



The 2030 Agenda, donor priorities and UN mandates Lessons from the WHO experience

by Barbara Adams and Karen Judd

As he concluded the first year of his term, the UN Secretary-General reiterated his call for a new Funding Compact, an agreement by Member States and the United Nations development system. In his 20 December advance report on Repositioning the UN Development System, he stated: “Ultimately, the Funding Compact is about increasing the likelihood of universal achievement of the SDGs and eradicating poverty from the face of the earth. In other words, it is about determining whether we can deliver on our ambition to make the world a more prosperous, peaceful and sustainable place by 2030.”

([https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2018doc/Advance%20copy%20of%20the%20Report%20of%20the%20Secretary-General%20on%20the%20UNDS%20repositioning%20%2B%20Annex%20\(21%20December%202017review\).pdf](https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2018doc/Advance%20copy%20of%20the%20Report%20of%20the%20Secretary-General%20on%20the%20UNDS%20repositioning%20%2B%20Annex%20(21%20December%202017review).pdf)).

The report did not mince words on the strategic importance of the Compact to uphold the UN’s neutrality and multilateral nature.

“Providing the system with more predictable and flexible resources is not only about reaffirming trust in the United Nations. It is about investing in results for the people we serve. It would strengthen the system’s ability to address critical global challenges like climate change, human trafficking and displacement and extreme weather shocks, while ensuring greater impact on issues that matter to citizens such as better health systems, better jobs for young people, eradicating poverty and sustainably managing urban areas. It would enable

critical, underfunded functions of the system, including policy advice and support to financing for development. Ultimately, the Funding Compact is about increasing the likelihood of universal achievement of the SDGs and eradicating poverty from the face of the earth. In other words, it is about determining whether we can deliver on our ambition to make the world a more prosperous, peaceful and sustainable place by 2030.”

The inadequacy of the quantity and quality of funding for the UN has featured centrally in the Secretary-General’s commitments to reposition the UN development system. Speaking to the Economic and Social Council (ECOSOC) in July 2017 he made it clear that such a Compact is central to any reform package, promising that the UN system would commit to “greater efficiency, value-for-money and reporting on results against the prospect of more robust core funding support for individual agencies and improved joint funding practices.”

(<https://www.un.org/sg/en/content/sg/statement/2017-07-05/secretary-generals-remarks-economic-and-social-council-repositioning>).

In November, speaking again to Member States, he reiterated the need for such a Compact. Saying that “Fragmented funding can only deliver fragmented results,” he added: “We want to provide you with sufficient accountability, transparency and value for money to build a strong case for more flexible funding.” (<https://www.un.org/sg/en/content/sg/statement/2017-11-10/secretary-generals-briefing-repositioning-un-development-system>)

Responses to the proposed Funding Compact from traditional donors have indicated much interest. Switzerland and Norway welcomed such a Funding Compact and recognize that current funding practices, particularly with regard to earmarking, have contributed to fragmentation and working in silos. Norway added that the “rationale for such a compact should be to overcome the present mismatch between what Member States expect from the system and the way we fund it.” In addition to ensuring “enhanced flexible and predictable financial resources” the task of such a compact “should be to strengthen the multilateral character of the UNDS and the burden sharing among Member States ... not merely traditional donors”.

<https://www.norway.no/en/missions/un/statements/other-statements/repositioning-of-the-un-development-system/> Ecuador, on behalf of the G77 and China, stated that “Pooled funding, innovative financing mechanisms and partnerships must complement not substitute for core sources” <http://www.g77.org/statement/getstatement.php?id=170301>), while Ireland reiterated that “core funding is the bedrock for the UN Development System”.

[https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/oas/Ireland%20OAS%20inputs%20-%20session%20on%20LLDCs%20LLDCs%20SIDS%20\(1\).pdf](https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/oas/Ireland%20OAS%20inputs%20-%20session%20on%20LLDCs%20LLDCs%20SIDS%20(1).pdf))

Flexible funding enables the UN development system to carry out its mandates, respond to unexpected challenges, ensure its value-based commitments and extend its normative responsibilities. Earmarked funding, has increased steadily over the last two decades, reaching the point that, as the Secretary-General spelled out in his first report on repositioning the UN system, released in June 2017, “only about 15% of the system is core-funded” while “at the same time, more than 90% of all non-core flows are being directed to single donor-single entity projects”.

<https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/sg-report-on-unds-qcpr-june-2017.pdf>) The December report reiterates this harmful trend: “fragmentation is such that 91 per cent of all non-core flows allocated to single entity projects and only 6 per cent channelled through interagency pooled funds.”

The growth in non-core and earmarked funding has also been examined by the donors. A 2014 OECD report explained the ways in which earmarking suited donor interests:

“[S]ome individual bilateral donors have gained more influence to shape the priorities and sizes of multilateral organizations’ budgets, bypassing “purely multilateral” governance whereby decisions are made by all members according to collectively endorsed rules. For example, in the case of the UN, the current financing system whereby earmarked contributions are a substantial part of all funding radically departs from the system originally envisaged in the UN Charter, according to which decision making by the General Assembly set the priorities and size of the budget to be financed through mandatory assessed contributions by member states.”

The OECD report added that a similar phenomenon could be seen at the World Bank and regional development banks, where “the substantial weight of earmarked funding in the form of trust funds, have brought about a “bilateralisation” of these institutions, extending their activities beyond the amounts mobilised through replenishments and increasing the influence of groups of donors on specific priorities”.

WHO – funding crisis vs global health crisis

The World Health Organization is a stark example of change in funding practices and strategies and the consequences. Set up in 1948 with a mandate to “direct and coordinate” international health and establish the necessary norms and standards for countries worldwide, for at least the last three decades it has been burdened with a chronic funding crisis that has jeopardized its mandate and ability to carry out all of its responsibilities with regard to global public health.

WHO’s budget is financed through a mix of assessed and voluntary contributions. As with other UN specialized agencies, assessed contributions are required “membership” contributions from Member States, based on the size of their economies and populations, while voluntary contributions can come from public and private sources, or a blend thereof. Unlike assessed contributions, voluntary contributions can vary substantially from year to year and lack the predictability needed for early warning disease preparedness and response, on-going standard-setting, or capacity building support.

The assessed contributions, which were originally required to be 51 percent of the WHO budget, including all programmes related to its normative work, have steadily declined, both in absolute and relative terms. In 1985 Member States decided to freeze assessed contributions, and the financing situation deteriorated further when some Member States failed to pay even their frozen levels of contributions, in some cases for political reasons: “The USA in particular withheld funds, a move largely interpreted as expressing dissatisfaction with WHO’s list of essential medicines, in line with public opposition from US pharmaceutical companies.”¹

In response to funding shortfalls, Member States in 1998 lifted the requirement that 51 percent of the budget be financed through assessed contributions. While this increased overall revenue, it also increased the importance of voluntary contributions, which now make up about 80 percent of the total. While voluntary contributions can be fully flexible, for 2014-15 only 7 percent of voluntary contributions were made to core, reducing the ability of the organization to respond to unexpected challenges and maintain its normative responsibilities.

Targeted donor influence not only reduces flexibility but also weakens support to leadership driven by independent health considerations and has served to undermine the WHO’s ability to maintain adequate expertise and staff capacity. This was well documented in response to the Ebola crisis and prompted some moderate attempts to learn lessons from this catastrophe. However, in September 2016, the WHO warned that due to inadequate finances, it is likely to lose expertise and to struggle in providing countries the necessary technical guidance on a number of health issues, such as anti-microbial resistance and HIV/AIDS.

Further, it is likely to be more responsive to national and specific pressures including from powerful corporations within the health business, especially pharmaceutical companies. Former WHO Director-General Dr. Margaret Chan spelled out these pressures in an address to health professionals in June 2013, citing research documenting the use of “front groups, lobbies, promises of self-regulation,

lawsuits, and industry-funded research that confuses the evidence and keeps the public in doubt”.

(http://www.who.int/dg/speeches/2013/health_motion_20130610/en/)

Few governments are immune to such pressure. As Dr. Chan added: “Market power readily translates into political power. Few governments prioritize health over big business. ... This is not a failure of individual will-power. This is a failure of political will to take on big business.”

The partnership model

Inadequate financing of the UN and its mandates has also prompted the UN and its Member States to embrace a range of different private sector partnerships and finance patterns, including through philanthropies and big business. While at the global level these have taken the form of multi-donor or multi-stakeholder partnerships to achieve specific goals, at a national level, they are characterized by public private partnerships (PPPs) designed to attract private investment as a way to increase economic growth.

This promotion of the partnership approach has been accelerated since 2015, as the action plans of each of the “big three” landmark agreements -the 2030 Agenda, the Addis Ababa Action Agenda on Financing for Development and the Paris Agreement on Climate Change- and international development banks have stressed the need to move “from billions to trillions” in order to achieve the SDGs.

However, while the participation of the private sector can add much to the ability to finance some of the ambitious goals of the agreements, the partnership approach itself carries a number of risks and side-effects that require greater scrutiny regarding donor priorities and compatibility with UN mandates. The WHO, encouraged by Member States, has embraced multi-donor partnerships as a way to increase financial support and provide needed expertise. However, money brings influence, as philanthropic health researchers Chelsea Clinton (who now heads the Clinton Foundation) and Devi Sridhar point out in a 2017 article in *The Lancet* that examine the influence of the major donors, notably the USA, the UK and the Bill & Melinda Gates Foundation, on global health (see box):

¹ Chelsea Clinton and Devi Sridhar, “Who pays for cooperation in global health? A comparative analysis of WHO, the World Bank, the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, and Gavi, the Vaccine Alliance,” Health Policy, Published Online January 27, 2017 [http://dx.doi.org/10.1016/S0140-6736\(16\)32402-3](http://dx.doi.org/10.1016/S0140-6736(16)32402-3).

Impact of major donors on WHO mandate

Clinton and Sridhar address the impact of moving to a partnership model, stating:

“The move towards the partnership model in global health and voluntary contributions...allows donors to finance and deliver assistance in ways that they can more closely control and monitor at every stage.” This shift illustrates a trend in global health governance “away from traditional government-centred representation and decision-making; and towards narrower mandates or problem-focused vertical initiatives and away from broader systemic goals sought through multilateral cooperation.”

Clinton and Sridhar also make clear that the impact of the new partnership model works in tandem with but goes beyond earmarking:

“By using financing and governance mechanisms within the old institutions, as well as by creating new agencies, donors can more likely achieve their goals for a few reasons. First, they have structurally aligned the objectives of global agencies with their own objectives. Individual governments (or small groups of governments and like-minded others) can use the new funding mechanisms, agencies, or initiatives as a way to define and pursue a separate mandate, for example with HIV/AIDS.”

“Over time, the rearrangement of WHO’s priorities to align with funds was inevitable, with donors earmarking 93% of voluntary funds in the 2014-15 budget. Influence is heavily concentrated among the top donors. Undeniably then, a direct link exists between financial contributions and WHO focus.”

One of the clearest illustrations of this influence concerns the WHO polio programme. According to the WHO, the Gates Foundation has been contributing between US\$250 million and US\$300 million a year to the WHO for over a decade. In one year – 2013 – it was the single largest donor, overtaking total contributions from the governments of both the US and the UK. In 2015 it was the organization’s third largest voluntary contributor, after the governments of the USA and UK.

http://www.who.int/about/finances-accountability/reports/A69_INF3-en.pdf?ua=1

One of the Gates Foundation’s priorities is the eradication of polio, which can be prevented with comprehensive vaccination campaigns; it is perhaps not surprising that in 2016 WHO’s polio programme is by far the best-resourced, accounting for 23.5 percent of the programme budget.

The Secretary-General, while affirming the vital importance of partnerships to achieving the 2030 Agenda, has acknowledged the need to revisit them. His 30 June 2017 report has put in motion the mandate from Member States in 2016 (A/RES/71/243) to “recalibrate and enhance other critical United Nations skill sets to match the needs of the 2030 Agenda”, and seeks “revamped capacities in partnerships and financing”.

Beyond global public health: policy coherence and governance structure

The WHO was set up as a global authority, so nations would “compromise their short-term differences in order to attain the long-run advantages of regularized collaboration on health matters” as Clinton and Sridhar relate. However, this approach is frequently challenged as Member States have disagreed about the primary work of the organization. While some Member States prioritized the need for strong public health institutions and broad health coverage, others argued for a more ‘selective’ approach, concentrating attention on eradicating specific diseases, through coordinated intervention by a number of sources, public and private.

The shift in funding strategy led by the major donors – from assessed to voluntary to specified or earmarked - has been instrumental in redirecting the work of the WHO and has jeopardized its role as premier global health authority. It also raises some important issues beyond public health - first and foremost those of policy coherence and democratic governance.

As Margaret Chan has queried: “If multisectoral collaboration and multi-stakeholder engagement are the reality for sustainable development in the post-2015 era, we need to debate what type of mechanisms are required to allow all stakeholders to make contributions and to protect against the influence of vested interest. We also need to consider the UN’s role as an honest broker that promotes fair play.”²

² Dr. Margaret Chan, Keynote address to the UN Economic and Social Council, 25 February 2014.

Funding feedback loop

The vicious circle evident in the WHO and its negative feedback loop is also at play in many parts of the UN system. When unable to ignore the enormous gap between the demands placed on the UN system and the resources contributed to respond, most governments have responded with earmarked funds or with partnership arrangements, sometimes including non-state actors, and diluting or ignoring the norms and standards that are the hallmark of the UN.

Some governments have tried to maintain a reasonable balance between assessed and voluntary contributions to WHO. However, all donors increasingly favour the partnership approach and resource non-UN entities in areas that should be UN-led. This is most evident recently in the case of big data partnerships—where UN entities now farm out data collection to private sector actors such as Gallup. (<https://www.globalpolicywatch.org/blog/2017/11/27/data-is-the-new-gold/>)

Perhaps driven initially by a desire for results, this financing strategy further fragments programme design and delivery, undermines the normative authority of the UN, and not only encourages competition among UN entities, but is setting up and nourishing programmes parallel to and competitive with the UN.

WHO, like other UN entities, has been a victim of the shift in funding patterns by Member States. An organization struggling for finance is more likely to accept or co-operate with a variety of approaches that bring or promise resources. This further fragments its programming, decision-making and capacity. Piecemeal responses run counter to the calls in the 2030 Agenda for Sustainable Development, an agenda authorized by the Member States themselves.

Donor interests, public interest and global responsibilities

The Swiss-based Center for Comparative and International Studies has conducted an analysis based on a review of over 100,000 earmarked projects by 23 OECD donors from 1990 to 2012. Observations include that: “Earmarking allows donor countries to delegate responsibility and to pool risks with other donors while simultaneously being able to target

resources according to their priorities, demand tailored reporting, and reap the benefits of increased visibility relative to (un-earmarked) multilateral aid”. Despite calls to bridge the enormous financing gap to achieve the SDGs, the authors conclude that mobilizing additional donor resources will depend on the ability of both public and private donors “to target their resources according to their preferences”.³

The CIS analysis found a major correlation between a government donor preference for earmarked funding and a belief that the private sector is more efficient than the public – not only in developing countries but also at home. “Specifically the market orientation of donors’ economies, such as their stance on outsourcing public service delivery domestically, positively correlates with the degree of ‘bypassing’ recipient governments in weakly-governed countries.”

A similar reluctance to invest in public institutions was evident also in case of the WHO. As Clinton and Sridhar observe:

“Donors have been reticent to invest significantly in what is broadly known as health systems strengthening, either through traditional multilaterals, vertical funds, or their own bilateral mechanism, despite the broad-based recognition that health systems are vital to achieving durable progress in vertical and horizontal prerogatives alike. This reticence is also there for the monies needed to invest in building core capacities to prevent, detect, and respond to new infectious disease outbreaks.”

This orientation and practice are not limited to health, but can occur throughout Member State decision-making on tackling global problems and will be at play in the strategies of UN institutions set up to tackle global problems—and critical goals within the 2030 Agenda, such as climate change, food and nutrition, agricultural sustainability and access to water and renewable energy.

The analysis of Clinton and Sridhar with regard to the WHO spells out the ambivalence and often contradictions of Member States in reconciling the need for multilateralism with the reality of their

³ Vera Z. Eichenauer & Bernhard Reinsberg. Center for Comparative and International Studies (CIS). Working Paper No. 88,” April 2016; https://www.ethz.ch/content/dam/ethz/special-interest/gess/cis/cis-dam/Research/Working_Papers/WP_2016/CIS_WP_88.pdf.

pursuit of their own priorities:

“The irony...is that states form, and join global institutions such as WHO recognizing the need for collective action that does not always mesh with their own individual national interests. Yet, as the shifts in global governance over the past two decades show, they largely resist providing the adequate support and investment necessary for the institutions to succeed on delivering against collectively determined priorities.”

The Secretary-General, confronted with this irony has focused clearly on the need for a new Funding Compact, one which shifts the balance from non-core to core funding, from specific to flexible, in order to improve system-wide coordination and accountability.

While some Member States have been supportive, it remains unclear how or if their funding patterns will change. Perhaps the first test of their response will be at the 2018 ECOSOC Operational Activities for

Development segment, itself the subject of revitalization recommendations.

Accompanying the challenge to Member States is the equally vital response from the institutions and programmes that carry the UN banner to shift from institutional self-interest to UN relevance and service.

The major challenge facing the UN development system is how to spark and sustain the political leadership needed to break the vicious circle whereby responses to the chronic financing situation are actually exacerbating it.

In calling for a new Funding Compact, the Secretary-General placed it as central to the reform of the UN Development System: “The Funding Compact is critical to the success of all the proposals. Fragmented funding can only deliver fragmented results.”

He challenged Member States to join this compact: to “ensure[ing] a new spirit of cooperation to maximize your investments in the UN and in people.”

Contact

Social Watch

Avda. 18 de Julio 2095/301
Montevideo 11200, Uruguay
socwatch@socialwatch.org
www.socialwatch.org

Global Policy Forum

866 UN Plaza | Suite 4050 | New York, NY 10017 | USA
Koenigstrasse 37a | 53115 Bonn | Germany
gpf@globalpolicy.org
www.globalpolicy.org

www.globalpolicywatch.org