



LUND UNIVERSITY

Resources, Challenges and Change -

A comparative study of assessment funded and voluntary funded Specialized Agencies and Programs of the United Nations in times of demands for greater aid effectiveness and financial crises

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Abstract

Many of the Programs, Funds and Specialized Agencies of the United Nations were founded in the aftermath of the Second World War. The purpose of the creation of these organizations has long since been replaced by new ones. This thesis addresses the challenges experienced today by three of the most prominent UN Specialized Agencies, Funds and Programs, FAO, UNICEF and WFP. The thesis' research question is whether the funding mechanism of an aid organization (voluntary vs. assessment) is more likely to have implications on its reform and change ability? Theories derived from institutionalism have served as theoretical framework to answer the research question. The method utilized in this research is a structured, focused comparison.

The findings indicate that voluntary funded agencies are more prone to comply with changes to its modalities and practices. However, the situation of FAO has for some time been characterized by bad governance and low efficiency and is therefore not valid as a representative for the specialized agencies when it comes to changing ability adaptation.

Key words: FAO, WFP, UNICEF, voluntary funded, institutional change

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1 Introduction

When the work on this paper began, it is within the context of an ongoing turbulent world economy. "Crisis" is a recurring word to describe the current layoffs, national debts and budgetary strains. Essentially, this is a description of the situation in the Eurozone, the U.S. and the West in general. But the recurring financial crises have of course an impact on human life worldwide. For example, the global food and fuel crisis of 2007-2008 pushed an additional 40 million people into hunger in 2008, hence raising the overall number of undernourished people in the world to 963 million compared to 923 million in 2007 (Mittal 2009:1).

Donors have responded to the increased development and relief requirements by doubling their financial contributions for UN development cooperation for the last 15 years.¹ However, studies have shown that the character of these contributions has fundamentally changed so that "core financing" to the UN's multilateral mandate has been shrinking while voluntary contributions earmarked for specific locations and issues have increased.² A clear trend visible during the last years is how major aid donors have allocated below their commitments. The statistics on resource flows to developing countries shows that the DAC Members' Net Official Development Assistance in 2011 was 2,3% less than in 2010.³

These changes in the financing of the UN agencies and programs are a major concern, as the lack of predictability of voluntary funding is having an impact on the sustainability of the organizations (Yussuf et al. 2007:6). Especially, this is having a negative impact in cases where major donors have sharply reduced funding, or withdrawn completely. Despite the changes in the financing of United Nations development cooperation, UN agencies and programs continues to deal

1 See Mahn 2012

2 Ibid

3 <http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm>

with its essential relief and developmental work in a rapidly changing environment.

During the last decade there has been a discussion regarding aid efficiency⁴. A turning point for this direction could be related to the UN summit in 2000 where virtually all world leaders agreed on seven Millennium Development Goals (MDGs) for developing countries by the year 2015. The demands on efficiency targets were intensified in the Paris Declaration of 2005 in conjunction with the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs). In the mid of it all, there are major ideological debates and contesting views on what makes aid efficient. The Americans William Easterly and Jeffrey Sachs have usually been representative of either contesting opinions with their influential work in this subject.⁵

How has the aid debate influenced the decisions and policies governing allocations and amounts? And how is the situation for aid agencies today? Considering a call from Donors and scholars for efficiency, both regarding cost and methods, financing preferences of major donors and a world economy in crisis, have aid agencies changed in lights of these conditions?

1.1 Purpose and research question

The humanitarian society and international aid work of today is very different from the one started over 60 years ago. Some of the most prominent UN agencies were founded and given a mandate to combat problems completely different from the ones of today. UNICEF, for example, created by the United Nations General Assembly on December 11, 1946, to provide emergency assistance to children in countries that had been devastated by World War II is today active in areas such

4 See Paris Declaration 2005

5 See Easterly, William. (2006) *The White Man's Burden: How the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*; Sachs, Jeffrey. (2005) *The End of Poverty: Economic Possibilities for Our Time*.

as care and services for children orphaned and made vulnerable by HIV/AIDS, child protection from violence, exploitation and abuse and basic education and gender equality to name a few (MOPAN 2010:6-7).

This paper is concerned with the state of the UN development cooperation, and how trends and conditions within the aid industry such as demands on higher aid efficiency, financial crises and the changing nature of funds has impacted it. Even though donors have more than doubled their financial contributions for UN development cooperation in the last 15 years, the character of these contributions have changed. More and more, donors are bilaterally earmarking contributions for projects that they prefer and for specific locations and issues while the share of "core financing", i.e. funding for the multilateral mandate of the UN's 37 operational agencies, have been shrinking for years (Mahn 2012:1).

The United Nations development cooperation system consists of specialized agencies, Funds and Programs working in fields such as development or humanitarian relief assistance. The specialized agencies of the United Nations are autonomous agencies reporting directly to the Economic and Social Council (ECOSOC). Some examples of UN specialized organs are The Food and Agriculture Organization (FAO), International Labour Organization (ILO), International Monetary Fund (IMF) and United Nations Educational, Scientific and Cultural Organization (UNESCO). These agencies derive a large part of their income from the assessed contributions of Member States (Yussuf et al 2007:2).

The specialized agencies are also at least partially funded by voluntary contributions. The United Nations Funds and Programs have been established to address a particular humanitarian and development concerns by the General Assembly to which it reports.⁶ Some examples of UN Funds and Programs are The United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA) and The World Food Programme (WFP). The Funds, Programs and other bodies established by the General Assembly are entirely, or almost entirely, funded by voluntary

6 <http://www.un.org/en/aboutun/structure/index.shtml>

contributions (Yussuf et al. 2007:3). While many countries fail to pay their full assessments to the specialized agencies, the UN Programs and Funds remain even more vulnerable as they rely entirely on voluntary contributions from a handful of donor countries.⁷

This paper is about institutional change and what drives organizations to take on reform. What is the institutional action of UN Agencies and Programs/Funds in times of financial crisis and donors who direct their contributions to activities and areas based on their own preferences, rather than assessed by the aid agencies themselves? How does aid organizations that are more focused in one or few areas gets affected by changes in donor preferences than organizations who spread their operations across several areas? Is the funding mechanism of an UN organization an explanatory factor to the responses to challenges and problems in the aid system?

The research question for the thesis:

1. How have the different types of UN agencies adjusted to the changing conditions of the aid industry, namely the emphasis placed on resources, donor preference and effectiveness/efficiency?
2. Is the *funding mechanism* of an aid organization (voluntary vs. assessment) more likely to have implications on its reform and change ability? Is this more evident in times of financial crisis?

A subordinated purpose is to investigate if also the thematic and operational focus of an aid agency has implications on the way it is affected by external stimuli.

1.1.1 Limitations

The scope of this paper limits to the organizational action and responses of three selected UN Specialized Agencies and Funds and Program to past and emerging challenges. This paper is not about to what extent aid actually achieves the goal of

⁷ <http://www.globalpolicy.org/un-finance/tables-and-charts-on-un-finance/the-financing-of-the-un-programmes-funds-and-specialized-agencies.html>

reducing poverty, or a study of the best performer among aid agencies. In terms of temporal limitations focus will mainly be on the period 2000 to the present.

As the survey is limited to only investigate organizations of the UN (and within the UN system only one out of 17 Specialized Agencies and two out of 14 Funds and Programs), there is no great claim to present conclusions that speaks for all types of organizational activities. The empirical data and material has been limited to include only secondary material in the form of annual reports, policy documents (budgets, strategic plans etc.), evaluations made by Donors and partners to the investigated cases.

The paper's research questions and aim lies within a rather unexplored issue. No similar research has been found. The changing nature of the contributions to the UN's development work has been treated extensively in recent years⁸

1.1.2 Cases

Two components have guided the selection of cases to compare. This being the variable that it's believed to explain the phenomena I intend to investigate and the analysis units exposed to this explanatory variable. The explanatory variable is the funding mechanism of the analysis unit. Therefore, both assessments funded and voluntary funded UN organizations need to be selected as analysis units. The methodological purpose of this study is to perform a comparative (structured, focused) case study with few, similar cases (Esaiasson et al. 2007, ch. 6; George & Bennett 2005:67). Therefore, only one specialized agency will represent the assessment-funded case.

There are currently 16 specialized agencies.⁹ A helpful method to narrow the selection of cases can be done by referring to the topic this thesis is seated in. Since this thesis is about international development, humanitarian assistance and aid, it is evident to focus on the specialized agencies (and funds and programs)

8 Graham 2012; Yussuf et al 2007; UNDESA 2005 (ISBN 92-1-104620-3)

9 Visit <http://www.un.org/Overview/uninbrief/institutions.shtml> to see a list of all specialized agencies.

that have in its mission statement development and poverty reduction. Out of the 16 agencies only 3 (FAO, IFAD, World Bank) are in this thesis considered to fit within that scope. The World Bank is an interesting case especially since it also includes a special fund for the poorest countries (International Development Association IDA). However, the World Bank has not been included because it is funded and governed outside of the UN System.¹⁰ IFAD and FAO have both in its mandate and strategic framework to improve people's food security, nutrition and also raising income levels.¹¹ Out of this two specialized agencies, FAO has been chosen as the only case study to represent an assessment funded organization. The motivation for this is partly because of IFAD's particular role as a lender rather than as an aid provider, which distinguishes it considerably from FAO and the other selected cases. Finally, the characteristics of FAO are similar to the ones of the other selected case studies following the principle of selecting cases that are as similar as possible except for the explanatory variable that is the focus of the investigation (Esaiasson et al. 2007:113).

Another motivation for selecting FAO, although not so determining, is how FAO for a long time have been openly criticized for its inefficiency.¹² It was here that the idea was brought on to examine whether certain UN organizations are better than other when it comes to respond to new challenges.

Having established FAO as one of the selected cases, WFP is another fitting case to study based on a 'most similar design' approach. Both FAO and WFP have a mission to fight hunger, both are based in Rome and both are interconnected through operational cooperation and governing procedures.¹³ Another important factor for selecting WFP is that it is the world's largest humanitarian agency fighting hunger.¹⁴

10 <http://www.globalpolicy.org/un-finance/tables-and-charts-on-un-finance/the-financing-of-the-un-programmes-funds-and-specialized-agencies.html>

11 <http://www.fao.org/about/en/>; IFAD Strategic Framework 2011 – 2015, page 5.

12 Pilon, Juliana, "The U.N.'s Food and Agricultural Organization: Becoming part of the problem." - The Heritage Foundation no. 626, January 4, 1988; Resignation letter of Louise Fresco, ADG, FAO. The Guardian Sunday 14 May 2006.

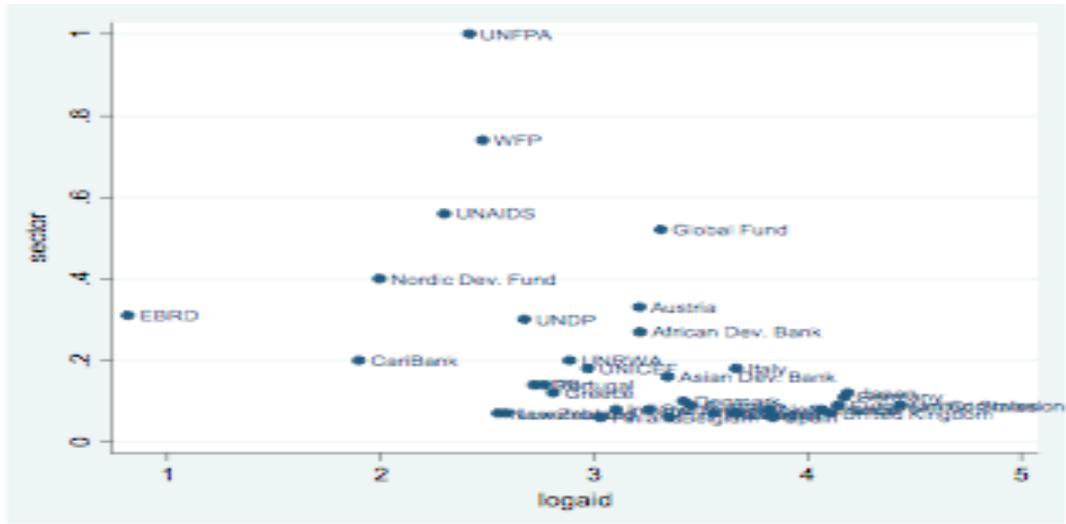
13 The Director General of FAO jointly appoints the Executive Director of WFP together with the UN Secretary General.

14 wfp.org

The original intention of this thesis was to compare only two similar UN organizations with different funding mechanisms. After selecting FAO and WFP it came to my attention that organizations in the aid system could also be categorized as *focused* and *fragmented* organizations (Easterly & Williamson 2011). The division in focused and fragmented organizations is derived from a paper by Easterly and Williamson (2011). Easterly and Williamson measure fragmentation with *Herfindahl coefficients* that are used in industrial organization as a measure of market concentration where 1 implies maximum concentration, 0 implies maximum fragmentation (2011:1935). Specialization captures the extent to which aid is divided among many donors, many countries, and in our case, many sectors (Easterly & Williamson 2011:1930). In some cases, agencies are specialized to a certain sector due to their design and mission. The World Food Programme is an agency that has 75% of its aid categorized as food aid, reaching a 98% of specialization in the Easterly & Williamson ranking of agency performance. FAO is unfortunately not included in the research of Easterly and Williamson. However, policy documents provide a picture of FAO as an “an excessively fragmented” organization.¹⁵ Based on this division, I think it is important to compare FAO with a voluntary funded organization that is similar when it comes to operational fragmentation, while remaining with the ambition to keep WFP as a case study. Therefore, a third case has been included.

UNICEF has been selected as a third case (and second voluntary funded organization). It must be recognized that the choice of UNICEF as one of the case studies have not been based on any precise grounds. The selection has been based on one of the facts that UNICEF also operates on a broad field of sectors scoring 59 % in the Easterly & Williamson study (2011:1936). Another justification for selecting UNICEF is related to funding. FAO receives about 50 % of its total resources as non-core contributions (FAO 2009:3). So does UNICEF. The equivalent amount for WFP is 99 % (Yussuf et al. 2007:26).

15 <http://www.fao.org/docrep/x4104e/x4104e05.htm>; IEE 2007



Sector Herfindahls and amount of aid given (log) by agency, 2008

2 Theoretical framework

In this chapter, the theories that have been used to define institutional change will be presented. The chapter begins by giving an overview of the theories derived from Rational Choice theory and Institutional theory throughout the 20th century, which has heavily focused on institutional behavior, structures and agency.¹⁶ It continues with a discussion on institutional change and how Rational Choice institutionalists takes individuals preferences and beliefs as causes for engaging in change, while new institutionalists argue that the individual's preferences are shaped by institutions.¹⁷

2.1 Rational choice theory and institutionalism

The chosen theoretical approach in this paper is based on the ontological position that organizational action is bound to the beliefs and preferences of its members. This is true for all types of organizational constellations (or institutions). No matter what happens out in the “real world”, the initiation, trajectory and change of individuals as central actors determine an institution. This does not prevent to take a subjectivist epistemological view. As an observer, I am not unaffected by the same challenges experienced by the selected cases (climate change, financial crises). Objectivity is not possible because as an observer I share the same social constructions of 'reality'. The action and response of the selected cases are guided by the values of the actors within the aid system. Their interpretations are the interpreted by the observers. Marsh and Furlong calls this 'the double hermeneutic' (Marsh & Furlong 2002:19).

Rational choice tells us that individuals engage in cooperation with one and other to solve collective action problems. In other words: “to maximize gains from

16 See Peters 1998

17 See Lowndes 2002

cooperation” (Lowndes 2002:105). Rational Choice theory is a theory described as “individuals as central actors in the political processes and that those individuals act rationally to maximize personal utility” (Peters 1999:46). A way to look at institutional change is according to Rational Choice theory to focus on the individuals as 'appropriate units of analysis' (Peters 1998:122). Political phenomena can be explained by individual's values or individual rational calculations (Ibid).

Institutionalism, on the other hand, argues that organizations and institutions shape the behavior of individuals (Ibid). Institutionalism was up until the 1950s the study of constitutions, legal systems and government structures and their comparison over time and across countries (Lowndes 2002:91). This was the dominant study object among political scientists. The main elements of traditional institutional analysis covered the rules, procedures and formal organizations of government (Lowndes 2002:92). This theoretical approach was criticized for not being specific in its assumptions and practices (Lowndes 2002:90). Moreover, it was unreflective on issues regarding theory and method and took 'facts' and values for granted (Lowndes 1996:181).

A revised form of institutionalism starting during the 1960s asked questions such as 'what constitutes an institution?' and about the way institutions 'do their work' and “about the capacity of individual actors to influence the shape and functioning of relatively autonomous political institutions”. This thesis concentrates its theoretical focus on the features of the *new institutionalism* and its strains (Lowndes 2002:94).

2.1.1 New Institutional theory

Critics of the traditional institutional approach pointed out the lack of reflection regarding theory and methods and how facts and values were taking for granted. The 'old' institutionalism held a very limited scope to its subject matter when focusing only on formal rules and organizations from a normative (good government), structuralist (structures determine political behavior), historicist (the

central influence of history) and holistic (concerned with describing and comparing whole systems of government) point of view (Lowndes 2002:94).

The term 'new institutionalism' was coined by March and Olsen in 1984¹⁸ in a seminal paper where they prompted to expand the understanding of institutions by asking questions such as "what constitutes an institution?" and "how do they do their work". March and Olsen argued that institutions act rational and are governed by what they called a 'logic of appropriateness'. This being what defines what the institution and its members should and should not do (Peters 1998:121). This logic is transmitted to their members and which those members use to structure their own behavior. Unlike its predecessor, new institutionalists would study the culture and values held by the participants in the governing process. This was a move from the study of government to the study of governance and from a formal to an informal conception of institutions (Lowndes 2003:97; Peters 1998:122).

Another critic towards the 'old institutionalism' was that it had little agreement on what institutions are and much less how it interacts with individuals to produce decisions (Peters 1999:vi). March and Olsen argues that institutions are:

"Collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled and what obligation of that role in that situation is."¹⁹

Still, new institutionalists define institutions as a 'stable, recurring pattern of behavior' (Ibid). New institutionalism admits that despite institutions consist of a stable pattern of behavior it is not without the sense that it is unchangeable, dysfunctional, or even enforceable (Peters 1999:30). So, what makes institutions change?

Organizational change is not a uniform process or one broad institutional response to challenges. Change and adaptation is more apparently a piecemeal process of

18 March, J. and Olsen, J. (1984) 'The New Institutionalism: Organizational Factors in Political Life', *American Political Science Review*, 78: 734-49

19 Peters 1999:28

adjustment (Clay 2003:697). Peters talks about 'the garbage can approach', that is, a set of routinized responses to problems stored by institutions. These familiar sets of solutions will be primary used before searching for alternatives that are further away from core values (Peters 1999:33). An example of this within our context is how FAO before engaging in a reform process of its financial framework in 2009 borrowed increasingly large amounts of money for a few months each year to meet its financial obligations (FAO 2007:330). One reason for the cautious approach to new problems is what many scholars refer to as change rarely being a planned event.²⁰ Rather, steps towards change are the sum of several streams of activity "and opportunities for action within the institution" (Peters 1999:33). New institutionalists are on the same pace when explaining change as a process of identify and adapting to changing circumstances in their environment through a process of learning (Ibid).

The merit of new institutionalism is described by Lowndes as a more expansive definition of its subject matter and with a more explicit theoretical framework (2002:91). Although very diverse, new institutionalism offers a broad theoretical strain to explain change among institutions. Peters presents seven in his book *Institutional Theory in Political Science: The 'New Institutionalism'*.

The Rational Choice strain of new institutionalism tells us that institutions are human constructions, designed to solve collective action problems and that they can only be 'undone' when they no longer serve actors interests (Lowndes 2002:105). Peters says that actors "will only change institutions where the likely benefits outweigh the expected cost of change itself – including the costs of learning how to operate within a new structure, of dealing with new sources of uncertainty, and of engaging in change itself" (Ibid). Is the current situation of UN Specialized Agencies and Funds/Programs with declining funds, earmarked contributions, demands from donors for higher aid efficiency incentives for actors within these organizations to push for an institutional change if it means attracting more funds and better outcomes?

20 Clay 2003, Peters 1998,1999

Another explanation on when change occurs is “*dramatic moments of punctuated equilibrium in which new ideas become embodied in institutional form*” (Ibid). The term 'punctuated equilibrium' could in our case be captured by how donors allocate less due to financial strains forcing UN development agencies to embody new ideas into institutional form.

3 Methodology and Material

Having discussed the drives behind institutional change in the previous section, the research design and methodology utilized to answer the research questions will be presented.

3.1 Method

The study is carried out as a comparative analysis of UN agencies of which two being voluntary funded and one funded through a mixture of assessments and voluntary contributions. The type of comparison chosen for this thesis is taken from George and Bennett's method of the structured, focused comparison (2005:67). This method involves the use of questions that reflect the research objective. George and Bennet:

“[...] and that these questions are asked of each case under study to guide and standardize data collection, thereby making systematic comparison and cumulation of the findings of the cases possible.” (Ibid)

The questions that will be applied to all three cases are within the scope of what Clay says is evidence of institutional change. Below, three different definitions of organizational action and steps towards change are presented.

Reformulation

An organization can declare changes and new directions in terms of *policy objectives* and *targets*. Doornbos (2000) warns that these kinds of statements could be of a purely rhetorical character. This is mostly common among UN-sponsored international conferences and declarations (ex. The Marrakesh Accord). This type of response is according to Clay and Stokke a tactic to avoid “more substantive change in actions and mandates” (2000:287). A reformulation or

restatement of objectives defines the organization problems and sets the targets but is diffuse when it comes to responsibility (Ibid).

Adaptation

The second type of response is adaption. This type is characterized more in “response to short-term influences than as part of a longer-term strategy” (Clay & Stokke 2000:382). The institution can present evidence that it has changed its modalities and practices. This process of adaptation to deal with problems as they arise takes often place in already existing mechanisms. This response increases the effectiveness and efficiency of humanitarian aid and assistance (Ibid:383). But this method is, according to Clay and Stokke slowly and with apparent limits to change and does not respond well to major changes in the political and economic environment (Ibid).

Reconstruction

Reconstruction is the more ambitious reconfiguring of institutions and mandates. This radical institutional reform is perceived by Clay and Stokke as something “unrealistic to expect” (Ibid). The best thing to hope is an adaptation, beyond rhetoric, to the new realities and challenges. A necessary pressure for change and reformation must come from aid recipient countries and major donor countries. Some examples of reconstruction can be found in the funding dynamics, resource mobilization strategies and changes in program delivery.

What gives strength to the choice of the structured, focused comparison is how George and Bennett argue that the research objective and research strategy to achieve that objective should guide the selection and analysis of the cases (2005:69). Based on the discussion in the introduction and in the section on cases, it is my hope that the reader sees that the cases have not been selected at random. Further on, the structure-focused comparison uses variables of theoretical interest for purposes of explanation. All the three cases in this thesis possess explanatory variables, namely their funding mechanism.

3.2 Material

The core empirical material used in this comparative analysis has been annual reports, drafts decisions for board approval and external evaluations. These types of empirical material is common to find at the selected cases' own webpages, usually in the form of annual reports and financial statements for a year.

In the case of WFP and UNICEF, their annual reports have been utilized in first hand to see the contributions received by funding type and donor. FAO does not give out this type of annual reports. Therefore, I had to turn to their Medium Term Strategic Plan from 2000 until 2011 to find out the budget proposals for the same period.

To verify the selected cases possible declarations of reformulation, or any other policy change relevant to fit with the research objective so have publications issued by the organizations themselves been used be. Usually, documents like strategic plans and programs of work and budgets. The evaluation series of multilateral agencies conducted by The Multilateral Organisation Performance Assessment Network (MOPAN) has been of great help.

4 Analysis

This chapter starts with a brief background to provide the reader with an overview of the external constraints FAO, UNICEF and WFP has experienced since the beginning of the year 2000. It will mainly be about the conditions that have influenced donors in their ability and preference in allocating contributions.

Further in the chapter, the analysis of the cases is presented. The cases are dealt with separately. The structure of the analysis is as such that the case specific section starts with a brief presentation of the organization in question. Then, a funding overview of the organization for the period 2000-2011 is listed in order to see if the received contributions are on par with each other and with the overall Official Development Assistance. This is to find out if the patterns over time in the form of contributions received are consistent between the organizations, and with the DAC's members allocation. If so, more validity is given to the theoretical framework of this thesis arguing that institutions acts rational and are governed by what they call a 'logic of appropriateness'. And since, as already discussed in the introduction, the nature of contributions has changed while the recent financial crises have constrained donor's contribution ability. Have the selected cases been forced to act rational and engage in institutional change?

Finally, identifying signs of reformulation, adaptation and reconstruction, as per the research design, will analyze the actions and responses of the selected cases.

4.1 Financial crises and donor performance

By the end of 2007, a new type of emergency had emerged. Unlike crisis with familiar cycles such as natural disasters, rising food and fuel prices were not the result of a single cause. Between 2006 and mid-2008 world market prices of cereals, oil seeds, and dairy products more than doubled (Kappel et al. 2009:3).

This has been explained by many factors. One reason can be deduced from the fact that annual surpluses in the global cereal production started to become lower than or just equal than the consumption in the decades after 1998. This led to declining inventories and soaring prices (Ibid:4). By 2007, the inventories had fallen to the lowest reserve ratio of the past 50 years (Ibid). Another factor adding explanation to soaring food prices is how the growing per capita income in the developing world and higher food utilization added more pressure to the food markets. Kappel et al develops this changing pattern in food consumption:

“In addition the food consumption patterns of an emerging global “middle class” changed towards diets that are richer in meat and dairy products. The calorie intake from these foodstuffs is much more intensive in terms of both grain (fivefold) and water use (tenfold) than from a diet based on cereals (e. g. Evans 2008; FAO 2003). Hence, over the last decade dietary changes contributed substantially not only to a growing demand for grains, but also to an increasing demand and scarcity of water, which may have limited the growth of cereal production in some world regions.”²¹

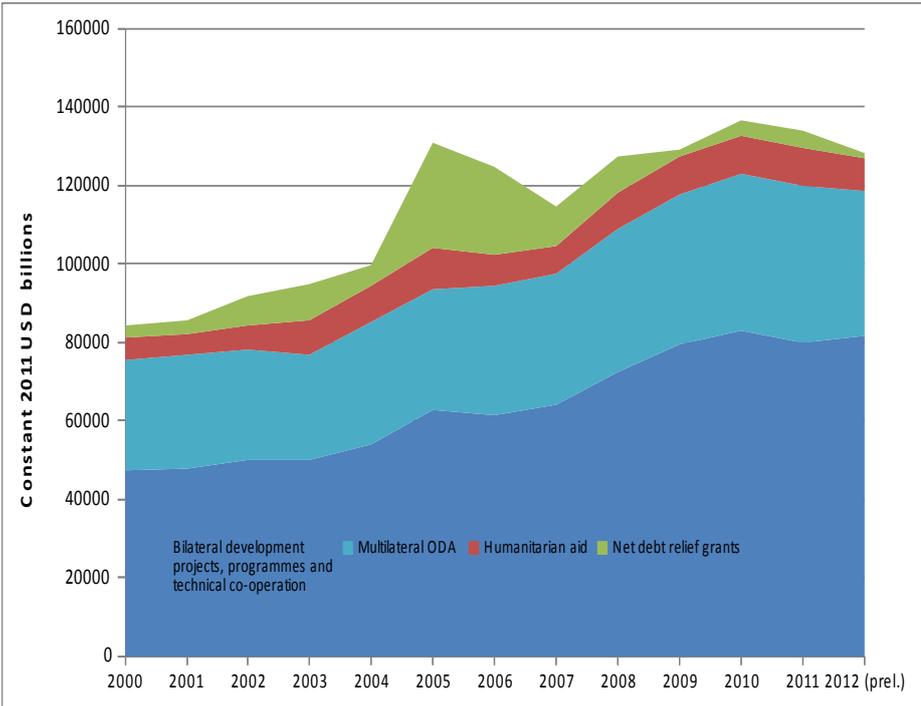
Von Braun mentions in an IFPRI report from 2008 rising energy prices and subsidized biofuel production as other contributions to surging consumption of agricultural products (von Braun 2008:1-2).

Alongside the food and fuel crisis the world economy was hit by a financial crisis during the second half of 2008 caused by, according to von Braun “flawed regulatory regimes and subprime mortgage lending” (Ibid).

The financial crisis took place during a decade where world leaders had committed to emphasize harder on international development and increasing aid contributions to the poorest countries. The trends shown in Figure 1 tell us that while contributions have increased, the character of the contributions has changed.

21 Kappel et al 2009:6

Figure 1: COMPONENTS OF DAC DONORS' OFFICIAL DEVELOPMENT ASSISTANCE



Source: OECD 3 April 2013

The funding for multilateral assistance is basically unchanged throughout the period 2000-2012 while bilateral contributions has almost doubled. The multi- and bilateral components also follow some similar movements. A steady rise in contributions up until 2007, probably as a result of the calls for increased donor contributions during the Millennium Summit of September 2000 and the Paris Declaration in 2005. Thereafter, increments in contributions can be attributed to donor’s response to the high fuel and food prices. From the year 2010 to present, contributions starts to drop, although on a lesser scale in the bilateral contributions. According to OECD, the continuing financial crisis and euro zone turmoil has led several governments to tighten their budgets, which has had a direct impact on development aid.²²

4.2 World Food Programme

²²<http://www.oecd.org/development/stats/aidtopoorcountrieslipsfurtherasgovernmentstightenbudgets.htm> accessed 4 may 2013

WFP is today the world's largest humanitarian agency fighting hunger. It is both a humanitarian and development UN agency (Kliest & Singh 2012:5). Established in 1961 by the General Assembly on a 3-year experimental basis under FAO to channel US surplus crop as multilateral food aid.²³ WFP is governed by the WFP Executive Board, which consists of 36 Member States on a rotational basis. An Executive Director, who is appointed jointly by the UN Secretary General and the Director-General of FAO, heads the organization.²⁴

In the beginning of the new millennium WFP assisted 83 million hungry people in 83 countries and provided an amount of 3,7 million tons of food. The latest available annual report (2011) shows that 3,6 million tons of food was distributed to 99 million people in 75 countries. During the same period donor contributions has almost doubled.

During the investigated time period, WFP has been hit hard by a triode consisting of increased prices for food, fuel and financial crises. These problems and challenges are qualified as good incentives for innovation further away from core values and familiar set of solutions. If we don't pay a big amount of attention to data objectivity and rely entirely on reports and other publications issued by WFP itself, we find an organization that claims to have undergone major reforms. With the Strategic Plan 2008-2013 WFP lays out a strategy to transform the agency from a food aid organization to a food assistance. With a new set of “tools” to fight hunger WFP terms this change a 'Revolution'. At least, this is the title of a WFP publication from 2009.²⁵

4.2.1 Funding overview WFP

WFP is a voluntary funded program of the United Nations. WFP's funding comes from governments, private sector and individuals. Donations to WFP are in the form of cash, food and items (kitchen utensils, agricultural tools, warehouses).

23 wfp.org/about

24 Ibid

25 Omemo et al 2009, 'Revolution – From Food Aid to Food Assistance. Innovations in overcoming hunger'

Contributions to WFP are divided into two categories, *directed multilateral* and *multilateral*. Directed multilateral are contributions for a specific program category and/or country earmarked by donors. Multilateral contributions are flexible donations to be spending as per WFP priorities. The vast bulk of contributions to WFP are in the form of directed multilateral (99% in 2005) Yussuf et al. 2007:26).

The table below shows the amount of food in metric tons delivered, amount of beneficiaries, operational expenditures and contributions received between the years 2000 and 2011.

Table 1

Year	Food (mt) distributed*	Beneficiaries*	Operational expenditure (US\$ Mil.)**	Contributions (US\$ Mil.)***
2000	3,7 million	83 million	1599	1569
2001	4,2 million	77 million	1591	1772
2002	3,7 million	72 million	1690	1624
2003	6 million	104.2 million	3392	2306
2004	5,1 million	113 million	3073	2023
2005	4,2 million	96,7 million	3001	2468
2006	4 million	87,8 million	2876	2165
2007	3,3 million	86,1 million	2966	2705
2008	3,9 million	102,1 million	3694	4312
2009	4,6 million	101,8 million	4228	3356
2010	4,6 million	109,2 million	4238	3181
2011	3,6 million	99,1 million	4017	3122

*Source: WFP annual reports

**Source: http://www.globalpolicy.org/images/pdfs/WFP_Income_and_Expenditure.pdf

***Source: http://www.globalpolicy.org/images/pdfs/WFP_Top_10_donors_1974_-_2011.pdf

What can be confirmed from the above table is the trend of increased financial support from donors over the last 15 years for UN development cooperation (Mahn 2012:1). WFP is no exception. Starting our analysis in 2000, same year the MDGs were signed alongside a call for aid increases, donors responded to this call. A stable and secure inflow of contributions can be seen between the years 2000 and 2007 and then taking a leap in the following year 2008. The augmented amount of contributions in 2008 is a direct response to the special appeal for \$755 million to cover the additional costs generated by higher commodity and fuel prices. Donors responded generously with a total amount of 1032 billion USD

(WFP 2009a:4). The sharp decline in contributions in 2009 can be seen as a normalization of the contribution level. A downward trend starts in the year after.

Statistics from OECD on resource flows to developing countries²⁶ shows that contributions from DAC and non-DAC countries to multilateral organizations follow a similar path. Figure 1. confirms the second overall trend in foreign aid funding in the past 15 years, that it is most inclined to provide grants for specific locations and issues.²⁷ In 2011, bilateral contributions consisted of nearly two thirds of the entire Official Development Assistance.

4.2.2 Sign of Reformulation

The General Assembly and the Food and Agricultural Organization jointly established WFP in 1961. Its original mandate was to deliver and distribute surplus food from rich Northern countries to poor and hungry populations in the South. Food aid today has become more budget-driven and less surplus-driven (Christensen 2000:257). This, alongside a decline in the “popularity” of food as aid, has forced food aid actors to rethink their actions and policies. “Food policy” has previously during the 1980s undergone changes. More focus on food security also developed towards a discourse on to include both supply and access (Maxwell & Slater 2003:532). Amartya Sen is usually credited with shifting the discourse towards entitlement and access.²⁸

New drivers during the new millennium such as globalization and climate change combined with older ones, such as civil strife, inequality and weak governance forced WFP and its policy makers to some reformulation and restatement of objectives. Most clearly are these to be found in the WFP Strategic Plan 2008-2013. The 2008-2013 objectives are similar to the ones in the previous strategic plans. Restatement of objectives is to be found in the aim of the Strategic Plan, which is to “support nations in meeting emergency needs and in identifying

26 <http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm> accessed 2nd may 2013

27 See Mahn 2012

28 See Sen, A. K. (1981) *Poverty and Famines: An Essay on Entitlement and Deprivation*.

longer-term solutions to the hunger challenge” (WFP 2009a:3). This overall aim is in accordance with declaration 3, sector ii of the Paris declaration:

“Increasing alignment of aid with partner countries’ priorities, systems and procedures and helping to strengthen their capacities”.

Another clear sign of reformulation and restatement is to be found in the preface of the 2008 WFP annual report by the Executive Director:

“We were able to draw on the five Strategic Objectives of the Plan, framed around WFP’s mission and mandate, to reposition WFP from a food aid agency to a food assistance agency.” (Ibid)

The statement repositioning the world’s largest humanitarian agency fighting hunger from a *food aid* agency to a *food assistance* must be interpreted as an innovative move. WFPs mandate to “avert starvation in humanitarian crises through food assistance, delivered not only within emergency operations that fill food gaps in the short term, but also within programs that promote long-term development and thereby break the deeply rooted hunger-poverty cycle” is through the new plan implemented by interventions that should be provided in ways that meet hunger needs, strengthen local markets, foster small farmers’ productivity, and build national capacities (Omamo et al. 2010:3). The ground idea of reformulation by WFP is not only to be perceived as an organization that delivers food, but also as an organization that delivers *hunger solutions*. This shift in directions of policy objectives and targets is presented by WFP themselves as a historical shift. Not longer instrument-based, but problem-based (Ibid).

Table 2 Strategic plans

Strategic plan 2004-2007 Strategic Priorities

Strategic plan 2008-2014 Strategic Objectives

1. Save Lives in Crisis Situations	1. Save lives and protect livelihoods in emergencies
2. Protect Livelihoods in Crisis Situations and Enhance Resilience to Shocks	2. Prevent acute hunger and invest in disaster preparedness and mitigation measures
3. Support the Improved Nutrition and Health Status of Children, Mothers and Other Vulnerable People	3. Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations

4. Support Access to Education and Reduce Gender Disparity in Access to Education and Skills Training	4. Reduce chronic hunger and undernutrition
5. Help Governments Establish and Manage National Food- Assistance Program	5. Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase

4.2.3 Signs of Adaptation

The theoretical framework's view on adaptation relies on changes in an organizations modalities and practices. In the case of WFP they emphasize the need for adaption due to the global context in which WFP operates as rapidly changing.²⁹The Strategic Plan mentions recent market shocks and the challenges presented by climate change as incentives for adaptation. Another one, continuously mentioned by Easterly is food aid as an ineffective aid channel. Even in the case of disaster relief is food as aid becoming a less important tool (Easterly & Williamson 2011:1940). WFP delivers 84% of its aid as food (Ibid). This should not be interpreted as an astonishing high percentage given the mandate of the WFP. It is though worth mentioning that a bigger part of the contributions to WFP are in the form of in-kind food and directed contributions reducing the flexibility of WFPs program priorities.

New practices and modalities introduced by WFP show clear evidence that they focus more on non-food-based assistance. In a WFP publication released in 2010 on innovations in overcoming hunger, an “expanded set of food assistance tools for addressing hunger, and thereby promoting growth and development within a rapidly changing global environment” is presented (Omamo et al. 2010:3). The primary focus is on vouchers and cash transfers to be provided as alternatives or complements to food transfer programs. Most of these programs were implemented as a direct response to the high food and fuel prices to stimulate local business and farming sectors (Ibid:6).

In 2008 WFP launched a five-year project called Purchase for Progress (P4P). Focus is on supporting smallholder/low income farmers by bringing them closer

29 WFP Strategic Plan 2008 – 2013

to agricultural markets. Through P4P, WFP is committed to using a portion – averaging 10 percent – of its commodity purchasing power to engage low-income farmers in a sustainable program of tendering and selling their crops to WFP (Omamo et al. 2010:126).

4.2.4 Signs of Reconstruction

A necessary pressure for change and reformation in a humanitarian context must come from aid recipient countries and major donor countries.³⁰ There is no data available on the impact of aid on the beneficiaries³¹, which would be the most desirable measure of quality of aid and a possible basis for reconstruction requirements. However, there are many examples of pressure from donors for the need of better aid practices (Paris Declaration 2005 as an example).

As mentioned in the theoretical framework section, some examples of reconstruction can be found in the funding dynamics, resource mobilization strategies and changes in program delivery. When it comes to funding mechanisms WFP initiated in 2009 a review of its financial framework to improve the predictability and stability of its funding (Zhang & Chulkov 2009:9). The challenge for a voluntary funded agency like WFP is when, on average, donors ultimately fund only 80 to 90 per cent of the operations requirements. The donors funding capacities has during the last years been undermined due to the financial crisis. For this reason and as a direct response to Board requests for greater strategic focus on prioritization of resources, WFP created the Strategic Resource Allocation Committee (SRAC) in May 2009 to oversee the strategic prioritization in the allocation of all resources, maintain a strategic overview of all needs and shortfalls for WFP operations and to prioritize areas for major appeals and fundraising.³²

Changes in resource mobilization strategies are to be seen in WFP's effort to increase private sector donations. Although it is still marginal amounts compared

30 See Clay 2003

31 See Easterly & Williamson 2011:1930

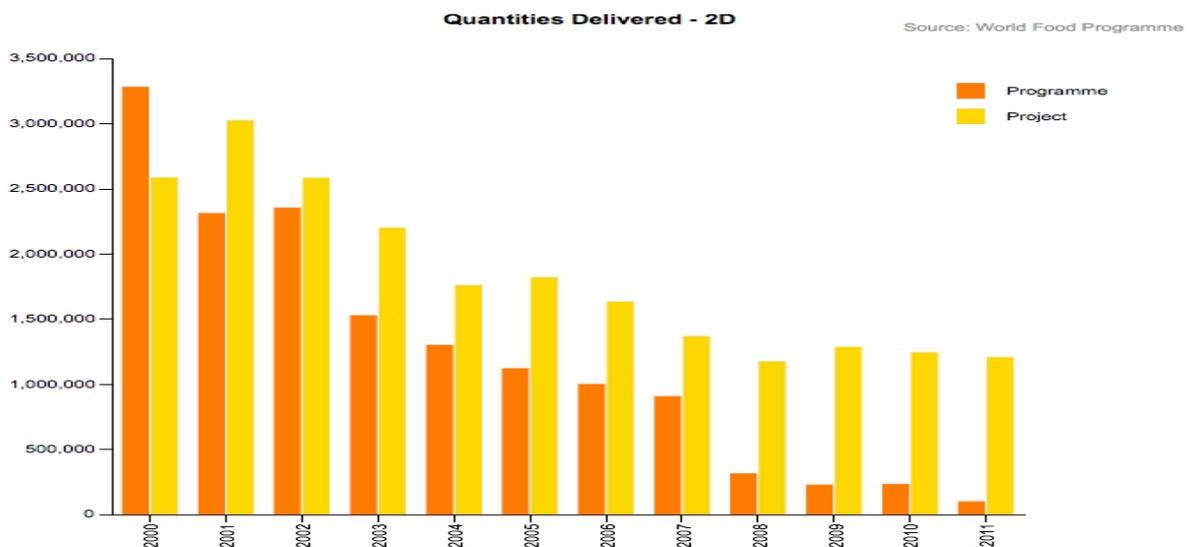
32 WFP 2009b, paragraph 12

to government contributions, private sector donations increased from 7 million USD in 2007 to about 150 million USD in 2010. The proportion fell sharply thereafter but is on an average 55 million USD/year.³³

Regarding changes in program deliveries, it is important to ask how the decreasing role of food as aid has affected WFP's program deliveries? Table 3 confirms this phenomenon as total quantities channeled bilaterally, multilaterally or through NGOs (Project) or bilaterally on a government-to-government basis (Programme)³⁴ since the year 2000 has continuously dropped. According to Maxwell, this has inevitably led to declining food aid resources for development, and a greater concentration of these resources in fewer countries (2007:29).

The introduction of vouchers in 2008 demonstrates changes in the way WFP nowadays delivers food assistance. Vouchers can be utilized in selected shops with groceries locally produced. Cash transfers are given to poor, hungry people to spend as they wish. According to recent surveys carried out by WFP, beneficiaries tend to spend that extra cash on food (WFP 2010:27).

Figure 2. Global food aid deliveries in metric tons 2000 – 2011



33 My calculation based on data from wfp.org

34 <http://www.wfp.org/fais/quantity-reporting/glossary#P>

4.3 United Nations Children's Fund

UNICEF, the United Nations International Children's Emergency Fund, was established by the General Assembly in December 1946 as a relief program for the millions of displaced and refugee children deprived of shelter, fuel and food in the aftermath of World War II. On October 1953, the General Assembly decided to continue the organization on a permanent basis, changing its name to the United Nations Children's Fund while retaining the acronym UNICEF (UNICEF 2013:3). The Executive Board (EB) consisting of 36 members governs UNICEF. A President and four Vice-Presidents coordinate the work of the EB. UNICEF's Executive Director administers the work and policies adopted by the EB.³⁵

UNICEF currently has programs and cooperation in some 160 countries worldwide staffing about 10,000 people (UNICEF 2013:3). According to the Medium Term Strategic Plan 2006-2013 UNICEF will focus on the following areas:

1. Child survival and development
2. Basic education & gender equality
3. Children and HIV/AIDS
4. Child protection
5. Policy advocacy & partnerships

4.3.1 Funding

UNICEF is entirely funded by voluntary contributions from Governments and donations from the private sector. It also receives donations from 36 National Committees, as well as the sale of greeting cards and gifts or other private-sector fundraising activities (Ibid). The National Committees cultivate relationships with

³⁵ <http://www.unicef.org/about/execboard/index.html> accessed 6 May 2013

key partners in the private sector, volunteers and over 6 million individual donors, raising nearly one third of UNICEF's income (UNICEF 2003:30).

Contributions to UNICEF are divided into two categories, *regular resources* and *other resources*. Regular resources, UNICEF's bedrock are unrestricted funds (UNICEF 2001:22). These funds are used for participation in programs and activities approved by the EB as well as for program support and management and administration of the organization. Other resources are restricted funds earmarked for special purposes (Ibid).

4.3.2 Funding overview UNICEF 2000 – 2011

The table below shows contributions given to UNICEF between 2000 and 2011. The figures are divided into regular and other resources donated by Governments and the Private Sector.³⁶

Table 3 Income UNICEF 2000 - 2011

	Governments and intergovernmental contributions		Private Sector Contributions		Total
	Regular	Other	Regular	Other	
2000	343 132 447	368 492 257	253 872 855	146 241 603	1 111 739 162
2001	351 085 171	418 457 314	237 969 888	173 751 028	1 181 263 401
2003	403 456 658	732 651 077	365 309 734	223 435 892	1 724 853 361
2004	437 639 195	901 379 779	373 389 589	285 200 064	1 997 608 627
2005	467 579 531	1 003 102 265	383 053 512	947 158 453	2 800 893 761
2006	465 719 523	1 147 737 623	469 943 046	577 086 079	2 660 486 271
2007	537 981 657	1 070 674 220	480 792 739	709 481 782	2 798 930 398
2008	615 731 026	1 679 352 716	428 912 302	401 638 824	3 125 634 868
2009	594 491 624	1 657 501 755	483 083 263	347 099 164	3 082 175 806
2010	575 705 351	1 863 834 573	468 859 456	610 520 259	3 518 919 639
2011	646 390 634	1 921 233 565	486 171 303	711 916 882	3 765 712 384

All sums in \$US

³⁶ Total contributions as per below table does not equal to official UNICEF income per year. This is due to that table 3 does not include other incomes such as interest nor costs of goods delivered and other expenses (deducted from grand total).

The total annual income to UNICEF between 2000 and 2011 has been of an ever-increasing character. The flow of contributions to UNICEF makes a similar path of the one from the DAC countries contributions during the same period.³⁷ Between 2000 and 2005 there is an ongoing continuous increase to decrease slightly in 2006. The sudden increase in contributions between 2004 and 2005, which is also notable among DAC donors but also in the case of WFP, has two reliable explanations. First one is the agreement on aid increases among world leaders in Paris Declaration of 2005; second one is due to the donor response for the 2004 South East Asia tsunami emergency. Contributions continue to increase up to 2011, even though a marginal decrease is noted between the years 2008 and 2009. 2009 is also the year Government contributions are lower than the previous year for the first time during the selected period of time. UNICEF admits that the global economic decline has affected development assistance in general (UNICEF 2009:38).

Based on the total amount received by UNICEF, it is fair to say that their resource mobilization and funding strategies has resulted in plausible amounts. But, UNICEF is a clear confirmation of previous studies³⁸ on how the character of the increased contributions has changed. Starting in 2000, this is the first time in UNICEFs history that regular resources represented less than half of the income (49 %) (UNICEF 2000:22). Of the 51 % directed towards other resources, only 33 % supported projects approved by the Executive Board as extensions of programs funded by regular resources (Ibid). The decline in regular resources is regarded in the 2000 annual report as a cause of deep concern for the organization (Ibid).

The imbalance between regular (core resources) and other contributions is further cemented. In 2003 regular resources constitutes of only 43% primarily due to growth in 'other resources' emergency contributions (UNICEF 2003:38). In 2005, other resources accounts for 71% of the total income. Worth mentioning is that Private sector response to the Indian Ocean tsunami and South Asia earthquake emergencies resulted in an almost three- fold increase in contributions to other

37 See figure 1

38 See Mahn 2012; Yussuf et al. 2007

resources (emergency), from \$391 million in 2004 to \$1,129 million in 2005 (UNICEF 2005:31).

A UN Joint Inspection Unit report from 2007 highlights the donor tendency of increasing its earmarked contributions to the multilateral UN agencies. The rapid increase of other resources to UNICEF is viewed as a tendency for UNICEF to become a contractor rather than a partner, and having less influence on assigning income to strategic objectives (Yussuf et al. 2007:13).

A well-developed income resource for UNICEF is the private sector. National Committees accounts for a considerable amount of the Private Sector contributions. The above table shows that the private sector's preference also is with contributing to the *other resources* category rather than core financing.

In the next sections a more in-depth discussion regarding UNICEF capability to maintain 'organizational independence' in times of increased conditionalities from donors will be presented. The theoretical framework will be compared with actions taken by UNICEF to investigate any findings regarding reformulation, adaptation and reconstruction.

4.3.3 Signs of Reformulation or Restatement of objectives

UNICEF is one of the oldest and most known UN agencies. UNICEF is recognized for having a clear and well-defined mandate with children and women as specific areas of its mandate.³⁹ In several evaluations UNICEF scores high ratings in operational, strategic and overall management and performance. In a 2008 report by Easterly and Pfitze UNICEF ranks the highest among UN agencies on best practices in aid (Easterly & Pfitze 2008:49). In another evaluation by the Multilateral Organisation Performance Assessment Network (MOPAN), UNICEF is perceived to “perform strongly on indicators of organizational practices and behaviors that have important repercussions at the

39 See MOPAN 2010

country level: delegation of decision- making, results focus of country programming, contributions to policy dialogue.” (MOPAN 2010:27).

Signs of declarations of change and new directions in terms of *policy objectives* and *targets* can be found in the Mid Term Strategic Plan for 2006 -2009 (extended to 2013 in February 2009)⁴⁰ when it was proposed to organize UNICEF's work around five key focus areas, each aimed at contributing to one or more of the Millennium goals and commitments.⁴¹ The five key areas are:

1. Child survival and development
2. Basic education & gender equality
3. Children and HIV/AIDS
4. Child protection
5. Policy advocacy & partnerships

The organizational priorities of UNICEF stated in the previous MTSP (2002-2006) are similar to the ones presented above, although differently formulated:

1. girls' education
2. integrated early childhood development
3. immunization “plus”
4. fighting HIV/AIDS
5. improved protection of children from violence, exploitation, abuse and discrimination

Source: UNICEF EB 2nd Regular Session 2001, 31 May 2001

The context of the new strategic plan is designed based on the prevailing conditions children facing but also for UNICEF as an organization. Chapter 2 of the MTSP 2006 – 2009 draft⁴² lays out changes in the global and organizational contexts taken into consideration in the new MTSP. A series of facts presented tells of child poverty, child mortality increasing in parts of sub-Saharan Africa,

40 UNICEF 2011:4

41 Ibid:5

42 See E/ICEF/2005/7.

malnutrition as a constant risk factor for children. As a strategic corporate response, following is listed in the MTSP 2006-2013⁴³:

1. Increased emphasis on disaster risk reduction, effective humanitarian response and preparedness;
2. More effective use of communication for development to promote positive behavioral practices in support of child outcomes;
3. Greater focus on children in poor, climate-insecure and underserved urban areas;
4. Leveraging of new opportunities for adolescents and young people, including through information technology;
5. Promoting and engaging in policy dialogue in support of national planning and monitoring, through evidence- based advocacy.

A sign of reformulation according to the theoretical framework is to identify the organizations problems and setting the target. The challenges listed in UNICEF's MTSP are certainly of great concern and the way forward suggested in the plan matches the need and priorities to overcome the constraints in the external environment. However, neither new directions nor changes at the corporate level are declared over the investigated period.

UNICEF is a multilateral aid and emergency agency with a clear mandate. That is, to “advocate for the protection of children’s rights, meet their basic needs, and expand their opportunities to reach their full potential.” (MOPAN 2010:7). This is, from a donor point of view, an important aid actor to support and UNICEF enjoys positive relationships with government partners. It is regarded to be efficient and to get things done on the ground. In other words, this is an organization that has not had its work and methods questioned and therefore one could say that a need for change and new directions has not been necessary.

4.3.4 Signs of Adaptation

43 UNICEF 2011

An organization can show signs of adaptation by present evidence that it has changed its modalities and practices. UNICEF has been focusing on increases in effectiveness and efficiency. In 2005, the UNICEF Executive Director commissioned a Global Organisational Review to provide guidance for organizational improvement (MOPAN 2010:8). In 2011, UNICEF began to roll out an organization-wide implementation of the new Monitoring of Results for Equity Systems. This is to monitor and manage program expenditures against program results (UNICEF 2011a:2). This work is closely related to the ongoing UN reform work lead by the United Nations Development Group (UNDG). As part of the Chief Executives Board (CEB), which role is to promote further coordination and cooperation on a whole range of substantive and management issues facing the United Nations system, UNICEF actively participates in a number of harmonization efforts and as a leader in promoting United Nations coherence at all levels.⁴⁴

This process of adaptation to deal with requirements to improve the effectiveness of UN development operations and to cope with the declarations on efficiency in the Paris Declaration are taking place in already existing mechanisms of UNICEF. These method are, according to Clay and Stokke (2000), slowly and with apparent limits to change and does not respond well to major changes in the political and economic environment. This paper does not aim to evaluate the initiatives taken by UNICEF and any possible outcomes. However, regarding adaptation as a less ambitious method of reconfiguring an institution, and as a response to short-term influences, the improvements undertaken by UNICEF in a spirit of Result Based Management have not been declared as change in formal statements of policy. Rather, the organizational improvements can almost be regarded as expected actions taken by a leading actor of the UN-reform process.

4.3.5 Signs of Reconstruction

Institutional reform is perceived by Clay and Stokke (2000) as something unrealistic to expect. Pressure for change and reformation must come from aid recipient countries and major aid donors. The case of UNICEF is, apart from

44 MOPAN 2010:9; <http://www.undg.org/index.cfm?P=591>

being fragmented, also considered as highly decentralized. UNICEF's decentralized operation is considered to be a key strength by donor and partners at both headquarters and country level (MOPAN 2010:7). The fragmented work of UNICEF, i.e. dividing its main areas of work in five focus areas, gives UNICEF a position to handle challenges and problems in one of the focus areas separately. The framework provided in the MTSP is very focused in country specific national priorities considering UNICEF past experience regarding country and regional conditions.⁴⁵ To push through a major reform would be for such a large and decentralized organization like UNICEF a difficult and resource intensive operation. However, greater demands from Donors or country partners on major reforms have not been found. Once again it must be referred to the positive results UNICEF have had in various evaluations regarding performance and mandate.

A concern for UNICEF that is stated in the annual reports is the decreasing contributions to its core activities. In the annual report from 2002 UNICEF argues “only from the position of a strong and effective core program base can UNICEF effectively implement additional ‘other resource’ contributions from governmental and private sector donors.” (UNICEF 2002:38). The preference of donors to contribute more to specific areas and issues can be perceived as a kind of donor pressure and reason for reconstruction.

The analytical framework list as examples of reconstruction change in the funding dynamics, resource mobilization strategies and changes in program delivery. If we look at UNICEF's funding and resource strategies, changes were made in 2003 to cope with the augmented contributions to 'other resources'. UNICEF formally introduced a new category of other resources: the thematic contribution. These contributions from donors are according to the UNICEF annual report to support the achievement of results in specific thematic areas that relate to the organizational priorities. For 2003, thematic contributions amounted to \$29.6 million (UNICEF 2003:38). In 2011, resources channeled through six thematic funds fell by 23 per cent, from \$241 million in 2010 to \$187 million in 2011 (UNICEF 2011:31). Yussuf et al. acknowledges that donor earmarking can lead

45 Ibid

to the distortion of program priorities. The introduction of thematic funds by UNICEF is seen as a best practice alongside pooled funds (Yussuf et al. 2007:iii).

Further innovations within resource mobilization came with a new strategy developed in 2006 to align with the current orientation of the funding environment (Yussuf et al 2007:21). The decentralized character of UNICEF and strong country presence makes it a good incentive to raise funds at the country level.

There are many findings on what UNICEF has done during the investigated time period to strengthen its capacities to achieve results for children. Most noticeably is the implementation in the MTSP of 2006 – 2013 to organize UNICEF’s work around five focus areas. However, it has not been able to find in official UNICEF documents a formal comprehensive strategy at the overall corporate level that suggest changes in program delivery.

4.4 Food and Agricultural Organization (FAO)

The Food and Agricultural Organization is one of the Specialized Agencies of the United Nations dealing with agriculture, fisheries, forestry and food Security. During the first session of FAO Conference hosted by the United Nations Interim Commission on Food and Agriculture, representatives met in Quebec on 16 October 1945 to sign the Constitution of the Food and Agriculture Organization.⁴⁶

The leading mission of FAO is encapsulated in three global goals for: i) the reduction of the absolute number of people suffering from hunger; ii) the elimination of poverty and the driving forward of economic and social progress for all; and iii) the sustainable management and utilization of natural resources for the benefit of future generations (MOPAN 2011:2).

The organization concentrates its programming in the following core activities:

- Agriculture

- Economic and social
- Fisheries and aquaculture
- Forestry
- Natural resources
- Technical cooperation

The FAO Conference of member governments governs FAO. It comprises all Members and Associate Members. FAO has 191 Member Nations plus one Member Organization, the European Union and two Associate Members, The Faroe Islands and Tokelau.⁴⁷ The Conference meets once per biennium and its purpose is to determine the policy and approve the Medium Term Plan (MTP) and Programme of Work and Budget of the organization. The FAO Council acts as the Conference's executive organ between sessions.

4.4.1 FAO funding.

Funding to support the FAO's program of work derives from assessed contributions provided by FAO members, and from voluntary contributions provided by members and other FAO partners. The biennial Conference decides the level of the FAO's regular budget and sets the assessed contribution payable by the FAO membership (MOPAN 2011:3).

The *Voluntary Contributions* reflect the estimates for extra-budgetary resources and fall into two main categories. The first one is the *Core Voluntary Contributions* that are the estimated extra-budgetary resource requirements planned in the *Program of Work* and managed closely with the net appropriation. The second category is the *other extra budgetary voluntary contributions*. These are estimates of voluntary contributions for programs and projects contributing to the results frameworks in the *Medium Term Plan* and providing support to the field program and technical assistance to countries (i.e. technical cooperation) and emergency and rehabilitation assistance (FAO 2009:27).

46 <http://www.fao.org/about/en/>

47 <http://www.fao.org/unfao/govbodies/gsbhome/conference0/en/>

4.4.2 Funding overview

In the case of FAO, it has not been possible to find first-hand material regarding the contributions received from members or other sources. Unlike the two previous cases, FAO does not publish documentation on its work in the form of annual reports. FAO website has thoroughly been scanned for information regarding donor contributions. Some material has been found but not enough to set up a compilation of contributions received. For comparison, it must be mentioned that in the cases with UNICEF and WFP, their respective websites were the first point of departure and the navigation of these pages was facilitated by clear menus and accessible material. Instead, the figures from FAO's biannual budget (Program of Work and Budget) have been utilized. This budget can be found in the Medium Term Plans of FAO which after some effort was found among the documentation on the website.⁴⁸

Table 4 FAO budget proposal
FAO budget proposal (in USD)

	Net Appropriation	Voluntary contributions	Total
2000-2001	650 000 000	584 930 000	1 234 930 000
2002-2003	685 534 000	637 252 000	1 322 786 000
2004-2005	687 709 000	600 715 000	1 288 424 000
2006-2007	765 700 000	890 347 000	1 656 047 000
2008-2009	784 400 000	962 071 000	1 746 471 000
2010-2011	945 965 000	1 264 941 000	2 210 906 000

One source of funding is the assessed contributions by Members (based on the agreed scale of contributions) financing the *Net Appropriation* voted by the Conference in the *Budgetary Appropriations Resolution*. The other main source stems from extra-budgetary contributions provided by Members and other partners on a voluntary basis through direct support to FAO, or through technical

48 See <http://www.fao.org/pwb/previous/en/>

and emergency (including rehabilitation) assistance to governments for clearly defined purposes linked to the MTP (MOPAN 2011:26).

A weakness of utilizing a budget instead of actual income is that we can not assess the extent to which the amounts of the budget has been implemented within the organization due to lack of documentation. Fortunately, other sources have been found that provides more information regarding the funding of FAO. The table below, extracted from the Global Policy Forums webpage shows the collection of assessed contributions to FAO (all numbers are in %):⁴⁹

	Net Appropriation	Collection %	Collection USD
2000	325 000 000	95	308 750 000
2001	325 000 000	93	302 250 000
2002	342 767 000	68	233 081 560
2003	342 767 000	49	167 955 830
2004	343 854 500	48	165 050 160
2005	343 854 500	50	171 927 250
2006	382 850 000	40	153 140 000
2007	382 850 000	64	245 024 000
2008	392 200 000	73	286 306 000
2009	392 200 000	71	278 462 000
2010	472 982 500	93	439 873 725
2011	472 982 500	83	392 575 475
Total	4 519 308 000		3 144 396 000

Table 5 FAO Actual collection of assessments 2000 - 2011

A similar source for collection of voluntary contributions has not been allocated. However, the MOPAN assessment of FAO in 2011 shows that actual delivery of voluntary budgetary resources exceeded the forecast delivery between 2006-2007 and 2008-2009 (MOPAN 2011:3). An observation that can be made is how the amounts collected from the 191 Member Nations plus member organization and associated members reveals that governmental contributions have not increased. Neither seems its members and donors have followed the directives to meet the MDGs by increasing aid allocations (and later remarked in 2005 with the Paris Declaration), or followed the pattern of the DAC countries' contribution since the new millennium. No conclusions can either be made with respect to the financial

⁴⁹http://www.globalpolicy.org/images/pdfs/images/pdfs/Collection_of_Assessed_Contributions_to_UN_Specialized_Agencies.pdf. All biennium figures from FAO Programmatic Work and Budget are divided into two equal amounts.

crisis that started in 2008 based on funding from governments to FAO as these have kept a constant level with marginal increase.

FAO, like other multilateral organizations, has been affected by influence of donor preferences on program priorities. Yussuf writes as an example in a Joint Inspection Unit report:

“The tendency of voluntary contributions to be earmarked, coupled with cumulative cuts in allocations under the regular budget over several bienniums, have resulted in a somewhat uneven field program, with heavy concentration of work in certain areas, to the detriment of the broad range of requirements for assistance from recipient countries in mandated technical areas.”⁵⁰

4.4.3 Signs of Reformulation or Restatement of objectives

While this is an organization that is highly valued for its clear mission and mandate, it is striking how independent evaluations and reports ranks FAO as weak when it comes to organizational behavior, management and strategic performance.⁵¹ Another report that gives more weight to the criticism of FAO is the *Report of the Independent External Evaluation (IEE)*. The FAO Council commissioned the evaluation in 2004 and it was the first of its kind in the history of the FAO. The IEE shows evidence of an organization that “*is today in a financial and program crisis that imperils the Organization’s future in delivering essential services to the world.*” (IEE 2007:3). The challenges within FAO's scope of work are reasons to revise its way of doing business. More and more people suffer from food insecurity. Production is now growing more slowly as growth in demands over the coming decades will place increasing pressure on the natural resource base. On top of this there is the global threat of climate change.

The purpose of the IEE evaluation was not only to identify outcomes, impacts and institutional performance, but also, as per the Terms of References of the IEE: “*to chart the way forward (in order to)... make FAO fit for the twenty-first century*”

50 Yussuf et al 2007:13

51 See AUSAID 2012; Ministry of Foreign Affairs, Sweden 2008; MOPAN 2011

and the challenges ahead.”⁵² The IEEs principal conclusion was to engage in a 'reform with growth'. Based on the recommendations of the IEE, FAO adopted in 2009 the *Immediate Plan for Action (2009-2011) for FAO Renewal (IPA)*.⁵³

The above recap of what has characterized FAO's organizational activities fits well with the theoretical framework's definition of a reformulation or restatement of objectives. Problems and challenges have been detected and changes and new directions in terms of policy objectives and targets have been presented. This type of organizational action is diffuse when it comes to responsibility according to Clay and Stokke (2000:287). In the case of FAO and its ongoing reform process, this can be challenged on the grounds that a new results-based framework has been introduced to support the 2010–13 Medium Term Plan.

4.4.4 Signs of Adaptation

FAO is recognized for having a clear mandate and a strategy that links to that mandate (MOPAN 2011:vii). FAO possesses its greatest strength in its role as a knowledge-driven agency. Its strengths lies in its normative work in the field of CODEX and Phytosanitary standards and furthermore in fisheries, being the only real international body dealing with it and forestry (Ibid:3). As stated by the IEE regarding the importance of FAO:

“The evaluation found that while FAO continues to provide a range of essential goods and services that no other organization can adequately provide, these areas are today at serious risk. If FAO were to disappear tomorrow, much of it would need to be re-invented but with much more precise priorities and a concentration of its efforts in areas of demonstrable need which correspond to its comparative advantage.” (IEE 2009:3).

de Haen et al (2003) writes in an article about the fundamental changes in the world food economy and how these pose new challenges for all participants in the food system (de Haen et al. 2003:683). The article concentrates on FAO and asks: “How does FAO ensure that new issues do not distract attention from the

52 Report to the Council of the Inter-Sessional Working Group for the Independent External Evaluation of FAO (IEE), CL 129/10.

53 FAO 35th Special Session, Rome 18 – 22 November 2008 – Draft resolution 1/2008

fundamental objective of reducing undernourishment and poverty? And are there opportunities for FAO to develop innovative ways of thinking about and responding to food insecurity?”(Ibid).

When setting the above questions in relation to the findings in the IEE evaluation, one can say that FAO has not responded to the challenges it faces. In the report it says that FAO “has been conservative and slow to adapt, slow to distinguish areas of genuine priority from those which are the latest fad.” (IEE 2009:3). There is undoubtedly a need for adaptation.

The purpose of engaging in the process of adaptation is that it increases the effectiveness and efficiency of humanitarian aid and assistance. The IEE evaluation makes over one hundred recommendations aiming at reforming the organization to better handle the new challenges in food and agriculture. FAO has with the commission of the IEE taken its first steps towards adaptation. Since the final evaluation and the development of the IPA in 2009, FAO have had several years to show that it has changed its modalities and practices.

As mentioned in section 4.5.3, so has FAO introduced a Results-Based framework for all FAO’s work. FAO did use a result based management framework before but the results of their programmatic work were more evaluated by *outcomes* than *impact*.⁵⁴ This meant that FAO had focused more on developing projects than the expected effects of these.⁵⁵

To address the trend of increased voluntary funding, FAO introduced the concept of Impact Focus Areas (IFAs). IFAs are priorities identified by members (donors) and by the rest of the organization where additional resources for capacity development and policy support can significantly improve the impact and sustainability of FAO’s work. The idea is to target voluntary contributions towards highly prioritized areas (FAO 2008:9).

54 See Utrikesdepartamentet 2008
55 Ibid

A characteristic of adaptation is that it often takes place in already existing mechanisms. All the proposals in the IEE and the IPA has not been examined, so it is not possible to draw a conclusion on whether the measures to adapt FAO to the challenges of today has taken place in already existing mechanisms or if it has a character of introducing new modalities. The proposals that have been investigated because it was considered to have special importance to this paper are in the areas of organizational results and governance. Measures to streamline these areas have been made in the existing mechanisms. For organizational results, a new RBM-framework was proposed. In the case of governance, the IPA proposes that the structure of the governing bodies remains the same but adding a series of measures to make the Conference more action orientated and the Council will be further developed with attention to making clear decisions.⁵⁶

4.4.5 Signs of Reconstruction

Reconstruction is explained by Clay and Stokke as the most ambitious type of organizational reform and as unrealistic to expect (Clay & Stokke, 2000:383). Organizations can engage in declaring changes and new directions (reformulation) and present change in its modalities and practices (adaptation). These types of reform are common among UN agencies as responses of a purely rhetorical character and as “responses to short-term influences than as part of a longer-term strategy” (Ibid:382). The fact is that FAO is undergoing one of the most comprehensive reform programs in the UN system (AUSAID 2012:2). The results are yet to be evaluated but the evidence of a process of reformulation and adaptation are concrete.⁵⁷

Incentives for change are often in the form of external pressure. For aid agencies this pressure might come from donors as well as from aid recipients (Clay & Stokke, 2000:383). Since the beginning of the new millennium, donors have been pushing management to make a set of clearly needed reforms (AUSAID 2012:12). A critic for a long time has been regarding resource mobilization and how no formal comprehensive strategy at the overall corporate level has been available

56 See FAO 2008, section B ”Governance Reform”.

57 The Immediate Plan of Action for FAO Renewal is a good example.

(Yussuf et al 2007:32). FAO mandate extends over a broad spectrum and so have the programs implemented by FAO at a global and regional level which according to an AUSAID evaluation “in number and content to be out of proportion to the resources likely to be available for the organisation to pursue them.” (AUSAID 2012:11). FAO undertook in the IPA to develop a clearer resource allocation mechanism and to start treating voluntary contributions as part of the unified work program in order to improve prioritization, effectiveness and oversight of FAO’s work (FAO 2009:26).

Changes in program delivery are regarded as a substantial sign of reconstruction (Clay & Stokke 2000:383). FAO reform revolves around decreasing high direct and indirect costs to benefit program delivery (IEE 2007:344).

4.5 Interpretation of findings

The period between 2000 and 2005 saw an unprecedented increase of donor contributions to the different components of aid assistance. The peak in contributions from DAC members between 2004 and 2005 (shown in figure 1) is mainly due to additional funds for emergency operations for the earthquake and tsunami in the Indian Ocean on 26 December 2004. This development is clearly reflected in the contributions received by the two more emergency oriented organizations, WFP and UNICEF. Since it has not been possible to find reliable sources that show contributions received by FAO, it hasn’t either been possible to draw similar conclusions regarding the donor’s allocation towards FAO. However, the FAO budget proposal for the years 2000-2005 shows no larger increase in needs.

During the period of 2005 – 2011, ODA contributions decreased in 2006 (as a natural cause adjusting to a post-tsunami state) up to 2008 but continued to reach all time high levels. The food and fuel crisis of 2007 is responded in 2008 by the DAC members with higher levels of contributions. From 2009 to date begins a downward trend in ODA contributions. UNICEF received during 2011 two times more in total contributions than in 2000. WFP had almost doubled their

contributions during the same period. FAO presented a budget for the biannual 2010-2011 twice as big as for 2000-2001.

4.5.1 Main findings – World Food Programme

The theoretical framework of this thesis explains change as a process of identifying and adapting to changing circumstances in their environment through a process of learning. The analysis conducted on WFP demonstrates, both through the implemented research design and by statements by WFP themselves that this organization has engaged in an ambitious reform process. The three analytical tools, *reformulation/restatement*, *adaptation* and *reconstruction* have easily been matched against the actions taken by WFP towards organizational change.

The statement of reposition from a food aid agency to a food assistance agency is consistent with the definitions of change presented in the research design. What distinguishes WFP's focus shift from a standardized rhetorical declaration with weak references regarding responsibility for execution is just that the new approach is presented in their Strategic Plan and marketed as a 'revolution'.

The activities and changes regarding adaptation and the more ambitious form of institutional change, reconstruction, taken by WFP are interpreted in this paper as valid actions to meet the changing nature of contributions, financial crises and efficiency demands. The process of adaptation, according to Clay and Stokke (2000), usually takes place in already existing mechanisms. The changes in WFP strategies have primarily taken place in its existing mechanisms but new methods have also been added. Evaluations conducted by among others donors and international organizations reports that WFP is achieving most of its objectives and expected results.⁵⁸ New methods such as cash and vouchers instead of food, support of smallholder/low income farmers (P4P), forward purchasing and reposition of food are examples of new tools of the new strategy.

58 See DAC EVALNET 2011; AUSAID 2012; DFID Feb 2011

4.5.2 Main findings – UNICEF

UNICEF has seen its share of non-core contributions undergo a major change since the beginning of the new millennium. 2000 was the first time in the history of UNICEF those non-core contributions constituted a bigger proportion of total resources. Only between the years 2000-2005, non-core resources had increased by 101,7% (Yussuf et al 2007:26). Compared to WFP, UNICEF had been able to maintain a certain amount of contributions directed towards core activities. Even though this amount of core contributions have fallen from 50% in 2000 to 30% in 2011 (UNICEF 2011:28) UNICEF have had some positive effects on program delivery, including facilitating the growth of operational activities in line with the donors' own preferences. Therefore, the higher amounts of non-core contributions have not forced UNICEF to adjust its strategic framework on an institutional comprehensive manner.

Unlike many of the UN's Specialized Agencies, Funds and Programs, UNICEF has managed to resource one third of its annual income from the private sector raised through its 36 National Committees (Yussuf et al 2007:19). When it comes to a general resource mobilization strategy, UNICEF has review its strategies in 2003 and 2006 implementing new modalities such as 'thematic areas', funded by non-core contributions but related to the organizational priorities. WFP has also in recent years revised its resource mobilization strategies and working more with on resourcing from the private sector. Similar strategies adopted formally by the governing bodies of FAO have not been developed. These kinds of strategies are more common among the funds and programs that rely fully or heavily on voluntary funding than among the specialized agencies (Yussuf et al. 2007:21).

Three conclusion this paper can contribute with to explain UNICEF's, in some way, successful dealing with adapting to challenges attached to financial crisis, donor conditionality and the overall changing nature of the aid system are:

1. UNICEF's fragmented operational structure - a wide distribution of sectors of its five focus areas;

2. UNICEF's decentralized operational structure - decision making delegated to the country level and
3. UNICEF's well-defined and incontestable mandate.

4.5.3 Main findings – FAO

The structure of the governing of FAO has probably come to mean a great deal in relation to the performance and actions taken by this organization during the investigated period. The low scores received in evaluations in regards to governance, and the immediate recommendation of the IEE report to conduct a reform in this area suggest that many of the challenges that FAO has been dealing with may originate from long before the investigated period in this thesis. It has not been in this essay's purpose to utilize the governing structure of the selected cases as explanatory variables. However, the question of the efficiency of having two governing bodies (Conference and Council), a Director General and 191 members on a fix basis seems relevant.

4.6 Summary

The three investigated cases can all be individually considered as leaders in their respective areas of work. FAO, the only specialized agency included in this study, is the lead United Nations agency for agriculture, fisheries, forestry and rural development (AUSAID 2012:1). UNICEF and WFP are the two entirely voluntarily funded Programs and Funds established by the United Nation's General Assembly selected for this study. These two organizations are key players in humanitarian development and relief work.

This thesis' point of departure has been to investigate the reaction and response of the selected cases to external demand for higher aid efficiency, changes in donor contributions and financial crises. Common to all three cases is that they confirm that all three factors related to financial crises, resources and demand for higher efficiency has affected their work and that is has been regarded as major concerns. The most distinctive external influences on all three cases have been the changing

nature of donor contributions. All three cases have experienced the overall trend of increased total contributions. The increase has been mainly due to higher amounts of contributions directed to activities selected by the donor, so called 'non-core' contributions. These amounts are all voluntary contributions from the donors. By doing so, donors are bilaterally earmarking contributions for projects that they prefer, thus profiting from the UN "brand" without directly contributing to the cost of its multilateral mandate in the form of core contributions (Mahn 2012:1).

The research design applied to the FAO case has not been elementary to prove that FAO has engaged in institutional reform. The IEE report is a confirmation of this direction. That FAO started a reform process during the investigated period cannot solely be attributed to the changes in donor contributions, the overall efficiency requirement of aid actors nor the recent years economic turmoil. FAO's current reform process may have been only a matter of time.

5 Final discussion

This chapter discusses the findings of the analysis. The organizational action taken by FAO, UNICEF and WFP during the investigated time frame will serve as the basis for the discussion on whether these actions can be attributed to the identified challenges in chapter one. Further, it will be discussed if the funding mechanism of the selected case studies is decisive for the type of response and actions to changing conditions and requirements. This chapter will be in conjunction with the theoretical framework of this thesis and discusses the validity of Rational Choice and New Institutionalism in explaining organizational and institutional change.

5.1 Responding to change

The processes of change within the world economy and donor behavior pose a challenge to international UN aid institutions with the mandate to promote development in poor countries. The results from the analysis indicates that despite that all three selected cases has been exposed to the rapidly changing environment in the international aid system, their response has varied. According to the theoretical framework, organizational change is not a uniform process or one broad institutional response to challenges. In this thesis, three broad types of institutional response have been identified: reformulation, adaptation and reconstruction (Clay 2003; Clay & Stokke 2000). There is nothing in the analytical framework mentioning that all three of the defined institutional responses must have been implemented for a reform process to be considered successful. However, Clay and Stokke mention that reconstruction is the most ambitious type of response and as something “unrealistic to expect” (2000:383). WFP is the only organization of the three investigated that is defined as having performed a reconstruction.

WFP makes a very interesting case and is the one who stands the closest to the theories of Rational Choice and New Institutionalism in explaining why and when organizations change. If not the hardest hit by the changes in the aid industry, so is WFP at least the one hit most directly. The nature of WFP's operational work in the form of buying and delivering food was directly challenged by the soaring food and fuel prices in 2007-2008. But it must also be mentioned that an imminent problem that WFP had been tackling for a long time is the declining role of food aid. This has been a very serious concern for an aid agency that delivers its majority of aid as food. The specialized character of WFP combined with the fact that its income consists of about 99 % of earmarked contributions has reduced the flexibility of the funding in their efforts to deliver mandated programs.

As explained by March and Olsen in section 2.1.1, institutions act rationally and are governed by a 'logic of appropriateness' that defines what the institutions and its members should do. The situation of WFP up until 2007, in the midst of soaring food and fuel prices, and the decisions taken by their governing body to reconstruct WFP from an agency that delivers food aid to a new one delivering food assistance can be explained as an institution that has perceived the likely benefits of change outweighing the expected cost of change itself.

The results of the analysis show UNICEF engaging in reformulation and adaptation during the investigated period. Why the organization did not turn to reconstruction is because such a need was not necessary. Although UNICEF also experienced outside challenges and less core funding, it was not affected as negatively as WFP. I would like to point to the fragmented structure of UNICEF as a comparative advantage, giving UNICEF a position to handle challenges and problems in one of the focus areas separately. The theoretical framework can be said to fit the evidence even in the case of UNICEF. If we look at UNICEF as a human construction, designed to solve collective action problems, they can only be 'undone' when they no longer serve actors' interests. The consensus between UNICEF, Donors and partners regarding operational priorities together with the respect and admiration UNICEF enjoys among the same is another strength

limiting the need for engaging in more ambitious form of change to current challenges.

The allocations assessed by FAO and its members have not increased as rapidly as in the other two cases. While extra budgetary funding was growing at a faster rate than regular/core funding in most United Nations system organizations between 2000-2005 (Yussuf et al. 2007:iii) FAO budgets needs did not increase significantly. However, FAO experienced during this period a sharp decrease of Net Appropriations (core contributions) by 45 %. Why the donors did not followed their commitments to pay their assessments is not investigated. In this context, an organization that is membership funded is more reluctant to change. In the case of FAO, it was first in 2007 that an independent evaluation was conducted producing more than 100 recommendations to reform the organization.

5.1.1 Funding mechanism and the cause of change

The theoretical framework applied to the three cases fails to explain the behavior of FAO in times of need for reform, but still explain the other cases very well. For the two entirely voluntary funded organizations, UNICEF and WFP, the theory supports the causal mechanism between funding and actions taken to manage new challenges. Both UNICEF and WFP list changes in the funding dynamics as reason to adjust their resource mobilization strategies. A unique attribute of voluntary funded UN organizations is to receive significant amount of their total resources from the private sector (Yussuf et al, 2007). Both UNICEF and WFP have a close cooperation with donors from this sector. FAO did not have a formal comprehensive resource mobilization strategy at the overall corporate level and the development of a resource strategy was one of the recommendations of the IEE report.

The identified actions and changes observed in the three case studies can be explained by their funding mechanism, but only if this casual mechanism is isolated from other mechanism. George and Bennet states the importance of having a casual mechanism as a necessary explanation, but that it is not always

sufficient (2005:145). This thesis has only utilized one single explanatory variable. Under the course of the analysis I have come to the conclusion that it was not enough. This is most notable in the case of FAO. Their ambiguous handling of necessary reform can not solely be explained by the fact that FAO is an assessment funded organization that does not experience the same lack of predictability of contributions as voluntary funded organizations experience. The short amounts collected, as shown in table 5, clearly indicates that FAO should have seen it as a call to make their resource mobilization more efficient. As suggestion for future research it is recommended to also include an organization's government structure as an additional independent variable. By doing so, previous research conducted by new institutionalists focusing on the culture and value held by the participants in the governing processes could be applied (Peters 1998:122).

Being a research area that has not previously received wide attention, a theory can make a rather weak claim to being 'the best' explanation (George & Bennet 2005:117). Although I still relate to the validity of explaining institutional change as something rational and generated out of cooperation for gain maximizing, I don't reject other theoretical interpretations. The phenomena of FAO could benefit from a single case study applying a more historical theoretic approach studying the original institutional design and how this has influenced future decision-making. For a future quantitative analysis, it will probably be necessary to add different values to the different variable in order to measure the grade of change.

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