. Highly segmented funding structures also result in an inability to align funding with global policy priorities, a risk to the UN's continued relevance as a key actor in global governance. Complexity and fragmentation can lead to a vicious circle in which the inability to focus on common priorities leads donors to resort to earmarking as a way of taking matters into their own hands (Baumann 2020).

The peace and security pillar provides an early example of how fragmentation is not just a technical nuisance, but is linked to (geo)political configurations at the UN. In response to several key states, including the Soviet Union and France, withholding payments (or threatening to leave the UN) over disagreements related to peacekeeping in the 1960s, particularly with regard to the controversial mission in the Congo, UN members decided to separate the funding of peacekeeping from the regular budget (Coleman 2014: 3; Schwartzberg 2013: 207). At first glance, such segmentation has an obvious advantage: a fragmented system may be more resilient, as political tensions can be channelled and contained more easily. It may also be able to adapt more easily to a changing global environment than a centralized system operating by consensus. However, as the example of the separate peacekeeping budgets shows, an unintended consequence of fragmentation is that contributors can more easily and safely prioritize their own interests and neglect responsibilities elsewhere. The result is arrears in the peacekeeping budget and funding gaps in budgets dominated by voluntary funding, which pose serious challenges to the performance of the UN system (Lopez-Claro et al. 2020: 268).

## 2.4 HIERARCHIES: UNEQUAL INFLUENCE

*»[H]ow was egalitarian multilateralism – a fundamental principle of UN governance – compromised and sidelined almost without notice?«*

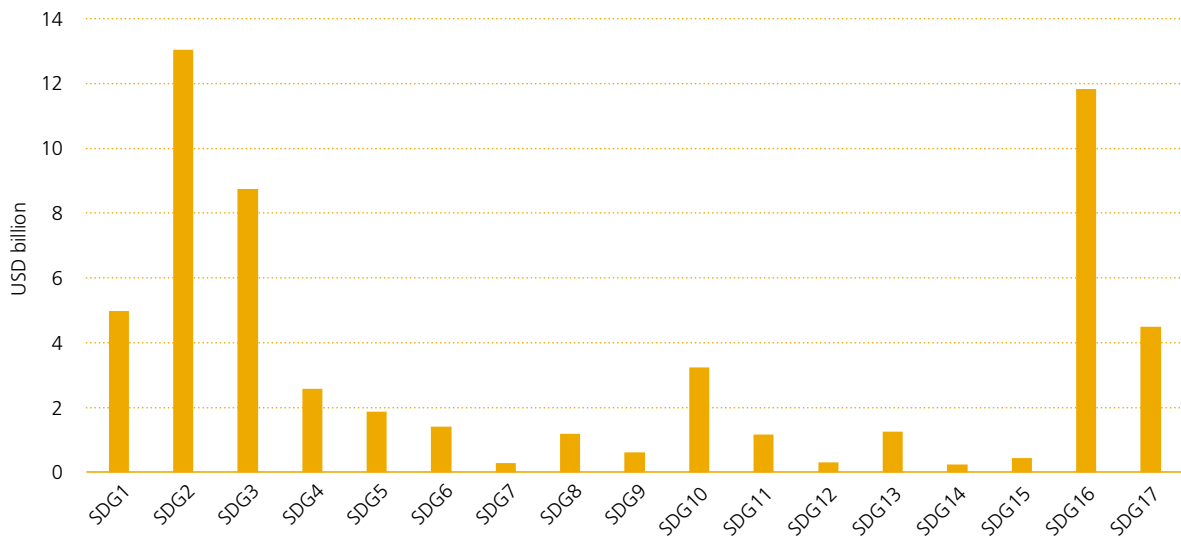
Graham (2023: 3)

Money is a channel of influence. Wealthy member states can use the »power of the purse« (Weinlich et al. 2020: 113) in direct and indirect ways to advance their interests, influencing or sidelining the formal governance bodies on which UN multilateralism and its legitimacy rest. The largest contributors to assessed contributions (the United States and China) have a disproportionate ability to pressure the UN through late payment or non-payment. Voluntary – and especially earmarked – funding has also opened the UN to the more direct influence of particularly resourceful member states (Graham 2023). However, voluntary funding and earmarking alone would not be so problematic if they were not coupled with a structural problem in UN financing that reflects interstate inequalities at the global level: the organization's reliance on a relatively small number of contributors for the bulk of its income. In the development pillar, the three largest contributors—the United States, Germany and Sweden—together accounted for 38 per cent of UN income in 2021.<sup>26</sup> In the Secretariat-related budgets, too, it is mainly Western member states that supplement their assessed contributions with large voluntary contributions. Unparalleled by any similar level of funding from non-Western countries, these voluntary contributions buy Western member states both direct influence (e.g. through threats of funding cuts) and indirect influence (e.g. through staff representation) at the UN. Even where contributors do not actively mobilize their financial power, they can count on the UN bureaucracy to anticipate their interests in order to maximize revenue (Weinlich et al. 2020).

Although the UN has so far provoked less criticism from developing countries about its governance deficits than the World Bank with its »one dollar, one vote« principle, there is a clear and simmering resentment among developing countries about their powerlessness at the UN (Baumann 2018; Sward and Lundt 2011). For them, the effects of Western funding dominance are tangible, such as in the uneven funding of the SDGs, where donor darlings such as SDG 16—which reflects a liberal conception of the rule of law as a development factor—clearly stand out (Figure 6). Developing country priorities such as those related to infrastructure and industrial development are comparatively underfunded. Without the disproportionate financial support of Western states, normatively oriented bodies such as UN Women would not exist and the UN human rights regime would likely be much weaker. UNCTAD, on the other hand, is an example of an entity that has been effectively defunded by Western member states; and the case of UNIDO provides insights into the marginalization—including financial—of a UN entity when Western powers turn their back on the

<sup>26</sup> See the statistical annex on 2021 funding data in UN-ECOSOC (2023).

Figure 6.  
**Unequal funding of the SDGs in line with Western priorities (billions of USD spent by 2022).**



Source: UN-CEB 2024.

organization (Groom 2003: 127; Hüfner 2019). While developing countries regularly ask Western member states to increase their funding for development or climate agendas, the structural dominance of Western financial power can also undermine developing countries' willingness to identify with the UN and, as a consequence, contributes to the erosion of the organization's legitimacy and relevance.

## 3

## REFORMING UN FINANCING

UN financing patterns have largely evolved in an unplanned manner, in line with the evolving interests of (powerful) member states, rather than following a rational design for effective global governance. The diminishing role of assessed and voluntary core resources and the substantial growth of voluntary earmarked funding are essentially products of the transformations of the 1990s, an era of unparalleled Western dominance. However, the structures that emerged then do not reflect today's political realities and most pressing policy challenges. Three decades of voluntary funding growth has also systemically damaged the UN's institutional structures and the way it operates, often focusing on excellence in project implementation while neglecting questions of impact and normative relevance. As institutional fragmentation and voluntary funding have grown, with donors picking and choosing their priorities, multilateral governance has been sidelined (Graham 2023). However, the willingness to change the system appears to be growing as Western powers begin to feel the effects of unequal power dynamics in the context of geopolitical shifts. Member states across the board are becoming more articulate about the need for fundamental change at the UN, and »public perceptions of the organization's usefulness could shift in a fundamental way«, with greater demand for a »truly global organization« (Lopez-Claro 2020: 287). Drawing on the literature and our own analysis, we propose the following options for reforming UN financing in line with the three main modalities discussed above: assessed contributions, voluntary contributions and other resources.

### 3.1 REVISITING THE FORMULA AND EXPANDING THE USE OF ASSESSED CONTRIBUTIONS

The UN Charter sets out a clear principle for the financing of the UN: »The expenses of the Organization shall be borne by the members as apportioned by the General Assembly« (UN 1945: Article 17, para. 2). The Charter thus contains two basic criteria that are key to UN multilateralism: (a) contributions are compulsory for member states, and (b) the General Assembly exercises control over the financing of the UN. Both principles are reflected in the system of assessed contributions to the UN's regular budget. However, more than seven decades after its creation, there is no other major international organization whose dependence on voluntary

contributions is more pronounced than that of the UN (DHF and UN MPTFO 2023: 21). In light of the problematic effects of voluntary contributions discussed above, we recommend reforming and expanding the system of assessed contributions, whose growth has not kept pace with the financial expansion of the UN. At the very least, member states should reconsider their zero-growth approach to regular budgets, which was adopted in the 1980s and 1990s (Graham 2023). Recent decisions at WHO and FAO to increase the share of assessed contributions (see above), and the General Assembly's agreement in 2023 to allocate 50 million US dollars annually in assessed contributions to the Peacebuilding Fund (UN-GA 2023b),<sup>27</sup> point in a promising direction and show that changes to the system of assessed contributions are generally possible.

A bolder response to the UN's funding challenges would include expanding the coverage of assessed contributions to UN funds and programmes and other entities that currently depend entirely on voluntary contributions. As formal parts of the Secretariat, UN Women and UNEP already receive small amounts from the regular budget. As an intermediate step towards assessed funding, UN entities could follow the logic of UNEP's Voluntary Indicative Scale (see above) across the board by setting the minimum amount that each member state would have to contribute according to the current assessment scale in order to cover half of their total annual budget.<sup>28</sup> This would allow stakeholders to become familiar with what this alternative funding practice would look like. A further step would be to build on the existing formula behind the scale of assessments and, in its application to specific UN entities, add indicators—such as a state's vulnerability to climate change, carbon footprint or willingness to host refugees—that introduce context-specific or performance-based elements to the question of who bears the costs of multilateral governance (Haug et al. 2023). To increase payment discipline, the Secretary-General had proposed in 2019 to lower the threshold for losing voting rights in the General Assembly and to introduce penalties for late payments (UN-GA 2019: 23). While member states have not

<sup>27</sup> In 2023, the Security Council also agreed in principle to the use of assessed contributions to finance peace support operations led by the African Union; see UN-SC 2023.

<sup>28</sup> As discussed above, member states can also pay more than what the Voluntary Indicative Scale suggests.

Table 3.

**Comparison between the current and the proposed system of assessed contributions for selected member states**

Member states (selection)	CURRENT SYSTEM		PROPOSED SYSTEM	
	Share, current scale <sup>29</sup> (%)	Assessed contributions (USD million)	Share, proposed scale <sup>30</sup> (%)	Assessed contributions (USD million)
USA	22.000	762.3	25.006	2,558.6
China	15.254	528.6	17.740	1,815.2
Japan	8.033	278.3	5.190	531.0
Germany	6.110	211.7	5.305	542.8
UK	4.375	151.6	3.223	329.8
Indonesia	0.549	19.0	1.232	126.1
Egypt	0.139	4.8	0.445	45.5
Angola	0.010	0.3	0.065	6.7
Sierra Leone	0.001	0.035	0.005	0.5
Vanuatu	0.001	0.035	0.001	0.1

Source: Authors' own elaboration, based on UN 2024c and World Bank 2024a.

implemented these proposals, the introduction of rebates for member states that pay in full and on time could be another way to incentivize the payment of assessed contributions (Mir 2019: 12).

An even more fundamental overhaul would consist of a systematic reform and significant expansion of the system of assessed contributions, replacing the current formula behind the scale of assessments with a fixed share of member states' Gross National Income (GNI) (Schwartzberg 2013; Lopez-Claro et al. 2020; GGF 2023). While such a proposal is unlikely to be considered in the current political climate at the UN, it offers an alternative view of how a revised approach to funding issues would address a number of challenges currently facing the UN system. Compared to the current system, where member states are allocated shares of the regular budget that vary between a rather low floor (0.001 per cent) and a ceiling (22 per cent) set for the United States, a GNI-based system would project a narrative of equal treatment for all member states. In a context of continued economic growth, a GNI-based system would allow for an automatic increase in the regular budget. Given the growing complexity of UN financing, a fixed GNI rate would also be much simpler, reducing the need to renegotiate scales of assessment every three years.

The exact rate to be paid under the GNI-based system would be decided collectively by UN member states. While Schwartzberg (2013) suggests a rate of 0.1 per cent of each member state's GNI, a more realistic rate might be 0.01 per cent. This would be a very affordable rate for any country, especially when compared to member states' military spending, which currently averages 2.3 per cent of GNI (World Bank 2024b). The relative burden-sharing among member states would change somewhat under the new formula—notably an increased share for developing countries, a slightly decreased share for most Western countries and a slightly

increased share for China and the United States (Table 3). The more significant change would be that all member states would have to pay—significantly—more.

Developing countries may resist this increase in their regular budget shares, and all member states are likely to resist the overall increase in contributions. However, the proposed formula of 0.01 per cent of GNI would contribute to a significant increase in the regular budget. With a global GNI of 102.32 trillion US dollars in 2022 (World Bank 2024a), a regular budget calculated using the alternative 0.01 per cent formula would be 10.23 billion US dollars, roughly three times the size of the UN's regular budget in 2022. Moreover, the proposed formula would likely increase ownership of the UN by all member states, including developing countries, which would have to pay more but would also benefit from an overall more resourceful organization (Lopez-Claro et al. 2020).<sup>31</sup> In addition, increased levels of assessed funding—for existing regular budgets and potentially also for entities that do not yet receive assessed contributions (see above)—would reduce the need for voluntary funding.<sup>32</sup> Despite their increased absolute levels of assessed funding, major Western donors—such as the United States and Germany<sup>33</sup>—could thus see their share of total funding decline under the proposed approach, suggesting that the political economy of such a reform is not entirely implausible. Greater universality on the funding side could support a more universal UN in

<sup>31</sup> Schwartzberg (2013: 217, see Lopez-Claro et al. 2020) suggests that such a change could be accompanied by weighted voting in the General Assembly »to increase the probability that nations actually pay their respective assessments«. His argument for weighted voting is based on the assumption that it would strengthen the UN's role in global governance, as the larger powers would be more inclined to deal with important issues in the UN rather than through a club format.

<sup>32</sup> Moving from 0.01 to 0.1 per cent of member states' GNI in the reformed assessed contributions system – the rate recommended by Schwartzberg (2013) and Lopez-Claro et al. (2020) – would, based on current funding numbers, make voluntary funding obsolete.

<sup>33</sup> In 2022, the United States accounted for 34 per cent of member state contributions (assessed and voluntary) to the entire UN system, and Germany for 11.3 per cent (UN-CEB 2024)

<sup>29</sup> According to the 2022–2024 cycle.

<sup>30</sup> The proposed scale is based on a fixed contribution of 0.01% of GNI.



terms of decision-making and services provided to member states.

### 3.2 REGULATING AND CHANNELLING VOLUNTARY EARMARKED CONTRIBUTIONS

A reformed and expanded system of assessed contributions would provide a straightforward way to improve the UN's funding patterns, thereby reducing the need to mobilize other funding modalities. However, given the political challenges of implementing such a transformative approach, we must also address the reality of voluntary funding, in particular earmarked contributions, which amounted to approximately 50 billion US dollars in 2022, compared to total UN income of 74 billion US dollars (UN-CEB 2024). Recognizing that these amounts cannot simply be converted into assessed or core contributions, member states should ensure that earmarked resources support the multilateral functions of the UN, thereby reducing their potentially negative impact. The UN Funding Compact, first agreed in 2019 and under renegotiation for its second phase at the time of writing approaches the problem by seeking non-binding commitments from both member states and the UN to provide a certain share of voluntary contributions as unrestricted core contributions (this target was set at 30% in the first phase). We recommend a different approach, namely to regulate earmarking by linking it to binding standards that ensure that such contributions are subject to appropriate levels of transparency and accountability and are consistent with the UN's mandates and mission. In the absence of drastic measures—such as banning earmarking or severely restricting it to a certain proportion of voluntary funding—we propose measures that can be implemented individually or as a package:

- *Increased transparency and accountability:* Each UN entity should have a central repository of original contracts for earmarked contributions that is publicly and easily accessible. If donors reject such transparency, the UN would not be able to accept their contributions. While this would likely lead to a reduction in overall funding levels, as a number of donors would be reluctant to disclose details, it would strengthen the basis for improving accountability structures and thereby increasing legitimacy across the UN system.
- *Board approval:* Earmarked contributions should be approved by the governing boards of UN entities based on criteria that ensure contributions support the mandates and missions of the UN entities concerned, just as most boards currently approve country programme documents. To deal with the significant number of grants, member states could opt for a mechanism of automatic approval after a period of silence.
- *Seals of quality:* In a softer version, board approval of earmarking—ideally based on the recommendations of an independent expert body—could also be used to separate »good« earmarking from undesirable forms, by

awarding quality seals that could provide an incentive for donors to follow best practices.

- *Penalize problematic earmarking:* The 1 per cent coordination levy currently charged on tightly earmarked contributions could be applied to those contracts deemed problematic, while »good« earmarking could be exempted from the levy. The 1 per cent levy could be gradually increased through an automatic mechanism until a desired ratio of »good« to »bad« earmarking agreements is reached.
- *Restrict fundraising activities to regional and global headquarters:* UN entities should relieve field staff of the need to engage in fundraising activities. Fundraising responsibilities should be placed in dedicated units at headquarters and removed from general staff appraisals so that the majority of staff can focus on implementing mandates. As a number of major donors currently support UN entities decentrally by funding country offices through embassy budgets, this shift would also require a change in member state funding practices.

In addition to regulatory measures, we suggest redirecting the flow of earmarked contributions away from individual entities and towards global pooled funds. Pooling resources can take the bilateral edge off earmarked contributions, in line with the logic of core budgets (which are ultimately also a form of pooling). The UN Multi-Partner Trust Fund Office currently manages 258 inter-agency pooled funds. Most of these are of an ad hoc nature, established to support country-level initiatives. In our vision, and as argued previously (UN-MPTFO 2017: 100), there is a case for a more limited number of signature pooled funds at the global level, covering UN priority areas, such as the Peacebuilding Fund or the Central Emergency Response Fund.<sup>34</sup>

### 3.3 MOBILIZING RESOURCES BEYOND MEMBER STATE CONTRIBUTIONS

Even if member state contributions are aligned with UN mandates and accountability structures, funding gaps and

<sup>34</sup> The disappointing resource mobilization results of the Joint SDG Fund may be an indication that its general focus on the SDGs is thematically too broad.

undue donor interference are likely to remain. Analysts, and increasingly the UN itself, have therefore turned their attention to alternative sources of income. While funding the UN exclusively or primarily from non-state sources would seriously undermine member states' ownership of the UN, resources beyond member state contributions can help diversify the UN's funding mix and thus increase the organization's resilience. Here, we focus on the potential of the three mechanisms mentioned above: fees, levies and individual donations.<sup>35</sup>

The underlying logic of fees is that UN entities provide services for which other stakeholders—including member state governments, private sector companies or non-governmental organizations—pay. Full commercialization of UN work is problematic as it would undermine the mandate and spirit of the UN as an intergovernmental body representing »We the peoples« (UN 1945: Preamble).<sup>36</sup> However, UN entities provide services to various state and non-state actors—from the implementation of country-level support programmes to contributions to global public goods—that could form the basis for securing additional resource flows. In line with WIPO's business model, which focuses on the management of intellectual property rights, UN entities could explore ways to identify services based on their organizational expertise. One example is the certification of best practices, whereby UN entities review private sector activities related to their mandates. While such services should remain a minor aspect of the UN's work, they could help diversify the UN's resource base.

The promise of levies (i.e. international taxes), on the other hand, is twofold: they could provide the UN with a stable, less politicized and potentially significant source of income, and they could have a regulatory effect on international issues. The best-known example—and at the same time a symbol of the failure to implement such measures—is the »Tobin Tax«, a proposal to tax all financial transactions and channel some of the revenue into multilateral budgets (Lopez-Claro et al. 2020: 280–286).<sup>37</sup> However, the debate on levies has recently been revived in the context of the UN's new Loss and Damage Fund. Options that have emerged include carbon pricing, a financial transaction tax, a fossil fuel extraction tax, a wealth tax, aviation levies and a shipping tax (Wemaere et al. 2023; Dumoulin 2023). Most of these levies could raise

a significant amount of revenue even if set at an extremely low rate, making them a particularly promising instrument.

To ensure a normative and functional justification for UN-related levies, there should be an obvious link between the focus of the levy and the multilateral mandate in question. For example, a tax on carbon emissions is arguably an understandable choice for financing the Loss and Damage Fund, but would seem arbitrary as a means of financing peacekeeping or other thematic priorities. For the wider UN system, there needs to be a logical fit between what is taxed and the overall purpose of the UN system. A global tax on (extreme) wealth could provide such a general fit,<sup>38</sup> as rising inequality within and between countries is linked to challenges that the UN is mandated to address, from social exclusion to international migration and problematic patterns of production and consumption. Even if a global wealth tax were set at a very low rate and targeted only at the world's multimillionaires and billionaires, it could generate up to 1.8 trillion US dollars per year, according to a recent report by Oxfam (2024). Such a tax would have to be collected by national authorities; the bulk of the revenue would be used for domestic purposes while a smaller – but still significant – amount could be channelled to the UN. A substitute for – or a complementary step towards – a wealth tax would be an aviation levy on flights using conventional fuels, taxing those who benefit from a peaceful and stable international system. The French air ticket solidarity levy, introduced in 2006, is an example of a national tax that generates resources for an international body (Brookings 2016). The amount generated by an aviation levy could be significant. If all of the approximately 34 million flights in 2023 (Statista 2023) were taxed at an average of 500 US dollars, the total revenue would have been 17 billion US dollars. The levy could be based on the number of passengers, aircraft weight, emissions, distance flown or a combination of these variables.

Finally, donations from individuals are another source of non-state contributions. All UN funds and programmes and many other UN entities operate systems to receive donations from individuals, either for their core budgets or, as a form of crowdfunding, for specific initiatives. However, there is only one UN entity—UNICEF—where private donations add up to a significant proportion of the entity's total income, arguably because of UNICEF's mandate on children and the fact that, unlike other UN entities, its National Committees in high-income countries can receive tax-deductible donations. While it has been a challenge for other UN entities to raise funds on a large scale, there are still untapped opportunities. For example, the UN website does not currently appear to offer a central tool for individuals to donate to the UN Secretariat or the UN system as such. For those who simply wish to support the UN and its normative principles, a general donation could support the institutional core of the UN. The UN's generally high level of credibility, combined with the fact that individuals now have a more direct stake than

<sup>35</sup> While we recognize the potential role of and debate about resources from the private sector, including large corporations and philanthropic actors, UN entities have long sought to expand their engagement with major private sources of funding and have faced various challenges to their integrity as described above. Another mechanism that may become more relevant in debates on UN financing is bonds, in line with current practices of the multilateral development banks (World Bank n.d.; IDB n.d.). We are grateful to Ronny Patz for raising this point.

<sup>36</sup> For the discussion of a recent scandal at UNOPS, see Ainsworth 2022.

<sup>37</sup> Outside the UN system, the African Union introduced a 0.2 per cent levy on goods imported from countries outside the Union in 2017 to fund its operational work and increase its financial self-sufficiency (Adams and Lenaghan 2022). So far, however, this has not been fully implemented by all African Union member states, and the levy has been challenged by the United States and others at the World Trade Organisation. We are grateful to Eugene Chen for raising this point.

<sup>38</sup> At the 2024 Davos meeting, wealthy individuals themselves advocated for greater taxation through the »proud to pay more« campaign (Proud to Pay More 2024).

ever in the regulation of global affairs—from climate change mitigation and adaptation to pandemic preparedness and individual human rights issues—is likely to generate a degree of goodwill for individual support of the UN. Although figures for international charitable giving are hard to come by, the available data paint a rather promising picture. If the approximately 4 billion US dollars donated annually by German citizens to humanitarian efforts abroad is indicative of charitable resource flows at the global level (Deutscher Spendenrat 2024), there appears to be significant potential for the UN to mobilize private donations as an additional resource stream. Building on the experience of UNICEF, a system of national UN committees with the legal status to receive tax-deductible donations could help unlock an additional stream of private donations to the UN system.

## CONCLUDING REMARKS

UN financing is a complex issue, and recent trends in financing undermine the foundations of inclusive and effective multilateralism. The declining relevance of assessed contributions and the rise of voluntary (and especially tightly earmarked) funding have contributed to a dynamic of bilateralization across the UN system, where major donors—especially Western ones—have a disproportionate say in how multilateral cooperation unfolds. At the same time, resources provided through channels beyond member state flows have remained marginal.

Overall, the financing challenges are numerous and threaten the multilateral credentials of the UN system. The level of funding provided by member states does not match expectations about the role of UN entities in addressing global challenges, and funding shortfalls are widespread across UN pillars. Moreover, the modalities used by member states often shape the way the UN operates, rather than the other way around. Earmarking practices have been particularly influential in shaping funding and implementation logics, as many UN entities focus more on responding to (Western) donor preferences than on addressing needs on the ground. Across the UN system, the complexity of funding structures—with separate budgets and a multitude of trust funds—reflects geopolitical and bureaucratic logics, but undermines the effective functioning of UN bodies, as member states can easily prioritize their own interests and neglect responsibilities elsewhere. Finally, the skewed funding base, in which Western donors provide the bulk of UN resources, reflects not only a deeply unequal international distribution of resources, but also the marginalization of developing country member states in UN processes.

On the basis of these findings, we have identified potential avenues for reform, ranging from a review of the formula and use of assessed contributions, to the regulation of earmarked funds, to the mobilization of fees, levies and donations as sources of UN income beyond member state contributions. However, the prospects for implementing these reform proposals seem bleak, arguably now more than ever. From the reform-averse nature of UN consensus-based decision-making to the domestic politics of UN funding in member states,<sup>39</sup> there are a number of serious obstacles to

most—if not all—of the reform proposals outlined above. The geopoliticization of UN negotiating processes has increased significantly over the past three years, from the aftermath of the Covid-19 pandemic to Russia's full-scale war against Ukraine and the current hostilities between Israel and Hamas. Rising tensions between China and the United States—arguably the UN's most important member states—further complicate the picture.

So why talk of UN financing reform? As discussed above, unpacking the way in which UN entities receive resources provides crucial insights into how the UN system works. A systematic analysis of the status quo of funding structures is a necessary condition for addressing current challenges to UN multilateralism and for thinking creatively about how UN financing could be organized differently. A major challenge to the UN's position at the centre of multilateral politics may seem unlikely, but it may come sooner than many think. China's rise highlights some of the ongoing challenges to the UN's established—and in many ways long Western-dominated—normative and operational foundations. While the UN as such is likely to survive the current round of geopoliticization, its functioning may well have to adapt to ongoing shifts in power among member states. As part of the—constantly evolving—processes of adaptation, financing issues are and will be a central dimension of how UN entities and member states (re)negotiate the contours of multilateral cooperation. Therefore, a better understanding of the status quo and the challenges of UN financing should be part of the toolbox for a critical—but constructive—engagement with the future of multilateralism.

<sup>39</sup> We are grateful to Eugene Chen and Ronny Patz for highlighting impediments to reform proposals.

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