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**UN TRUST FUNDS AS AGENT TO FULFILL THE NORM ADAPTING AND DIFFUSING
FUNCTIONS**

A CASE OF THE UNITED NATIONS DEMOCRACY FUND

By

Mikiko SAWANISHI

A master's thesis submitted to the Graduate Faculty in Liberal Arts in partial fulfillment of the requirements for the degree of Master of Arts, The City University of New York

2020

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This manuscript has been read and accepted for the Graduate Faculty in Liberal
Studies in satisfaction of the thesis requirement for the degree of Master of Arts.

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ABSTRACT

UN TRUST FUNDS AS AGENT TO FULFILL THE NORM ADAPTING AND DIFFUSING FUNCTIONS

by

Mikiko Sawanishi

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This thesis focuses on existing large-scale general trust funds at the United Nations (UN) Secretariat, as one example of the important transformations of the UN. They were created around the 1990s amid a paradigm shift in international relations after the end of the Cold War. They function as autonomous entities to carry out specific mandates to tackle emerging global issues in responding to the requests of a limited number of UN member states that provide voluntary contributions of significant sum. The thesis explores answers to the questions of why such general trust funds were created within the UN Secretariat, and why they continue to exist and expand. To address these questions, two theories of international relations are called upon: first, the theory of Principal-Agent relationship based on rational functionalist approach focusing on the trust funds' efficiency and accountability to meet the interests of donors; and, second, constructivism highlighting the trust funds' autonomous function in adapting and diffusing norms. The thesis illustrates the theoretical application by presenting a case study of one of the UN general trust funds - the United Nations Democracy Fund (UNDEF) - and how its functional efficiency has been fulfilling donor interests and how and to what extent it has been adapting and diffusing its specific norm and practice: the promotion of democracy at the grass-roots level and the engagement with non-state actors within the UN.

ACKNOWLEDGMENTS

I express my appreciation from the bottom of my heart to Professor Mark Ungar who has been supervising my thesis for a long time. His support, patience, and encouragement led me to finally complete this thesis. I also wish to express my deepest gratitude to the team of the Graduate Faculty in Liberal Studies, Professor Elizabeth Macaulay-Lewis, Professor Karen Miller and Ms Katherine Koutsis for their support throughout all years of my time at the program.

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Introduction

This thesis focuses on existing large-scale general trust funds at the United Nations Secretariat, as one example of the important transformations of the United Nations (UN) meant to cope with internal and external changes and challenges. The thesis focuses on existing larger trust funds which function as autonomous entities to carry out specific mandates to tackle newly emergent issues in response to requests of a limited number of UN member states with their voluntary contributions of significant sums. They were created around the 1990s amid a paradigm shift in international relations after the end of the Cold War.

There are two broad objectives of this thesis. First, by introducing a historical overview of the UN general trust funds and the current situation of how they function and are structured, the thesis explores answers to the question of “why” the general trust funds have been created within the United Nations Secretariat and continue to exist and expand. Several studies carried out to explain specific trust funds’ establishment and operation (Gomez 2012, Reinsberg 2017, Nielson and Michael 2003) but they do not provide a theoretical inquiry on the reasons of the general trust funds’ creation and continuous existence. To respond to this “why” question, the thesis uses two theoretical explanations: first, using the theory of the principal and agent (P-A) relationship derived from rational functionalism in the theories of international relations, I focus on the functional and organizational advantages of trust funds in responding effectively to the interests of donor member states, mitigating the possible problems of the P-A relationship (Vaubel Dreher, Soylu 2007, Elsig 2011). Also, applying another theory of international relations, constructivism, I would argue that the trust funds have more autonomous natures and functions in adapting and diffusing newly recognized

norms by UN member states in the process of “norm cascades” (Finnemore and Sikkink 1998) through its existence and operations.

The second objective is show answers on how specific UN trust funds are designed and function to meet the interests of donors and to fulfil their norm adaptation and diffusing functions, based broadly on the above theoretical application. To do so, I present a case study of one of the general trust funds, the United Nations Democracy Fund (UNDEF). The UNDEF was established in 2005 within the UN Secretariat to promote democracy by providing funding to civil society organization around the world for implementing projects at the grass roots level. UNDEF presents a good example of the role of a general trust fund in adapting and diffusing a specific norm - democracy promotion - and a specific practice - engaging with non-state actors - in the norm cascading process within the UN system. UNDEF already has 15 years of history; however, it is not known widely, at least outside the UN, nor studied extensively except in a few cases explaining its inception period (e.g. Freedom House 2006). Thus, it is useful to present its 15 years of operation history. In the case study, based on the theory of the principal-agent relationship, the thesis discusses UNDEF’s (agent) functional advantages in pursuing its goals and in meeting the demands of donor governments (principals) through presenting institutional design and its work procedure. The thesis also explains how the norm of democracy promotion was gradually developed inside the UN and how UNDEF has adjusted the general norm into specific one - democracy promotion at the grass-roots level - as well as how it has been diffusing the norm by existing and operating under the UN umbrella. It also discusses the practice of working with non-state actors, particularly Civil Society Organizations (CSOs), in the context of the UN’s gradual shift in focus from state-centric to non-state actors. Specifically, this thesis explores how UNDEF shaped its niche through working with CSOs directly.

Finally, the thesis presents a conclusion and spells out possible research approaches on this important topic, which are worth investigating further.

Chapter 1. External and Internal factors and the UN's transformation

This chapter briefly discusses changes in external and internal environments as a background to the study; these resulted in many internal changes in the United Nations Secretariat, including the creation of large-scale trust funds - the subject of this study.

1. Increase in the number of member states and change in member states composition

The most notable change in the UN is the increase in the number of member states. When the UN was created in 1945, more than 70 years ago, it had only 51 member states, which were the winning parties of World War II and their associated states. They shared a common interest in creating an organization that prevents war and sustains peace. However, since then many former colonies became independent in the 1960s and subsequently became members of the UN. As of December 2019, the number of UN member states is 193, an increase of almost fourfold. Quantitative increase also brought qualitative changes in the composition of member states. Most of member states are developing countries, including 47 of the least developed countries,¹ while only a handful pay more than 1% of the regular budget of the UN,² based on their capacity to pay.³ Among current UN member states, there are several groups of countries, divided by region, economic status, or political stands, with diverse interests and priorities. It is very time consuming to reach consensus among the

¹ 47 least developing countries as of December 2018, https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf, accessed 17 December 2019.

² Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, Netherland, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Switzerland, Turkey, United Kingdom, United States, <https://undocs.org/en/ST/ADM/SER.B/992>, as of 24 December 2018.

³ UN Charter 17-2

member states in issues under the UN's mandate covering almost all issues around the globe. Certainly, it has brought challenges to the UN's fundamental principles of multilateralism and collectivism.

2. Multilateralism and Collectivism vs. Superpower Politics

The UN has an inherently hybrid character: it operates based on the guiding principles of multilateralism and collectivism (Charter Article 2-2),⁴ which are based on the equality of sovereign states (Charter Article 2-1) in compromising with superpower politics: five member states are seated at the Security Council, the most important decision-making organ of the UN, as permanent members with veto power while the other 10 members rotate every two years. The five permanent members continue to occupy their crucial and privileged status despite repeated proposals to reform the Security Council⁵.

On the other hand, in the General Assembly, in principle, all member states discuss and agree collectively, act jointly and cooperatively in order to achieve the agreed norms and actions, and they share the costs in accordance with each member state's capacity to pay (Charter 17-2). It is at this core of multilateralism under the UN where there exists the possibility for many smaller countries to have influence over powerful countries.

The end of the Cold War around 1990 ended a sharp contrast in terms of political ideologies among member states and reduced explicit contestations of two large blocks of different political ideologies. However, ironically, this change made decision-making processes and consensus building in the UN much more complicated and difficult because there are now so many smaller groups of countries that must seek agreement, divided by

⁴ The Charter of the United Nations signed 26 June 1945 in San Francisco and came into force on 24 October 1945.

⁵ For example, the General Assembly debates on reform plan of the Security Council at its 36th and 37th meetings on 20 November 2018 <https://www.un.org/press/en/2018/ga12091.doc.htm>, accessed on 22 March 2020

region or sub-region,⁶ and based on interests, or specific country conditions or situations, for example, G77 and China⁷ and the Non Allied Movement (NAM) - representing mostly developing nations - and EU and JUSCANZ (Japan, US, Canada, Australia New Zealand) - representing developed countries. Furthermore, the recent years' rise of populism and unilateralism among countries such as the US, Brazil, and Turkey, to name a few, reflected in speeches by their head of states,⁸ put multilateralism and collectivism at risk.

3. Change in global politics – intra-state conflicts, emerging issues, role of non-state actors

Global politics have been changing gradually since the birth of the UN and drastically after the end of the Cold War. While the number of wars between and among nations have declined over time, conflicts within states have increased at the same time. As of December 2019, current and recent peacekeeping missions have been dealing increasingly with intra-state conflicts, which has brought changes in the characteristics and activities of peacekeeping. Beyond being present in areas of conflict, the UN peacekeeping has expanded its mission to include post-conflict nation building such as in East Timor and Kosovo, and its nexus with development has been enhanced to rebuild the nations' social and economic infrastructures. Such an expanded nature of peacekeeping involves many stakeholders, not only military personnel from troop contributing countries, but also civilian police and other civilian personnel, including technical experts, and growing engagement with civil society

⁶ Un regional groups, <https://www.un.org/depts/DGACM/RegionalGroups.shtml>

⁷ <https://www.g77.org/doc/>

⁸ For example, speeches made by the Heads of States, Brazil, Egypt and Turkey, the United States, at the 74th session of the General Assembly, 3rd plenary meeting Tuesday, 24 September 2019, A/74/PV.3. also see the New York Times Article "What Happened at the General Assembly" on 24 September 2019 <https://www.nytimes.com/2019/09/24/world/united-nations-general-assembly-recap.html>, accessed on 7 April 2020.

organizations in short-term emergency relief as well as in long-term social and economic development.

Also, there are newly emerged global issues and challenges such as climate change and transnational organized crime and terrorism against which member states are required to work together. In such a context, a number of new concepts and norms, such as human security, peacebuilding, and Responsibility to Protect (R2P), were discussed, defined, and understood vaguely outside the UN at the beginning, and being brought to the table at the UN to clarify and concretize such norms and diffuse them by adapting them into their programs and activities.

Finally, as the global agendas have expanded, the original state-centric UN structure has struggled to deal with new challenges easily and comprehensively. In this context, non-state actors, including Civil Society Organizations (CSOs), private sector, academia, media, and even individuals have been playing an increasingly significant role in international relations and at the UN. This is a practice gradually accepted within the UN.

4. Constant organizational reforms and transformation

The changes in the external environment discussed above—the composition of the UN member states, the changes in global politics, the emergence of new concepts and norms, and the increasing roles of non-state actors in international relations – all induced necessary internal changes at the UN. At the same time, the UN’s key institutions such as the Security Council, remain unchanged due to difficulties in reforming the UN Charter. In fact, there have been very limited changes in the UN Charter: the number of non-permanent members of the Security Council has increased from seven to 15 in accordance with the General Assembly resolution⁹ in 1963, while the overall form of the Security Council, most notably

⁹ A/RES/1991 (XVIII), 17 December 1963

the number of permanent members and their composition remain unchanged. Also, the number of members of the Economic and Social Council (ECOSOC) has increased twice, from 18 to 27 and then to 54, by resulting from amending Article 61 of the Charter in 1963 and 1974.¹⁰ Thus, the UN has been transformed organically without changing its constitution.

Other examples of organic changes include transforming the UN's mechanisms without changing the Charter. There have been quite a few instances of ceasing or creating main and subsidiary organs of the UN. For example, the Trusteeship Council's objective was achieved therefore its operation was suspended on 1 November 1994 without changing the Charter (Chapter XIII). Several subsidiary organs of the General Assembly and functional commissions of ECOSOC¹¹ have been created, disbanded and replaced by other organs. For example, the Commission on Human Rights was replaced by the United Nations Human Rights Council as a subsidiary organ of the General Assembly in 2006,¹² and the Commission on Sustainable Development was replaced by the High Level Political Forum on Sustainable Development as a joint subsidiary body of the General Assembly and ECOSOC in 2013.

Without changing the UN Constitution, constant organizational changes have happened at the UN Secretariat over years. The UN's Secretary-Generals initiated several reforms in structure and function of the UN Secretariat. Most Secretary-Generals, soon after they came on board, initiated their own reform initiatives, mostly changing departmental structures and/or creating new functions. For example, the current Secretary-General, Antonio Guterres, took the following key initiatives when he took up the position at the beginning of 2017: created departments of Political and Peacebuilding Affairs, and of Peace

¹⁰ [A/RES/1991 \(XVIII\)](#) of 17 December 1963 from 18 to 27, [A/RES/2847 \(XXVI\)](#) of 20 December 1971 from 27 to 54,

¹¹ Commissions on statistics, on Population and Development, for Social Development, on the Status of Women, on Narcotic Drugs, on Crime Prevention and Criminal Justice, on Science and Technology for Development, and on Forests.

¹² General Assembly Resolution A/RES/60/251 March 15, 2006

Operations to have more synergies between political affairs and peacebuilding efforts;¹³ created Departments of Management Strategy Policy and Compliance, and of Operational Support to support programs and mandate delivery, including effective operational support to peacekeeping;¹⁴ and placed Resident Coordinators (RCs) who coordinate the UN country teams as top officials, under his direct supervision to provide more effective and coordinated development cooperation.¹⁵

5. “Opt-out” transformations

Amid constant internal reforms within the UN as well as its system, some functions opted to be outside of the UN. For example, the Global Compact¹⁶ was started as a pact between the UN and the business sector to promote corporate social responsibility in 2000, and it grew organically, extending its partnership through global, regional and local networks with entities such as corporations, civil society organizations, and local governments that were not embraced fully within the traditional UN system. While it operates under the UN’s overall mandate and its Secretariat is placed under the UN Secretary-General’s office, its structure and administrative settings have become increasingly independent from the UN in order to secure operational flexibility. Another example is the Global Fund to fight against AIDS, Malaria, and Tuberculosis (The Global Fund).¹⁷ Established by a declaration of the General Assembly’s special session in June 2001,¹⁸ the Global Fund was originally placed within the UN system, under the Administrative Services Agreement (ASA) with the World

¹³ General Assembly Resolution, *Restructuring of the United Nations peace and security pillar* (A/RES/72/199), December 10, 2017.

¹⁴ General Assembly Resolution on shifting the management paradigm in the United Nations (A/RES/72/266B) 5 July 2018

¹⁵ General Assembly Resolution on the repositioning of the United Nations development system (A/RES/72/279), May 2018

¹⁶ See <https://www.unglobalcompact.org/>, accessed 6 April 2020.

¹⁷ <https://www.theglobalfund.org>, accessed 6 April 2020.

¹⁸ Para.90 Declaration of Commitment on HIV/AIDS: United Nations General Assembly Special Session on HIV-AIDS, http://data.unaids.org/publications/irc-pub03/aidsdeclaration_en.pdf, accessed on 22 March 2020

Health Organizations (WHO), which provided administrative and financial support to the Global Fund. As the Fund grew with about \$ 10 billion USD in pledges for 2008-2010,¹⁹ the Global Fund Board – a governing body- decided to become autonomous, and it separated from WHO and the UN system on January 1, 2009 in order to secure greater flexibility and to create its own organizational culture and work approaches.

The reasons for separating from the UN system would be to establish more operational flexibility and autonomy. The UN is a huge bureaucracy, and the internal processes are complex and time consuming. Several entities chose to opt-out or become hybrid organizations, keeping political and/or administrative ties with the UN, while other entities are created and remain within the UN. The general trust funds of this study's subject are examples of the latter—a part of “opt-in” changes.

6. Changes in financing the work of the UN

Finally, another aspect affecting the UN's transformation is the financing of UN activities. As it was envisaged in the Charter, all member states agree on UN work programs and share the costs based on each state's capacity to pay, although a majority of member states pay less than 1% and many make very small contributions (the current minimum payment is 0.001%)²⁰ to the total amount of the regular budget. Cost sharing in peacekeeping follows the same principle, although there is a weighted share of the five permanent members of the Security Council.²¹ There is a tendency that member states who are major contributors to the UN regular budget, namely the United States (22%) and Japan (9.68%) for the 2018-2019 budget,²² show their unwillingness to expand the regular budget.²³ In fact, the UN's

¹⁹ <https://www.theglobalfund.org/en/government/>, accessed on 17 December 2019

²⁰ A/RES/73/271, 22 December 2018

²¹ A/RES/55/235, 23 December 2000.

²² ST/ADM/SER.B/973, 29 December 2017

²³ See McDermott (1999). Rosenthal (2004)

regular budget for the biennium 2016-2017 and 2018-2019 shows two consecutive declines, 3.5% and 5% respectively, compared to the previous budget biennium.²⁴ This may be because many member states that contribute a large share of the regular budget have been facing economic stagnation for several years. Even with a better economic situation, key contributors do not want to allow the increase because they cannot control the regular budget although their shares would be increased automatically. At the same time, the UN has been criticized by member states and media for its lack of efficiency and effectiveness.²⁵ Such perceptions diffused by the media formulate perceptions of constituencies of member states of large financial contributors. Large contributors are not willing to increase their shares unless there are assurances that their contributions will be well spent.

While the regular budget's increase has been restrained, there are resources that offset the regular budget. In 2017 the obligatory contributions to the UN Secretariat were 2.5 billion USD while voluntary contributions were 2.2 billion USD.²⁶ While the regular budget is planned carefully and scrutinized by all member states of the General Assembly through its Fifth Committee and Advisory Committee on Administrative and Budgetary Questions (ACABQ),²⁷ there is no established way to examine the information on voluntary contributions with the same level of scrutiny. Member states continue to provide voluntary contributions and the trust funds are windows to receiving such voluntary contributions.

²⁴ UN Document, GA/AB/4270, 23 December 2017, GA/AB/4185, 23 December 2015

²⁵ For example, *70 years and half a trillion dollars later: what has the UN achieved?* The Guardian, Monday 7 Sep 2015

²⁶ UN Document, Budgetary and financial situation of the organizations of the United Nations system, A/73/460, 29 December 2018, p.13.

²⁷ A subsidiary organ of the General Assembly, consisting of 16 members appointed by the Assembly in their individual capacity, whose functions are: a) (a) to examine and report on the budget submitted by the Secretary-General to the General Assembly; (b) to advise the General Assembly concerning any administrative and budgetary matters referred to it; (c) to examine on behalf of the General Assembly the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies; and (d) to consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies. <https://www.un.org/ga/acabq/about>, accessed 7 April 2020.

Chapter 2: UN general trust funds – history, overview, and characteristics

1. Historical background

In order to understand the general trust funds within the UN, one needs to review the history of the creation of the trust funds. The creation of a special account to receive funding outside the regular budget from member states to implement specific activities started at an early stage of the UN's history.²⁸

To accept voluntary contributions from member states, the UN Secretariat opens a trust fund account. There are two types of trust funds: the Technical Cooperation Trust Fund,²⁹ to organize additional conferences, or to produce equipment, or to send additional experts to supplement the regular budget activities; and the General Trust Fund³⁰ which has a specific mandate and implements activities autonomously for the long term.

The UN Secretariat's important function has been to discuss the issues of global concerns and to agree to and develop new norms. Throughout its history, the UN played important roles in developing and presenting new norms in human rights, peace and security, the environment, and gender equality. Many of those efforts were part of large global initiatives, such as the Millennium Development Goals (MDGs) aimed to be implemented by all stakeholders during 2000-2015 and the Sustainable Development Goals (SDGs) for 2015-2030. Extensive deliberations are required in the committees of the General Assembly, functional commissions of the Economic and Social Council, and special sessions and meetings. These have been referred to as "normative activities." The normative activities are

²⁸ In 1949, to raise resources to fund development programs within the UN system, six UN agencies created the United Nations Expanded Programmes of Technical Assistance (EPTA), and in 1958 the United Nations Special Fund to support development projects. The two merged in 1965 creating the United Nations Development Programme (UNDP) by the United Nations General Assembly (A/RES/2029 (XX) of 22 Nov. 1965) and started its operation in 1966. A/RES/2029 (XX) of 22 Nov. 1965.

²⁹ UN Document, Technical Cooperation Trust Funds, ST/AI/285, 1 March 1982

³⁰ UN Document, General Trust Funds, ST/AI/284, 1 March 1982

mostly programmed as regular budget activities and supported by obligatory, assessed contributions.

To translate the agreed norms and decisions into practice, the UN as a system, mainly through UN Funds and Programs (such as UNDP or UNICEF) and UN Specialized Agencies, implements development programs and projects; this has been referred to as “operational activities.” The financing of such operational activities is increasingly by voluntary contributions. Organizations in humanitarian affairs and development programs, such as UNHCR, UNRWA, and UNDP, have been receiving a high amount of voluntary contributions and member states, and they are more tolerant to the practice of supporting specific programs by member states that have the capacity and interests, such activities are urgently needed and are generally not politically sensitive.

On the other hand, one of the UN’s main entities, the UN Secretariat, has a more political character. It is composed of 193 countries with diversified interests and its most important mission is to maintain international peace and security, guided by the Security Council. Due to persistent tension between developing and developed countries, developing member states, which comprise the majority of the organization, are skeptical and cautious about voluntary contributions from developed member states such as monetary contributions, in-kind contributions including gratis personnel - cost-free employees sent by developed member states - for fear that the developed states will control the organization. Many developing member states complain that the increase in voluntary contributions has been, in fact, at the expense of obligatory contributions, and it changes the power balance among member states because it enables developed countries to pursue their own interests without any deliberative processes, provides more power to richer countries, and consequently might harm the principal of multilateralism.

Indeed, voluntary contributions are an attractive option for developed countries, to pursue their special interests within the UN by creating specific programs at their own initiatives or by supporting initiatives by others. This has been pursued by many developed countries including Nordic countries whose share in regular budget contributions are relatively small, but their voluntary contributions are significant. To receive voluntary contributions, normally, the UN Secretariat opens a trust fund account.

2. Analysis of UN general trust funds by UN Oversight

The practice of receiving voluntary contributions by opening trust funds became popular but it was done without having any established framework in the early history of the UN. In the 1970s such trust funds become highly visible, and in 1972 the Joint Inspection Unit (JIU), a body responsible for organizational and programmatic reviews of the organizations in the UN system, published a study about UN trust funds in the UN system which includes the UN Funds and Programmes and Specialized Organizations, not focusing solely on the UN Secretariat (JIU/REP/72/1).³¹ The report pointed out the key nature of the large-scale trust funds that were applicable to date: in the 1970, the total amount of money in UN trust funds in the UN system was 60 million USD. Stemming from roughly 250 trust funds, about 87% of the total amount was made available to the dozen largest trust funds (para 4, pp 2), which is like the current situation. The report also analyzes reasons for member states to donate to trust funds: member states prefer to use trust funds for greater flexibility, speedier implementation, and enhanced influence on the UN's work (para 109-111, pp 31-32). In this way, contributing member states can more directly advance their own interests and priorities

³¹ The study included the UN Funds and Programmes and Specialized Organizations, not focusing solely on the UN Secretariat. In the 1970s, the total amount of money in UN trust funds in the UN system was USD 60 million. Stemming from roughly 250 trust funds, about 87% of the total amount was made available to the dozen largest trust funds.

as well as exert control over the trust funds. At the same time, the report highlighted the problems of trust funds from a management perspective, namely, a lack of reporting, transparency, and oversight, and the risk of reduced collective responsibility and fragmentation of programmes (para 86, pp.25). The report noted that member states in some cases use trust funds to implement their bilateral programs by taking advantage of UN mechanisms and processes under the UN brand. Ultimately, the report recommended maintaining proper safeguards to avoid the promotion of commercial and special interests of the donor country under the banner of the UN (Para 104, pp.29). As stated earlier, these analyses and recommendations are applicable to the present-day situation.

During the 1980s, in response to the increasing practices of creating trust funds, the UN financial rules and regulations caught up with the practice and set the financial rules and regulations in 1982 (ST/SGB/188, 1 March 1982), which are still applicable today. The rules and regulations defined two types of trust funds: technical cooperation trust funds, and general trust funds. The former has a more ad-hoc nature, limited to technical cooperation to developing countries in the form of “sending experts, financing training activities, seminars, or study tours, or equipment (para 15),” generally for a short term. On the other hand, the general trust fund has a more long-term nature with systematic engagement to support activities, except those of an exclusively technical nature, “to enhance or expand the work programme of one or more organizational units of the Secretariat, or for humanitarian and relief purposes to provide direct assistance in respect of emergency situations.” Indeed, general trust funds are more than financial pockets from which to receive money from member states or other non-state donors; they exist as an independent mechanism with dedicated secretariat staff and their own governance mechanisms, to implement activities regarding emerging needs faced by the international community and to which the traditional UN’s organizational and financial mechanisms are not able to respond. The latter type of trust

fund has grown significantly in terms of scale and scope over the history of the UN, which is the focus of this thesis.

Responding to the further growth of the trust funds within the UN system, the JIU published another report in 2010 (JIU/REP/2010/7) examining the policies and procedures for the administration of trust funds in the United Nations system and outlining the growing tendency of trust funds within the UN system, which exceeded the total regular budget of the UN system, thus expressing a very similar concern to the 1972 report: “While they are necessary and useful and attract member states’ voluntary funding, the higher number of trust funds has led to fragmentation of the UN funding architecture.”³² Furthermore, the report pointed out that there are no coherent, clear, and coordinated policy guidelines and such a situation should be improved.

3. Overview of the existing large-scale trust funds within the UN Secretariat

According to the Trust Fund Section of the UN Accounts Division, in 2019, there were 134 trust funds, the majority of which were small trust funds for specific countries or for short-term technical cooperation. However, there are a handful of trust funds which have large amounts of resources - at least a 10 million USD operating budget per year - that have been operating autonomously for more than 10 years, have worked for a specific purpose, have their independent governance mechanisms and/or Secretariat, and in most cases were approved by the General Assembly. Table 1 below is an overview of major trust funds of the UN Secretariat.

Table 1 - Overview of major trust funds of the United Nations Secretariat

| Name | Year of Creation & GA resolution | Cumulative contributions | Goals/ Areas of work | Donors (total # & cumulative top 5) | Governance (Board member/ | Support office | Recipients | Yearly operational budget | # of countries |
|------|----------------------------------|--------------------------|----------------------|-------------------------------------|---------------------------|----------------|------------|---------------------------|----------------|
|------|----------------------------------|--------------------------|----------------------|-------------------------------------|---------------------------|----------------|------------|---------------------------|----------------|

³² Executive Summary (page iii)

| | | | | | composition | | | | operating |
|--|--|--------------------------|---|---|---|--|--|----------------------|--|
| Country-Based Pooled Funds (CBPF) | 1991 A/46/182 2005 CBPF formally launched A//60/1 | 5.4 billion (1997-2018) | Post-conflict Reconstruction | 34 donors (2017) UK Germany Sweden Netherlands Belgium | Global - OCHA's Senior Leadership Team acts as the Board Local-Humanitarian Coordinator (HC) and Advisory Board chaired by HC | Global-OCHA/Funding Coordination Section (FCS) Local – OCHA/Humanitarian Financing Unit | UN Agencies NGOs (International/National) | 950 million (2018) | 18 (2016) (since inception 19 with Haiti) |
| Central Emergency and Relief Fund (CERF) | 1991 A/46/182 (loan-based) 2005 reorganized w/ grants A/60/124 | 5.6 billion (2005-2018) | Natural Disaster 1. Loans 2. Rapid Response 3. Underfunded Emergencies | 126 donors (2018) UK Sweden Norway Netherlands Canada | Advisory Body (18 members in personal capacity including donors) | CERF Secretariat (within OCHA) | UN Agencies and IOM | 491.4 million (2018) | 94 (2015) |
| UN Voluntary Trust Fund for Assistance in Mine Action (UN VTF) | 1994 A/49/2015 | 780 million (1994-2014) | Humanitarian response to risks posed by mines | (2018) UK EU Denmark Japan Germany | No external Advisory Board Delegated to the Director of UNMAS | UNMAS/DPKO | UN Agencies and PKO missions | 66.2 million (2016) | 18 (2017) |
| United Nations Funds for International Partnerships (UNFIP) | 1998 (with Ted Turner's 1 billion donation) No specific GA resolution | 1.41 billion (1998-2015) | Social areas (e.g. maternal health, malaria) | Private donation (Mr. Ted Turner via UN Foundation) | Advisory Board (9 members) 4 UN senior staff, 2 delegates 3 academic/NGO | UN Office for Partnerships (UNOP) w cooperation of the UN Foundation | UN Agencies | 37.08 million (2016) | 124 (2015) |
| United Nations Trust Fund | 1999 no specific GA | 376 million (2008) | Human Security (projects operation) | (2017) Japan Norway | Advisory Board (10 members/ | Human Security Unit | 20 UN Agencies (e.g. U | 0.7 million (2017) | 94 (2017) |

| | | | | | | | | | |
|---|--|-------------------------|--|---|---|---|------------------------|-------------------------|---------------------|
| for Human Security (UNTF HS) | Resolution Redefined in 2010 by 64/291 & in 2012 by 66/290 | | alizing the concepts) | Switzerland Sweden Czech Republic | individual capacity) | | NDP UNICEF, FAO) | | 210 projects |
| United Nations Democracy Fund (UNDEF) | 2005 endorsed by GA RES/60/180 para. 136. | 201 million (2005-2019) | Grass-roots democracy promotion | US India Sweden Germany Japan | Advisory Board with 19 members (8 donors, 6 recipients, 3 individuals and 2 NGOs) | UNDEF Office 7 staff under UN Office for Partnerships | CSO | USD 9.1 million (2018) | Over 130 (2018) |
| United Nations Peacebuilding Fund (PBF) | 2005 (GA RES 60/180) Para.103 Requested by the GA | 822 million | Peace building (Immediate Response Facility & Peacebuilding and Recovery Facility) | 60 countries (2017) UK Sweden Netherlands Germany Norway | PBF Advisory Group consisting of 10 eminent persons | Managed by UN Peacebuilding Support Office (PBSO) /DPA Administered by UNDP's Multi Trust Fund Office | UN CSO | USD 15.7 million (2017) | 48 countries (2018) |

Sources: Created by author based on the websites of each trust fund.

The above trust funds were established around 1990, amid the paradigm shift in international relations centered on the end of the Cold War. The timing coincided with the following trends: 1) decline of ideological tension, such as liberal democracy versus communism and socialism; 2) emergence of new international norms such as *Peacebuilding* versus the traditional peacekeeping, *Human Security* versus a traditional state security, *Responsibility to Protect* versus traditional interpretation of the three principles of peacekeeping,³³ and transformative thinking and ways to deal with displaced persons,

³³ 1. consent of the parties, 2. impartiality, and 3. non-use of force except in self-defense and defense of the mandate <https://peacekeeping.un.org/en/principles-of-peacekeeping>, accessed 8 April 2020

humanitarian assistance, and conflict mitigation, as well as global challenges such as terrorism and climate change; 3) call for an establishment of wider partnerships among different parties such as private sector, civil society, academia, and individuals to tackle such challenges comprehensively. The currently existing trust funds within the UN Secretariat deal with the above new challenges or concepts such as peacebuilding and human security, which need to be translated into practice and to be diffused in an international context.

The timing of the creation of the above trust funds also coincides with the restraint on the increase in the UN regular budget and the increase of voluntary contributions. At the same time, as discussed earlier, criticisms of the UN's efficiency and effectiveness were heightened by the media and major contributing member states tried to limit the increase in the regular budget while they and other middle powers such as Nordic countries increased their contributions seeking assurances that their money is spent well and their interests are fulfilled within the UN system.

As the above internal audit reports suggest, there are both positive and negative elements related to the trust funds. As for positives, donors can secure flexibility, speedier implementation, and enhanced influence on the UN's work, and can more directly advance their own interests and priorities and exert control over the trust funds. For the UN, it is critical to secure support and much needed resources from member states to work on newly emerged and important issues. As for negatives, the trust funds may cause undesirable consequences. First, they may pose significant risks including potential deviation of resources and inefficient use, or misuse of funds depending on the ways the funds are set up and managed. Also, they may bypass lengthy deliberations the UN's work programs financed by the regular budget, creating a situation where a handful of wealthy member states can establish, and control specific programs implemented under the UN flag. Further, trust funds may not be accountable to all member states as they have separate governance systems; and

control by the General Assembly - a forum of all member states - is limited. Third, trust funds may compartmentalize the work of the UN, thus creating overlaps and attaining less synergy. Fourth, the impact of trust funds may not be clear in that they tend to have a short-term focus due to the annual funding received by specific member states that may or may not continue. More importantly, the short-term nature of these trust funds activities may be counter-productive in terms of sustainability, one of the most important working principles of the UN. There is no guarantee of achieving such a long-term goal with very short-sighted annual or biannual approaches to the trust funds' work.

Even with their possibly negative consequences and risks, the general trust funds still have been established, continue to exist and have expanded. I try to explore possible theoretical explanations of why the trust funds continue to grow within the UN system, focusing on their operational functionality and norm-diffusing functions.

Chapter 3: Theoretical explanations of the establishment and the existence of the UN trust funds

This chapter explains the establishment and continuous growth of the UN trust funds using two existing theories; the principal-agent (P-A) theory (derived broadly from rational functionalism) and constructivism.

Theories in international relations give diverse views of states and international society and have broadly defined theoretical traditions- realism, rational functionalism, and constructivism – that provide explanations of International Organizations (IOs) (Martin and Simmons 2002). Realism focuses on the self-interested nature of states as an extension of the ego centric human nature (Morgenthau 1985, Carr 1946) and neorealism views international society as anarchy (Waltz 1979, Mearsheimer 2001). Both tradition led to the situation where self-interested states seek to maximize their interests by expanding their military capabilities. In such a perspective, IOs are not so relevant or mere mechanisms through which states try to maximize their interests and control over IOs.

Rational functionalists, sharing the basic assumptions about state interests and an anarchical international system, argue that IOs have multiple roles to play, through which member states can coordinate their interests via interactions and negotiations, who may cooperate with each other in anticipation of their actions for the future (Keohane and Martin 1998). Cooperation is possible thanks to the IOs efficiency in obtaining agreements among participating states, by overcoming the problems of collective action, high transaction costs and information deficits, or asymmetries. This approach can explain the creation and maintenance of IOs. Within the rationalist theoretical tradition, the P-A theory has been applied to the relationship between IOs (agent) and member states (principal) to explain the delegation of authority to IOs, and the accountability of IOs to member states. Knowledge, expertise, and information that IOs possess provide credibility to IOs and enable member

states to cooperate by working through IOs. If crafted carefully with the participation of the principal, the institutional design and the work processes would enable member states to achieve their interests and to avoiding agency “dilemma” or “slack” caused by asymmetrical information and knowledge as well as the conflict of interests.

Another school of thought is constructivism, which questions the rational functionalist’s assumption of the primacy of anarchy and the unitary form of state’s self-interests and incorporates sociological assumptions. Constructivist scholars argue that IOs can alter the identities and interests of states through their interactions over time and within a set of rules (Arend 1999, Onuf 1989). Finnemore and Sikkink (1998) argue that IOs contribute to a life cycle of the norm development through their activities, for example, by pushing targeted actors to adopt new policies and laws, and to ratify treaties, and to monitor their compliance with the created norms. IOs are considered more autonomous entities as agencies, their activities include regulatory and enforcement functions that have been within the purview of nation states (Kindleberger 1951, Smouts 1993). Barnett and Finnemore (1999) state that IOs are not only autonomous but also, they behave pathologically when they became bureaucratized.

Below is a more elaborated explanation about how these theories are going to help explain why the UN’s use of that certain kind of trust funds grows.

1. Accountability and administrative efficiency in pursuit of interests: Theory of Principal-Agency relations

Principal-agent (P-A) theory (Eisenhardt 1986) has been utilized to explain several IOs (Vaubel et al. 2007, Elsig 2011). The P-A relationship occurs when an individual or an entity acts on behalf of another individual or entity, which entrusted the former to do so. The P-A relationship has become increasingly common in modern society, as specific tasks or

decision-making are delegated to individuals or entities who have specific knowledge and experience, when it may be more efficient and effective to delegate than to do by ourselves. Typical examples can be found between corporate executives and shareholders in a company, between professionals such as lawyers, and their clients, or between constituencies and their elected representatives in politics. In technical fields, clients hire agents with specialized knowledge such as law, accounting, or medicine. In representative democracies, most political systems rarely allow citizens to participate in decision-making processes directly; thus, citizens delegate their decision-making power to representatives through elections.

At the same time, this relationship may cause problems known as the *agency dilemma* or *agency slacks* as agents might be motivated to act in their own interests, and not their clients' interests. Problems arise due to a conflict of interest and/or asymmetry of information between the principal and the agent – the latter usually because the agent has more information and expert knowledge. Furthermore, there are also multiple Agents problems if the principal is more than one person, which is usually the case for trust funds. In many cases the interests and positions of the principals are not the same, and the processes of delegation and monitoring would be much more complicated, potentially leading to outcomes that are not satisfactory to all. Also, problems arise in directing the agent with different interests of principals and in leading the agent to different directions (Worsham and Jay 2005) or in monitoring the agent who may underperform relative to the principals' joint interests, due to a collective action problem among the principals, to monitor the agent (Gailmard, 2009).

Principal is the donor governments that entrust specific mandates and delegate tasks to the trust fund (i.e. agent), who then execute the tasks on behalf of the principal. As this thesis demonstrates in later sections the P-A relationship works better with the trust funds than the traditional UN Secretariat system. The trust funds would be able to mitigate the above multiple principal problems because of the relatively small number of principals who

shares common characteristics (liberal democratic and developed states) and purpose to support the trust funds. The principals of trust funds are major donors who sit on the trust funds' governing bodies, such as the advisory board or executive committee (see Table 1 above). They oversee the work of the trust funds. The number of principals is much smaller- from a handful to up to around 30 and they are predominantly developed countries that share common socio-economic characteristics and have special interests in topics of the trust funds' mandates. While there are many new donors to the UN trust funds from different regional groups and with distinct cultural differences -such as India or resource-rich Middle Eastern countries, such as Qatar or Saudi Arabia, member states sitting in the trust fund governing bodies try to manage their differences in order to achieve the set objectives, handling diverse views and interests to promote the specific shared vision of the trust fund. In contrast, the UN Secretariat's principals- 193 member states - are in very different development stages, with diverse interests, and divided into different regional and political groups. The smaller number of more homogeneous principles of the trust funds with shared interests makes decision-making and collective action-taking much easier.

The trust funds can also mitigate general agency dilemma without exercising specific measures such as piece-rate commissions, contingency payment, profit sharing, or stringent performance measurement. When it comes to trust funds oversight, principals could participate in formulating the institutional design and the program framework and the work processes of the trust funds. This is particularly true even for the smaller number of founding member states. They can share inputs when formulating the Terms of References (ToR) of trust funds, which explains the purpose of the funds, the governing mechanisms, and the programmatic/funding framework, which are crafted and revised by negotiations among founders and subsequent donors, along with the UN Secretariat. Under the agreed-upon ToRs, donors entrust the work to a small dedicated office or an existing section. Several

donors monitor the work of the trust funds offices closely and adjust their operations if the agent's performance is not satisfactory. However, once the funds are taken, and activities are implemented smoothly, producing satisfactory results to their expectations, donors become more hands-off, and leaving day-to-day management to the secretariat and only making a limited number of requests and important decisions, such as the decisions to launch a funding round or to recommend projects to be funded. Thus, need for oversight becomes minimal.

Since the trust funds' P-A relationship is much closer and intimate than that of the UN Secretariat, donors can easily supervise the trust funds by communicating their requests or wishes to the trust funds and by accessing the information on the funds' operations whenever needed. This minimize many problems of agency slack, caused partly by asymmetrical access to information and knowledge between principal and agent, and partly by inadequate incentive mechanisms, under which the agent tends to act for their own interests, not for the interests of the principal. Trust funds would make the most efforts to meet the expectation of donors, as the latter decide whether to provide annual contributions. Donors can also have flexibility and freedom in their commitments as they can decide every year if they will continue to provide funding and how much. Considering the persistent criticism of the UN for its inefficient way of operating, this method of operation is becoming more and more popular.

However, as pointed out in the JIU reports, trust funds might risk creating negative aspects, such as promoting "donor-driven" interests and not necessarily being in line with the collective interests of member states, or developing compartmentalization by creating small sections dedicated to the trust fund management within the UN, instead of facilitating coordination among different sections of the UN. To examine whether the trust funds are not meeting the UN member states' collective will, a different analysis and approach beyond a functional analysis is to look at the role of the trust funds.

2. Norm diffusing power and function: Constructivism of the International Relations

While realism and neorealism-based functionalist approaches consider international organizations (IOs) as a tool for states to maximize their interests in international politics, constructivists emphasize the socially constructed characters of international relations. They consider IOs as more independent and autonomous organizations that behave and act somewhat independently from the behaviors of member states (Arend 1999, Onuf, 1989). Constructivists argue that as states' identities and interests are constructed through interactions with other states, and IOs' identities and interests are constructed through interactions among and with member states and other IOs over time.

For constructivists, the roles of norms, principles, and practices are very important in determining the behaviors of the IOs. The role of IOs is just to be a mere mechanism of member states to execute their interests, rather, they are autonomous entities with their own ideas, visions, principles, and practices, and which formulate norms. A *norm* is defined as a standard of appropriate behavior for actors with a given identity (Katzenstein 1996, Finnemore 1996).

Finnemore and Sikkink (1998) states, that IOs create, reflect and diffuse norms at various stages. In their research they argue that norms evolve in a patterned "life cycle." The first stage is norm emergence, the second stage is norm cascade, and the third stage is internalization. Moving from one stage to the next involves a threshold or "tipping point" at which a critical mass of relevant actors adopt the norm. Norm emergence involves persuasion by norm entrepreneurs, and the norm cascade is a process of socialization of the norm as the norm leaders attempt to socialize other states to become followers of the norm. At the end of norm cascade, norm internalization occurs, and the norm is no longer a matter of public debate.

As explained previously, historically, the UN Secretariat's main role is developing and adopting international norms through its lengthy deliberations among member states. The General Assembly and its subsidiary organs along with the Economic and Social Council and its functional commissions, adopt a series of norms in human rights, gender equality, and sustainable development, demonstrating effectiveness in setting and cascading such norms. For example, with the norm of promoting human rights, the UN provided a platform to norm entrepreneurs - such as Eleanor Roosevelt - and played a role as norm entrepreneur itself creating a specific catalogue of human rights and trying to persuade or supporting norm leaders to persuade, others to follow the norm in order to promote norm internalization.

While the UN's intergovernmental organs play a major role in creating and adopting norms, other UN entities - such as UN funds and programs and specialized agencies - have a greater role in diffusing norms by translating them into practices through their development programs and projects. In this context, it is important to underscore that, like entities outside the UN Secretariat, UN trust funds within the UN Secretariat have a role in adapting and diffusing the newly emergent norms, through their operations. If a proper feedback system exists, trust funds can influence the UN's norm creation processes. Building on this norm cycle, this thesis proposes "**norm adaptation**" and "**norm diffusion**" within the norm cascades (stage two) to internalize the norm.

Chapter 4: Case study - the United Nations Democracy Fund

This chapter explains the birth, existence, and continuation of one specific trust fund, applying two theoretical explanations, focusing on one of the UN trust funds - the United Nations Democracy Fund (UNDEF). The UNDEF was established within the UN Secretariat in 2005 and has a mandate of promoting democracy by enhancing the voices of citizens and civil society and empowering civil society organizations, an increasingly important actor in the UN. It is a smaller size trust fund among a group of large trust funds (Table 1) with an average annual operational budget of approximately USD 10 million in the last ten years. UNDEF is an interesting case, because the entity was created when the norm of democracy promotion and the role of civil society were increasingly being developed and integrated into the UN system, thus it has been playing a role for further advancing the norms through its country level project delivery working almost exclusively with civil society organizations (CSOs). Reviewing its history, its organizational setting, and its work, its results, this thesis explains why and how UNDEF was created and continues to operate, focusing on its operational efficiency and its norm-adapting and diffusing function, ensuring accountability and meeting donors' interests.

This case study was primarily carried out by analyzing publicly available documents and data, such as UNDEF's terms of references, project evaluation reports, and oversight reports. Moreover, the author has access to some semi-public information, such as documents submitted to UNDEF's Advisory Board (its governing body) and project-related documents. Inherently, the analysis is limited. In future studies on this subject, more qualitative analysis, such as structured interviews and field surveys, should be conducted in order to obtain more in-depth and qualitative analysis and objective views. Furthermore, due to the limited scope of this study, only one trust fund is examined. In order to verify the applicability of the theories in question, more than one case study is necessary. Nevertheless, this study examines the

explanatory power of the specific theories for the study's research question why trust funds are created and why they continue to exist.

1. History and Background of the United Nations on Democracy Promotion - a norm creation process

Before the birth of UNDEF is discussed, it is necessary to introduce the evolution of the acceptance of the norm of democracy promotion within the UN system. Democracy is a political ideology and an associated governance system that balances control among different branches of a government (Diamond and Morlino 2005). Democracy is not explicitly included in the UN Charter as its principal work although the spirit of democracy is embedded in its preamble³⁴ and in the purpose of the organization (Article 1).³⁵

In the early years of the UN, the organization refrained from explicit promotion of the political ideology, due to the clear differences among key member states - the five permanent members of the Security Council and their associated states - when the organization was born in 1945. Additionally, based on the principle of respect for sovereignty (UN Charter Article 2-1), it was not viewed as appropriate to promote one type of political ideology and governance system over others. Therefore, democracy in the UN system was conceived principally in terms of an individual's political and civil rights within the context of the promoting and protecting human rights, as reflected in the Universal Declaration of Human Rights adopted in 1948³⁶ or the International Covenant on Civil and Political Rights³⁷

³⁴ "To promote social progress and better standards of life in larger freedom."

³⁵ 1-2 "...respect for the principle of equal rights and self-determination of peoples", and "1-3 in promoting and encouraging respect for human rights and fundamental freedoms for all without distinction..."

³⁶ Article 21 of the Universal Declaration of Human Rights. 1) Everyone has the right to take part in the government of his country, directly or through freely chosen representatives. (2) Everyone has the right of equal access to public service in his country. (3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

³⁷ Article 21 -The right to peaceful assembly, Article 22 -The right to freedom of association, Article 25 -The right to participate in the conduct of public affairs, to vote and to be elected and access to public service and Article 26 -The right to equality before the law and equal protection.

adopted by the General Assembly in 1968 and entered into force in 1976. Until the 1990s democracy was not one of the major agendas at the UN.

Even before 1990s, definitions of democracy beyond the human rights approach began to be developed based on accumulated discussions, theories and practices that primarily took place outside the UN. First, beginning in the 1970s, scholarly work on democracy and democratization accumulated and contributed to providing clearer definitions, contents, and nuances of the concept. The theoretical definitions of democracy range from a “minimalist approach” - viewing contested, regular, and fair election as a mechanism to translate the will of people through voting (Dahl 1973) - to a more comprehensive approach - comprised of both vertical, civic control of governance, and horizontal element, check and balance, in governing systems (O’Donnell 1998). The conditions that foster democracy have also been broadly defined to include civil liberties, equality among people, media freedom, protection of human rights, and the rule of law.

Around the 1990s, democracy became a much more explicit global agenda among states, also seen in events outside of the UN. The first International Conference of New and Restored Democracy (ICNRD)³⁸ was held in Manila in 1988 where the People Power Revolution was held in 1986, and the conference was continued through its 6th meeting in Doha, Qatar in 2006.³⁹ At the second meeting in Managua, Nicaragua in 1994, the participating countries requested that the United Nations support countries in establishing and restoring democracies. Responding to such requests, the UN started to discuss democracy much more explicitly, with submission of the Secretary-General’s reports and related General Assembly resolutions since 1995.⁴⁰ The norm setting and the development of democracy

³⁸ See Dumitriu, Petru. "The history and evolution of the new or restored democracies movement." *Paper commissioned for the fifth international conference on new or restored democracies, Mongolia*. 2003.

³⁹ The first conference in Manila (1988), the second in Managua (1994), the third in Bucharest (1997), the fourth in Cotonou (2000), the fifth in Ulaanbaatar (2003), the sixth in Doha (2006)

⁴⁰ The United Nations General Assembly Resolutions 49/30, 50/133, 51/31, 52/18, 53/31, 54/36, 55/43, 56/96, 58/13, 58/281, 60/253, and 61/226

promotion outside of the UN continued, as manifested in the creation of Community of Democracies (CoD) in 2000⁴¹ including countries in advanced democracies.

As the promotion process outside the UN continues and democracy became an increasingly common form of governance for its member states,⁴² the UN, as a system, started to implement the work programs related to democracy beginning in the 1990s, without explicitly referring to democracy promotion or democratization.

For example, in 1992 the UN's Electoral Assistance Division was created within the Department of Political Affairs (DPA). The United Nations Development Programme (UNDP) started to apply the principles of good governance and democratic governance to support member states in enhancing their governance system under good governance programs, which aim to achieve member states' development objectives. The Office of the High Commissioner for Human Rights (OHCHR) began to emphasize human rights-based approaches to realize citizen's political rights, the rule of law, and access to justice in all aspects of the programs of governments and international organizations.

Broadly speaking, most UN organizations contribute to or benefit from the promotion of democracy, whether directly or indirectly, and the visibility of democracy-related cooperation remain high. Along with the above-mentioned operations, the UN also gradually developed the norm of democracy and democracy promotion.

Secretary-Generals also played a significant role in these processes. For example, in 1996, just before his departure from the office, Secretary-General Boutros Boutros-Ghali issued his report *Agenda for Democratization*⁴³ and proposed that UN had a role in

⁴¹ See https://community-democracies.org/?page_id=32, accessed on 19 November 2018

⁴² Economist Intelligence Unit (EIU), *Democracy Index 2017. 19 countries are full democracies, 57 flawed democracy, 39 hybrid regime, 52 authoritarian, among 167 countries*

⁴³ Boutros-Ghali, Boutros. "An agenda for democratization: democratization at the international level." *Global democracy*. Routledge, 2013. 111-130.

democratization in the context of changing international environments, in partnership with such actors as civil society organization.

In 2000, the Millennium Summit adopted the Millennium Development Declarations⁴⁴ which stated: “we will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development” (para 24); and “to strengthen the capacity of all our countries to implement the principles and practices of democracy and respect for human rights, including minority rights” (para 25) and “to work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries” (para 25). In 2001, the General Assembly requested the Secretary-General to examine options for strengthening the UN system’s support to member states for their efforts to consolidate democracy.⁴⁵

In March 2004, then-Secretary-General Kofi Annan presented his report entitled, *In Larger Freedom*.⁴⁶ He states in the report that while important work had carried out by the UN to promote and strengthen democracy around the world, a coordination was required, and “gaps” needed to be filled. He argues that the role of the UN in this field should not be limited to the norm-setting and should be expanded to further broaden and deepen democratic trends throughout the world. In this context, he suggested that “the creation of a democracy fund at the United Nations to provide assistance to countries seeking to establish or strengthen their democracy.” (para 151)

In line with the above proposal, in his speech at the UN General Assembly in September 2004, then-US President George W. Bush proposed the establishment of a democracy fund within the UN. In his speech the Fund’s purposes were broadly sketched out

⁴⁴ A/RES/55/2. 18 September 2000

⁴⁵ A/RES/56/98, 14 December 2001

⁴⁶ UN Document, A/59/2005, *In larger freedom: towards development, security and human rights for all*, Report of the Secretary-General, 21 March 2005.

focusing more on “top-down” approaches as he stated that “The fund would help countries lay the foundations of democracy by instituting the rule of law and independent courts, a free press, political parties and trade unions. Money from the fund would also help set up voter precincts and polling places and support the work of election monitors.”⁴⁷

After the above political declarations the UN Secretary-General announced the creation of the UN Democracy Fund on 4 July 2005 at the African Union (AU) Summit in Libya,⁴⁸ and with the support of the United States and other countries,⁴⁹ the UN Democracy Fund was officially established by the UN Secretary-General on July 20, 2005.⁵⁰ Its establishment was presented at the UN World Summit Meeting held in September 2005, a meeting which was held both for the 60th Anniversary of the UN as well as for the five-year review of the Millennium Declaration, to assess the progress of the Millennium Development Goals (MDGs). There, democracy was discussed explicitly, and the concept was much more concretely defined. At the end of the meeting, the Outcome Document of the Summit⁵¹ recognized, in its paragraph 135, the importance of the voices and participation of the people reaffirming that “democracy is a universal value based on the freely expressed will of people to determine their own political, economic, social and cultural systems and their full participation in all aspects of their lives.” It also recognized strong links between democracy and development, and human rights as “democracy, development and respect for all human rights and fundamental freedoms are interdependent and mutually reinforcing.” At the same time, it also pointed out that “while democracies share common features, there is no single

⁴⁷ <https://2009-2017.state.gov/p/io/potusunga/207564.htm>, accessed on 4 March 2020.

⁴⁸ Secretary-General’s address to the Summit of the African Union, 4 July 2005, “So I am pleased to announce the creation of the United Nations Democracy Fund, which will provide assistance to countries seeking to establish or strengthen their democracy. A number of Member States have already indicated their intention to contribute. I hope more will follow that example.” <https://www.un.org/sg/en/content/sg/statement/2005-07-04/address-summit-african-unio>, accessed on 21 March 2020.

⁴⁹ The proposal to establish the Democracy Fund was approved on 20 July 2005. Three countries’ intended donations, 10 million (USA), India (5 million), Japan (1 million) were indicated with other countries (5 million), in the proposal.

⁵⁰ Ibid

⁵¹ A/RES/60/1

model of democracy,” considering the huge varieties of political structures and arrangements of the 193 member states as well as their sovereignty and their right to self-determination. Finally, the establishment of the UN Democracy Fund was welcomed, and member states invited the 1) Secretary-General to make practical arrangements that took account of the UN’s existing activities in democracy (para 136) and interested member states to give serious consideration to contributing to the Fund (para 137).

In sum, before UNDEF’s establishment, the UN had gradually developed the norm of democracy and its promotion, and it worked to translate these broad definitions and guidance of democracy into practice through different parts of the UN system. With its nature as an intergovernmental body, an earlier norm focused more on “good governance” and “the rule of law” within the structures and functions of governments and public sectors, a top-down approach. At the same time, democracy cannot be achieved without the full participation of people. Member states had recognized gradually the importance of their people’s participation and voices, a bottom-up approach.

Originally, the UN saw democracy through individual and human right perspective. Over the years, the UN integrated the human rights perspectives, into all development programs, and developed new norms such as human development or human security, as opposed to national development or national security, and implemented its work programs. Against this background of gradual development of grass-roots democracy promotion norms and practices, UNDEF was created. The creation of UNDEF itself had a strong in announcing effect of the UN’s explicit commitment to democracy promotion: UNDEF is the first and still only entity in the UN system with the word “democracy” in its name. Since its creation in 2005, further adaptation and diffusion of the norm which UNDEF promotes within a broader definition of democracy promotion has occurred.

2. Establishment of the UNDEF: Institutional Design and Norm Adaptation

After President Georg W. Bush's speech in September 2004, the UN Secretariat initiated the development of an original institutional and programmatic design of the United Nations Democracy Fund (UNDEF). A task force and steering committee were formed, led by the Deputy Secretary-General of the UN. And the first Terms of References (ToR) of the UNDEF, attached to the internal approval of its establishment on July 20, 2005, were broadly agreed. While the entity was created by the strong leadership of the UN Secretary-General Kofi Annan, setting, refining, and details of its strategic visions, programmatic framework and funding processes were all formulated and articulated by a joint initiative of key donors and the UN Secretariat during the formation period from 2005 to 2008. This thesis refers to this process as "norm adaptation."

1) 2005: Establishment without clarifying norms - Accountability Mechanism and Process Formulation

Before articulating the norms that the UNDEF would promote, accountability and a work process were formulated. The above-mentioned first ToR of UNDEF contained a broad definition of its purpose, structure and administration. The primary purpose of the UNDEF was broadly defined as "to promote democracy throughout the world by providing assistance for projects that build and strengthen democratic institutions and facilitate democratic governance in new, emerging, and consolidated democracies" (para 2). The aim of its programmatic framework was set as to "provide assistance to government, non-government, national, regional and international entities including relevant United Nations departments, offices funds, programmes, and agencies" (para 3). While such a purpose and the programmatic framework aligned with what the UN had been doing in the areas of democracy promotion with all actors, now the focus was more on top-down approaches

designed to “enhance democratic institutions and facilitate democratic governance.” No distinct purpose or specific niche for the UNDEF was defined.

In contrast, the accountability/governance mechanism and the work process, were established in the original ToR in detail. First, an institutional design was developed comprising three bodies: The Advisory Board, the UNDEF Office, and the Programme Consultative Group (PCG).

The Advisory Board was established by the Secretary-General to oversee the UNDEF’s work to “provide policy guidance for the development of programme frameworks and funding guidelines, and to “consider proposals for funding and to recommend funding proposals for approval by the Secretary-General.” This board was to comprise 16 members including representatives from the following: (i) six largest member state contributors; (ii) five other member states, selected by the Secretary-General to reflect diverse geographical representation, who have been active in promoting democracy; (iii) three members to be appointed by the Secretary-General, including the Executive Director of the UN Fund for International Partnerships (UNFIP), under which the UNDEF is placed, who serves in an ex-officio capacity; and (iv) two representatives of non-governmental organizations to be selected by the Secretary-General (para 7). The Advisory Board was set to meet quarterly, every three months (para 8).

The UNDEF Office was established to support the Advisory Board, within UNFIP (now under the UN Office for Partnerships), which was created in 1993 to channel a private donation of 10 billion USD made by CNN’s founder, Mr. Ted Turner; thereby, flexible arrangements could be made to accommodate the trust fund’s requirements and support its operation. Specific tasks of the UNDEF Office’s functions were listed (para 11).⁵²

⁵² (i) develop programme funding criteria
(ii) solicit and receive proposals on the basis of guidelines approved by the Board
(iii) review project proposals for submission to the Board
(iv) conduct outreach activities

A Programme Consultative Group (PCG) was established to “provide advice to the Board on programme funding criteria and on project proposals, through the Executive Head of the Office of the UNDEF” (para 15) with seven representatives from UN departments, such as the Department of Political Affairs (DPA), the UN Development Programme (UNDP), and the Office of the High Commissioner for Human Rights (OHCHR), to be appointed by the Secretary-General to advise to the Advisory Board on programme criteria and project proposals (para 13-15).

2) 2006: Start of the UNDEF Operation and the Norm Adaptation Process

Based on the above criteria, Advisory Board members were appointed as follows: 11 member states; six top-donors, namely Australia, France, Germany, India, Qatar and the US, and five other member states appointed by SG, namely South Africa, Benin, Hungary, Chile and Indonesia; three individuals mainly from academia;⁵³ two representatives from civil society organizations,⁵⁴ and UNFIP director as *ex-officio*. The total number of the board was increased from 16 to 17.

The first Advisory Board meeting was held on March 6, 2006 and discussed three topics; the governance arrangements⁵⁵, the programmatic framework⁵⁶ to establish the initial work process of the UNDEF, and the UNDEF’s strategic visions. The governance arrangements were agreed upon the original TOR with only minor refinements, such as the

(v) coordinate in-kind donations of technical assistance from States and NGOs
(vi) arrange monitoring and evaluation, as well as audit exercises
(vii) handle all aspects of the allocation, disbursement, accounting of funds
(viii) submit reports to the ACABQ and Fifth Committee of the General Assembly, as and when required
⁵³ Dr. Rima Khalaf-Hunaidi as the Chair, appointed at the first Board Meeting, Prof. Guillermo O’Donnell, Prof. Michael Doyle

⁵⁴ International Commission on Jurists (ICJ), CIVICUS

⁵⁵ UNDEF Board Document “*Governing Arrangements*”- “policy guidance for the development of programme frameworks and funding guidelines, and to consider proposals for funding” and to recommend funding proposals for approval by the Secretary-General.” (para 7).

⁵⁶ UNDEF Board Document “*Programme Framework*” working draft 24 January 2006 submitted to the first Advisory Board meeting on 6 March 2006

total number of the Advisory Board members. The board membership was to be revisited after 15 months at the initial period, and annually thereafter.

In the ToR, the primary purpose of the UNDEF was slightly refined but largely remained the same as in July 2005: “to promote democratization throughout the world” and to “provide assistance for projects that build and strengthen democratic institutions, promote human rights, and initiatives that are intended to ensure the full participation of all groups in the democratic process” (para 4). Promoting human rights and ensuring the full participation of all groups in democratic processes were included, sifting away from the top-down, focused approach in the 2005 version of the ToR. However, detailed guidance on specific target beneficiaries, or on themes or approaches was still not provided.

In this context, the first meeting also discussed how the UNDEF could play distinctive role or a market niche which provides value added and complements the work already carried out around the UN, not simply duplicating what has been done by UN agencies. For reference of the board members, a background paper entitled *Situating the UN Democracy Fund in the Global Arena*,⁵⁷ summarized democracy and democratization efforts in the UN system, and drew a map of different institutions, actors, and elements to promote democracy in order to determine the UNDEF’s niche.

The paper emphasized the UN’s role in normative functions to establish norms and behaviors at national and international levels through international deliberation and consensus, as well as how the UNDEF could provide added value in translating norms into practices.⁵⁸ There, a list of key components of democracy was presented, as follows: constitutional design and/or reform, electoral processes, parliamentary processes, justice and

⁵⁷ UN Democracy Fund, *Situating the UN Democracy Fund in the Global Arena*, Working Draft 24 January 2006

⁵⁸ “The UN is by its very nature both a normative as well as an operational organization. Indeed, some of the UN’s most effective work has been in the area of establishing, by international consensus, norms of behavior at the national and the international level. In such context, the Board and the UN staff started to explore the best approach to have UNDEF’s added value.”

the rule of law, human rights, civil society participation; existence of political parties, access to information and transparency, and accountable executive and public administration. It also asked the Advisory Board whether the UNDEF should support all these elements or focus on selected components. In fact, these components were later included in the guidelines for the first-round call for proposal with slight modifications. But in no way was its current focus on democracy promotion at a grass-roots level through the enhancement of voices of citizens and civil societies and empowerment civil society organizations clearly indicated in the documents of the UNDEF's early history.

3) The UNDEF becoming small intimate agent for donors to pursue their interests

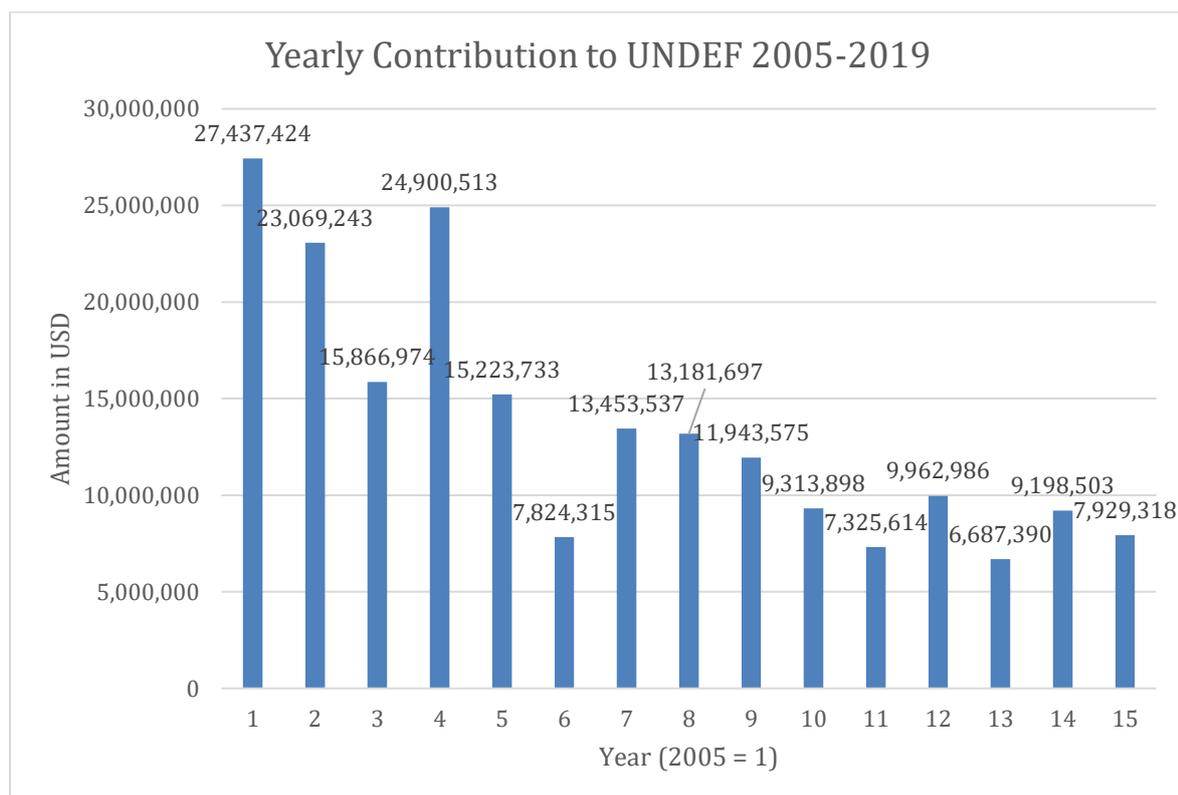
Accommodating donor interests and continuous support in turn

With rational functionalism and the principal-agent theory, the UNDEF was established to meet the interests of Principals – donors, particularly the United States, which was an initial supporter and has been a top donor since the UNDEF's founding. For the US, in the aftermath of 9/11 terrorist attacks in 2001, the values of democracy, human rights, and freedom increasingly critical elements of the nation's foreign policy. India, the second-largest donor to date and claiming to be the world's largest democracy proclaimed its commitment to democracy in the world organization by becoming one of the co-founders. Germany, which has supported democracy around the globe, has considered the UNDEF as one of the priority tools and has provided an average of 1.78 million USD over 15 years. Smaller countries, such as Poland and Chile, focusing on democracy in their foreign policies and have been active members of the Community of Democracy (CoD), have been supporting the UNDEF with smaller but important donations. These countries' defense and promotion of democracy in their foreign policies were, thus, determined to support the symbolic funding mechanism for democracy of the UN system. Democracy promotion

through the UN, particularly the UNDEF, would complement their bilateral-level programs. Using the UN brand, the UNDEF may be effective in promoting democracy in countries where bilateral donors may face reluctance or difficulties doing so.

The above member states’ interests in the goal of the UNDEF led to their voluntary contributions. In 2005, the UNDEF received 27.4 million USD from 16 countries.⁵⁹ Because the initial phase of excitement and the novelty of funds faded over the years, the total funding level has declined and has lost several initial donors. However, new donors have come on board and the UNDEF has been maintaining a critical level of voluntary resources of around 6-10 million USD annually.

Chart 1 -Yearly contributions by member states to the UNDEF (2005-2019)



From 2005 to 2019, it has received over 201 million USD from 45 countries and two private and public foundations.⁶⁰ As of October 2019, the cumulative six top donors were,

⁵⁹ The US contributed 10 million; Australia 7.3 million; India 5 million; Qatar 2 million; and Germany 1.6 million. The second year, 2006, it received 23 million USD from 17 countries.

⁶⁰ Institute of Governance, Canada, and The Anita and Luca Belgiorno-Nettis Foundation, Australia.

the US, 69 million USD; India 32.1 million USD; Sweden 26 million USD; Germany 23.9 million USD; Japan 10.2 million USD; and Qatar 9.21 million USD. Top donors sit in an exclusive group of the Advisory Board to provide close guidance to and oversight over the UNDEF Office, and all donors listed above sat on the Advisory Board for at least two terms. Originally, members of the Advisory Board were appointed for a period of 15-months and thereafter one-year, then since 2010, this has been for two calendar years. Since 2012, the donor membership of the Advisory Board had been determined based on actual contributions during the previous three calendar years⁶¹ and is currently based on the two previous years.

Donations are all voluntary and donors can decide whether to contribute to the UNDEF annually without committing for a longer term. This gives donors flexibility and the UNDEF Office strong incentives to produce results satisfactory to donors in order to receive their continuing financial support. Since its founding, the following countries have sat on the Advisory Board as donor countries – United States, India, Germany, Australia, France, Spain, Japan, Qatar, Chile, Poland, the Republic of Korea, Canada and Algeria. Three countries have served as the Board members from the start, the US, India, and Germany; Sweden and Poland have been on the Board for more than a decade. These countries not only contribute funds to the UNDEF, but also send representatives to the Board and to related meetings regularly to support and supervise the UNDEF as closely as possible, although their oversight has been decreasing over the years the organization's operation.

Principals' participation in shaping the norm and the work processes

An important advantage for donors who supported the trust funds was the ability to participate in the formulation processes of the foundation of the UNDEF. In 2006 and 2007, the Board met frequently, every four months to determine its visions, strategic niche and

⁶¹ The second UNDEF Terms of Reference, approved by the Deputy Secretary General in September 2009.

work programmes with aim to providing oversight and detailed guidance for its success. In its early operation, the Advisory Board members expressed their preferences for providing support to civil society organizations rather than to governments or UN agencies, and the work processes were adjusted accordingly to enable working with CSOs directly. The donors were proactively involved in project monitoring and oversight; for example, the US pointed out in 2007 that many UNDEF projects in several countries⁶² were not working and asked the UNDEF Office to investigate and take corrective measures, which was done in response. In 2008, the Advisory Board also requested that the UNDEF engage external evaluators to conduct objective assessments, and this request was fulfilled by contracting with a private firm to conduct evaluations from 2010-2015. In 2012 Sweden suggested that the UNDEF manage the evaluation directly and internally instead of engaging with an external firm; the aim was for the organization to gain more hands-on experiences. In 2014 the board also requested to conduct an evaluation of its work comprehensively at as an institutional level. In responding, the UNDEF Office started to manage the project evaluation internally from 2016 and implemented the institutional evaluation in 2016.

After the initial phase of institutional building and work-process formulation, the UNDEF's operation became successful and stable, and the Board met less frequently and donors' involvements became less. Starting in 2010, the term of service on the Board changed from one to two years, and the Board has been meeting biannually with its current main function to approve the launch of new funding rounds and recommend project proposals for funding to the UN Secretary-General. The principal's supervision of the agent decreases over the years if the agent's performance is satisfactory.

⁶² Democratic Republic of Congo, Timor L'Este, Yemen, Argentina, El Salvador, Serbia, Chile, Cote d'Ivoire, Sao Tome and Principe, India, South Africa, and Madagascar

One of the advantages of the trust funds is cost-effectiveness. If member states wish to make voluntary contributions, the UN Secretariat charges the Programme Support Costs (PSC) at the rate of 13% of the total voluntary contribution. However, trust funds can negotiate the level of fees with the UN Controller and UNDEF managed to reduce the level of the PSC at 5%. While this excludes the administrative costs of the UNDEF Office, which are around 3.5 - 4% of the overall grants received, the total administrative costs to manage the trust fund is 8.5 - 9% which is less than 13% of the standard PSC rate at the UN Secretariat. The remainder is utilized for programme delivery, and, thus, is a highly attractive option for donors.

The UNDEF Office remains small to fulfill the required tasks and was originally staffed with five members.⁶³ As of 2020, its capacity has increased slightly but still maintains minimal staffing with five professional and two administrative staff for a total of seven. The small administrative costs are possible if the UNDEF Office maintains the minimum capacity of conducting the mandated activities.

Furthermore, even though the UNDEF exists within the UN Secretariat and is required to follow the UN's administrative and financial rules, it can receive waivers and an exception to the rules by the UN Controller if the Advisory Board approves. The above-mentioned lower rate PSC is one example. Similarly, the UNDEF has been able to employ more-lenient human resource policies if the Advisory Board approves, although it needs to report on its budget and staffing to the Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions (ACABQ). Thus, changing staff composition, including upgrading staff posts, can be done easily compared to regular budget and extra-

⁶³ Executive Head who was ranked at D-1 level of the UN post classification, and two senior programme officers at P5 level, and two administrative support staff. To fill the capacity gap at the time of the intensive initial start-up stage, the Office received seconded staff from the Office of the High Commissioner for Human Rights (OHCHR) and the UN Fund for International Partnerships (UNFIP) seconded their staff for nine and seven months respectively.

budgetary posts of non-trust-fund offices. These arrangements provide flexibility to trust funds, which is attractive to donors.

4) Adapting the Norm through the UNDEF Practices

This section explains how the UNDEF adapted the general norms of democracy promotion as a specific norm to be disseminated through its practices. As discussed earlier, at the time of its founding in 2005, the UNDEF's purpose was broadly defined without clarifying its niche area. Even at the time of the first call for project proposals in 2006, this had not yet been determined. As the trust funds receive voluntary contributions from donors, who wanted to see the funds functioning immediately, quick action was required without the norm-adapting processes at work perfectly. But gradually through its deliberations at the Advisory Board and the operational practices of the UNDEF, the norm was defined and later refined. Such norm adaptation processes were occurring during the early stage of its operation as elucidated below.

Countries require democracy assistance

In the document titled *Situating the UN Democracy Fund*, which was submitted at the first Board meeting in March 2006, the selection of beneficiary countries was discussed. Five types of countries were identified based their state of democracy, as follows: A) established democracies, B) fragile democracies, C) emerging democracies, D) post-conflict democratization processes, and E) non-democratic states (page 7). According to the document, countries in the category A) would need less support from the UNDEF although there is no perfect democracy and all democracies require continuing improvement. At the same time, for countries in dire need (the last category) it would be a challenge to provide any assistance because the projects face severe objections from current governments. The remaining categories would be eligible for the UNDEF's support, while funding for countries undergoing post-conflict democratization processes might be available from other sources,

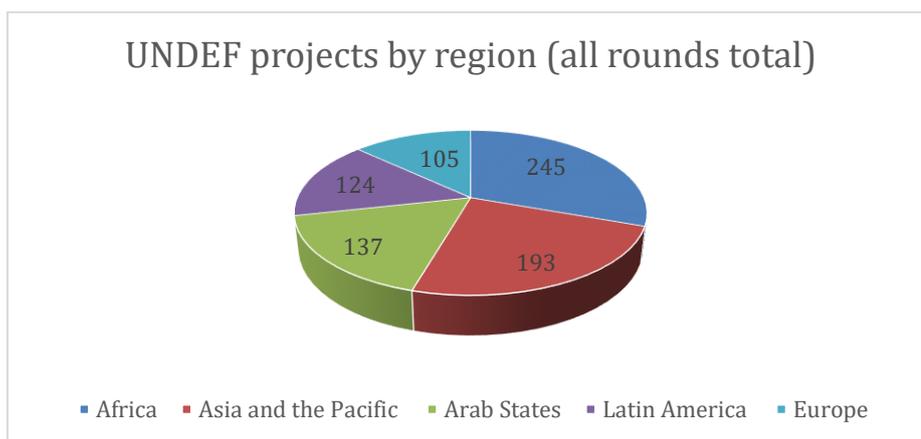
such as crisis prevention and recovery-related assistance or the UN's Peacebuilding Fund. Nevertheless, it might be difficult to classify UN member states according to the five categories above and it might also be provocative and not considered politically correct.

Therefore, in the first proposal guidelines (2006), a strong preference was shown for countries emerging from conflict and new and restored democracies without providing a specific list of these countries. In addition, the economic status of the countries was utilized, taking into consideration of the Least Developed Countries (LDCs); low income countries; and middle-income countries. This categorization has been applied consistently in subsequent project proposal guidelines.

As no democracy is perfect and requires constant improvement, the Board discussed at its first meeting whether developed countries should be included. Due to resource constraints, it was decided that priority should be given to developing countries. At the same time, CSOs in developed countries with established democracies provide knowledge, skills, and experiences to other countries by applying and implementing global or regional projects; 20% of total grants have been addressed these categories of the project⁶⁴

⁶⁴ Examples of global or regional projects includes "International Knowledge Network of Women in Politics (iKNOW Politics) by National Democratic Institute for International Affairs of the US (UDF-06-044-GLO), "South Asia Media Freedom for Democracy Project" by International Federation of Journalists Asia-Pacific (UDF-12-507-RAP).

Chart 2- UNDEF projects implemented by region (all rounds total)



Beneficiaries: local civil society organizations

The originally proposed beneficiaries in the norm-setting processes prior to the UNDEF’s operation, were broadly defined, covering many actors in democracy promotion. In the first-round proposal guidelines, 5.3 Eligible Beneficiaries, these were listed as follows: (1) government agencies: national and sub-national executive agencies, including local, regional and other sub-national governments; (2) independent and constitutional bodies, including election commissions, supreme audit institutions, human rights commissions, parliament, sub-national representative bodies, judicial institutions and other independent government bodies; (3) civil society organization and non-governmental organizations engaged in promotion of democracy and human rights; (4) global and regional intergovernmental bodies, organizations, and associations; and (5) the UN, including its relevant departments, specialized agencies, funds and programs working in this field.⁶⁵ Originally, the UNDEF Office proposed the submission of proposals “by invitation” only from pre-selected beneficiaries. However, this lacked the support of Advisory Board members, and the UNDEF launched an online call to attract proposals widely from entities not preselected.

⁶⁵ United Nations Democracy Fund Project Proposal Guidelines, First Round 2016, page 8, para 5.3.

In the first round, more than half of the beneficiaries were from categories (1) and (2), and (4). Public institutions and international organizations including UN agencies as beneficiaries have led to more top-down types of projects, focusing on the enhancement of public institutions, the rule of law, anti-corruption, capacity-building of electoral bodies, and human-rights commissions, which the UN programs have traditionally supported.

In determining the UNDEF's niche, several donors insisted that the UNDEF should focus on civil society organizations rather than funding UN agencies or governments that other UN Agencies had been funding. At the second Board meeting in July 2006, the board members expressed their concerns at the high number of projects going to UN entities. While accepting UN agencies' partnership with CSOs, the board reiterated that UNDEF should not become an alternative source of UN funding.⁶⁶ In the third year of its operation, 2008, the UNDEF started to focus on much narrower targets, i.e. funding civil society organizations, and projects that would enhance citizens' voices and civil society and empower these. In the third-round proposal guidelines (2008), only three beneficiaries were indicated; (1) civil society organizations and non-governmental organizations, engaged in promoting democracy, which are anticipated to receive the bulk of the funding, (2) independent and constitutional bodies, and (3) global and regional intergovernmental bodies, organizations and associations other than the UN, for project proposals which strengthen the voice of civil society. The revised Terms of Reference approved in 2009 stated the overall purpose of the UNDEF as "to support democratization around the world by funding projects that strengthens the voice of civil societies, promote human rights, and encourage the participation of all in democratic processes (para 5)" and the "UNDEF will preferentially fund projects implemented by civil society organizations selected through a competitive process that quality control and due diligence." (para 6)

⁶⁶ The minutes of the second Advisory Board Meeting, para 16.

Over the years, the preference of the UNDEF has shifted from large, established, international CSOs to local CSOs, and now encourages local CSOs to submit high quality project proposals.⁶⁷ Most had no experience working with the UN or international donors. Very few UN organizations, particularly those with no field presence, focus on supporting local CSOs: this is one of the niche areas to which the UNDEF has made a commitment. Engaging with local CSOs with no track record working with international donors can involve risks: therefore, during 15 years of operation, due diligence mechanisms have been strengthened. Although UN accreditation is not a requirement, CSOs are required to be legally constituted and to provide proof of registration, certified financial statements by a licensed auditor, and a demonstrated capacity to handle the UNDEF project.⁶⁸ This excludes CSOs that are not legally constituted, such as umbrella organizations of CSOs or social movements, and consequently leads to limiting beneficiaries that might have the greatest needs for the UNDEF's support. At the same time, this creates a necessary balance between supporting local CSOs to the extent possible and ensuring accountability to use public donor funding. Risk management has always been crucial for the UNDEF and surprisingly, only a limited number of cases (less than five of over 800 projects) of possible financial mismanagement have become known to the UNDEF over 15 years.

Focusing on CSOs proved to be generally positive. This was possible through the advancement of information technologies, and the commitment of local CSOs to work with the UN has been high. Based on the external evaluation reports of the projects, roughly 80% of the projects evaluated were considered successful while 20% faced challenges for various reasons.

⁶⁷ R13 proposal guidelines (2018) p.6

⁶⁸ R13 Project Proposal Guidelines (2018)

Areas of democracy promotion

At the time of the UNDEF founding, the following areas were broadly defined as subject areas: strengthening democratic dialogue; supporting constitution-review processes; civil society empowerment; elections and civic education; citizen's access to information; strengthening the role of the media and political parties. Subsequently, these were reflected in the first-round proposal guidelines as eligible activities:

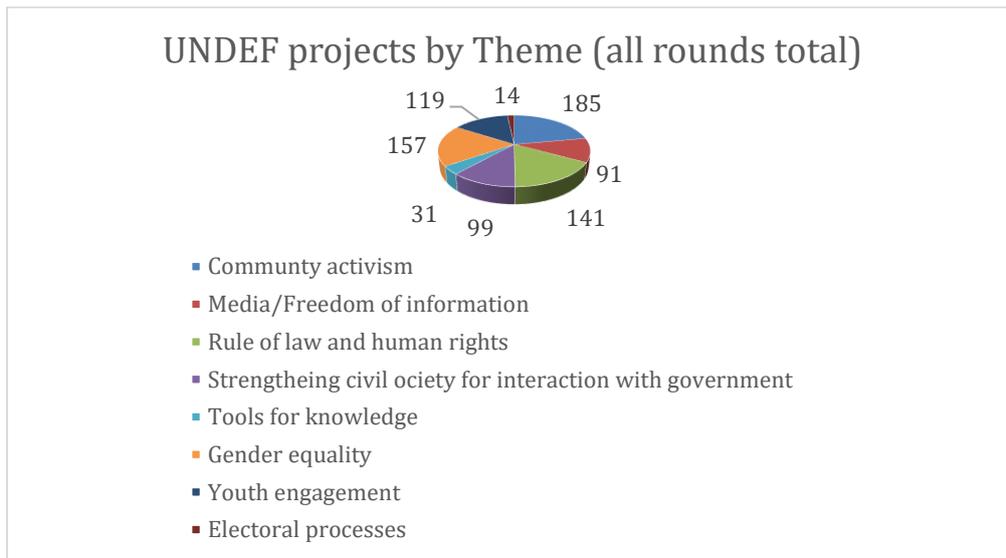
- (a) Strengthening democratic dialogue and support for constitutional processes
- (b) Civil Society empowerment
- (c) Civic education, voter registration, and strengthening political parties
- (d) Citizen's access to information
- (e) Human Rights and Fundamental Freedoms
- (f) Accountability, transparency, and integrity

These broad areas reflected the UNDEF's equally broad target of beneficiaries at that time; therefore, there were activities that various UN agencies had been working on. Over the years, while the areas of UNDEF's focus areas have remained unchanged, due to its accumulated experiences in supporting local CSO's efforts, it became evident that the UNDEF's comparative advantages were not the enhancement of governance, or the rule of law by working with governments, which may be called "hard core" governance elements. Rather, its strengths for beneficiaries include mobilizing citizens, raising their awareness, building their capacity to take actions, and influencing governments and local authorities through citizen-led monitoring of government performance and dialogues and consultations.

Therefore, from the eighth-round (2013) to the tenth-round (2015) of proposal guidelines, the list (a) through (f) was eliminated, instead indicating proposals that the UNDEF does not support as non-priority proposals that are "initiatives which do not promote democracy, initiative filling a funding gap for on-going/regular programmes and activities, projects focus primarily on research." (= negative list). From eleventh-round guidelines, UNDEF priority

areas were indicated in a different manner, focusing more on *activities* typically conducted by CSOs: Community Activism, Rule of Law and Human Rights, Youth Engagement, Women Empowerment, Media and Freedom of Information, Tools for Knowledge, and Strengthening Interaction with Government.

Chart 3 - UNDEF projects by theme (all rounds total)



Ten assessment criteria had already been included in the second-round application forms (2007) to guide applicants to formulate the strongest possible proposals. These were:

1. How the project promotes the objective of the UNDEF;
2. How the project draws on the UN comparative advantage;
3. If the project will have a significant impact;
4. How project will encourage inclusiveness;
5. How project will enhance gender equality;
6. If project has laid groundwork for successful implementation;
7. If the applicant organization enjoys a strong track record;
8. The project is technically sound in conception and presentation;
9. Whether the project represents good value for money; and
10. If the project has strong prospects of sustainability beyond the project duration.

Based on these criteria, the UNDEF, with the support of external assessors during the initial assessment period, reviews all proposals submitted and formulates a long list

composing about 10% of all proposals for a more-detailed examination in consultation the UN Resident Coordinator (RC) and the PCG. The UN RCs and UN agencies provide advice regarding the reputations of applicants and the countries' relevancy levels regarding proposed topics. PSG provides technical advice in regard to the proposed field of activities. Finally, the Advisory Board recommends the short-listed proposals to the Secretary-General, who approves the final list.

It is worth noting that the PCG was involved in the proposal-selection process in the first round (2006) quite intensively. While this led to coordination among relevant UN agencies and applies their expertise, they could be interested in the process with expectations that their organizations will receive UNDEF funding either as the Implementing Agency, or the Executing Agency that oversees the work of CSO-implementing agencies with fee. Once the UNDEF's direction was changed to the direct implementation of CSOs, the interests of the PCG seem to have faded. Although the PCG still exists and provides expert comments on long-listed proposals, their involvement in the UNDEF's work process has become minimized.

Originally, the Advisory Board requested that the UNDEF focus on straightforward democracy promotion, such as political participation, electoral processes, or civic education, to eliminate less-directly relevant applications addressing socio economic development, for example, education, water, housing, and sanitation. As the UNDEF progresses, this elimination becomes less rigid, understanding that citizen participation is a key to achieving substantive development goals such as environmental protection, education, housing, and water, and democracy is a mean to achieve it. This has become particularly evident since the adoption of the Sustainable Development Goals (SDGs) in 2015. While all of UNDEF's proposals address SDG 16 -Peace, Justice, and Strong Institutions, some address other goals:

for example, in Vietnam,⁶⁹ the project promotes participatory forest management by mobilizing local citizens to monitor deforestation in their areas both using satellite data and regular field visits in serving SDG Goal 15 (Life on land), or in India.⁷⁰ the project trained women who formed and enhanced self-help groups to build sanitation facilities (toilet) and to check water quality in communities to improve water and sanitation. These kinds of projects are increasingly popular and have proved to be more effective as people tend to participate in the process eagerly since it has direct and visible impacts on their lives.

Direct execution by Civil Society Organizations (CSOs)

In the first and second rounds, the UN agencies were considered as recipients of funds at the same time assuming a role as “Executing Agency” if the local CSO was project’s implementer. Under the Executing Agency modality, the UN agencies played a role in monitoring, reporting, and evaluating projects and were responsible for managing financial transactions. This was originally due to the uncertainty surrounding working with CSOs directly and with intention to minimize risks of financial mismanagement. However, during the two initial rounds of funding, this model was found to work ineffectively due to differences in internal reporting methodologies and periods between UN Agencies and the UNDEF; thus disbursements were delayed significantly, reporting was not submitted on time and the project implementation in general was not optimal.

In late 2007, the UNDEF Board decided to change its business model from working through UN Agencies to working directly with CSOs beginning its third round of funding (2008). This proved to be successful model: direct transactions removed all layers of processes and enabled the timely implementation of projects. Several safeguard measures were introduced: the total grant amount would not be transferred to the CSO in one tranche,

⁶⁹ UNDEF Project “Dialogue for Sustainable Forest Development in Viet Nam” (UDF-18-825-VIE)

⁷⁰ UNDEF Project “Empowering Women to become Champions of Sanitation in India” (UDF-15-667-IND)

but instead, divided into three tranches and made available if a project reached predetermined milestones, monitored physically by a person from a UN Country Team on the ground. This CSO direct-implementation modality enabled quicker disbursement and a closer monitoring by the UNDEF Office for the project's implementation. CSOs have incentives to follow the predetermined work plan and implement the activities in accordance with the established timelines and they demonstrated their capacity to conduct UN funded projects, which gave them credibility and confidence for working independently or with other funders in the future. This enabled the UNDEF to focus on working exclusively with CSOs without having any intermediary support of the UN agencies.

The role of Resident Coordinator and the government of target countries

The UN Resident Coordinator is a top-level official in each country and represents the Secretary-General. His or her appointment should be agreed upon by the host government, and the role of this official includes coordinating the activities of all UN agencies in the country and working very closely with the host government. Originally the Programme Framework document in 2006 suggested that the Resident Coordinator's approval be mandatory and his or her Advisory Note was required indicating that "the proposed activities have been developed upon invitation from the host government or certify that the government does not object to UNDEF funding them" and confirming that "the applying organization has the managerial and technical capacity to implement the submitted project proposal." This was a conservative and risk-averse approach and was considered the way that any UN programs must be implemented with an agreement with the host government. As the UNDEF's beneficiary eligibility of early rounds includes CSOs in addition to UN Agencies and public institutions of governments, the UN Resident Coordinators' endorsement was deemed necessary in order to minimize the risks of entering into a commitment with an unknown organization. It is somewhat understandable that the UNDEF as a new organization, did not

have a presence in target countries and wanted to take a low-key, nonthreatening approach to national governments, which are traditionally sensitive to their national sovereignty and do not want any interference in their internal political issues from foreign entities.

However, the Advisory Board objected to the above proposal, and thus, the first round of project proposal guidelines merely stated, “encouraging applicants to seek a UN Resident Coordinator Advisory Note” and attach it for country-level projects (p.11). This was not required for global and regional projects. While the UN Resident Coordinator’s approval was not mandatory, RCs were “encouraged to convene a Consultative Group composed of all relevant stakeholders to assess all project proposals presented in any given country.” The first round of calls for proposals was followed with this procedure.

However, this process was not working properly. First, it was not easy or appropriate that UN Resident Coordinators endorse applicants’ proposals which in many cases are confrontational to host governments. Requiring the UN RC’s approval defeated the advantage of the UNDEF. The UN Agencies on the ground works closely with host government, and which can remove top-level officials if they perceive that UN agencies are working against governments’ will, and this happened on several occasions. Furthermore, the consultative process to select the proposals by RCs and Country Teams was lengthy and time-consuming, and thus delayed the project-selection process.

Therefore, the above “UNRC’s Advisory Note” was dropped from the second-round call for proposals, and the UNDEF requested the UN RC’s advice on limited matters, such as the applicant’s standing, and whether the proposed areas are overcrowded or rather complement the UN’s work in the country at the time of the selection of long-listed proposals. The UNDEF Office asks the RC team to help monitoring the milestone events, only twice in a project duration. The relationship with the RC becomes less intimate, and this, inevitably, leads to a problem of country-level coordination.

Similarly, the role of host governments was discussed at Advisory Board meetings. The focus of these discussions was whether proposals must be approved by the target governments or not. The original proposal from the UNDEF Office was to request that RCs certify “the proposed activities have been developed upon invitation from the host government or certify that the government does not object to UNDEF funding them.” But this requirement was dropped even in the first-round proposal guidelines. If the projects were to require CSOs to obtain government approval through RCs, projects that might cause tensions with governments would be less likely to be approved. At the same time, the UNDEF is part of the UN system, and it can’t ignore the wishes of governments. As a compromise, it was decided to inform each member state of the selected proposals through their permanent missions to the UN in New York and ask if their governments have any questions or concerns. On very limited occasions, i.e. less than 3% of the total selected proposals, member states expressed concerns and objections. The reasons for objections indicated by governments are either that the selected CSO is antigovernment, or that the topic is highly sensitive in the current political context of the target country or that the planned activities overlap with ongoing governmental efforts and are not complementary. If any governments object, naturally it is very difficult for the UNDEF to pursue the proposals and UNDEF would not proceed to implement the projects.

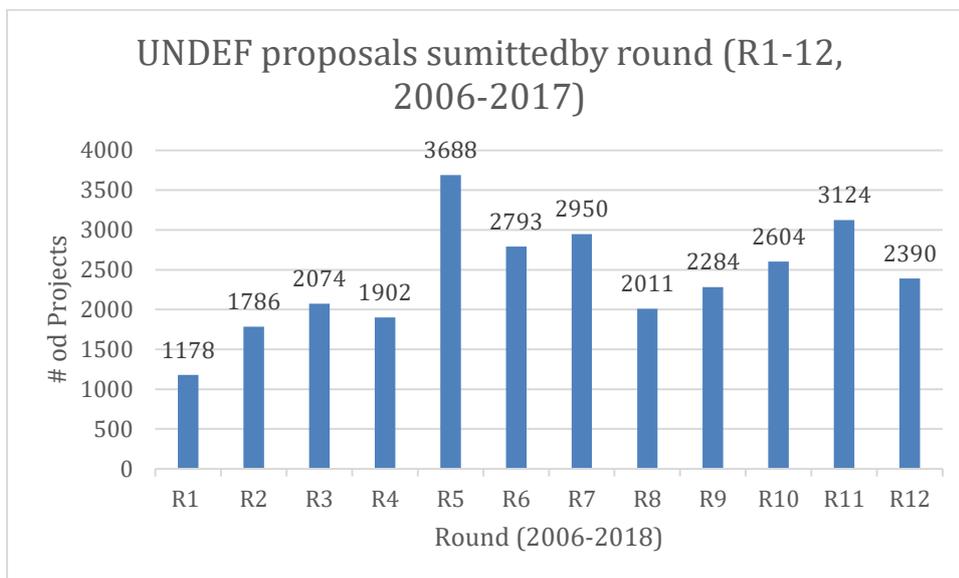
Several countries – such as Vietnam, Laos, Egypt, Nepal, and Bangladesh – require their governments’ approval to implement projects once the project documents have been finalized and signed. The internal approval process seems complicated and takes time. However, except for very limited cases such as in Egypt, approval has been secured in the end. Unfortunately, given the trend of shrinking space for civil society, many countries have begun to introduce restrictions on CSOs for implementing foreign-funded projects, for

example, requiring approval from the Ministry of Justice to receive a foreign funding, otherwise, an organizations' bank account could be frozen in Azerbaijan in 2014.⁷¹

Persistent demands and acknowledgement of the UNDEF

The annual number of applications, around 2000-3000, via an online platform clearly indicates a high demand for assistance, and the consistent volume of applications reflects that the UNDEF has become well-known among CSO community.

Chart 4 – Number of submitted proposals by round/year (R1(2006)-R12 (2017))



This indicates a strong and persistent demands for funding for democracy promotion, and the acknowledgement of the existence of the UNDEF and its funding availability among target civil society communities. Of the 2000-3000 applications, the UNDEF can select only around 50 proposals presently. Upon the completion of projects, CSOs have been asked to comment on the value added by the UNDEF, and their responses have included that the UNDEF brand gave them credibility and visibility, as well as the authority to discuss and negotiate with local or central governments, or to add other CSOs to form a network. CSOs

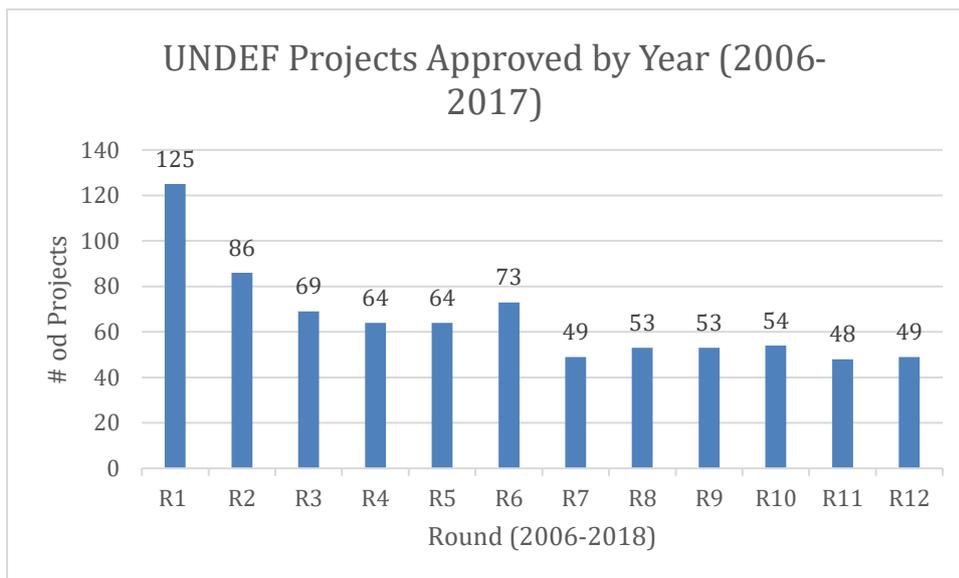
⁷¹ Energized Democratic Agenda in Azerbaijan through Empowered Media and Civil Society Efforts (UDF-12-522-AZE)

also mentioned that their experiences working with the UNDEF enhanced their capacity and enabled them to access to other international grants.⁷²

The scope and scale of projects

Since 2005, the UNDEF has implemented over 800 projects worldwide, focusing mainly on country projects (80%), with a smaller number of regional and global projects (20%) that address regional and global issues and present presenting regional or global solutions. The number of projects funded started from 122 projects of the first round (2006) to 48 in the twelfth round (2018) in accordance with total voluntary contributions, which has declined gradually over subsequent years from 27 million USD to 9 million USD in 2018.

Chart 5 - Number of approved UNDEF projects (Round 1-12, 2006-2017)



With the total amount of funding received in 2005, the original funding level set as 500,000 USD, an average of 350,000 USD, which was not a small amount for CSOs in developing countries. This has declined up to 300,000 USD with an average of 200,000 USD. Each project has a 24-month duration as a default and implements planned activities to produce outputs and to achieve the ultimate objective of the project. It is always challenging

⁷² UNDEF Post Project Impact Survey 2019

to demonstrate a project's contribution to democracy in such a short amount of time, as democratization historically requires a much longer-period to accomplish.

5) A Review of Results and Practices: The Norm Diffusion Effect

Finally, this thesis attempts to elucidate the UNDEF's role as an agent to diffuse the refined and adapted norms. In doing so, I present the practices and results of the UNDEF's projects by reviewing project evaluation reports, including the meta-evaluation of 70 out of 122 first-round projects in 2010 (UNDEF 2010), over 200 individual evaluation reports covering second to sixth round (2010-2015),⁷³ and the UNDEF's institutional evaluations conducted by external experts in 2016 (UNDEF 2016). To assess the effectiveness of the UNDEF as an agent for principals, I referred to internal and external oversight reports analyzing its organizational mechanisms and processes. The analysis is inherently limited; however, these reports identified at least several notable results achieved and some remaining challenges, and such lessons would be useful for the UNDEF for transforming its strategies in order to cope with a changing environment and to perform its expected roles in bottom-up, grass-roots democracy promotion.

Early Stage of Operation (2006-2008)

As previously stated, the early stage of the operation, at the first (2006) and the second rounds (2007) begun without clarifying the norm to diffuse. This phase could be called as "norm adaptation" period. The first round set a broad purpose, the beneficiaries, and the scope of work considering the existing UN's work in democracy promotion.

Consequently, 125 and 86 projects were selected in the first and second rounds, respectively,⁷⁴ but did not provide a specific niche for the UNDEF accepting proposals from a variety of

⁷³ <https://www.un.org/democracyfund/evaluations>

⁷⁴ Projects implemented were smaller 122 and 80 respectively as a result of losing 3 and 6 projects by various reasons.

democracy actors, UN Agencies, governments and quasi-governmental institutions that were able to apply. Only half were implemented by CSOs⁷⁵ in the first round, of which a majority were international CSOs.⁷⁶ Several projects were implemented by local CSOs, and in such cases, UN Agencies served as Executing Agency. Applicants were encouraged to attach a Resident Coordinator advisory note, which requires a country-level consultation and a government agreement. Such a risk-averse approach was taken to reflect a general mistrust in CSOs, particularly in the capacity of local CSOs. Therefore, the UNDEF might have sent mixed messages to CSOs, governments, UN agencies, and raised questions about the UNDEF's focus and what it aimed to achieve.

For a more-detailed understanding of the first-round projects, the UNDEF commissioned a meta-evaluation by an external evaluator in 2010 (UNDEF 2010), which provides an analysis of 70 first-round projects based on two components: an evaluation of each project evaluation, and the substantive results of the first-round projects.

First, the meta-evaluation pointed out about the disparity in the quality and level of details of each evaluation because for the first and second-round projects, each implementer or Executing Agency was responsible for conducting project evaluations using an external evaluator or an organization. Due to the different methodologies used by each evaluator it is challenging to synthesize the results of all the projects. The meta-evaluation also criticized a lack of qualitative questions regarding the impact of projects, including whether a project was overly ambitious and how and to what extent the established goals were achieved. Most evaluations provided mainly an analysis of the outputs achieved, for example, how many citizens were trained in investigative journalism skills, or how many citizens made inputs to a

⁷⁵ For the first round, CSO grantees were 57% while UN entities (23%), government agencies and bodies (8%), and global and regional bodies (4%), independent bodies of governments (4%), academic institutions (3%) and cross sectoral coalitions (1%).

⁷⁶ Such as Care International or Transparency International.

draft constitution, not of higher-level outcome or objective achievement or overall impact. Therefore, the report recommended applying one standard and rigorous approach, for example using the OECD/DAC's five criteria of effectiveness, efficiency, sustainability, impact and relevance, to be utilized by one or small number of evaluators to strengthen the quality, increase the possibility of a comparative study, and improve the quality of evaluation as well as the evaluation of impacts and results rather than just outputs.

With such limitation of each evaluation in mind, the meta-evaluation assessed the UNDEF's first year of grant projects and concluded that it was successful "in supporting, and evaluating, a broad range of democracy assistance projects across the globe. The programs focus on almost every elections, corruption, youth, women, and minorities"⁷⁷ and "the programs were thoughtfully implemented and had positive impacts on their country or region's democratic development." In terms of geographical diversity, the UNDEF worked in countries whose levels of democracy differed, including post-conflict countries, post-Soviet countries, monarchies. However, the meta-evaluation was critical on the UNDEF's working in countries comprising consolidated democracies such as Costa Rica, Chile, and Croatia as this may take resources away from countries where democracy assistance is badly needed.

The meta-evaluation analyzed self-reporting on the success of the projects by the grantees: 42% considered them to have exceeded expectations, 44% felt they had met expectations, 10% were generally satisfied, and only 1.7% reported below expectations. This was based on the implementers' perceptions, and it would have been challenging to assess the

⁷⁷ The evaluation presented more detailed categorization of the projects, Human Rights, Legislative Development, Anti-Corruption, National Minorities, Women and Democracy, Judicial Reform, Election Commissions, Media, Elections and General Democracy. This type of categorization is mixing the types of target beneficiaries and thematic topics, and it is inevitable that many projects fell under several categories.

impact of a project on democracy when it was designed to be implemented within 12 to 24 months.

Overall, the report stated that the goals of the UNDEF projects tended to be overly ambitious and difficult to measure, given the small level of funding and the limited duration, and considering outputs and activities proposed to achieve the lofty goals. For example, in Former Yugoslav Republic of Macedonia,⁷⁸ a project aimed to reduce the problems of voter fraud and family voting through a series of one-day seminars, which cannot alter the political agenda. To address these overly ambitious goals, a project should limit its intervention to specific geographical locations if it's intended for larger countries and should focus on projects that "seek to work directly on democracy issues," rather than overlapping with governance, human right issues or other areas where the UNDEF does not have comparative advantage (P.13)

At the same time, the meta-evaluation criticized the UNDEF's risk averse attitude stating that it was "a degree of risk aversion... that was not necessarily appropriate for a project of this kind" and that "Given the relatively modest size of these grants, UNDEF was in a unique position to take risks, explore new approaches to democracy assistance and pursue innovative programming" (p.9). In the same context, the report stated that more than half of the projects were conducted in partnership with UN Agencies either as the implementer or Executing Agency, which created more bureaucratic hurdles and paperwork for actual project implementers, "raises the possibility that UNDEF grants will not evolve into being anything differently than" other UN agencies, and "led to an occasionally cautious strategy which did not always maximize the potential of UNDEF" (p.9). Moreover, even implemented directly by CSOs many projects were implemented by established CSOs or

⁷⁸ One voter- one ballot: addressing proxy and family voting in the Former Yugoslav Republic of Macedonia" (UDF-06-114-MKD) implemented by UNDP

well-known international CSOs that had adequate resources, and this further aggravated the risk averse approach and “does not seem to be the best way to utilize UNDEF’s comparative advantage (P.10).” It also pointed out that, due to the nature of the UNDEF’s approach toward implementing each project independently, potential cross-fertilization of several projects under the same theme to compare and learn from each other’s success and failures, was lost.

As an example of a notable first-round project, the meta evaluation picked a global project of “Building a Global Network for Democracy.”⁷⁹ The project was implemented by five CSOs representing different geographical regions that aimed to form a network of pro-democracy CSOs to work together. Another project praised was “Deepening Democracy Through Women’s Participation in Politics and Peace”⁸⁰ in Nepal by the UNIFEM Nepal Office in partnership with Nepal’s Ministry of Women, Children and Social Welfare. According to the UNDEF-UNIFEM meta- evaluation in 2010, the project made significant contribution to Nepal’s peace negotiations by increasing the number of women in political offices (achieving 33% of the Constitutional Assembly in 2008), developing a model of a gender-responsive constitution, as the constitutional revision process started in 2007, and adopting relevant laws and policies. The meta-evaluation concluded that while this project was by UN Agency and the government’s ministry, not by a national CSO, their expertise in the issue, access to political powers, and to some extent, the timing of the constitutional revision process contributed to the project’s success.

Transition Period (2008-2010)

As previously elucidated, after the first and second rounds, the UNDEF’s focus was narrowed and clarified, reflecting civil society and projects designed to enhance their voices

⁷⁹ UNDEF project number UDF-06-047-GLO, implemented by Council of Community of Democracies

⁸⁰ UNDEF project number UDF-06-087-NEP

and empower CSOs. This was reflected in the revised ToR for 2009 demonstrating a clear departure from the Executing Agency modality and a greater reliance on local CSOs' capacities and commitments. The Executing Agency modality still exists and is utilized for the limited cases, only 11 of 67 projects in the third round where direct execution by CSOs was difficult: an example involves the transfer of funds from UN headquarters to banks in Iran, which was not possible due to US sanctions. Other cases involve very fragile and post-conflict situations, such as in South Sudan where there was no CSO with adequate capacity, or regarding activities that were exceedingly difficult to implement under certain sets of circumstances. Instead, alternative mechanisms to minimize the risks associated with local CSOs were introduced, such as obtaining assurances of CSOs' financial management capacities from external auditors, transferring total grant amounts in three tranches; and transferring funds only after the fulfillment of previously agreed-upon milestones. UN Resident Coordinators and UN agencies on the ground were able to arrange the presence of a monitor to attend the milestone events and verify their completion by sending a report to the UNDEF this was done twice during the project period. Through such practices, the UNDEF has gained greater recognition as a grant-making mechanism that provides direct funding support to local CSOs.

Furthermore, to clearly capture the project results, a set of indicators designed to assess the outcome achievements were introduced and enhanced, and a standardized evaluation mechanism, using the OECD/DAC's five criteria of effectiveness, efficiency, sustainability, impact and relevance, as suggested in the meta-evaluation report discussed above, was implemented by engaging in an external organization that evaluated more than 200 UNDEF projects over six years (2010-2015).

Similarly, the topics of projects and activities were becoming more appropriate for being conducted by local CSOs. These includes providing civil education to youth, forming a

network of CSOs to monitor the national procurement processes and outcomes in Nigeria⁸¹ and empowering women to increase their participation in local electoral processes and their leadership in Gram Panchayats or Village Councils in India;⁸² During this time, deepening the norm of grass-roots democracy promotion, and the active role of local CSOs in the process, was disseminated through the project implementation around the world. The direct communication between the UNDEF Office and the CSO implementers became possible, thanks to the advancement of information technologies, making the relationship between the two entities closer and mutually supportive. Also, during this period, the applications have been growing (see Chart 4).

Stability Period (2010-to Date)

Once the UNDEF norm was established and recognized, its work program became stabilized. The organization's commitments to local CSOs have deepened and become realized through its continuous project-making and implementation; almost all grantees are CSOs, and a majority are local and smaller CSOs. The number of applications has been stable ranging from 2000-3000. The number of projects has been about 50 per year, and the number of Executing Agency projects was reduced significantly and became zero. During this period, only small adjustments concerning work procedures were made based on the

⁸¹ Nigeria procurement Monitoring Program (UDF-08-233-NIR), This project aims to promote the effectiveness of procurement monitoring by non-state actors in Nigeria, through the utilization of ICT tools for the analysis and dissemination of procurement monitoring reports, and by building the capacity of non-state actors to monitor and report on procurement processes. It sought to intervene on building the capabilities of legislative committees to bring forward procurement monitoring and oversight activities as well as leverage partnerships between non-state actors (project summary).

⁸²Strengthening the Leadership of Elected Women in Local Democracy (UDF-08-253-IND), The overall objectives of the project are: to raise women participation in local electoral processes, to strengthen the leadership of elected women representatives for an increased and effective participation in Gram Panchayats – Village Councils, to build civil society alliances, to advocate for better policies enabling elected women participation in local institutions of democracy and to engage media for a positive coverage on women's work (project summary).

recommendations of the internal oversight bodies and the advice of active donor members of the Advisory Board. These include the following:

- 1) Evaluation: Since the external evaluation provided accumulated knowledge and lessons from the UNDEF projects in a standardized way and the rate of return from evaluation would be diminishing after about 200 evaluation reports made by the contracted external firm, the number of projects to be evaluated was reduced from 80% for second through sixth round projects to 10-20% thereafter. In addition, instead of engaging with an external firm, one Board member, Sweden, recommended engaging directly with an individual external evaluator, which began in 2018.
- 2) To streamline the work of the UNDEF Office, a project management database using a commercially available platform was built and covers the entire project-management cycle, from the proposal submission to the project closure.
- 3) To strengthen the risk-management mechanism of working with small, local CSOs, a further enhancement of due diligence processes was established.

6) Challenges and Way Forward

In 2016, Sweden, one of the UNDEF's key donor,⁸³ requested UNDEF to commission an independent external evaluation of the UNDEF from 2006-2016 (UNDEF 2016) to review “the results achieved by, and the effectiveness of UNDEF including its strengths, weaknesses, lessons learnt and comparative advantages” (Executive Summary of the evaluation report), and this evaluation was conducted. The report shows important insights

⁸³ The evaluation was a requirement in the context of the and Swedish International Development Cooperation Agency (SIDA) 's multi-year funding support to UNDEF since 2012. The report was carried out over six months by external consultants, included a comprehensive desk review; focus group interviews of UNDEF staff and New York based stakeholders' analysis of 50 UNDEF funded projects; two online questionnaires by 360 grantees and 20 case studies in 10 countries.

gained from the UNDEF in terms of its achievements, challenges, and directions that are still applicable today.

Overall the evaluation report praises the UNDEF's comparative advantage, and its uniqueness, of its grassroots driven, proactive -not reactive; highly organized, efficiency and responsiveness as well as its trustworthiness by CSOs. Stakeholders consider the UNDEF as being "full of hidden gems." The report made observations regarding relevancy, effectiveness, efficiency, impact, sustainability and coherence of the UNDEF and offered suggestions for improvement as follows:

1. UNDEF's creation was appropriate as it was "encapsulated in the preambles of the UN Charter and the Universal Declaration of Human Rights" and "in line with the calls from the member states to promote and consolidate democracies" (p.1) and it became increasingly **relevant** due to the mistrust between CSOs and governments, and the adoption of the SDGs in 2015. The UNDEF should improve its visibility while its low-profile and quiet diplomacy could be beneficial for dealing with sensitive topics. There seems to be a contradiction between the UNDEF's short-term approach and the needs of CSOs for capacity-building for the longer term, thus, the evaluation recommended revisiting its two-year funding cycle to be longer, for example, four-year cycle , because almost all grantees to be insufficient to sustain meaningful results." (p.1)
2. In terms of UNDEF's **effectiveness**, over 99% of grantees responded that the UNDEF's support was essential for achieving their goals and that the organization had supported "impressive CSOs implementing targeted projects, with meaningful results and – in some cases, interesting outcomes." The UNDEF's effectiveness could be increased by improving its project management procedures, and by introducing a robust result framework and theory of change to assess projects' impact. (p.2)

3. New York stakeholders appreciated the UNDEF's **efficiency** and its "extremely rigorous and well-managed" project selection system, as well as its "quiet diplomacy" with member state, which creates an entry point for the UN to work with small, local CSOs directly. A rigorous due diligence system would allow the UNDEF work with stronger CSOs rather than "weaker ones which might have good ideas." A majority (89%) of grantees perceived the UNDEF's support as "excellent" (61%) or "good" (28%). Finally, its expenditures are cost-efficient as only 16.2% are administrative and monitoring and evaluation costs. However, this resulted in overworked UNDEF staff, which reduced the UNDEF's "ability to maximize the results and impact of its work." In contrast, its governance structure is under-utilized, and interactions with the UNDEF Office could be more substantive and interactive. (p.2)
4. Given the lack of a robust result framework and theory of change, the report expressed its difficulties in assessing overall **impact**. Based on perceptions of stakeholders, while 98% grantees responded UNDEF support had a positive effect on their projects and 94% believed that their projects contributed to the democratization of their country and field visits confirmed such responses, the UNDEF could improve its impact at the field level by in the following ways: by connecting UNDEF grantees in country, and facilitating learning between CSOs in different countries, by serving as a bridge between civil society and the rest of the UN system. (p.2-3)
5. **Sustainability** was difficult to assess as the UNDEF does not maintain contacts with grantees when the project ends. However, at least 68% of projects funded by the UNDEF are still active following UNDEF funding. Its technical assistance particularly in the project-design stage provided skills and credibility for grantees who could then apply to other international donor-funded projects, thus gaining a more long-term impact. The sustainability of the UNDEF is a showing more long-term

impact. Sustainability of UNDEF itself is a concern as annual voluntary contribution have been diminishing and the number of the projects decreasing. The evaluation suggested that the UNDEF establish fundraising and communication strategies (p.3).

6. In terms of the UNDEF's "**coherence**" within the UN system, while the coordination through the PCG and UNDEF's complementarity with other UN entities is appropriate, the UNDEF needs a "feedback mechanism" of its results working with CSOs, in the UN system properly and effectively. (p.3-4)

During and after the evaluation, the UNDEF introduced changes aligned with the recommendations of the institutional evaluation report, such as its improvements in its result framework, its introduction of a theory of change, its working more closely with the Advisory Board, and it is developing an interactive mechanisms for sharing its lessons learned with stakeholders.

Since then UNDEF have been making incremental changes to improve its processes for fulfilling its mandates more effectively. After 15 years of existence and passing the intensive period of norm adaptation period in the first few years of its founding, the UNDEF must continue to improve its accountability to donors and its effectiveness for diffusing norms. Trust funds are expected to exist indefinitely if mandates continue to be relevant and there are strong principals who support the agent's work. It is also interesting to consider that, thus far, the 10 trust funds listed in Table 1 continue to exist and function, and it has not been the case that trust funds were closed. It could be possible for some of them to end if donors stop funding as they consider that the trust funds have ended their mandates. While it is not a certainty that this would happen, it is surely a possibility.

Conclusion

In this thesis, I have attempted to explain why the general trust funds were established around the 1990s and continue to exist now. Using the two theories from different schools of thoughts, I argue that the creation and expansion of large-scale trust funds within the UN Secretariat are due to both its functional efficiency and accountability and its norm diffusing functions.

The trust funds are efficient and functional agents for several member states who would like to advance and achieve their interests within the UN Secretariat. These “interests” are member states’ priorities in foreign policies which should also be pursued by a multilateral organization in addition to their bilateral democracy assistance. Donor member states were able to participate in shaping and adjusting the norms to be diffused by the trust funds and in designing their operational processes. The close and direct relationship between trust funds and member states make communications easier, facilitate understanding the work processes, and allow participation in the close oversight of the trust funds. This could avoid “agency slacks” whereby the agent’s actions do not necessarily benefit for the Principal. It is very difficult to do the same for regular work programs and departments of the United Nations, due to the large number of principals with diverse interests, and the asymmetric situation of knowledge and information between member states and traditional UN departments and offices. Therefore, trust funds of this sort become a popular mechanism, and the number of trust funds and levels of contributions have been increasing while the UN programs financed by the regular budget have been constrained.

The case study of the United Nations Democracy Fund (UNDEF) illustrates how it was established in the context of the norm development process of democratization and democracy promotion. The thesis highlights the norm-adjusting process in its first few years as a joint endeavor of founding member states and the UN Secretariat. The organizational arrangements and work procedures are set by the UN Secretariat and adjusted according to

inputs by donor member states sitting on the Advisory Board. The adequate principal-agent relationship continues to satisfy the interests of donor member states, and over 13 years, the UNDEF has been diffusing the adjusted norm - promoting democracy at the grass-roots level through the enhancement of voices of civil societies and the empowerment of civil society organizations, working directly with CSOs.

There remain, of course, negative aspects of trust funds, as pointed out by reports of oversight bodies discussed in this thesis. Due to the P-A relationship, trust funds work primarily for donor member states at the same time, trust funds must serve an overall goal and objective of the UN. Moreover, due to their work processes, most trust funds can provide only short-term duration of a project and a specific theme, rather than a long term comprehensive and sustainable programmes. As in the case of the UNDEF, a departure from the close partnership with UN Resident Coordinators and the UN system in a country after two years, and less-intensive involvement of the UN agencies at the headquarter level through Programme Consultative Group (PCG) at a later stage, resulted in the UNDEF being isolated and compartmentalized, which is contrary to the UN's advocacy to coordinate and work as one organization. More fundamentally this may create a deviation from the UN's fundamental principle of collectivism and multilateralism.

Still, the trust funds attempt to strike a delicate balance between the collectivism/multilateralism supported by all member states through their obligatory financial contribution to the regular budget, and the focused program supported by a small number of member states with their voluntary contributions. The two should be complementary rather than contradictory. The trust funds are particularly useful for translating the norms developed through deliberations and agreements of all member states into the practice via their norm adapting and diffusing functions.

Finally, the analysis provided by this thesis is inherently limited. The application of the two theories requires a much deeper assessment and more than one case study of trust funds. Comparative analysis of two or more trust funds in terms of origin, institutional design, and work process formulation, and the norm-adaptation processes and diffusion results would provide much stronger explanatory power. Furthermore, the case study requires a greater in-depth analysis, including a qualitative analysis of the results of trust funds particularly in the norm-diffusing function. Qualitative analyses using surveys that include interviews and questionnaires, would be necessary, in addition to the review of existing documents.

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