Working paper

Navigating core funding frontiers

Assessing options for mobilising flexible multilateral financing

Nilima Gulrajani and Erik Lundsgaarde

November 2023

Key messages

Optimising core funding structures is imperative for new and existing multilateral organisations to enhance their financial stability, efficiency and universal reach.

Tailoring core revenue models to align with funder preferences and organisational objectives is critical to sustain and expand multilateral engagement.

Strategies for mobilising core revenues should consider the unique initial conditions of multilateral entities that give them varying access to certain financing models, as well as foundational values and historic priorities that will inform which model might work best to grow core revenues.

How to cite: Gulrajani, N. and Lundsgaarde, E. (2023) *Navigating core funding frontiers: Assessing options for mobilising flexible multilateral financing*. ODI Working Paper. London: ODI (www.odi.org/en/publications/navigating-core-funding-frontiers-assessing-options-for-mobilising-flexible-multilateral-financing).

Donors in a Post-Aid World series

Acknowledgements

This working paper has been enriched by the input of several individuals, who graciously provided their time for background interviews and who shared their insights into multilateral finance trends. We thank them for their contribution to this paper. We benefited immensely from comments provided by Frederique Dahan, John Hendra and Annalisa Prizzon on an early draft of this paper. All remaining errors and inaccuracies are ours alone.

We would also like to thank Gruffudd Owen, Joanna Fottrell and Matthew Foley for their help in editing and disseminating this work.

About the authors

Nilima Gulrajani is a Senior Research Fellow in ODI's Development and Public Finance team.

Erik Lundsgaarde is an independent consultant focusing on development policy research.

Contents

Display items

Tables

Figures

Boxes

Acronyms

DAC	Development Assistance Committee
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
GNI	gross national income
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFI	international financial institution
L&D	Loss and Damage (Fund)
MDB	multilateral development bank
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
UN	United Nations
UNDP	United Nations Development Programme
UNDS	United Nations Development System
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund
WHO	World Health Organization

Executive summary

Multilateral organisations face challenges in mobilising unrestricted core resources. This paper reviews the characteristics of three core revenue generation models with a view to informing choices on how best to improve the quality and quantity of multilateral finance. These three revenue models include:

- **Assessed contributions:** core revenues raised according to a formula reflecting member state capacities to pay. This model is often found among entities within the United Nations (UN) Secretariat and UN Specialized Agencies.
- **Voluntary core contributions:** revenues provided according to member states' willingness to pay. They are a common source of funds for UN Funds and Programmes.
- **Replenishments:** voluntary core contributions provided at periodic intervals following dialogue on organisational performance and strategies. International financial institutions (IFIs) and global vertical funds mainly employ replenishment models.

Our analysis of the comparative strengths, weaknesses, opportunities and threats of these three models proceeds from the perspective of two major stakeholders: multilateral **organisations**, who seek a large, diversified and stable funding base; and **funders**, who seek to influence multilateral action, hold organisations to account for the use of funds, and enhance visibility. Table E1 summarises our comparative analysis by stakeholder interests.

This analysis leads us to conclude that revenue models like replenishments and voluntary core financing can better satisfy contributor needs for influence, accountability and visibility. However, they also come with the risk of greater funding unpredictability for organisations, higher dependence on Development Assistance Committee (DAC) donors and a smaller pool of contributors. Though assessed contributions satisfy organisational goals of predictable finance obtained through a diverse funding pool, they represent a declining share of multilateral contributions as contributors look increasingly towards voluntary financing options to satisfy their interests.

Table E1: Comparing core revenue models by organisational and funder interests

		Assessed contributions	Voluntary core contributions	Replenishments
Organisational interests	**Grow volume of unrestricted funding**	Challenging	Challenging	More successful
	Maintain diversity of funders	More successful	Challenging –mainly DAC	Challenging – mainly DAC
	Stability of funding	More successful because of assessment scale	Mainly annual	Multi-annual planning cycle
Funder interests	**Funder influence**	Limited to informal channels	Funding dialogues for information-sharing and advocacy purposes	Agreement on organisational strategies and priorities
	Accountability of organisation	Funding provides no direct link (except withholding)	Funding linked to performance	Funding linked to performance and governance
	Funder visibility	Limited	Possible	High

Acknowledging trade-offs between the objectives of multilateral organisations and funders is essential for identifying practical options to grow core funding. Divergent interests within core multilateral revenue mobilisation efforts explain why it has been challenging to grow core budgets of the UN Development System (UNDS). This framework can also inform the design of core revenue mobilisation strategies for newer multilateral institutions like the Loss and Damage (L&D) Fund. Ultimately, navigating the 'core' multilateral financing challenge requires:

- giving due consideration to different core financing starting points of any given organisation
- deciding how to source core revenues for new multilateral entities by considering institutions' foundational principles and priorities
- tweaking existing core revenue models to better align with contributors' needs.

1 Introduction

1.1 Why explore core revenue models?

A more effective multilateral system capable of tackling an expanding list of global challenges requires a solid set of finances. These resources are increasingly hard to secure given shrinking political appetites to invest among long-standing large contributors. For example, the share of official development assistance (ODA) delivered through multilateral channels fell by £950 million in the United Kingdom between 2021 and 2022 (representing a 22% cut),[1] while ODA cuts are hitting multilateral channels disproportionately in Sweden and Germany.[2]

A dwindling fiscal commitment to multilateralism has not slowed the growth of new multilateral funds, institutions and initiatives: five new formal multilateral institutions and 45 broader-based multilateral entities were set up between 2000 and 2019 (World Bank, 2022). Institutional proliferation means that financing multilateralism is increasingly competitive and zero-sum, leaving some international entities feasting, while others sink into famine. When additional resources are provided, they are often heavily earmarked to specific themes or priorities even though these can be unpredictable revenue streams with limited oversight by formal governing bodies (Gulrajani, 2016; Weinlich et al., 2020; Haug et al., 2023). In contrast to such non-core resources, core resources are unrestricted forms of finance mainstreamed into operational budgets and raised via three mechanisms: an assessed contribution system, ad hoc voluntary commitments or regular replenishments. The strengths and weaknesses of these different core revenue models are less well known than the comparative advantages of core and non-core funding.

Increasing the quality and quantity of multilateral finance given organisational needs and contributors' reluctance is a challenge at the heart of strengthening the multilateral system. In this paper, our goal is to analyse the qualities of different approaches to core revenue generation for multilateralism from two perspectives: the multilateral organisation that needs funding to fulfil its mandate, and the member state/shareholder contributing funds. While multilateral resource mobilisation is the result of negotiations and partnerships

---

[1] See https://www.gov.uk/government/statistics/statistics-on-international-development-provisional-uk-aid-spend-2022/statistics-on-international-development-provisional-uk-aid-spend-2022#uk-bilateral-and-multilateral-oda

[2] See, for example, Green (2022).

between multilateral organisations and their contributors, organisational and contributor interests can vary greatly.

An analysis of the three core revenue models from these two distinct perspectives can help organisations choose appropriate tactics to mobilise larger amounts of higher-quality revenues, and contributors to understand which revenue model might better deliver on their multilateral priorities. This paper thus aims to animate discussions on future strategies for core resource mobilisation among multilaterals and their funders, and galvanise political attention to the importance of predictable, quality financing where financial obligations are fairly distributed.

1.2 The 'core' problem with multilateral financing

The ability of multilateral organisations to deliver on their mandates and respond to increasing demands for improved performance is shaped not only by overall funding levels, but also by the way contributors provide funding. Quality matters as much as quantity when thinking about how to reinvigorate multilateralism.

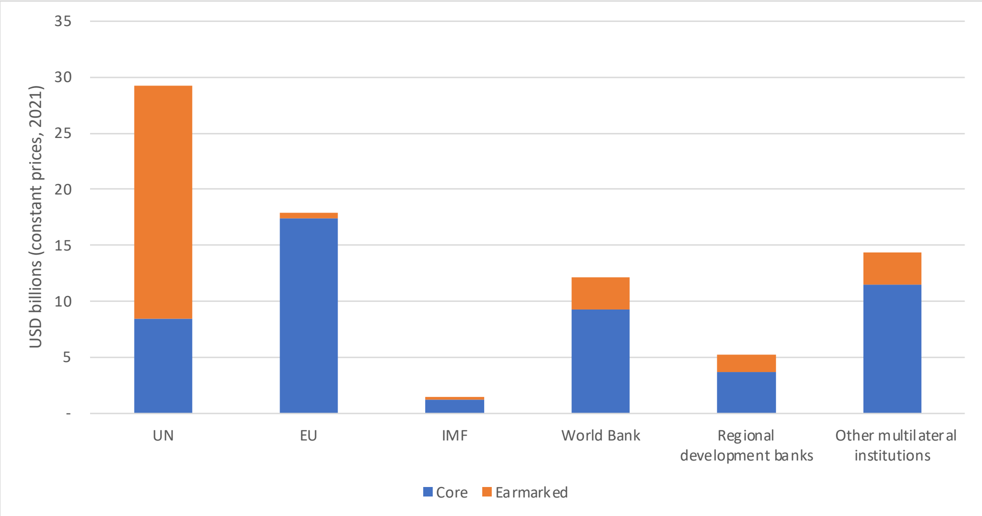
Core resources are a high-quality form of finance. This is because non-core funding can limit the predictability of resourcing, weaken formal governance and oversight processes, and incentivise behaviours oriented towards meeting immediate fundraising needs, which hampers delivery and performance. Nevertheless, non-core financing is often preferred for strengthening contributor influence and control over organisational priorities, increasing the visibility of contributions, and fostering direct accountability to donors (Gulrajani, 2016; Weinlich et al., 2020; Haug et al., 2023; Heinzel, Cormier, and Reinsberg 2023; Reinsberg and Siauwijaya, 2023).

The growth in non-core funding presents a challenge for a multilateral system seeking universal representation and equitable burden-sharing as it enables contributors to use funding to informally increase their influence in global institutions (Box 1). Admittedly, non-core resources can be a pragmatic way to expand organisational resources, as well as to strengthen cooperation (via pooled funds, a small share of all non-core resources) and deliver on agendas that might otherwise be contested (Weinlich et al., 2020).

Over the last decade, the growth in non-core resources has significantly outpaced increases in core funding for UN entities, in what is largely viewed as a step backwards for quality multilateral finance (Figure 1). On average, over $80 billion a year of ODA was channelled through the multilateral system in 2019–2021, with earmarked funding to UN entities accounting for an especially large share. The weight of non-core resources is especially pronounced in funding UN *operational* activities, accounting for 83% of the total in 2020 (Dag Hammarskjöld Foundation and UN MPTFO, 2022).

While the UN system receives the bulk of multilateral ODA, this funding is highly dispersed (over 69 entities in 2021). Meanwhile, just 10 institutions accounted for 70% of total financing for the multilateral development system in 2020; these include the largest multilateral development banks (MDBs) and the development institutions of the European Union (EU) (OECD, 2022).[3]

Figure 1: Core and earmarked multilateral ODA (average disbursements 2019–2021)



Source: OECD.Stat

Box 1: 'Fair share' as an expression of differentiated universality

In global affairs, universality refers both to accessibility (in terms of membership, voting rights or staffing) and the acceptability of global norms, standards and policies (Long, 2015). The universality principle often informs the assignment of fiscal responsibility for global multilateralism. The distribution of payment burdens is at the heart of a wide range of debates in multilateralism – from the responsibility of high-income countries to provide climate finance to the allocation of Special Drawing Rights to low-income countries.

Differentiated universality – articulated as common but differentiated responsibilities, or more colloquially as 'fair share' – is the calibration of the universality principle to take into account divergent starting points of states (Haug et al., 2023). In multilateral negotiations, differentiated treatment of subgroups is seen as linked to the principle of fairness, and critical for achieving consensus.

The UN scales of assessment are an attempt to put differentiated universality into practice, most commonly by weighing contributions

[3] Core funding for the EU encompasses funding towards the regular budget as well as contributions to the extra-budgetary European Development Fund (EDF). OECD data includes the following as European development institutions: European Commission, EDF, European Investment Bank (EIB) and 'other'.

by economic size bound by ceilings and floors and with adjustments for debt levels and per capita income (see Haug et al., 2022). This formula allows states' financial obligations to shift in step with the changing distribution of wealth in the global economy. In contrast, replenishment models and voluntary core funding do not reflect the changing economic power of contributor states. This may be explained by the durability of the perception that UN organisations are a source of funding rather than a site of investment for developing countries (Baumann and Weinlich, 2021). The result is an ongoing dependence of the UNDS on donor funding from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC), even as economies in the Global South have grown.

Several trends risk undermining the principle of differentiated universality. A growing reliance on non-core funding can give larger funders more informal influence, undermining the inherent multilateral character of the UNDS (Haug et al., 2022). China's use of 'true multilateralism' to designate equal status for all countries irrespective of their starting points, while an attempt to enshrine equality and universalism, also sidesteps discussion of the obligations that accompany these rights. Instead, some suggest it should be understood as a political strategy to counter the muscularity of rules-based multilateral fora associated with Western power, used to constrain China.[4]

1.3 The UN Funding Compact and the search for more core finance

The 2019 UN Funding Compact underlines the interest of UN entities in expanding flexible core funding, diversifying funding and improving funding predictability in exchange for reform. These interests are translated into concrete targets for changing funding practices. However, the Compact has not yet galvanised robust actions by contributor states[5] and has been described as having 'lost steam' (OECD, 2022: 22).[6]

To increase core funding, the Funding Compact presented a target for member state contributors to provide 30% of funding to the

[4] See https://economictimes.indiatimes.com/news/international/world-news/brics-countries-should-practise-true-multilateralism-oppose-division-xi-jinping-in-s-africa/articleshow/102996149.cms?from=mdr

[5] See https://financingun.report/essay/two-steps-forward-one-step-back-un-funding-compact-three-years-old

[6] Interestingly, UN financing reform received no mention in the last report of the High Level Advisory Board for Effective Multilateral Finance, a body meant to advise the UN Secretary General on key institutional priorities in the lead up to the 2024 Summit of the Future. See https://highleveladvisoryboard.org/breakthrough/

UNDS[7] as core support. Member states committed to bringing core resources to this level by 2023, increasing the share of multi-year contributions and doubling the levels of resources channelled through development-related inter-agency pooled funds and single agency thematic funds. These targets are intended to be *voluntary in nature*. The Compact also advocates broadening the resource base for UN entities and encouraging more stable funding by increasing the number of core contributors across the system and increasing the share of organisational resources from multi-year commitments.

The Compact's ambition is that, by 2023, multi-year commitments should provide at least half of the funding for all UN entities (UN General Assembly and ECOSOC, 2019). A forthcoming assessment of the Funding Compact suggests there are reasons to be concerned about member states' willingness to deliver on their commitments (Hendra, 2023a). The most progress has been seen in soft earmarking via pooled funds, while core contributions comprise just 21% of total development-related activities at the end of the target period. If assessed contributions are included, the core target does surpass 30%, largely due to the growth in multi-year core contributions, which were frontloaded in 2021, and the increase in the assessed budget of the World Health Organization (WHO) by 50% by 2030 (Hendra 2023a; UN General Assembly and ECOSOC, 2023a).

[7] The UNDS is made up of UN entities that carry out operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development. The United Nations Sustainable Development Group (UNSDG) is the high-level inter-agency forum for guiding and informing decision-making across the UNDS. See https://unsdg.un.org/sites/default/files/2021-09/MAF%20-%20Final%20-%2015%20September%202021.pdf

2 Models for core revenue mobilisation

The multilateral system includes a large number of entities that vary with respect to their mandates, scale and sources of funding. The OECD identifies roughly 40 multilateral organisations and over 200 multilateral channels, the latter growing more quickly and often reliant on earmarked flows (OECD, 2022). Such growth can fragment scarce international concessional capital. This can lead to revenue asymmetries across the system, where some entities have greater financial security because they can access a steady stream of operational resources. Meanwhile, efforts to better finance one part of the multilateral system may create pressures for other parts. For example, current efforts to increase the financing capacity of the MDBs, especially to recapitalise their funding, may have knock-on effects for UN financing (Hendra, 2023b). Avoiding unintended revenue asymmetries requires an honest global conversation about the multilateral system we want, the comparative advantages of different entities within the system, and the role that increasingly scarce core financing should play across all global entities.

2.1 The spectrum of multilateralism and core revenue models

Table 1 outlines the five pillars of the multilateral system and the mix of revenue models through which each pillar mobilises core funding. Overall, unrestricted core revenues are drawn from three main sources: a scale of assessment, on a voluntary basis or through regular replenishments. In defining core revenues in this way, we exclude any possible multiplier effects that each of these revenue models may have, including (i) funding crowded-in from other sources (e.g. philanthropies, non-DAC members); (ii) financing raised from capital markets;[8] and (iii) the mobilisation of private finance[9] (OECD, 2022). Unlike the IFIs, the UN's power to leverage resources and create such multipliers remains highly constrained, with the notable exception of the International Fund for Agricultural Development (IFAD), which has been able to partly leverage its

[8] MDBs can typically issue bonds against their investment capital as they are backed by sovereign guarantees. While initial shareholder capital could be considered core revenue, the returns on this investment capital through investments in capital markets, retained income and reflows would not fall under our definition.
[9] Vertical funds are global financing mechanisms focused on specific issues, such as the Global Fund for Aids, Tuberculosis and Malaria. They have traditionally been able to mobilise more funding from the private sector.

funding from replenishments after the completion of its credit rating process in 2021.

Table 1: Types of multilateral entities and key core funding mechanisms

	Description	Examples	Key core funding approaches
UN Secretariat Offices and Departments	Entities that carry out work mandated by the UN's main bodies, including the General Assembly, the Security Council and the Economic and Social Council (ECOSOC)	DPPA, OCHA, OHCHR, UNCTAD, UNDESA, UNODC, UN Regional Commissions, UN Peacebuilding Support Office, UN DRR	Assessed contributions
UN Funds and Programmes	Organisations with independent mandates, governance and budgets	UNDP, UNEP*, UNFPA, UN-HABITAT*, UNICEF, WFP	Voluntary core
UN Specialized Agencies (excluding IFIs)	Autonomous international organisations related to UN via negotiated agreements	FAO, IFAD***, ILO, ITU, UNESCO, UNIDO, WHO, WIPO, WMO	Assessed contributions, Voluntary core contributions
Other UN entities and bodies	Report to main UN bodies but have independent governance structures. Varied roles include coordination and implementation on behalf of other UN actors	UNAIDS, UNHCR, UNOPS, UNRWA, UN Women	Voluntary core contributions
MDBs and IFIs	Organisations that deploy finance at better than market rates as well as knowledge products and advice to promote development goals	World Bank (IFC, IBRD and IDA), African Development Bank (AfDB), Asian Development Bank (ADB), Inter-American Development Bank (IADB), Islamic Development Bank (IsDB), IMF	Replenishments (concessional), Shareholder capital (non-concessional), Retained income and reflows

Global Vertical Funds**	Entities with a global scope mobilising and allocating funds within a focused sector	Gavi, Global Environment Facility, Global Fund to Fight AIDS, Tuberculosis, and Malaria, Global Partnership for Education, Green Climate Fund	Replenishments, Voluntary core contributions

Notes: Examples of UN entities in this table include only organisations that are part of the UN Sustainable Development Group. The UN Regional Commissions referenced in the first row are the UN Economic Commission for Africa (UNECA), for Europe (UN ECE), for Latin America and the Caribbean (UN ECLAC), for Asia and the Pacific (UN ESCAP) and for west Asia (UN ESCWA). The International Trade Centre (ITC) and International Organization for Migration (IOM) are also part of the UN Sustainable Development Group but characterised as 'Related Organizations' outside of the broad UN categories listed. The UN Capital Development Fund (UNCDF) and UN Volunteers programme (UNV) are also listed as separate members of the UN Sustainable Development Group but fall under the umbrella of the United Nations Development Programme (UNDP). The EU Neighbourhood, Development and International Cooperation-Global Europe Instrument (NDICI-Global Europe) is not included in Table 1. It receives core operational resources from the EU budget, which some may liken to assessed contributions. *Exhibit variation of an assessed contribution model; ** We distinguish Global Vertical Funds with independent boards from trust funds hosted at multilateral institutions as per Reinsberg (2017); ***Also has a replenishment model. For the full names of all UN entities cited in the table, see https://www.un.org/sites/un2.un.org/files/un_system_chart.pdf

Sources: https://www.un.org/en/about-us/un-system; Faure et al. (2015); https://unsdg.un.org/about/who-we-are

2.2 Assessed contributions

When the UN was set up in 1945, the initial membership agreed that the organisation's budget was to be apportioned among all member states, and that all would have a say in determining both the total budget size and the basis of allocation. A formula, or scale of assessment, was thus needed for calculating individual contributions.[10]

The assessment scale was intended to cover the UN regular budget, i.e., its 'core activities', and be tabled in the UN General Assembly every three years.[11] At least 30 additional UN entities are in receipt of assessed contributions that either use the central UN scale of assessment or some modification of it (see Haug et al., 2022 and

[10] Article 17 of the UN Charter establishes the duty of member states to collectively provide financial support to the UN. In 1946, the General Assembly created a Committee on Contributions to prepare the scale according to which obligatory member state payments to the UN regular budget were to be calculated or assessed (Laurenti, 2018). The Committee on Contributions is a technical sub-committee that reports to the General Assembly's Fifth Committee on administrative and budgetary matters.
[11] While decisions in the General Assembly usually require a two-thirds majority, decisions on the budget are traditionally made by consensus. See https://betterworldcampaign.org/us-funding-for-the-un/un-budget-formula

Figure 2).[12] MDBs and vertical funds do not have access to assessed contributions but instead rely on regular replenishments or recapitalisations (described later in Box 3).

Assessed contributions are similar to an obligatory membership fee and are derived from measures of gross national income (GNI) alongside some adjustments and specific ceilings and floors. ‘Capacity to pay’ is the main guiding principle for the calculation and is reflected in a methodology that incorporates debt burdens and low per capita incomes as factors that modify the GNI-focused assessment level (UNDESA, 2022). In some cases, assessed contributions are based partly or fully on formulae determined by individual UN entities using criteria reflecting their mandates. For example, assessments for the International Maritime Organization (IMO) are calculated on the basis of the size of a member state’s commercial shipping fleet, while the interest and importance of civil aviation to a member state represents 25% of the assessment calculation for the International Civil Aviation Organization (ICAO) (see Haug et al. (2022) for a detailed discussion of various UN assessment formulae).

Box 2: WHO – a changing approach to assessed contributions

One prominent example of the adaptation of core funding approaches is the May 2022 decision by WHO member states to triple the size of the organisation’s regular budget by increasing the share of resources coming from assessed dues from 16% to 50% by 2028. This marked a significant departure from the near-zero growth budgets that had been in place since the 1980s and is undoubtedly tied to some of the clear weaknesses in global health governance witnessed through the Covid-19 pandemic.[13]

At the 2023 World Health Assembly, member states made the first incremental increase (20%) in assessed contributions. They also requested a plan for the first investment round of a new replenishment facility before the WHO’s new programme budget commences in 2024. This will cover the four-year period from 2025 to 2028.

[12] They include central UN bodies, namely the Secretariat, the Office of the High Commissioner for Human Rights (OHCHR), the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the Department of Peace Operations (DPO). In addition, member states provide assessed contributions to 12 Specialized Agencies, 11 Related Organizations and two Funds and Programmes. Thirteen UN bodies do not receive assessed contributions. One is a Specialized Agency that has its own replenishment model (IFAD); three are Special Entities (UNRWA, the Joint UN Programme on HIV/AIDS (UNAIDS) and the UN Office for Project Services (UNOPS)); four are Funds and Programmes (UNDP, the UN Population Fund (UNFPA), the UN Children’s Fund (UNICEF) and the World Food Programme (WFP)); and five are Related Organizations. See Haug et al. (2023).

[13] See https://odi.org/en/events/odi-bites-financing-the-future-of-multilateralism-lessons-from-the-who-for-reforming-the-un/

2.3 Voluntary core contributions

Voluntary core funding reflects the provision of unrestricted resources based on the willingness of contributors to pay, rather than an obligation to pay. Also referred to as 'regular resources', voluntary core funding is the main source of core funding for UN Funds, Programmes and other entities that receive no or only limited assessed contributions. Decision-making on how regular resources can be used resides with the multilateral organisation, which can deploy them to support normative and advocacy roles, underpin country-level work, enable flexible programming, leverage additional funds, provide funding for short-term crisis response or foster innovation (UN Women, 2022; UNFPA, 2023).

The processes for generating voluntary core funding vary across UN entities. As one example, the United Nations Environment Programme (UNEP) maintains an Environment Fund for its voluntary core contributions. Member states are encouraged to contribute to the fund on the basis of a non-binding Indicative Scale of Contributions. The fund provides a main component of the organisation's core resources alongside an assessment-based transfer from the UN budget.

Voluntary core funds are typically provided on an annual basis (Dag Hammarskjöld Foundation and UN MPTFO, 2021). However, the timeframe for funding commitments varies among contributors. Voluntary core resources at the UNDP stem from agreements with individual contributors that provide funds at different intervals. Only nine member states had multi-year funding agreements with UNDP in 2021, and multi-year commitments accounted for 37% of total contributions to the organisation's regular resources (Executive Board of the UNDP, UNFPA and UNOPS, 2022a).

2.4 Replenishments

Replenishments are a form of voluntary core funding. They consist of a structured and collective process for mobilising revenues at regular intervals, normally three to five years. The replenishment approach is mainly associated with MDBs that extend concessional financing to lower-income countries and global vertical funds. One notable exception is IFAD, a UN Specialized Agency that generates its core funds via a replenishment process.

One common feature of a replenishment model is that it combines deliberations on organisational funding with a discussion of policy and programming directions. The initial step in a replenishment incorporates both a retrospective view on what the organisation has achieved in the previous replenishment cycle and a prospective outlook. This involves the presentation of a strategic investment case or technical paper to motivate the mobilisation effort (GEF and World Bank Group, 2021). Replenishment processes conclude with pledging conferences, though contributors often announce funding commitments at earlier points in the process to increase the visibility of their contribution and build momentum. Peer pressure effects motivate the pledging process, as countries seek to maintain influence and assess their relative rank. The results of a replenishment round can include not only an agreement on contribution levels, but also the approval of policy frameworks and indicative allocations of organisational resources across priority areas.

Box 3: Replenishments or recapitalisation – what is the difference?

Unlike replenishments, which involve injections of resources into an organisation at regular intervals through a formalised process, recapitalisation is an ad hoc measure to provide IFIs with core investment capital, either by restocking depleted capital or via a general capital increase. Recapitalisation is not typically accompanied by a policy package that defines programmatic directions, in contrast to replenishments.

Recapitalising the MDBs is currently being discussed in the context of a desire to expand MDB lending for global public goods. The High-Level Expert Group on Climate Finance has suggested that MDB direct and mobilised lending will have to triple capital from an annual base of $125 billion.[14] The G20 Independent Experts Group on Strengthening MDBs recommended recapitalisation with an additional $500 billion in official external finance by 2030 (G20 Independent Expert Group on Strengthening MDBs, 2023). The expectation is that each dollar of new equity could support at least $15 of additional external financing for sustainable investments.

Capital increases remain challenging in part because some member states are likely to demand changes to voting structures in exchange for any increase, and because it requires identifying new funding sources as opposed to leveraging balance sheets by adjusting capital adequacy requirements.

[14] See https://www.lse.ac.uk/granthaminstitute/publication/finance-for-climate-action-scaling-up-investment-for-climate-and-development/

3 Comparing revenue mobilisation from two perspectives

In this section, we review the qualities of each of the three models for core revenue generation outlined in Section 2 based on a review of grey and academic literature, funding data and background interviews with individuals close to decision-making on multilateral financing choices. To acknowledge that varied stakeholders can hold different perceptions of the advantages and disadvantages of a given approach, two perspectives guided our analysis: an organisational perspective and a contributor perspective.

Multilateral organisations seek a more robust and stable funding base though the expansion of core funding, the diversification of contributor bases and reliance on multi-annual commitments. Funding contributors seek to influence the priorities and policies of a given multilateral recipient, the ability to maintain accountability over their multilateral funds and greater visibility. A comparative analysis of the strengths and weaknesses of different core revenue models is fundamentally anchored to the interests of these sets of actors. These two perspectives offer distinct criteria for weighing advantages and drawbacks of core revenue generation models. We review highlights here from these two perspectives; a fuller analysis of the strengths, weaknesses, limitations and threats (SWOT) of each revenue model can be found in Appendix 1.

Table 2: Dimensions for comparing core revenue models: organisational and funder perspectives

Organisational perspective	Funder perspective
Volume of funding	Influence
Diversity of funding	Accountability
Stability of funding	Visibility

3.1 Analysing core revenue models from two perspectives

3.1.1 Organisational interests

Increasing the volume of core funding is critical for ensuring that organisations can continue to operate. High levels of core support can strengthen the central coordination and forward planning capacities of an organisation, buttress analytical and knowledge management functions, and ensure effective oversight and mandate fulfilment. Beyond strengthening these internal capacities, core funding supports organisational efforts to engage with external stakeholders (Muttukumaru, 2016). Unrestricted funds can also enable organisations to respond flexibly to emerging challenges by reallocating resources when urgent needs arise (UNDP et al., 2022).

Multilateral organisations view diversifying their contributor base as one means of increasing core resources and of minimising risks and financial vulnerability due to shifting political winds in individual member states. Funding diversification is a core target of the UN Funding Compact, while a more diverse set of funders can facilitate more equitable burden-sharing (see Box 1). Financial diversification (both in terms of the number and concentration of contributors) can be a conduit for a fairer allocation of fiscal responsibilities towards multilateralism, and a signal of the credibility of an organisation's mandate. Finally, organisations also value core resources because of the financial stability they offer when provided as multi-annual commitments. This can extend the planning horizon for multilateral organisations, facilitate investment in organisational capacities, and align funding and programming cycles. A primary limitation for organisations in attracting multi-year commitments is that funders are often constrained by annual national budgetary cycles (OECD, 2017).

3.1.2 Funder interests

Funder **influence** in global institutions can drive decisions on how to finance multilateralism. Funders have an additional incentive to provide funding when they are guaranteed a larger role in an organisation's governance (Greenhill and Rabinowitz, 2016).

Participation in multilateral governance is also an avenue for promoting greater institutional **accountability** to funders for delivery and improved organisational performance. This is one important funder rationale for providing non-core funding as it allows for individualised agreements, sidestepping the accountability structures of governing boards (Graham, 2017).

Restrictive funding has also been linked to efforts to increase funder **visibility** (Baumann and Weinlich, 2021; Hendra, 2023a). The desire for visibility reflects the need for funders to justify multilateral funding choices to domestic audiences and the desire to take credit for achievements in partner countries. Both aspects point to an interest in attributing multilateral results to specific funders.

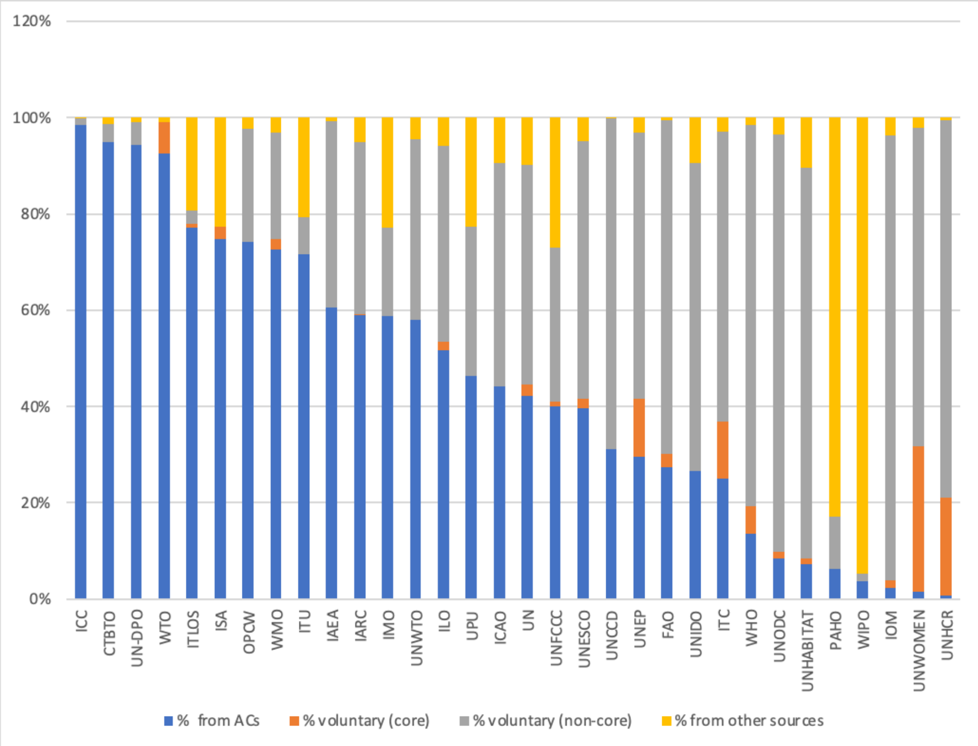
While many funders are often advocates for core resourcing, the truth is that sometimes these other motives can drive behaviour. As examples, Norway and Sweden both champion increased core resources as a means of advancing principles of good multilateral donorship, but both also still provide significant support via earmarked funding channels to advance their goals, enable agenda-setting and promote political visibility (Norwegian Ministry of Foreign Affairs, 2019; Chen et al., 2023). Varied funder motives in part reflect the roles of diverse governmental actors in deciding and allocating multilateral funding, with ministries of foreign affairs typically investing in the UN and ministries of finance focused on IFIs (Weinlich et al., 2020).

3.2 Reviewing revenue models from the organisational perspective

3.2.1 Funding volumes

Assessed contributions are mainly a feature of UN Specialized Agencies and can vary in the share of organisational revenues they provide (Figure 3). Only a handful of UN entities receive close to all of their revenues from assessed contributions, and these are mainly normative organisations outside the UNDS. Assessed contributions are not expected to grow as contributors tighten their belts, and entities that rely on assessments have found it difficult (but not completely impossible) to expand their core budgets in a zero nominal growth environment, with the possible exception of WHO (see Box 2). The Food and Agricultural Organization of the UN (FAO) and some other organisations have used the low and declining share of their budget covered by assessed contributions as a stimulus for mobilising voluntary core resources (MOPAN, 2019).

Figure 2: Revenues by grant financing type for all UN entities in receipt of assessed contributions (2021)



Source: Haug et al. (2023)

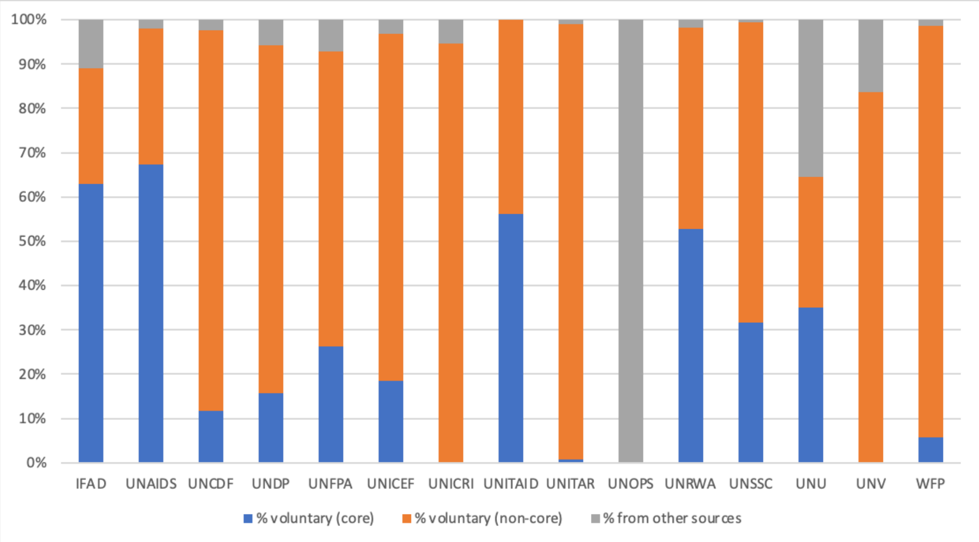
UN Specialized Agencies and UN Funds and Programmes rely on more unpredictable **voluntary core funding,** which can result in shortfalls plugged by earmarked forms of finance (see Figure 3). IFAD and UNAIDS are the only two entities receiving over 60% of their budget through voluntary core resources but both have exceptional status that may explain this anomaly. The former draws core funds through a replenishment model,[15] while the latter draws on contributions from 11 UN co-sponsors within a joint UN programme.

Moreover, voluntary core resources appear to be stagnating or declining. For example, for UNDP, both the overall funding portfolio and the volume of voluntary core funds remained largely unchanged between 2018 and 2021, with core resources hovering around 12% of the total (UNDP, 2022). UN Women reported a decline in voluntary core resources in 2021 even as the organisation registered a 51% increase in non-core funding for the year.[16] UNFPA similarly saw a decline in core resources, while enjoying its highest revenue on record in 2021 (Executive Board of UNDP, UNFPA and UNOPS, 2022b). Although the United Nations Children's Fund (UNICEF) has a distinct funding model that can draw on private sector contributions and support from national committees for its voluntary core revenue,

[15] IFAD's status as a UN Fund and Programme means this is reported as voluntary core funding in UN statistics.
[16] See https://www.unwomen.org/en/annual-report/2022#our-partners

it too reported a decline in its most unrestricted form of core funding ('Core Resources for Results') in 2022 (UNICEF, 2023).

Figure 3: Total revenue of UN bodies not in receipt of assessed contributions, by grant financing type (2021)



Note: For the full names of UN bodies, see https://www.un.org/sites/un2.un.org/files/un_system_chart.pdf

Source: CEB (2022)

In contrast, several organisations with **replenishment** models have benefited from significant resource infusions in recent years. As Table 3 shows, these replenishments can cover a large share of core revenues. The Global Environment Facility (GEF) reported that its last replenishment resulted in a 30% increase in resources compared to the previous operating period, while the Green Climate Fund's (GCF) first replenishment also surpassed the level of contributions provided in the initial resource mobilisation process.[17] The last replenishment for Gavi, the Vaccine Alliance, exceeded fundraising targets and the Global Fund described its successful replenishment as 'record-breaking'.[18]

Organisations vary with respect to the share of core funding provided directly by contributors in replenishment processes. For MDBs, replenishment totals include significant funds from other bank resources, while the replenishment outcomes for vertical funds are closely aligned with the volume of contributor pledges. As a continuation of a long-term trend of growing reliance on other funding sources, government contributors to the International Development Association (IDA) pledged roughly one-quarter of total funding

[17] See https://www.thegef.org/newsroom/press-releases/donors-boost-global-environment-facility-contributions-5-33-billion; https://www.greenclimate.fund/about/resource-mobilisation/gcf-1
[18] See https://www.gavi.org/sites/default/files/2020-06/4-June-2020-Global-Vaccine-Summit-Gavi-3rd-Replenishment-Chairs-Summary.pdf; https://www.theglobalfund.org/en/news/2022/2022-11-18-global-fund-board-hails-record-breaking-seventh-replenishment-final-outcome-of-usd15-7-billion/

($23.5 billion) in IDA 20 to achieve a final financing package of $93 billion (IDA, 2022).[19] In contrast, resource pledges from government contributors amounted to 87% of the financing package agreed in the GEF's eighth replenishment round (GEF, 2022).

Table 3: Overview of key multilateral replenishments

	Last replenishment finalised	**Term**	**Size of last replenishment**	**Contributor share of replenishment**
IFIs				
IDA	December 2021 (IDA 20)	3 years	$93 billion	25%
IFAD	December 2020 (IFAD12)	3 years	$1.115 billion	100%
African Development Fund (AfDF) (AfDB Group)	December 2022 (ADF-16)	3 years	$8.9 billion	57%
Asian Development Fund (ADF) (ADB)	September 2020	4 years	$4.1 billion	58%
Vertical funds				
GEF	21 June 2022 (GEF-8)	4 years	$5.3 billion	87%
GCF	25 October 2019 (GCF-1)	4 years	$9.8 billion	100%
The Global Fund	21 September 2022 (7th replenishment)	3 years	$15.7 billion	100%
Gavi	June 2020 (3rd Pledging Conference)	4 years	$8.8 billion	100%
Global Partnership for Education (GPE)	July 2021 (4th replenishment)	5 years	$4 billion	99%

Sources: GCF (2019; 2023); ADB (2020); Gavi (2020; 2021); IFAD (2021a); AfDB Group (2022); GEF (2022); IDA (2022); The Global Fund (2022; 2023); African Development Fund (2023); GPE (2023a; 2023b).

Replenishments can generate competition for limited donor resources among organisations with replenishment models and with more normatively focused UN entities (Rogerson and Barder, 2019). This is partly because replenishments are considered independent exercises where allocations are made without looking across the multilateral system and without systematic information about what other donors are planning. This has led to calls for greater coordination of replenishments, for example by strengthening donor dialogue on resource needs and understanding the performance of multilateral organisations. Coordination encourages donors to better communicate intentions on how their multilateral funding will be

[19] This reflects a new hybrid financial model IDA first introduced in 2017 by issuing bonds on capital markets against its own equity (i.e., loan receivables). IDA now raises its resources through a combination of donor contributions, debt repayments, internal transfers from other parts of the World Bank Group and borrowing. See https://mdbreformaccelerator.cgdev.org/the-road-to-a-better-world-bank-starts-with-a-commitment-to-ida/

distributed across the system (McArthur and Rasmussen, 2019; Rogerson and Barder, 2019).

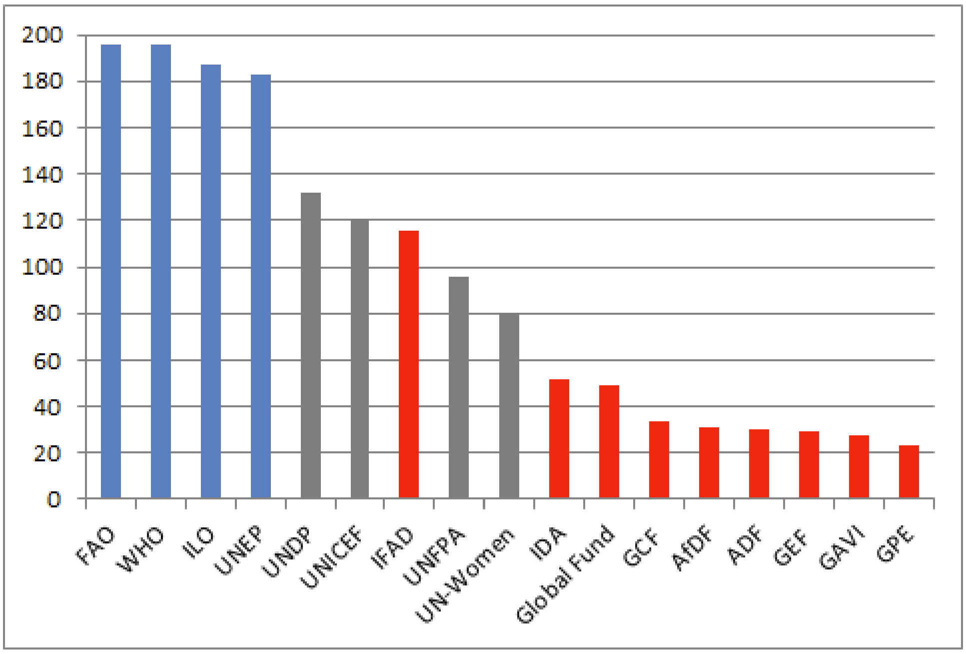
3.2.2 Diversity of funders

The level of diversification of an organisation's funder base can refer to both the number of contributors and the concentration of contributions from specific donors (e.g., the share of core resources provided by OECD-DAC contributors acts as our marker of diversity).

In terms of **number of contributors**, assessed contribution models appear to allow for the greatest diversity of funders, followed by core voluntary funds and then replenishments (Figure 4). UN Funds and Programmes such as UNDP, UNFPA and UNICEF rely on voluntary core resources and occupy a middle ground with respect to the number of governmental contributors.[20] Organisations adopting a replenishment model (IDA and the vertical funds) tend to have a more restricted governmental contributor base. Whilst the Global Fund, Gavi and the Global Partnership for Education (GPE) have a multi-stakeholder orientation that expands the contributor base to private sector actors, the limited number of funders to the GCF and GEF underscores their nearly exclusive dependence on OECD-DAC donor support. IFAD stands out for its larger funder base in comparison to other entities with a replenishment model, in line with its hybrid character as a UN entity and IFI.

[20] Although UN Women has a distinct status as a UN Composite Entity and receives a small share of core resources as a transfer from the UN budget related to the execution of its normative mandate, its funding profile is more akin to UN Funds and Programmes that do not receive assessment contributions and rely on voluntary funding.

Figure 4: Number of governmental contributors to multilateral core funding (2020)

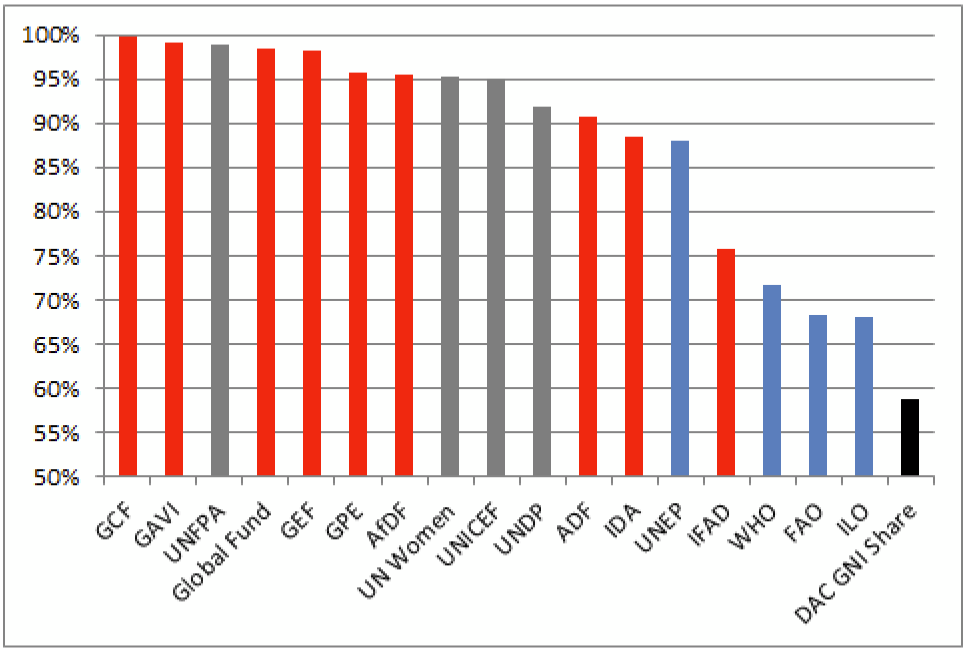


Notes: The figure refers to contributor numbers in 2020 or the year of the latest replenishment. Organisations marked in blue obtain core funds via assessed contributions. Those in grey rely on voluntary core support as the main source of core funding and organisations in red have replenishment models. The UN entities were selected as illustrations given their relevance for UNDS funding reform debates.

Sources: GCF (2019); ADB (2020); Gavi (2020); GEF (2022); IDA (2022); UN ECOSOC (2022); The Global Fund (2022); African Development Fund (2023).

In terms of **funder concentration**, UN Funds and Programmes relying on voluntary core funds (i.e., UNEP, UNFPA, UNICEF and UN Women) display a high level of dependence on OECD-DAC funders, putting them more at risk from national budget cuts. The OECD-DAC share of core funds declined noticeably for UN Specialized Agencies that draw on assessed contributions (e.g., FAO, the International Labour Organization (ILO) and WHO) between 2014 and 2020 (UN ECOSOC, 2016; 2022). This is largely due to economic growth in emerging markets, notably in China, given that GNI comprises an important variable within the UN scale of assessment (Baumann et al., 2022).

Figure 5: Core funding from OECD-DAC members as a share of core funding from all government funders (2020)



Notes: The figures reflect the sum of contributions from OECD-DAC members divided by the total for all governmental contributors to an organisation for 2020 or at the time of the most recent replenishment. The figure on the DAC share of global GNI is for 2020 (World Bank, 2023).

Sources: ADB (2020); Gavi (2020); GEF (2022); IDA (2022); The Global Fund (2022); UN ECOSOC (2022); African Development Fund (2023); GCF (2023).

Like the UN Funds and Programmes dependent on voluntary core funding, organisations with a replenishment model rely heavily on DAC contributors. DAC providers account for nearly all governmental pledges for vertical fund replenishments and a large share of IDA and IFAD replenishment contributions. The DAC share of governmental contributions to IDA replenishments has decreased slightly across recent replenishment periods, from 96% in 2013 to 89% in 2021 (IDA, 2014; 2022).[21] Similarly, the DAC share of governmental contributions to IFAD replenishments decreased from 83% to 80% between 2014 and 2020 (IFAD, 2015; 2021a).

Differences in the diversification of contributor bases reflect variations in how financing burdens are shared. Assessments reflect the principle of differentiated universality by linking expected payments to the resources available to contributors (Haug et al., 2022). Burden-sharing principles are largely absent from voluntary core funding models, leaving funding commitments at the discretion of contributors. One exception is UNEP's Voluntary Indicative Scale of

[21] In fact. IDA replenishment contributions have been consistently dropping across all categories of donors, including the G7 and the G20, though this is somewhat masked by reflows on IDA's loan portfolio, market borrowing against its balance sheet and the frontloading of IDA20 during the pandemic. See https://mdbreformaccelerator.cgdev.org/an-ambitious-ida-for-a-decade-of-crisis/

Contributions, which sets expectations for member state commitments to the organisation's Environment Fund (UN Environment Assembly of UNEP, 2019).[22] Arguably, replenishments can offer a stronger form of burden-sharing due to peer pressure exerted at the time of pledging, which can encourage wealthier countries to contribute more.[23] However, in most cases there are no criteria for allocating funding responsibilities in the context of an overarching financing target. Contributor shares are recorded at the end of a replenishment process, outlining how contributors perform in relation to one another. These shares can influence voting rights, as in the cases of IDA and IFAD, or influence perceptions of expected shares in subsequent replenishment cycles.

3.2.3 Funding predictability

Assessed contributions offer the most predictable form of finance to a multilateral organisation.[24] This stability derives from the fact that the criteria providing the basis for assessments have remained relatively stable over time. These include each member state's share in the global economy – through a focus on national income levels in national currencies, conversion rates and a base period of multiple years to ensure a more stable calculation – with a per capita income adjustment, a ceiling and a floor. The methodology for calculating UN scales of assessment is tabled every three years and has been remarkably resilient against changes. The duration of an assessment term can vary among organisations in the UN system. For example, the World Health Assembly approves the WHO's assessment scale bi-annually.[25]

In contrast, the predictability of voluntary core funding depends on the time horizons of individual funders. As noted in Section 2.3, multi-year agreements accounted for only 37% of UNDP's total regular resource commitments in 2021. UNDP multi-year commitments could be made from between one to five years, and contributor commitment cycles were not synchronised (Executive Board of UNDP, UNFPA and UNOPS, 2022). Although the UN Funding Compact calls for all UNDS entities to receive at least half of their contributions as multi-annual commitments, this was the case for only 52% of the entities that reported on the measure in 2022 (UN General Assembly and ECOSOC, 2023b).

Replenishments support a multi-annual planning orientation by aligning contribution cycles with programming periods, which range from three to five years. The collective nature of the process requires funders to adopt a common, medium-term planning horizon which is

[22] Nevertheless, the UNEP example is still dependent on decisions of individual contributors. The US does not accept the scale, so its indicative voluntary contribution is set at zero.
[23] For example, in the context of IDA replenishments, a burden-share figure historically defined expectations for wealthier contributors.
[24] Of course, the option exists for states to withdraw their assessed contributions as the US did with UNESCO in 2011.
[25] See https://www.who.int/about/funding/assessed-contributions

often a source of their appeal compared to the ad hoc nature of core voluntary funds.

3.3 Reviewing revenue models from the funder perspective

3.3.1 Influence

Funder influence over assessed contributions is minimised by virtue of the fact that the UN Scale of Assessments falls under the remit of the UN General Assembly's Fifth Committee, which strives for consensus on the budgetary proposals it submits to the General Assembly for approval.[26] Making adjustments to assessment formulae is thus challenging, as it requires bargaining among states with varied interests and different perceptions of their responsibilities with regard to multilateral funding.[27] The governing bodies of UN organisations that rely on assessments reflect their broad membership bases. However, assessment models do not completely delink funding volumes from contributor influence, because higher financial contributions can lead to subtler forms of member state influence on operational decision-making. For example, China's increasingly important role as a funder to UN Specialized Agencies as a result of assessments has strengthened the country's voice in budget negotiations (Baumann et al., 2022).

There is perhaps more opportunity to exert influence via voluntary core resources because these involve a direct dialogue and negotiation between a specific funder and a multilateral organisation. As an additional avenue for consultation with funders, UN organisations that depend on voluntary contributions as a source of core funding have instituted structured funding dialogues (see Box 4).

As with the voluntary core approach, replenishment processes provide a forum for direct dialogue between contributors and multilateral organisations and an avenue for funders to advance their views on organisational policies and resource allocation approaches. For example, recent IFI replenishments have seen the proportion of finance allocated under the traditional allocation framework reduced in favour of 'windows' for special purposes. Such sectoral and functional carve-outs may be justified on the basis of needing additional, quick-disbursing funds than is possible under the regular allocation framework, but they partly reflect the desire to earmark core multilateral aid and contributor interest in maintaining influence.[28]

[26] See https://www.un.org/en/ga/fifth/faq.shtml#3
[27] See https://betterworldcampaign.org/us-funding-for-the-un/un-budget-formula and https://www.reformworks.org/post/un-fifth-committee-quick-reference-guide
[28] See https://icai.independent.gov.uk/html-version/the-uks-support-to-the-world-bank-international-development-association-ida/. See also Barder, Ritchie and Rogerson (2019).

Box 4: Structured funding dialogues

The main purpose of structured funding dialogues is to inform member states about UN funding trends and outline how improvements in the quality of funding can support an organisation's strategic objectives. The dialogues therefore perform both a reporting and an advocacy function to inspire further core commitments.[29] Funding dialogues can be distinguished from replenishment dialogues because the former are more information-sharing platforms than opportunities to debate organisational strategies or priorities. Moreover, unlike replenishments, structured funding dialogues do not result in agreements on synchronised multi-year funding and policy packages.

3.3.2 Accountability

Revenue generation approaches present funders with different opportunities to hold organisations accountable for their performance. Stakeholders use accountability mechanisms to review organisational activities and hold organisations responsible for their performance. At the same time, organisational governance can also shape accountability relationships between funders and organisations.

Because assessed contributions are based on criteria relating to the characteristics of contributors and go directly to fund core operations, they cannot be used to push organisational accountability. If funders are dissatisfied, however, they may refuse to pay their assessed contributions. While withholding assessed contributions constitutes a breach of the collective duty of member states to contribute to UN finances in accordance with Article 17 of the UN Charter, the UN has been on the brink of insolvency several times because mandatory payments were withheld, delayed or incomplete. Arrears, especially by larger member states, have been weaponised to push for organisational responsiveness (Haug et al., 2022).[30]

In contrast, because voluntary core funding is a product of negotiations between funders and an organisation, the review of organisational performance can directly inform funding decisions. The reporting function of strategic funding dialogues can also promote organisational accountability towards important funders (Box 4).

[29] Documentation on the structured funding dialogues for UNDP, UNFPA, UNICEF and UN Women is available on their websites. See https://www.undp.org/funding/structured-funding-dialogues; https://www.unfpa.org/structured-funding-dialogues; https://www.unicef.org/executiveboard/documents/joint-inter-agency-undp-unfpa-un-women-unicef-informal-briefing-2023; https://www.unwomen.org/en/pre-session-in-advance-of-the-second-regular-session-informal-briefing-on-structured-dialogue-on-financing-update-on-the-status-of-implementation-of-the-recommendations-included-in-the-self-assessment-of-the-independence-of-the-un-women-independent-ev

[30] For example, the US had accumulated significant arrears in back dues at the United Nations Environmental, Scientific and Cultural Organization (UNESCO) by 2018 as it had stopped paying assessed contributions when UNESCO admitted Palestine in 2011.

The governance of the UN Funds and Programmes that rely on voluntary core revenue generation is usually independent of member states' contributions. Member states elect representatives to Executive Boards, where seats are allocated to ensure balanced geographical representation. UN Women is one important counter-example, however, as it includes seats on its Board that are specifically reserved for contributors – both within and beyond the OECD-DAC community – in addition to allocating seats by geographic grouping.[31] Under a voluntary core model, there are possibilities for accountability through both the resource mobilisation process and (to a lesser degree) organisational governance.

Replenishments present a form of direct and collective accountability to funders. This is because assessments of organisational performance provide the starting point for dialogue between fundes and organisations that unfolds over the course of a negotiation. A replenishment outcome involves agreement on a framework that provides a basis for reviewing organisational performance during the funding period.

However, organisations adopting replenishments vary in terms of how contributors' participation in resource mobilisation aligns with their role in organisational governance. For example, IDA now uses a flat rate to convert contribution volumes into a voting share (IDA, 2022), while IFAD offers 1,800 original votes in its Governing Council and a fluctuating number of Replenishment Votes linked to both membership and the proportion of members' paid contributions (IFAD, 2021b). In both cases, replenishment dialogues invite participation from contributors as well as recipient countries.

For vertical funds like the GCF and the GEF, replenishments privilege funders as participants, with recipient countries holding observer status. In these funds, the replenishment process offers a more exclusive avenue for funder accountability than governing boards, as contributors and recipients are equally represented in the latter in regionally defined constituencies.

3.3.3 Visibility

Funders are concerned about the visibility of their multilateral contributions because they illustrate the achievements of their financing and can draw attention to their generosity.

Among the three revenue generation approaches, *assessed contributions* provide the lowest visibility for individual contributors because they are mainstreamed into core operational budgets and the link between effort, impact and generosity is obscured. Efforts to highlight contributors in arrears are one means of sanctioning payment laggards. However, contributors who maintain their international obligations do receive a modest acknowledgement on

[31] See https://www.unwomen.org/en/executive-board/members

the ‘honour roll’ of the Committee on Contributions, which identifies member states that have paid assessments in full.[32]

There is more scope for enhancing funder visibility in voluntary core revenues. This objective is integrated into two UN Funding Compact commitments and monitored in terms of how organisational reports showcase the footprint of voluntary core contributions within overall funding portfolios.[33] While visibility targets were achieved in 2022, this has still not reduced the demand for greater funder visibility (Hendra, 2023a). Hendra suggests that visibility demands may be better met by drawing attention to donor commitments during country-level visits with government officials and by underlining their contributions to strategic rather than specific project-level outcomes.

Replenishments draw attention to contributors’ financial effort towards specific themes and organisations on a periodic basis. Replenishments generally acknowledge contributor funding levels rather than reporting against derived results. In some cases, such as the GCF, these pledges are reported as they are announced to build momentum in the replenishment process.[34]

[32] See https://www.un.org/en/ga/contributions/honourroll.shtml
[33] See https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/2022/Annex-FundingCompact-IndicatorsTable-Ver2b-25Apr2022.pdf
[34] See https://www.greenclimate.fund/news/canada-increase-its-support-green-climate-fund

4 Core financing for a functional multilateral system

The different positions of organisations and funders means discussions on financing reform, particularly in the UN context, are at real risk of talking past each other. The failure of UN member states to achieve core resource targets within the Funding Compact suggests that UN efforts have not yet fully succeeded to accommodate funder desires for influence, accountability and visibility.

At a system level, funders need to consider organisational imperatives, including a UN system that does not have access to a sufficient, predictable and diverse funding base. Organisations, meanwhile, cannot ignore contributor imperatives. This final section identifies the trade-offs between these organisational and funder imperatives to inform a realistic assessment of options for core financing. We conclude with recommendations for how to resolve core financing dilemmas.

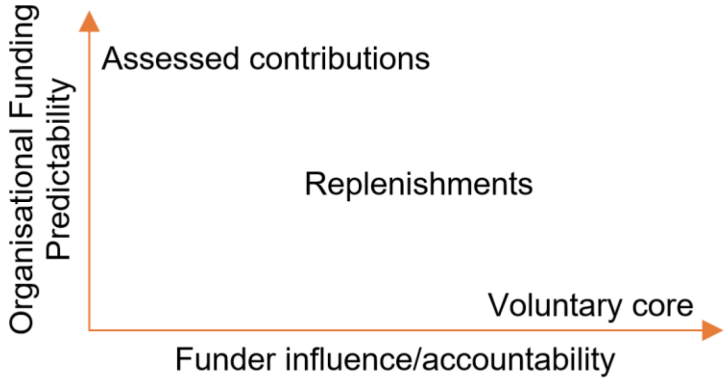
4.1 Considering trade-offs

Systemic trade-offs exist where organisational and funder interests conflict. Three examples indicate how taking a systemic view highlights different core revenue mobilisation options.

4.1.1 Trading off predictability for funder accountability and influence

Our analysis suggests that revenue models like assessed contributions that privilege resource predictability are likely to leave contributors' need for influence and accountability unfulfilled. Core voluntary finance offers more opportunities for contributor influence (for example, to shape organisational strategies or to reflect preferred time horizons) and direct accountability (through reporting and in some cases governing) (Figure 6). Replenishments present a compromise modality for raising core revenues, offering some predictability over a multi-year allocation cycle while potentially giving funders the power to enter into direct dialogue with entities and influence organisational priorities.

Figure 6: Trading off predictability across revenue mobilisation models



While assessed contributions may be the most predictable core revenue source, they do not give contributors governance privileges, nor can donors facilitate accountability beyond withholding payments. An assessment revenue model creates the potential for added scrutiny that can constrain donors; at the UN this can include greater oversight by the Administrative Committee on Administrative and Budgetary Questions. Assessed contributions can also boost donor influence over informal operational decisions relating to budgeting and staffing, hence concerns about China's expanding financing profile within UN Specialized Agencies.[35] China's share of UN financing increased from 3.2% in 2010 to 12% for the period 2019–2021, making China the second-largest funder to the UN's regular budget behind the US (Baumann et al., 2022). Some estimate that the country will have a regular budget share at the UN matching the US (i.e., 22%) as early as 2028 (Mao, 2020).[36] While assessed contributions are designed to reflect changes to the balance of economic power in the world, China's growing influence in the UN could potentially spur Western countries to consider tweaks to core revenue models to maintain their influence as contributors (4.2.3).

4.1.2 Financial diversification and loss of funder influence and accountability

Core revenue models that can attract diverse funders rely on more formalised modes of calculating contributions. Such formality expands the number of contributors, reducing the likelihood that any single actor can obtain special privileges, including bespoke accountability measures such as individualised donor reporting or special governance arrangements. At the same time, informal leverage over staffing and budgeting decisions can potentially grow as internal operational decisions are politicised. Conversely, less diverse funding sources have increased the influence of larger

[35] See https://www.ft.com/content/8ac52fe7-e9db-48a8-b2f0-7305ab53f4c3. On US concerns regarding China, see Lynch (2020).
[36] China relies on the targeted use of voluntary core funding and avoids voluntary core contributions to UN entities where DAC members are dominant providers (Baumann et al., 2022).

contributors, as in the case of organisations heavily dependent on voluntary core funding, or a collective grouping of wealthier countries, as in the case of replenishments.

4.1.3 Diversifying funding sources and reduced funder visibility

Increasing the pool of funder may come at the expense of contributors' desire for visibility. This is especially the case with assessed contributions, as these funds are mainstreamed into operational budgets and no longer carry specific donor identifiers. Efforts to create an 'honour roll' of member states that have paid their assessments are not sufficient to satisfy donors' public relations needs.

Growing the pool of voluntary core funders can also limit the possibility of advertising the achievements of individual donor contributions, with recent efforts to showcase donors' generosity and results achieved within the UN Funding Compact targets seemingly insufficient (Hendra, 2023a). A recent survey by the UN Department of Economic and Social Affairs (UNDESA) indicates that two-thirds of net contributing countries surveyed (10 out of 16) have no plans to increase their core funding by the end of 2023 because of 'continued concerns over limited visibility on how core resources are spent and the results achieved' (UNSG, 2023). This suggests that the visibility of achievements is a larger problem than limited donor visibility, underscoring both the degree of funders' distrust of multilateral institutions' capacity to deliver and the challenge of justifying financial contributions in terms of outcomes given a diverse pool of funders.

Overall, revenue models like replenishments and voluntary core financing account for a greater share of multilateral income because they can better satisfy funders' needs for influence, accountability and visibility (Table 4).Yet they come with the risk of greater funding unpredictability, higher dependence on DAC donors and a smaller pool of contributors.

On the other hand, assessed contributions seem to satisfy organisational desires for predictable finance obtained through a diverse funding pool. Yet they comprise a falling share of multilateral budgets as contributors look increasingly towards voluntary financing options. That said, WHO's ability to secure a long-term commitment from member states to grow its regular budget (Box 2) suggests that scales of assessment remain a realistic option for contributors if sufficiently convinced by the imperative of the organisational mandate (in this case, funding global public health during the Covid-19 pandemic).

Table 4: Comparing core revenue models by organisational and funder interests

		Assessed contributions	Voluntary core	Replenishments
Organisational interests	**Grow volume of unrestricted funding**	Challenging	Challenging	More successful
	Maintain diversity of funders	More successful	Challenging – mainly DAC	Challenging – mainly DAC
	Stability of funding	More successful because of assessment scale	Mainly annual	Multi-annual planning cycle
Funder interests	**Funder influence**	Limited to informal channels	Funding dialogues for information-sharing and advocacy purposes	Agreement on organisational strategies and priorities
	Accountability of organisation	Funding provides no direct link (except withholding)	Funding linked to performance	Funding linked to performance and governance
	Funder visibility	Limited	Possible	High

Source: Authors

4.2 Looking forward: ideas for resolving the core financing dilemma

4.2.1 Consider different starting points for multilateral financing

The UNDS can be divided into those entities that have historically been able to access assessed contributions and those that have not, a division that broadly distinguishes the UN Secretariat and UN Specialized Agencies that are more normatively focused (excluding IFIs) from the more operational UN Funds and Programmes (Table 1). IFAD remains the exception as a UN Specialized Agency that has no access to assessed contributions but relies on a replenishment process.

The first step in addressing the core financing challenge involves giving due consideration to these different initial conditions and tuning the original and historically dominant core revenue model so it is performing optimally. For bodies that have access to assessed contributions, stagnant funding is likely to be a first-order problem. For UN Funds and Programmes reliant on voluntary core models, revenue unpredictability and financial dependence on longstanding contributors likely present the more serious challenges. The greatest challenge for vertical funds that derive their core finance through replenishments is likely to be the high concentration of revenue sources from among DAC members.

These different starting points should also inform any potential revision of the UN Funding Compact. For example, pushing UN entities to increase the share of revenues derived from core voluntary funding is a second-order priority *if* they already have access to a regular budget that can provide predictable and diversified financing sources. Organisations should be encouraged to maximise the benefits of the revenue streams already available to them, including by innovating at the margin so they can meet contributors' needs (see also section 4.2.3). Only afterwards should new and complementary core financing options and alternatives be considered.

4.2.2 Choose a revenue model for new entities based on key principles

Decisions on how to source core revenues for new multilateral entities requires consideration of foundational principles. For example, the universal funding approach of assessed contributions reflects a belief that multilateral benefits extend to all. This makes a conversation about strengthening this revenue base more palatable for UN Specialized Agencies. Conversely, it is more difficult to import such a model into UN Funds and Programmes, which are viewed as mechanisms for redistributing funds between North and South (and for this reason never had access to assessed contributions). In the latter, the desire to secure core funding on a multi-annual basis may be better served by exploring the possibility of a 'replenishment-like' model synchronising policy-setting and programming over a multi-annual cycle.

For new multilateral entities, critical principles and priorities should inform core financing choices. For example, the new L&D Fund provides a monumental opportunity to apply lessons from experiences with different revenue generation models in the design of a new entity (Box 5).

Box 5: The Loss and Damage Fund

The L&D Fund was announced at the UN Framework Convention on Climate Change (UNFCCC)'s 27th Conference of the Parties (COP27) in 2022. Its creation, and especially its financing, is viewed by many as a breakthrough for climate justice as it acknowledges that vulnerable countries bear the immediate costs of climate-fuelled events such as rising sea levels and heatwaves.

Consultation and technical work by a transitional committee determines how to operate the Fund, including how to identify and expand financing. The committee released a set of recommendations in November 2023 that will form the basis of further negotiations over the fund at COP28.

One of the major points of contention in the negotiations has been whether finance provided by high-income countries should reflect an obligation to provide compensation and liability for historical harm to developing countries and vulnerable communities. High-income countries have strongly resisted financial liability for historical pollution, though there are grounds in the UNFCCC principles and the Paris Agreement to assume that they are obliged to provide finance to address loss and damage (Richards et al., 2023).

With the transitional committee negotiations now concluded, the L&D Fund looks set to draw on voluntary contributions from developed countries and other sources that are mostly responsible for the climate crisis.[37]

There was deep resistance in the negotiations to language that would identify rice countries as the main source of funding for the fledgling fund, or imply any historic liabilities. It is unclear to what extent a scale of assessment based on the UNFCC principle of common but differentiated responsibilities and respective capabilities was discussed. Such a scale would have created a more predictable source of revenue anchored in a state's past and present emissions.

4.2.3 Tweak core revenue models to better align with funder needs

To ensure organisations' financial viability and survival, core revenue mobilisation efforts should consider how best to enhance overall attractiveness to funders by improving opportunities to exert influence, strengthen accountability and provide visibility.

For assessed contributions, one option is to tweak the scale of assessment to enhance the visibility of some donors in good standing. This could be done by calibrating financial obligations based on global efforts in other arenas. For example, WHO's scales

[37] https://insideclimatenews.org/news/10112023/us-loss-and-damage-cop-28/

of assessment could reward those who invest in other global health funds by reducing their financial obligations. Penalising states that generate negative externalities by imposing higher financial obligations is an option currently under discussion in the L&D Fund negotiations (Box 5). The introduction of such 'merit-based' variables could operationalise differentiated universality, ensuring everyone pays a ‘fair share’ at a time when the responsibilities and burdens of global challenges like climate change or pandemics touch countries unequally (Haug et al., 2023).[38]

Meanwhile, core voluntary models could make a nod to donor accountability and control needs by encouraging collective strategy discussions on multilateral objectives and funding requirements, drawing inspiration from replenishment negotiations. This approach would aim to build consensus among diverse stakeholders, establish stronger links between donor financing and institutional delivery, and enable multi-year funding. This type of approach has been promoted with the Secretary General’s Peacebuilding Fund, an earmarked fund for peace operations built around both a replenishment cycle that gives visibility to individual pledges and an assessment scale for raising additional funds.[39]

4.2.4 Looking ahead

A range of organisational and funder interests shape the possibilities for multilateral financing reform. Fixing the core financing dilemma has to involve adequate consideration of both sets of interests and reflect on the trade-offs that core revenue models present. Moreover, it would be naive to assume that any future dialogue on multilateral funding can escape the geopolitical conflicts that will influence financing choices, most obvious in the context of China’s growing assessed contributions to the UN’s regular budget and Specialized Agencies. More awareness about the interests of the full range of stakeholders in the system can inform how to manage global power shifts and keep the lights of multilateralism burning brightly.

[38] Admittedly, while the assessment scale is revisited every three years at the General Assembly and can be tweaked by individual entities, countries generally prefer not to open up these negotiations because this is a zero-sum calculation: if one country pays less, another must pay more.
[39] See https://theglobalobservatory.org/2022/10/financing-for-peacebuilding-beyond-money/; https://cic.nyu.edu/resources/the-secretary-generals-proposal-for-assessed-contributions-for-the-peacebuilding-fund-an-explainer/

References

ADB – Asian Development Bank (2020) *Asian Development Fund 13 donors' report: tackling the COVID-19 pandemic and building a sustainable and inclusive recovery in line with Strategy 2030*. (https://www.adb.org/sites/default/files/institutional-document/649181/adf-13-donors-report-main-report.pdf).

AfDB Group – African Development Bank (2022) 'African Development Fund mobilizes $8.9 billion for Africa's low-income countries, the highest in its 50-year history'. Abidjan: AfDB Group (https://www.afdb.org/en/news-and-events/press-releases/african-development-fund-mobilizes-89-billion-africas-low-income-countries-highest-its-50-year-history-57132).

African Development Fund (2023) *Memorandum: report on the sixteenth general replenishment of the resources of the African Development Fund (ADF-16)*. Abidjan: African Development Fund (https://data.parliament.uk/DepositedPapers/Files/DEP2023-0412/ADF-16_Deputies_Report_8_Feb_2023.pdf).

Barder, O., Ritchie, E. and Rogerson, A. (2019) '"Contractors or Collectives?" Earmarked Funding of Multilaterals, Donor Needs, and Institutional Integrity: The World Bank as a Case Study', *CGD Policy Piece*, (July).

Baumann, M. and Weinlich, S. (2021) 'Funding the UN: support or constraint?'. In: S. Browne and T.G. Weiss (eds) *Routledge handbook on the UN and development*. London/New York: Routledge.

Baumann, M., Haug, S. and Weinlich, S. (2022) *China's expanding engagement with the United Nations Development Pillar: the selective long-term approach of a programme country superpower.* Bonn: Friedrich-Ebert-Stiftung e.V.

Chen, Y. Faure, R. and Gulrajani, N. (2023) *Crafting development power in an age of polycrisis*. ODI Working paper (June). London: ODI.

Dag Hammarskjöld Foundation and UN MPTFO – Multi-Partner Trust Fund Office (2021) *Financing the UN Development System: time to meet the moment.* Uppsala: Dag Hammarskjöld Foundation and New York: UN.

Dag Hammarskjöld Foundation and UN MPTFO (2022) *Financing the UN Development System: joint responsibilities in a world of disarray*. Uppsala: Dag Hammarskjöld Foundation and New York: UN.

Executive Board of the UNDP, UNFPA and UNOPS (2022a) *Structured funding dialogue on the results of the UNDP strategic plans, 2018–2021 and 2022–2025*. New York: UNDP (https://www.undp.org/sites/g/files/zskgke326/files/2019/Structured%20Funding%20Dialogue%20Paper_dp2022-28_0.pdf).

Executive Board of UNDP, UNFPA and UNOPS (2022b) *United Nations Population Fund: report on the structured funding dialogue, 2021–2022* (https://www.unfpa.org/sites/default/files/board-documents/main-document/DP.FPA_.2022.10%20-%20Structured%20funding%20dialogue%2C%202021-2022%20-%20FINAL%20-%2020Jun22.pdf).

Faure, R., Prizzon, A. and Rogerson, A. (2015) *Multilateral development banks: a short guide.* ODI Working Paper. London: ODI.

G20 Independent Expert Group on Strengthening MDBs (2023) *Strengthening multilateral development banks: the triple agenda.*

Gavi, the Vaccine Alliance (2020) 'Key outcomes: resources assured for 2021–2025'. Geneva: Gavi (https://www.gavi.org/sites/default/files/document/2020/4-June-2020-Global-Vaccine-Summit-Gavi-3rd-Replenishment-Pledging-tables_150620.pdf).

Gavi (2021) *Annual progress report 2020.* Geneva: Gavi (https://www.gavi.org/sites/default/files/programmes-impact/our-impact/apr/Gavi-Progress-Report-2020.pdf).

GCF – Green Climate Fund (2019) *GCF First replenishment (GCF-1): replenishment summary report.* Songdo: GCF (https://www.greenclimate.fund/sites/default/files/document/gcf-b24-11.pdf).

GCF (2023) 'Status of pledges and contributions (initial resource mobilization) status date: March 31, 2023'. Songdo: GCF (https://www.greenclimate.fund/sites/default/files/document/1706-status-pledges-website-march-31-2023.pdf).

GEF – Global Environment Facility (2022) *Summary of the negotiations of the Eighth Replenishment of the GEF Trust Fund*. Washington DC: GEF (https://www.thegef.org/sites/default/files/documents/2022-06/EN_GEF_C.62_03_Summary%20of%20Negotiations%20of%20the%208th%20Replenishment%20of%20the%20GEF%20Trust%20Fund_.pdf).

GEF and World Bank Group (2021) 'Strategic positioning and programming directions (prepared by the GEF Secretariat)'. Washington DC: GEF (https://www.thegef.org/sites/default/files/council-meeting-documents/GEF%208%20Strategic%20Positioning%20and%20Programming%20Directions-Rev01.pdf).

The Global Fund (2022) 'Pledges at Global Fund 7th Replenishment Conference'. New York: Global Fund (https://www.theglobalfund.org/media/12328/core_seventh-replenishment-pledges_list_en.pdf).

The Global Fund (2023) 'The Global Fund Data Explorer'. New York: Global Fund (https://data.theglobalfund.org/viz/pledges-contributions/table?replenishmentPeriods=2023-2025).

GPE – Global Partnership for Education (2023a) 'GPE Board Chair summary: outcomes of the Global Education Summit'. Washington DC: GPE (https://www.globalpartnership.org/news/gpe-board-chair-summary-outcomes-global-education-summit).

GPE (2023b) 'Pledges for the 2021–2025 financing campaign'. Washington DC: GPE (https://www.globalpartnership.org/financing-2025/pledges).

Graham, E.R. (2017) 'Follow the money: how trends in financing are changing governance at International Organizations' *Global Policy* 8(S5): 15–25.

Green, A. (2022) 'German development budget drops, but could still fulfill targets', Devex, 25 November. Available at: https://www.devex.com/news/sponsored/german-development-budget-drops-but-could-still-fulfill-targets-104529 (Accessed: 22 April 2023).

Greenhill, R. and Rabinowitz, G. (2016) *Why do donors delegate to multilateral organisations? A synthesis of six country case studies.* ODI Report. London: ODI.

Gulrajani, N. (2016) *Bilateral versus multilateral channels: strategic choices for donors.* ODI Report. London: ODI.

Haug, S., Gulrajani, N. and Weinlich, S. (2022) 'International organizations and differentiated universality: reinvigorating assessed contributions in United Nations funding' *Global Perspectives* 3(1) (https://doi.org/10.1525/gp.2022.39780).

Haug, S., Gulrajani, N. and Weinlich, S. (2023) *Funding multilateralism: strengthening the United Nations through assessed contributions.* G20, India 2023, Task Force 7: Towards Reformed Multilateralism: Transforming Global Institutions and Frameworks (https://t20ind.org/research/funding-multilateralism/).

Heinzel, M., Cormier, B., & Reinsberg, B. (2023). Earmarked funding and the control–performance trade-off in international development organizations. *International Organization* (doi: 10.1017/S0020818323000085).

Hendra, J. (2023a) 'The Funding Compact going forward: more quality financing for critical outcomes'. In *Choices in uncertain times: financing the UN Development System.* Uppsala: Dag Hammerskjöld Foundation/UN Multi-Partner Trust Fund Office.

Hendra, J. (2023b) 'Sustainably funding the UN's development work: a fast approaching perfect storm?'. In *Choices in uncertain times: financing the UN Development System.* Uppsala: Dag Hammarskjöld Foundation/UN Multi-Partner Trust Fund Office.

IDA – International Development Association (2014) *IDA17: maximizing development impact. Report from the Executive Directors of the International Development Association to the Board of Governors.* Washington DC: IDA (https://documents1.worldbank.org/curated/en/410401468160173357/pdf/864340BR0IDA0R0C0discl0osed04010140.pdf).

IDA (2022) *Building back better from the crisis: towards a green, resilient and inclusive future. Report from the Executive Directors of the International Development Association to the Board of Governors. Additions to IDA resources: twentieth replenishment*. Washington DC: IDA (https://documents1.worldbank.org/curated/en/163861645554924417/pdf/IDA20-Building-Back-Better-from-the-Crisis-Toward-a-Green-Resilient-and-Inclusive-Future.pdf).

IFAD – International Fund for International Development (2015) *Report of the consultation on the tenth replenishment of IFAD's resources.* Rome: IFAD (https://www.ifad.org/en/-/document/report-of-the-consultation-on-the-tenth-replenishment-of-ifad-s-resources?p_l_back_url=%2Fen%2Fcorporate-documents%3Fmode%3Dsearch%26keywords%3DReplenishment).

IFAD (2021a) *Report of the consultation on the twelfth replenishment of IFAD's resources: recovery, rebuilding, resilience.* Rome: IFAD (https://webapps.ifad.org/members/gc/44/docs/GC-44-L-6-Rev-1.pdf).

IFAD (2021b) 'Agreement establishing the International Fund for Agricultural Development'. Rome: IFAD (https://www.ifad.org/documents/38711624/39421015/agre e_e.pdf/b06d3b8f-6fb5-4db1-8054-b1ef21d746a5?t=1 620201987757).

Laurenti, J. (2018) 'Financing', in Daws, S. and Weiss, T. (eds) *The Oxford Handbook on the United Nations*. 1st edn. Cambridge: Oxford University Press, pp. 1–36. doi: 10.1093/oxfordhb/9780199560103.003.0039.

Long, G. (2015) 'The idea of universality in the sustainable development goals' *Ethics and International Affairs* 29(2): 203–222 (https://doi.org/10.1017/S0892679415000076).

Lynch, C. (2020) 'U.S. State Department appoints envoy to counter Chinese influence at the U.N.' *Foreign Policy*, 22 January (https://foreignpolicy.com/2020/01/22/us-state-department-appoints-envoy-counter-chinese-influence-un-trump/).

Mao, R. (2020) *China's growing engagement with the UNDS as an emerging nation: changing rationales, funding preferences and future trends*. Bonn: German Development Institute (DIE). DOI: 10.23661/dp2.2020.

McArthur, J.W. and Rasmussen, K. (2019) 'An assessment of grant-based multilateral funding flows from 2014 to 2016' *Global Policy* 10(2): 238–249. doi: 10.1111/1758-5899.12653.

MOPAN – Multilateral Organisation Performance Assessment Network (2019) *MOPAN 2017–2018 assessments*. *Food and Agricultural Organization (FAO)*. Paris: MOPAN.

Muttukumaru, R. (2016) *Towards enhancing core (unrestricted) funding to the UN Development System in the post-2015 period.* New York: UNDESA (https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/qcpr-2016-desk-review-core-funding-paper.pdf)

Norwegian Ministry of Foreign Affairs (2019) *Norway's role and interests in multilateral cooperation'. Meld. St. 27 (2018–2019). Report to the Storting*. Oslo: Norwegian Ministry of Foreign Affairs.

OECD (2017) *Multi-year humanitarian funding*. Paris: OECD Publishing (https://www.oecd.org/development/humanitarian-donors/docs/multiyearfunding.pdf).

OECD (2022) *Multilateral development finance 2022*. Paris: OECD Publishing (https://doi.org/10.1787/9fea4cf2-en).

Pill, M. (2023) 'Thoughts on global climate finance reform' *The Interpreter*, 21 August (https://www.lowyinstitute.org/the-interpreter/loss-damage-thoughts-global-climate-fund-reform).

Reinsberg, B. (2017) 'Trust funds as a lever of influence at international development organizations' *Global Policy* 8(5): 85–95.

Richards, J.A., Schalatek, L., Achampong, L. and White, H. (2023) *The loss and damage finance landscape*. Washington DC: Heinrich Böll Stiftung.

Reinsberg, B., & Siauwijaya, C. (2023). Does earmarked funding affect the performance of international organizations? *Global Policy*. https://doi.org/10.1111/1758-5899.13270

Rogerson, A. and Barder, O. (2019) *The two hundred billion dollar question: how to get the biggest impact from the 2019 replenishments.* CGD Policy Paper 137. Washington DC: Center for Global Development.

UNDESA (2022) 'The methodology used for the preparation of the United Nations Scale of Assessments for the period 2022–2024' (https://www.un.org/en/ga/contributions/Briefing on scale methodology June 2022.pdf).

UNDP – United Nations Development Programme (2022) *UNDP funding compendium 2021* (https://www.undp.org/sites/g/files/zskgke326/files/2022-08/UNDP_Funding_Compendium_2021.pdf).

UNDP, UNICEF, UNFPA and UN Women (2022) 'Prioritizing development financing amidst multiple crises: joint structured funding dialogue with the executive boards 5 May 2022'. New York: UNDP (https://www.undp.org/sites/g/files/zskgke326/files/2019/Joint%20SFD%20Informal%20-%205%20May%202022.pdf).

UN ECOSOC – United Nations Economic and Social Council (2016) *Secretary General's report on the implementation of the QCPR. Statistical annex on funding data.* New York: UN ECOSOC (http://www.un.org/en/ecosoc/qcpr/pdf/statistical_annex_tables_on_funding_flows_2014.xlsx).

UN ECOSOC (2022) *Secretary-General's 2022 report on the implementation of the QCPR. Statistical annex on 2020 funding data.* New York: UN ECOSOC (https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/oas/2022/AnnexTables-FundingData-2020-Final-17May.xlsx).

UNFPA – UN Population Fund (2023) *2023 Core resources mobilisation*. New York: UNFPA (https://www.unfpa.org/sites/default/files/resource-pdf/UNFPA-CoreBrochure-2023.pdf).

UNICEF – UN Children's Fund (2023) *Core resources for results: achieving the greatest impact for children*. Geneva/New York: UNICEF (https://www.unicef.org/media/140701/file/Core%20Resources%20for%20Results.pdf).

UN Environment Assembly of UNEP (2019) 'Voluntary Indicative Scale of Contributions: note by the Executive Director. UNEP/EA.4/INF/11. Nairobi: UNEP.

UN General Assembly and ECOSOC – Economic and Social Council (2019) *Implementation of General Assembly Resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development in the United Nations system, 2019: funding compact. Report of the Secretary-General.* New York: United Nations General Assembly.

UN General Assembly and ECOSOC (2023a) *Implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system: funding of the United*

Nations development system. New York: UN General Assembly and ECOSOC (https://documents-dds-ny.un.org/doc/UNDOC/GEN/N23/094/84/PDF/N2309484.pdf?OpenElement).

UN General Assembly and ECOSOC (2023b) *2023 Secretary General's report on the implementation of the QCPR. Annex 2: Funding compact indicators.* New York: UN General Assembly and ECOSOC (https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/documents/2023/annex-fundingcompact-indicators-2023.pdf).

UNSG (2023) *Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system.* ECOSOC.

UN Women (2022) *Regular resources report 2021: investing in results.* New York: UN Women Strategic Partnerships Division (https://www.unwomen.org/en/digital-library/publications/2022/06/regular-resources-report-2021).

Weinlich, S., Baumann, M., Lundsgaarde, E. and Wolff, P. (2020) *Earmarking in the multilateral development system: many shades of grey.* DIE Studies 101. Bonn: Deutsches Institut für Entwicklungspolitik/German Development Institute.

World Bank (2022) *Understanding trends in proliferation and fragmentation for aid effectiveness during crises.* Washington DC: World Bank.

World Bank (2023) 'Databank: World Development Indicators'. Washington DC: World Bank (https://databank.worldbank.org/source/world-development-indicators

Appendix 1 A SWOT analysis of core revenue models

	Strengths	Weaknesses	Opportunities	Threats
Assessed contributions				
Organisational interests	Promotes a more diversified, larger contributor base with application of UN scales of assessment to all member states. A way of decoupling contributions from national influence. Primarily reflects member state capacities to pay that supports equitable burden-sharing.	A larger share can translate into general influence in collective decision-making (e.g., minimise budgetary growth, maximise national recruitment efforts). Can lead to micro-management by Administrative Committee on Administrative and Budgetary Questions. Can be challenging to increase overall core funding levels with assessments as business needs	GNI-focused calculation signals that countries should increase multilateral support as their economies grow. Possibility to include additional criteria for assessed contributions based on new challenges (e.g., climate vulnerability). Assessed contributions model a possible template for burden-sharing for critical global public goods, e.g., the L&D Fund.	Member states are choosing not to pay the assessment, leading to arrears. Assessment approach might not cover resource needs for shifting or expanding mandates. UN Funding Compact does not prioritise assessed contributions as an approach to increasing core resources.

	Strengths	Weaknesses	Opportunities	Threats
	Funding predictability due to tabling of assessment agreement (typically a three-year cycle). Flexibility to programme based on organisational needs and priorities.	change. This may require supplementary voluntary funding. Changing assessment formula is subject to political negotiation among member states with diverse interests. Limited mechanisms for enforcement of assessed payments, which can result in payment arrears. Fairness principles can be diluted by the criteria applied in the assessment such as caps placed on contributions from high-income countries.	Invites consideration of what share of the UN budget should come from the regular budget.	
Funder interests	Universal character of funding commitment aligns with desire for collective multilateral governance (i.e., ‘everyone pays’ principle). Encourages ownership and engagement of a variety of member states in the governance of organisations. Transparent model of allocating fiscal obligations.	Can change balance of power within institutions as larger shares translate into politicisation and influence in collective decision-making. Potentially disconnects contributor funding from assessments of multilateral performance and accountability expectations of taxpayers.	Potential for member states to gain influence as stakeholders as economic performance improves. Creates incentives for considering strategic engagement in multilateralism among emerging economies. WHO example demonstrates possibility to increase assessments when there is political backing from	Risk of free-riding. Risk of geopolitical tensions playing out within UN entities (e.g., China, US). External political dynamics limit full realisation of un-earmarked assessed contributions by incentivising greater scrutiny and micro-management of the regular budget.

	Strengths	Weaknesses	Opportunities	Threats
	Can take into account important economic changes among contributors (e.g., post-1991 Russia).	Formulae behind assessed contributions have been stable so they have not taken into account new factors for calculating burden-sharing.	key shareholders and the right external environment.	
Voluntary core contributions				
Organisational interests	Supplies core funds for organisations without other alternatives. Can provide an opportunity for multi-year commitments from individual contributors. Contributor interests are strongly aligned with organisational interests. Flexibility and autonomy to programme based on organisational needs and priorities.	Contributor base reflects willingness rather than capacity to pay, which can undermine universality principle. Contributors often provide funds through annual agreements rather than multi-year commitments. Can be unpredictable, especially if not multi-year commitments. Resource mobilisation approach favours focus on existing supporters, limiting expansion of the funding base. Dependent on contributor interests, including what they perceive they get in return.	Easiest way to increase core operational funding. Can quickly plug funding gaps. UN Funding Compact encourages shift from voluntary non-core to voluntary core funding. Coordination efforts among UNDP, UNICEF, UNFPA and UN Women have potential to reduce competition and encourage strategic approach from contributors.	Dependence on small number of contributors can create vulnerability to contributor political cycles and funding cutbacks. Non-core funding mechanisms provide alternatives for contributors with willingness to provide additional resources and allow greater contributor control and visibility. Can create competition among entities for support from particular contributors.
Funder interests	No legal or political obligation exists to provide such resources.	Outsized funding role may only partially be accommodated in overall governance structure.	Ability to quickly grow influence within a multilateral.	Smaller funders risk having their voice diluted.

	Strengths	Weaknesses	Opportunities	Threats
	Enables contributor to support organisations aligned with own agenda at a higher level. Signals support and trust in entities. Allows specific opportunities to engage with organisational secretariat, for example in funding dialogues. Accountability mechanisms are more individualised. Contributors have flexibility to determine time horizon for commitments. Contributor leverage is proportional to the volume of contributions.	Transaction costs to set up arrangements, report and monitor can be high. Difficult to break from historical patterns of engagement. Universality or fairness principles are limited by the concentration of funders (e.g., DAC members).	institution/sectoral thematic. Can provide channel for supporting new priorities, possibly in new institutions.	Can be spread too thinly across new global organisations/funds and reduce coherence of the multilateral system.
Replenishments				
Organisational interests	Involves multi-year commitment. Pledges have a pooled and binding character.	Draws heavily on historical commitments as a basis for burden-sharing.	Can be combined with other models (e.g., assessed contributions in case of WHO). Encourages medium-term-planning.	Potentially vulnerable to political cycles of key contributors, geopolitical environment.

	Strengths	Weaknesses	Opportunities	Threats
	Openness to new contributors. High-profile events encourage political support and momentum. Mobilise resources reasonably quickly for core global challenges. Future policy and programming directions are articulated in the context of the resource mobilisation process.	Diversifying the contributor base is challenging. Some thematic areas/topics may be less amenable to one-off resource mobilisation events.	Can incentivise non-traditional funders like private sector, philanthropies.	Lack of coordination of replenishment cycles across organisations can create competition between individual replenishments. Unrestricted funding to vertical funds can translate to tightly earmarked funding for UN entities serving as implementers.
Funder interests	Participation in replenishment is an opportunity to review performance and engage in strategic dialogue. Contributors are favoured as participants in replenishment dialogues. Contribution levels can also be incentivised with link to rights in organisational governance.	Outsized influence for largest contributors. No burden-sharing formula outlined with transparent criteria to guide resource mobilisation. Replenishment levels can be path dependent.	Draw lessons from IFI replenishment models and apply them within the UN system. Issue-specific resource mobilisation allows additional investment on salient global issues.	Fiscal austerity risks reducing replenishment commitments.

	Strengths	Weaknesses	Opportunities	Threats
	Opportunity for contributors to promote key issues on organisational agendas for multiple years. Offers high visibility to contributors.			