

OECD Multilateral Development Finance Week 2026
The UN Funding Crisis: What is at stake?
Event summary, 22nd June 2026

The Dag Hammarskjöld Foundation hosted a panel discussion as part of this year's OECD Multilateral Development Finance Week, looking at what the historic decline in Official Development Assistance means for the UN system and the wider multilateral order. The session brought together John Hendra (Senior Advisor, Dag Hammarskjöld Foundation), Suzanne Steensen (Head of Secretariat, MOPAN), Dr Angela Heucher (Senior Evaluator, DEval), and Dr Anna Novoselova (IDOS), and was introduced and moderated by Peter Linnér, Programme Director at the Dag Hammarskjöld Foundation.

The discussion took place at a critical moment for the multilateral development system. According to preliminary data released by the Organization for Economic Cooperation and Development (OECD) show that official Development Assistance (ODA) dropped by USD 50 billion in 2025, down to 174.3 billion- a 23 percent fall that leaves funding at just two-thirds of its 2023 high, exposing long-standing structural vulnerabilities and prompting renewed debate about the future of multilateral cooperation and development financeⁱ.

John Hendra opened by stressing that the human cost of these cuts is still poorly understood, partly because monitoring capacity itself has been cut. He pointed to a recent Lancet study modelling that severe funding contractions could lead to 22.5 million additional deaths by 2030 under a harsh scenario, or 9.4 million under a milder one — including nearly 2.5 million children under five.ⁱⁱ Beyond the immediate damage, he warned that reform is increasingly happening by attrition rather than by design, and called for member states to root reform in evidence, rebuild domestic understanding of what aid actually costs and achieves, and confront an uncomfortable comparison: global military spending hit 2.7 trillion dollars in 2024. Comparing the 2025 ODA figures, roughly 16 dollars are spent on defence for every 1 dollar spent on aid.

Suzanne Steensen built on this by arguing that the real issue isn't the funding shock itself, but whether the system can reform or simply shrinks. Drawing on MOPAN's assessments of multilateral organisations,ⁱⁱⁱ she pointed to two structural problems: agencies rarely translate their stated "comparative advantage" into real choices about division of labour, and earmarked funding — now 60 to 85 percent of resources for major agencies, sometimes higher — rewards short-term delivery over system-wide outcomes. Her central point: shrinking budgets don't have to mean less effectiveness. Unclear choices do. What's needed is the courage to prioritise, to make evidence-based choices and to say no to funding that doesn't fit with the comparative advantage.

Dr Angela Heucher presented findings from a systematic review of the evidence on funding modalities, conducted by The German Institute for Development Evaluation (DEval) with the

Swedish Expert Group for Aid Studies (EBA).^{iv} Across project, organisational, and system levels, the review found that core-funded projects consistently outperform earmarked ones — earmarked World Bank projects, for instance, cost around 1.5 times more than core-funded ones, largely due to supervision costs. Core funding also gives organisations the flexibility to direct resources where they are needed the most; earmarking does the opposite, and over time risks turning multilateral organisations into implementing agents for donor priorities rather than mandate-driven institutions. She noted, however, that earmarking isn't uniform- degrees of "tightness" vary widely, and softer forms can retain some of the benefits of core funding when well managed.

Drawing on recent IDOS research, **Dr Anna Novoselova** closed the panel presentations with a look at the UN80 reform initiative,^v launched by the Secretary-General in 2025 has so far focused primarily on efficiency and cost-cutting measures rather than addressing deeper governance and political questions facing the UN system.

She argued that UN80 risks becoming a missed opportunity on three fronts: the Secretariat produced a long list of efficiency measures without a coherent vision for the UN's future role; member states offered neither guidance, nor alternative proposals; and the initiative never grappled with the deeper geopolitical fragmentation reshaping multilateralism. She sketched out three possible paths forward: UN80 fizzling into further fragmentation of the UN, a full transformation of UN governance, or a middle scenario where cost-cutting continues while a coalition of reform-minded states pushes for targeted governance reforms and the next Secretary-General uses convening power to force an honest conversation about the UN's dysfunctions and purpose.

Discussion

Audience questions pushed the conversation further. On the resurgence of tied aid, John Hendra and Angela Heucher noted that earmarking and tied aid are close cousins, and that the logic of tying aid to donor-country interests, long dormant in places like Canada, is making a comeback as security and trade considerations dominate aid debates. On why member states are reluctant to address deeper governance disconnects between how they fund the UN and how they govern it, panelists pointed to reform fatigue following the recent Summit of the Future, competing domestic priorities, and a basic reluctance among donor states to give up the influence that comes with controlling the purse strings. John Hendra added that with core funding being at its lowest point ever, the countries most affected by UN programming have the least voice in how it's governed, something he called a professionalisation problem as much as a power problem.

Asked about the lost relevance of the development effectiveness principles, country ownership, inclusive partnerships, transparency, and accountability, Hendra and Steensen agreed these principles haven't lost relevance; rather, the conversation has drifted toward efficiency and cost-cutting, and needs to be reconnected to whether results are actually durable for countries over time. Angela Heucher pointed to recent research showing that

earmarking measurably weakens recipient country ownership. On China's role in UN financing, Anna Novoselova noted this is less a new development than a continuation of long-standing power politics also practiced by other major contributors, now reinforced by China's own emerging global governance strategy.

The recording of the event, along with related materials, is available on the [event page](#). Several of the panelists' analyses will also feature as articles in the Foundation's upcoming UN Financing Report, to be released on 9 September.

Note: *This summary has been prepared by the Dag Hammarskjöld Foundation based on the discussion held on 22 June 2026. It is not a verbatim transcript and does not necessarily reflect the institutional positions of all participating organisations. Any errors or omissions remain the responsibility of the Foundation.*

ⁱ Organisation for Economic Cooperation and Development (OECD), “Preliminary official development assistance levels in 2025”, [https://one.oecd.org/document/DCD\(2026\)8/en/pdf](https://one.oecd.org/document/DCD(2026)8/en/pdf), accessed June 2026.

ⁱⁱ A Ferreira da Silva, R V R Anderle, G Barreix Sibils, et al, 'Impact of two decades of humanitarian and development assistance and the projected mortality consequences of current defunding to 2030: retrospective evaluation and forecasting analysis', *Lancet Global Health* (2 February 2026).

ⁱⁱⁱ MOPAN, *Multilateral Effectiveness in a Shifting Landscape: Key Messages*, MOPAN Insights (January 2026).

^{iv} J. Ihl, R. Singh, I. Malandu Mukali, H. Hede Skagerlind and A. Heucher, *The Effectiveness of Core and Earmarked Funding in Multilateral Development Cooperation: Systematic Review*, DEval Discussion Paper 2/2025 (Bonn: German Institute for Development Evaluation (DEval) and Expert Group for Aid Studies (EBA), 2025), doi:10.5281/zenodo.19729948.

^v Patz and A. Novoselova, *The (Geo)Politics of UN80: Missed Opportunities* (Bonn: German Institute of Development and Sustainability (IDOS), 2026).