

IGN Side Event:

Fit for whose purpose? Private funding and corporate influence in the United Nations

27 July 2015

Introduction

Hosted by the **Global Policy Forum**, this side event discussed the role of increased private funding and corporate influence within the United Nations. The Post-2015 Agenda has been formed at a time when multi-stakeholder partnerships and engagement with the private sector are more prevalent than ever before, as earmarked funds from donors rise while core UN funds drop. Consequently, the business sector will undoubtedly play a central role in the implementation and mobilization of the new Sustainable Development Goals (SDGs).

This side event, held during the July Post-2015 IGN, examined recent, comprehensive research undertaken by the Global Policy Forum into how this growing corporate influence and private funding may compromise the integrity of the economic, social, and environmental policies created by Member States. The event was attended by a diverse number of stakeholders, including those from missions, civil society organizations, and the United Nations.

The panel included:

- **Barbara Adams**, Global Policy Forum
- **Jens Martens**, Global Policy Forum
- **H.E. Guilherme Patriota**, Permanent Mission of Brazil to the UN
- **Stephanie Kage**, Permanent Mission of Germany to the UN
- **Noelene Nabulivou**, DAWN
- **Alessandro Motter**, Inter-Parliamentary Union

Panel moderated by: Manuel Montes, South Centre

The following document contains a summary of the statements of the activists and participants during this side event held at the United Nations Headquarters in New York City. The full report can be found at www.globalpolicy.org.

Manuel Montes of South Centre kicked off the afternoon event by explaining how he hoped this event would spark debate about the future of the UN and UN operations. He also hoped this event would advance the discussion of the role of the United Nations in the implementation of the Post-2015 Agenda. He noted that many stakeholders were disappointed in the Financing for Development conference in Addis Ababa, as the UN tax committee was not upgraded to an inter-governmental tax system. Thus, Mr. Montes stated that this report undertaken by the Global Policy Forum came at an important time filled with unease about funding for the UN and questions regarding whether the UN will be able to successfully implement the SDGs. Mr. Montes briefly discussed the global, UN-wide reliance on private funding and corporate-led solutions, and he highlighted the importance of transparency and impact assessment moving forward. Before opening the floor to the panellists, Mr. Montes posed the following question for the audience to consider throughout the event – how does “money talk” in the United Nations?

Barbara Adams of the Global Policy Forum was the first panellist to speak. Ms. Adams first noted that the Global Policy Forum report was grounded in comprehensive research, not opinion. She then noted that the chronic underfunding of the United Nations is not a new issue, but it is getting worse. On top of this underfunding, Ms. Adams discussed the shift over the past decades to earmarked funding sources. From 1997 to 2013, the percent of the UN’s operational activities financed through core resources dropped from 48% to 25%. Consequently, the business sector is becoming more and more involved with the activities at the UN. Ms. Adams expressed her amazement that the United Nations had to develop its own glossary to explain terms such as “soft earmarking,” and she stressed how rising business sector involvement was leading to competition among different parts of the UN for earmarked funds.

Ms. Adams continued by explaining how business sector funding was making oversight, accountability, and reporting more difficult. According to Ms. Adams, the rising value of private funding was leading to increased power for the private sector while diminishing the voices of citizens of the Member States. She believed not all stakeholders were getting a fair “seat at the table” in the development and implementation of policy. Ms. Adams highlighted her worry that the UN policy-making process was turning into an opportunity for corporations to benefit themselves, compromising UN values in the process.

Jens Martens of the Global Policy Forum echoed Ms. Adams’ concerns that the UN is underfunded. Member States are aware of this underfunding, but, as reported by Mr. Martens, they “do business as usual and continue down the same path.” Change is not occurring.

Mr. Martens continued by discussing the increase in earmarked funding from both corporate and philanthropic donors. As an example, Mr. Martens stated that the United Nations Development Programme (UNDP) created a joint venture with Coca Cola called the Every Drop Matters partnership. This partnership fights to improve water supplies and sanitation in developing nations. Although there may seem to be no problems with this partnership on the surface, the UNDP core fund recently decreased from 1.2 billion to 900 million. Thus, the UNDP must compromise the values and goals of their programme, exchanging power to corporations in return for donations. This partnership costs little of Coca Cola, as this multinational company spends billions of dollars on advertising each year. Coca Cola, however, gets the branding of the United Nations, greater access to the agenda setting of the UN, and greater international visibility. United Nations Educational, Scientific and Cultural Organization (UNESCO) claims to offer a “reputable international brand,” access to the UN “public and private” scene, and the ability to benefit from UNESCO as a “multi-stakeholder broker” while seeking out corporate partners.

Although the Coca Cola example given above may seem harmless, Mr. Martens explained the issues that arise when a “pay to play” system is part of the UN. He described how various other companies, including Goldman Sachs, McKinsey, and Tupperware, all have partnerships with

the United Nations. This private sector earmarking pushes UN agencies to take stances and projects that they otherwise may not take part in. According to Mr. Martens, these corporate partnerships often undermine global democratic governance and the United Nations itself. Additionally, Mr. Martens noted how corporations rarely donate to the core UN fund. These earmarked funds have very specific branding, marketing, and advertising roles for the involved companies.

The floor was then directed back to Ms. Adams, who began to discuss how to address these funding issues described by Mr. Martens. Ms. Adams explained that the Global Policy Forum report contained over ten recommendations, but she would only highlight a few of them in the side event. The full list of recommendations with descriptions can be read in the report at www.globalpolicy.org.

The first recommendation from Ms. Adams stated that no Member State should be allowed to earmark funds until they are fully paid on assessed contributions. Additionally, Member States should not be allowed to earmark funds without first contributing to the core - a track record of core contributions should be established before Member States are eligible to earmark funds. Ms. Adams then recommended serious limitations on non-core, earmarked funds, with a proposal that half of total contributions at the individual or institution level be donated to the core. She also proposed abandonment of the zero-growth doctrine for the regular budget of the UN and its specialized agencies.

Ms. Adams continued by proposing a working group composed of representatives from Member States and the Chief Executives Board, as well independent experts, to develop proposals for a funding mechanism with further elaboration from the Committee for Development Policy. Any proposal would be subjected to a mandatory public comment phase before the adoption and subsequent implementation. She also recommended finding better opportunities to increase intergovernmental oversight, perhaps in the High Level Policy Forum (HLPF).

Ms. Adams recommended taking into account the negative consequences of partnerships, whether these consequences be direct or indirect. She also proposed ensuring that the Secretary General's report on UN-business interactions is comprehensive and transparent. Although Ms. Adams made many recommendations for improvement, she concluded on a high note, stating that the UN needs to reclaim its purpose with regard to championing public service, and funding reform is the best way to start.

H.E. Guilherme Patriota of the Permanent Mission of Brazil to the UN spoke next. Mr. Patriota began by discussing the issues of external, corporate interests in the UN. He gave an example regarding the World Intellectual Property Organization (WIPO). As reported by Mr. Patriota, WIPO generated a revenue stream from the patents it approved. Thus, WIPO saw clients as more important than Member States, as Member States were not related to the revenue stream.

Mr. Patriota applauded the suggestion that Member States should have to first pay off their dues before earmarking funds, and he acknowledged the chronic underfunding of the United Nations. He explained that partnerships with corporations is almost equivalent to selling the UN name or a UN stamp for donations. He acknowledged that it is hard for Member States to “go against the grain” with large corporate partners exerting large amounts of power within the UN. Regardless of external pressure from large corporations, though, he stressed that UN bodies must remain independent and stick to the UN values.

Stephanie Kage of the Permanent Mission of Germany to the UN spoke after Mr. Patriota. Ms. Kage began by highlighting the timeliness of the event, and she noted that the “business sector” being discussed mainly refers to multinational corporations, such as Coca Cola. Although she echoed the past suspicions of private funding, Ms. Kage stated her belief that small and medium sized enterprises involved with the UN mainly respect their social responsibility.

Ms. Kage explained that, in the past, she worked on partnerships for the German government, where she experienced pressure from corporations. Ms. Kage stated that this pressure is manageable, however, and increased transparency and accountability were vital to helping the

UN agencies stick to UN values. She added that partnerships should be open, not reserved to certain people. Ms. Kage explained that, in the German government, companies must report what they learned from partnerships to their competitors, and she discussed the possibility of implementing this technique in the UN. Ms. Kage also discussed the importance of public disclosure and impact assessment.

Noelene Nabulivou of DAWN began by echoing that underfunding of the UN is not a new problem. She explained how, over her career, she had seen the shift from core funds to earmarked funds and the private sector. Ms. Nabulivou also agreed about the need for increased transparency and accountability.

Ms. Nabulivou then switched gears and explained how numerous human rights issues, such as abortion and other sensitive topics, are often ignored by corporations, as these issues are too politically sensitive to fund. She also noted the power of corporations in agenda setting, using deforestation as timely, relevant example. According to Ms. Nabulivou, corporations were able to apply pressure to change the language in the text to halt deforestation from becoming a binding agreement to just a recommendation. She explained how this example highlighted the power of corporations to compromise UN values and the voices of citizens. This single change in the text could lead to an extra 170 million hectares of forest lost over the course of the upcoming years.

Allesandro Motter of the Inter-Parliamentary Union was the final speaker. He agreed with many of the recommendations, saying that the Global Policy Forum report came at the perfect time. He noted that it is difficult for the UN to keep an independent mind with the various pressures from corporations. He explained how we see a similar effect of money on politics in a variety of countries, such as in political campaigns and in the legislative process itself. Thus, the problem of underfunding is a political problem, not a technical problem. The UN has the resources needed to make significant progress on the Post-2015 Agenda, but the money needs to

be used wisely. Mr. Motter also agreed that a tax going straight into the UN core fund could be effective for raising more core funds.

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