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Financing Without Strings Attached

A sequenced pathway to institutional autonomy

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Abstract

The United Nations' financial crisis concerns control and accountability as well as volume. Where concentrated earmarking makes programme direction dependent on donors' concurrence, it functions as a de facto veto over implementation. Donors also earmark because they lack confidence in collective resource management, making reform a task for the UN as well as its contributors. This brief develops two complementary models: a capitalised endowment and universal gross national income (GNI)-based assessment, and a model working within existing commitments. The second builds the fiduciary-governance track record needed to make the first politically approachable. Both specify what donors would gain and what the UN owes in return. The brief concentrates on financing architecture; stewardship and institutional configuration remain essential but fall beyond its scope.

Introduction

The UN Charter established a system in which the Organization's expenses are to be borne by Member States as apportioned by the General Assembly.[1] That vision has given way to a system the UN itself no longer controls. Voluntary earmarked contributions, tied to individual donor priorities, remain by far the largest source of UN funding. In 2024 they accounted for 68.4 per cent of the resources channelled to the UN through its three main financing instruments, three times the value of assessed contributions,[2] rising to 81 per cent within development and humanitarian assistance specifically.[3] Assessed contributions accounted for 22.8 per cent and voluntary core contributions for 8.8 per cent.

Earmarking is not simply a funding preference. A growing body of research shows that it reshapes how international organisations behave. Using cross-agency Multilateral Organisation Performance Assessment Network (MOPAN) assessment data, Reinsberg and Siauwijaya find that a 30-percentage-point rise in an agency's earmarked funding share is associated with a measurable deterioration in its internal systems, procedures, and management.[4] A study using World Bank project data similarly finds earmarking measurably

[1] *Charter of the United Nations*, Art. 17.

[2] Figures are calculated on the three core UN financing instruments—assessed, voluntary core, and voluntary earmarked contributions—excluding the further 11 per cent of UN system revenue drawn from other, self-generated activities, which is neither assessed nor voluntary. On this same basis, the equivalent 2018 figure—the last full year before the 2019 Funding Compact—was 63.0 per cent (assessed US$13.5bn, voluntary core US$5.7bn, voluntary earmarked US$32.8bn), rising to 68.4 per cent by 2024, indicating a continued rise in earmarking's share despite the Compact's commitments. The totals cover contributions from member states and non-member states (in 2018 non-state revenue was 2.8 billion USD). Dag Hammarskjöld Foundation and United Nations Multi-Partner Trust Fund Office, "Financing the UN Development System Time to Walk the Talk" (Uppsala: Dag Hammarskjöld Foundation, September 2020 https://www.daghammarskjold.se/wp-content/uploads/2020/09/dhf-financial-report-time-to-walk-the-talk-2020-interactive.pdf Dag Hammarskjöld Foundation and United Nations Multi-Partner Trust Fund Office, "Financing the UN Development System: Keeping the Promise" (Uppsala: Dag Hammarskjöld Foundation, September 2026), Table 1, p. 40, https://www.daghammarskjold.se/wp-content/uploads/2026/09/dhf-financial-report-2026-web.pdf

[3] Global Governance Forum, "Earmarked Funding at the United Nations: Why It Matters, and Why It Must Be Reformed", 2026, https://globalgovernanceforum.org/earmarked-funding-united-nations-matters/ (accessed 29 July 2026).

[4] Bernhard Reinsberg and Christian Siauwijaya, "Does earmarked funding affect the performance of international organisations?" *Global Policy 15*, no. 1 (2024), 23–39. https://doi.org/10.1111/1758-5899.13270 This is an association rather than proven causation, since distrustful donors may also earmark more heavily in the first place.

undermines cost-effectiveness, driven by added reporting and supervision burdens.[5] Historical research on UN funding argues that incremental changes to funding rules beginning in the 1940s gradually expanded the influence of major donor governments by increasing reliance on voluntary, earmarked contributions, reducing the General Assembly's practical control over much of the UN's operational agenda.[6] This is a control and accountability problem, not a management one 193 states can resolve by vote.

Diagnosis

UN system expenditure is not managed centrally: budgets are approved by different governing bodies, assemblies and committees, each with its own procedures and constituencies. UN system revenue divides into four instruments: assessed contributions, voluntary core contributions, voluntary earmarked contributions, and other revenue. In the most recent year (2024) for which data are available, assessed contributions totalled some US$13.8 billion against US$41.4 billion in voluntary earmarked contributions, the latter concentrated among a handful of donor states (Figure 1).[7]

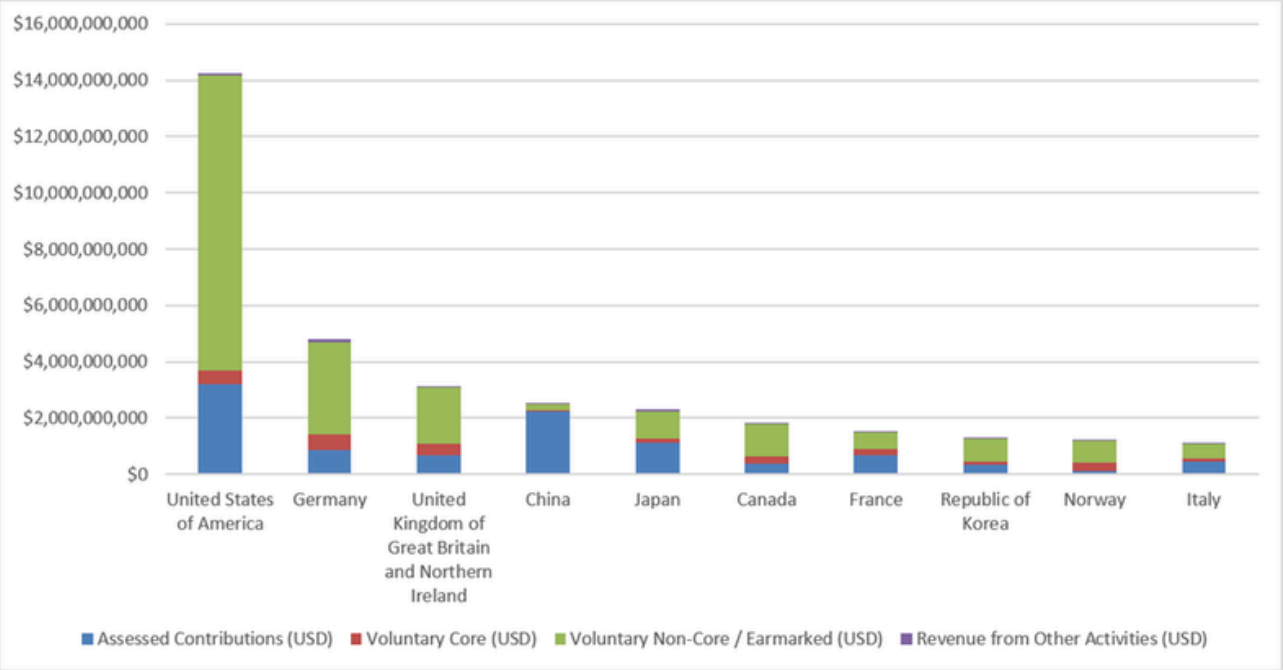

Figure 1: UN revenue from the top 10 government donors in 2024, ranked by total contributions (US$).[8]

[5] Mirko Heinzel, Ben Cormier, and Bernhard Reinsberg, "Earmarked Funding and the Control–Performance Trade-Off in International Development Organizations," *International Organization* 77, no. 2 (2023): 475–495. https://ideas.repec.org/a/cup/intorg/v77y2023i2p475-495_7.html

[6] Erin R. Graham, *Transforming International Institutions: How Money Quietly Sidelined Multilateralism at the United Nations* (Oxford: Oxford University Press, 2023). https://academic.oup.com/book/46732

[7] Dag Hammarskjöld Foundation and United Nations Multi-Partner Trust Fund Office, "Financing the UN Development System: Keeping the Promise" (Uppsala: Dag Hammarskjöld Foundation, September 2026), Table 1, p. 40. https://www.daghammarskjold.se/wp-content/uploads/2026/09/dhf-financial-report-2026-web.pdf

[8] Revenue by Government donor – CEB Statistics 2024 https://unsceb.org/statistics/revenue-by-government-donor/ (consulted on 11 August 2026)

The UN Funding Compact's quality-funding targets—a minimum of 30 per cent of voluntary contributions as core support, and, since the 2024 renewal, 30 per cent of non-core development contributions channelled through inter-agency pooled funds by 2027—remain substantially off track: core funding stood at roughly 11.6 per cent of voluntary contributions in 2024; inter-agency pooled funding stood at 12.6 per cent.[9]

The Compact is an instrument of the UN development system; it does not govern the Secretariat's own political, human-rights, and humanitarian-coordination functions financed through the regular budget, nor specialised agencies' distinct governance and financing arrangements, nor peacekeeping's separate assessed scale. Each shares the underlying diagnosis—financial leverage substituting for collective governance—through a different instrument: earmarking in the development system, budget politicisation within the regular process for special political missions, a United States statutory cap for peacekeeping, and separate voluntary funding streams for specialised agencies. The underlying problem is not insufficient commitment in principle, but that quality funding asks donor states to relinquish instruments of influence they have every incentive to keep. The foreign affairs ministries that reaffirm the Compact's principles in New York are often not the ones deciding funding modalities at country level, leaving commitment and practice structurally disconnected.

For the UN Secretariat, assessed contributions are the principal mandatory revenue stream governed collectively through the General Assembly and can be withheld or delayed as political leverage, while other arrears arise from fiscal, administrative or domestic legal constraints. Article 19's penalty—loss of the General Assembly vote—does not prevent substantial arrears from accumulating below its threshold. Nor is the crisis solely a story of donor withdrawal: international bureaucracies more broadly tend to pursue their own institutional logic once granted authority and expertise, a dynamic to which the UN system is not immune;[10] credibility depends as much on internal discipline as on demanding quality funding from donors.

Why donors earmark

Donors do not earmark only to acquire influence. Earmarking lets a ministry demonstrate to its own parliament and auditors what its money achieved, manage fiduciary risk, and respond to national priorities a collectively negotiated budget struggles to accommodate.[11] It is a rational response to genuine uncertainty about how pooled resources will be managed, and it will persist as long as that uncertainty does. That uncertainty is not groundless: UN oversight machinery—executive boards, external audit, the Office of Internal Oversight Services—assures Member States that funds are spent as authorised but does not yet provide donors with sufficient system-wide, forward-looking assurance that pooled resources will be deployed coherently across a fragmented system, or that one agency's results are comparable to another's. The UN80 initiative's system-wide evaluation and mandate review is the live vehicle for building that assurance; Recommendation 9 below is its natural counterpart. The UN has not yet fully met this side of the bargain.

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[9] United Nations General Assembly and Economic and Social Council, Rep*ort of the Secretary-General on the Implementation of the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System*, A/81/75-E/2026/61, para 56 (New York: United Nations, 2026), https://ecosoc.un.org/sites/default/files/2026-05/SG%20Report%20on%20QCPR%20(Final).pdf. United Nations Sustainable Development Group, “Framework for global-level monitoring & reporting on the funding compact for the support to the SDGs [updated 26 May 2026]” https://unsdg.un.org/sites/default/files/2026-06/SGR26-Annex-FundingCompactFramework_2026.pdf

[10] Michael N. Barnett and Martha Finnemore, "The Politics, Power, and Pathologies of International Organizations," *International Organization* 53, no. 4 (Autumn 1999): 699–732. https://www.cambridge.org/core/journals/international-organization/article/politics-power-and-pathologies-of-international-organizations/8D7D4BACDF573D26E3A40682A6195F89

[11] Heinzel, Cormier and Reinsberg, “Earmarked Funding and the Control–Performance Trade-Off”; Organisation for Economic Co-operation and Development, “Earmarked funding to multilateral organisations: how is it used and what constitutes good practice?”, OECD Development Co-operation Brief (Paris: OECD, October 2020). https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/10/earmarked-funding-to-multilateral-organisations_bd41e2bd/a5620480-en.pdf

Model 1: A capitalised endowment and a universal GNI-based assessment

The model assesses Member States on GNI rather than through an international levy on financial transactions, aviation, or digital services: such levies would require new multilateral tax agreements with a far higher political and legal bar, and their revenue remains speculative, whereas a GNI-based assessment runs through the General Assembly's existing Article 17 apportionment authority. The more visionary model specifies what financial autonomy would require if political conditions allowed it. The General Assembly, acting through the competent governing bodies, would decide purposes, budgets, and programme allocations. An independent fiduciary board, answerable to the Assembly on performance but not controlled by individual contributors would set investment policy and authorise drawdowns against these appropriations; professional managers would manage investments and execute authorised disbursements.

A CAPITALISED ENDOWMENT

The first pillar is a capitalised endowment, drawing on the UN Joint Staff Pension Fund's experience of professional investment management and fiduciary governance. The Fund held close to US$95 billion in net assets at the end of 2024.[12] At an illustrative annual drawdown of 5 per cent,[13] an endowment of approximately US$69–70 billion would finance the US$3.45 billion regular budget approved for 2026, including assessed political, human-rights, and humanitarian-coordination work.[14] The pension fund shows that the UN system already manages assets on this scale, and the endowment form has precedents of its own: UNHCR's Global Islamic Fund for Refugees, launched with the Islamic Development Bank in 2022,[15] and the United Nations University's longstanding endowment.[16]

[12] United Nations Joint Staff Pension Fund, "United Nations Joint Staff Pension Fund Financial Statements for 2024," UNJSPF, 2025, https://www.unjspf.org/newsroom/united-nations-joint-staff-pension-fund-financial-statements-for-2024/.

[13] The 5 per cent figure is illustrative, not a fixed rule. Comparable endowments typically spend somewhere between 3.5 and 5 per cent a year, consistent with the range reported by the NACUBO-Commonfund Study of Endowments and by comparator institutional funds such as Yale and Cornell, and they smooth that spending over several years rather than fixing it annually, so that a bad year in the markets does not force a sudden cut and a good year does not erode the fund's real value over time. A fund of this size would also raise a second, separate political question beyond how the money is spent: where it is invested. The UNJSPF's own experience—divesting from coal on stated fiduciary-risk grounds, and excluding tobacco and armaments as longstanding portfolio policy—shows that investment-allocation choices carry a political dimension even where the stated rationale is financial.

[14] "General Assembly Approves $3.45 Billion UN Regular Budget for 2026," *United Nations News*, 30 December 2025, https://news.un.org/en/story/2025/12/1166685. See also UN Meetings Coverage, GA/12748, https://press.un.org/en/2025/ga12748.doc.htm

[15] Islamic Development Bank, "IsDB President and UN High Commissioner for Refugees Co-Chair GIFR 1st Board Meeting," news release, 1 December 2023, https://www.isdb.org/news/isdb-president-and-un-high-commissioner-for-refugees-co-chair-gifr-1st-board-meeting (accessed 14 September 2026). The release records the September 2022 launch of the Global Islamic Fund for Refugees with UNHCR through the Islamic Solidarity Fund for Development, on a waqf (endowment) model.

[16] David Passarelli, Michael Franczak, "The UN is reinventing its finances—and it's a better bet than you think" (Devex, 24 August 2026), republished by the United Nations University Centre for Policy Research, 28 August 2026, https://unu.edu/cpr/blog-post/un-reinventing-its-finances-and-its-better-bet-you-think; on the endowment, United Nations University, "About UNU," https://unu.edu/about (accessed 14 September 2026), recording the Government of Japan's US$100 million contribution to establish the endowment fund in 1975.

A UNIVERSAL GNI-BASED ASSESSMENT

The second pillar is a universal GNI-based assessment: replacing the current assessed-contribution scale with a flat percentage of each Member State's GNI, an approach set out at length in Global Governance Forum proposals for UN financing reform.[17] Unlike the Global Governance Forum proposal, the assessment would apply to all Member States other than least developed countries (LDCs), which would be exempted given their negligible combined share of global GNI (about 1.3–1.5 per cent), rather than reproducing the current scale's wider apparatus of floors, ceilings, and adjustments. This is structured as a formula-based assessment operating through the General Assembly's existing Article 17 apportionment authority, not as an independently collected tax—a narrower, more legally tractable route, though untested at this scale. Extending it to specialised agencies would also require decisions by their competent governing bodies. Collection would run through the same national invoicing channels already used for assessed contributions, not new machinery.

At an initial rate of approximately 0.1 per cent of global GNI (roughly US$117 trillion in 2025 [18]), the assessment would generate approximately US$117 billion annually on total global GNI. Calculated on the eligible base after excluding least developed countries (about 1.4 per cent of global GNI), it would generate approximately US$115 billion annually, and the figures below use this eligible-base amount. More conservative proposals anchor a comparable levy nearer 0.01 per cent, judged more politically realistic.[19] This brief starts higher deliberately: a rate set with headroom and revised downward through the scheduled review below is more durable than one that must be renegotiated upward once shortfalls appear. The figure is deliberately much larger than the roughly US$13.8 billion assessed-contribution base it would formally replace, because it would cover a wider range of expenditure: the assessment is designed over time to displace a substantial share of the US$41 billion currently channelled through voluntary earmarked funding as well, restoring collective budgetary control over resources presently allocated bilaterally, not merely to fund the regular budget. The endowment stays sized to the regular budget alone; the remaining assessment revenue funds the shift away from earmarked funding, and the two pots stay separate.

Even so, the full US$115 billion is not envisaged as an annual spending commitment from year one: only a defined share of proceeds—illustratively 10 per cent, or roughly US$11.5 billion annually—would capitalise the endowment, with the remainder available to the General Assembly for core and thematic programming as agencies migrate away from earmarked funding streams, with priority to existing pooled instruments—the Central Emergency Response Fund (CERF), the Peacebuilding Fund, and the Joint SDG Fund—over new mechanisms. At that capitalisation rate, reaching the US$70 billion endowment target takes approximately six years; the transition from the current assessed-contribution scale to the proposed GNI-based assessment would be phased over this period. The assessment applies at its full rate from the outset; what phases in over six years is the administrative transition of national invoicing from the current scale to the new formula, run alongside capitalisation. Before the first review, receipts above authorised expenditure and the share allocated to capitalisation would be credited to Member States, pro rata, against the following year's assessment; the initial rate thus acts as a ceiling on net contributions, not a collection target. Once the endowment reaches its target and earmarked funding has been substantially displaced, the General Assembly would review the rate at five-year intervals against a target range of US$68–70 billion [20] for total system-wide revenue—a forward target for the diversified, quality-funded system this brief envisages—reducing the rate as capitalised endowment income takes on a growing share of financing, rather than allowing collection to run indefinitely ahead of documented need.

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[17] Augusto Lopez-Claros, Arthur L. Dahl and Maja Groff, "A New United Nations Funding Mechanism", in *Global Governance and the Emergence of Global Institutions for the 21st Century.* (Cambridge: Cambridge University Press, 2020), pp. 264–290. https://www.cambridge.org/core/books/global-governance-and-the-emergence-of-global-institutions-for-the-21st-century/new-united-nations-funding-mechanism/8617F120B64663F7E44BFF449C4B16C1; see also Global Governance Forum, "A Second UN Charter. Modernizing the UN for a New Generation". https://globalgovernanceforum.org/wp-content/uploads/Second_UN_Charter.pdf

[18] World Bank, "GNI, Atlas Method (Current US$)", https://data.worldbank.org/indicator/NY.GNP.ATLS.CD (accessed 29 July 2026)

[19] Max-Otto Baumann, Sebastian Haug, "Financing the United Nations. Status quo, challenges and reform options". (Fes New York Analysis, 2024). https://collections.fes.de/publikationen/ident/fes/21124

[20] The target is based on average total UN revenue over the preceding five years.

POTENTIAL OBJECTIONS

A flat-rate assessment raises a distributional objection. The current scale gives progressive effect through a debt-burden adjustment, a low-per-capita-income adjustment, floors and ceilings, including a specific ceiling for LDCs; a uniform 0.1 per cent assessment would remove that mechanism and could impose a proportionately heavier burden on poorer states, even at an identical headline rate. The LDC exemption blunts the sharpest edge of this objection without reintroducing the current scale's full apparatus, though lower-middle-income states just above the LDC threshold would still carry a heavier relative burden. Net-beneficiary status [21] does not settle this: it speaks to outcomes, not to the progressivity of the burden itself. This brief argues a flat percentage better serves equality of governance in the long run, treating Member States as equal stakeholders rather than shareholders whose influence scales with what they pay: a common rate reduces the allocation leverage that comes from discretionary, earmarked giving, rather than changing formal voting weight, which the flat rate leaves untouched.

A second challenge is why major contributors would give up earmarking's fine-grained control. Not all earmarking is dysfunctional; the objection is to its aggregate effect on collective priority-setting. A professionally governed endowment can preserve accountability without negotiating thousands of individual arrangements, while making agreed burden-sharing more predictable. The practical analogy is pooled funding where donors contribute without obtaining a direct allocation right over individual expenditure.
A related objection is that Member States value control not only over how resources are allocated but over the size of the envelope itself. A formula-based GNI assessment removes discretion over both—a more fundamental shift than incremental core-funding targets. This brief treats that loss of unilateral envelope control as the point, not a flaw: it is what converts collective governance from aspiration into institutional fact.

GOVERNANCE

A pilot endowment should adapt aspects of the UN pension fund's governance:[22] a board drawn from governing bodies and executive heads, an independent audit committee with external experts, and a designated fiduciary representative reporting on investment performance to the General Assembly. Board members would serve fixed, staggered, non-renewable terms; the fiduciary representative could be removed only for cause. These safeguards are proposals for the endowment, not a description of the pension fund's existing arrangements. Unlike a pension fund, a programme endowment has no equivalent constituency of staff participants. The Assembly would retain decisions on purposes, budgets, and programme allocations; the board would set investment policy and execute drawdowns, with no discretion over which programmes are funded.

[21] Refers to the argument that lower-income countries would remain net beneficiaries of the UN system even under a uniform GNI-based assessment, since aid received would exceed what they owe.

[22] United Nations Joint Staff Pension Fund governance structure. https://www.unjspf.org/governance/, accessed August 2026; and United Nations Joint Staff Pension Fund, "How We Invest," accessed July 2026, https://www.unjspf.org/the-fund/how-we-invest/.

Model 2: Building institutional precedent within existing authority

This model is designed without the need for a new treaty or Charter amendment, although some elements, particularly the establishment, custody and authority of a new reserve or endowment facility, would require detailed legal and financial review, including of the applicable Financial Regulations and Rules. None creates new supranational enforcement authority; compliance rests with each governing board, and the system-wide annual reporting recommended below creates a public record.

AN AUTONOMOUS RESERVE FACILITY

A coalition of willing states could capitalise a reserve facility outside the Secretariat to provide liquidity during arrears crises. Member States would agree its mandate, capitalisation, and periodic reauthorisation, while an independent fiduciary board would authorise drawdowns. Contributions would confer representation in setting the mandate, not control over individual advances. Participation would offer protection against disruptions caused by arrears and an opportunity to shape the facility's design. The coalition-of-the-willing logic here is the financing counterpart of the argument made elsewhere in this collection, by Eugene Chen on collective security beyond the Security Council and by Georgios Kostakos on authority without consensus, that groups of states can act under existing authority without waiting for universal agreement. A cap on its size and periodic reauthorisation would keep it a bounded liquidity instrument, distinct from the endowment's longer-term financing role. Advances to the Organisation would be repaid to the facility when the relevant arrears were settled; persistent non-payment would fall on its capital buffer, with losses borne collectively by the capitalising states. The facility would thus reduce dependence on individual contributors without eliminating political constraints or transferring away financial risk. It would also test whether states can sustain collective fiduciary governance before attempting an endowment at greater scale.

The facility addresses liquidity, but not the underlying enforcement gap. Article 19's sanctions already apply only once a Member State's arrears equal or exceed the contributions due for the preceding two full years, and the consequence is confined to a lost vote in the General Assembly, waivable if the Assembly is satisfied that non-payment is due to conditions beyond the Member's control.[23] A major contributor can run substantial arrears without crossing that threshold; the weakness lies in the threshold's design, not in the provision's disuse. Peacekeeping illustrates how substantial arrears can accumulate: a United States domestic statutory limit caps its peacekeeping payments at 25 per cent, against an assessed share that has run closer to 27 per cent, producing over US$1 billion in structural arrears since 2017.[24] These arrears count towards Article 19 despite originating in domestic law. The Committee on Contributions reviews Article 19 exemption requests, while the General Assembly decides whether to grant the exemption.

[23] *Charter of the United Nations*, article 19. See also United Nations, Repertory of Practice of United Nations Organs, Supplement No. 10, vol. II, "Article 19", https://legal.un.org/repertory/art19/english/rep_supp10_vol2_art19.pdf, on the application of the provision, including assessed peacekeeping contributions.

[24] Congressional Research Service, "United Nations Issues: U.S. Funding of U.N. Peacekeeping," IF10597 (Washington, DC: Library of Congress, updated 9 April 2024), https://crsreports.congress.gov/product/pdf/IF/IF10597; the 25 per cent cap dates to Section 404 of P.L. 103-236 (1994).

One possible reform is procedural. The Assembly could require the Committee to assess waiver requests against clearer, more consistently applied criteria—independently verifiable evidence of balance-of-payments distress, for example, rather than information submitted principally by the requesting state itself.[25] The aim is not to remove the Assembly's discretion, but to make its exercise more transparent and consistent, requiring only a change in working practice, not a Charter amendment. This would address exemption requests, not non-payment by a contributor remaining below the threshold. The facility and procedural reform therefore address different problems. Mark Simonoff's paper in this collection confronts the parallel problem on the security side, where a Charter constraint exists on paper but has lost its practical force.

COST-RECOVERY DIFFERENTIATION

Governing boards should set differentiated cost-recovery rates for hard-earmarked contributions, tied to narrowly specified projects or activities, calibrated to independently measured incremental administrative and transaction costs established through the costing recommended below, rather than an arbitrary multiplier fixed in advance.

Earmarked funding has been shown to raise implementing agencies' own supervision costs enough to measurably erode project cost-effectiveness as described above. This is the most immediately actionable proposal in this brief: it requires a governing body decision, not a Charter amendment, and could begin within a single budget cycle. For donors the incentive is real as well as disciplinary—pooled and softly earmarked funding is intended to support more effective, responsive and coherent programming while reducing fragmentation and transaction costs.[26]

A GENUINELY SYSTEM-WIDE QUALITY-FUNDING PUSH

The Funding Compact provides a benchmark for the development system. Extending its logic across the UN requires targets and reporting suited to each financing instrument: funding quality for voluntary contributions and payment compliance for assessed budgets, including peacekeeping. At country level, priority should go to pooled instruments, chiefly the Peacebuilding Fund and Joint SDG Fund, over parallel single-agency channels. This supports the case Henrik Hammargren and Sigrid Gruener make in this collection for predictably financed prevention. Member States must also coordinate across foreign, finance, and relevant line ministries, so that instructions to different governing boards and national funding decisions reinforce the commitments they endorse collectively.

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[25] United Nations General Assembly, "Countries in Arrears in the Payment of Their Financial Contributions Under the Terms of Article 19 of the Charter of the United Nations," https://www.un.org/en/ga/about/art19.shtml. See also UN General Assembly, Resolution 80/2, Scale of Assessments for the Apportionment of the Expenses of the United Nations: Requests under Article 19 of the Charter, A/RES/80/2 (14 October 2025), https://digitallibrary.un.org/record/4091275/files/A_RES_80_2-EN.pdf

[26] Bernhard Reinsberg and Jack Taggart, “How Does Earmarked Foreign Aid Affect Recipient-Country Ownership?” Journal of International Development (2025), https://onlinelibrary.wiley.com/doi/10.1002/jid.3985 ; Judith Ihl et al., “The Effectiveness of Core and Earmarked Funding in Multilateral Development Cooperation – Systematic Review”, DEval Discussion Paper 2/2025 (Bonn: German Institute for Development Evaluation, 2025). https://www.deval.org/fileadmin/Redaktion/PDF/05-Publikationen/Berichte/2025_Multilaterale_EZ/DEval-DP-02-2025-MultilateralDC-Web.pdf

Recommendations

For all Member States, within the next budget cycle

1. Commission an independent costing of the real overhead of hard-earmarked funding, to set a credible, differentiated cost-recovery rate.
2. Direct governing boards to apply that differentiated cost-recovery, with any additional recovery above standard rates retained for demonstrable incremental transaction costs.
3. Extend quality-funding reporting across the UN system—not the development system alone—tracking each budget line against the distortion specific to its own financing instrument.
4. Issue a single whole-of-government coordination instruction covering foreign, finance, and relevant line ministries, so delegations give consistent guidance across all UN governing boards.

For a coalition of willing states, in the medium term

5. Capitalise an autonomous reserve facility under capped, periodically reauthorised, fiduciary-only governance, explicitly designed as the working precedent for a future endowment.
6. Pilot a capitalised UN endowment fund among willing states, governed by the same fiduciary principle, before seeking universal participation, with a review once contributing states represent a majority of UN assessed contributions to convert the pilot into a proposal for universal participation.

For the Secretary-General and the Secretariat

7. Commission an options study comparing the current assessed-contribution scale with alternative formula-based financing mechanisms, including a universal GNI-based assessment incorporating a least developed country exemption and a scheduled rate review.
8. Report annually to the General Assembly on quality-funding progress across the whole UN system, not the development pillar alone.
9. Develop common reporting standards, with comparable results measures where mandates allow, as the demonstrable counterpart the UN system offers in exchange for any expansion of pooled and core funding.

Conclusion

These two models are sequenced, not alternatives. Model 2 builds, at modest scale, the governance precedent that the endowment requires at far greater scale. Each mechanism shifts a marginal share of financial control toward collectively governed instruments, incrementally reducing the leverage earmarking confers on a handful of donors.

None of this resolves the reform paradox: both models depend on the consent of states whose leverage depends on the system remaining unreformed—a dependency that holds inside the UN system too, where parts of the Secretariat and agencies have their own stake in a fragmented funding model. A reserve facility and differentiated cost-recovery need not wait for universal agreement to begin.

UN reform is a wicked problem, advanced only through bargains among stakeholders with divergent interests on both sides of the relationship. Restoring institutional autonomy requires not just additional resources but a financing architecture matched by a comparable increase in accountability.

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