

Commentary on the Financial Sources of International Geneva

By Achim Wennmann

The study of *Paying for Multilateralism: Taking Stock on the Financing of International Organisations in Geneva, 2000-2020* by Livio Silva-Muller and Remo Gassmann is a significant contribution to the study of international organisations, as well as to the discussions about the adaptation of International Geneva to a rapidly changing world. It builds on a new dataset of over 30,000 financial contributions from over 1,000 funders over the 20 year period between 2000 and 2020, and on a new methodology to study the funding sources of global governance institutions. The study focuses on a subset of 16 organisations with more than 500 staff. These organisations are part of International Geneva's total organisational environment of 39 international organisations, 181 government representations, and 461 non-governmental organisations.⁸ This commentary aims to place the report's key findings in contexts and explore implications for keeping International Geneva relevant as a global hub.

Understanding the total figure

The study finds a total funding of USD 23.6 billion in 2020 for 16 large-footprint international organisations. This figure is rather moderate when compared to the herculean task of managing international cooperation. It is representing only about twice the annual budget of the Republic and State of Geneva in 2020,⁹ or about the amount of dividend payments of two major companies.¹⁰

It is important to recognise that the 'total figure' above is not the real total. The funding figure of USD 23.6bn in 2020 just represents a subset of actors, albeit an important subset. The funding of other institutions has not been included, such as smaller international organisations below USD 200m, as well as non-governmental organisations (NGOs), or the funding by UN Member States and other actors for their diplomatic representations in Geneva. Including the income sources from these actors would likely add several USD billion to the figure above.

The total figure, as well as the fact that levels of funding for international organisations have steadily increased in the period 2000-2020, might at first be reassuring in the face of the discussion on the 'crisis of multilateralism'. But as most of this increase occurred in the health and humanitarian sectors, it is also reflective of a world in crisis and at war. It might even be reflective of the nature of government behaviour that finds it easier to invest in the humanitarian response rather than in the necessary diplomatic resolve that prevents the next war.

By clarifying the financial sources of International Geneva, the report is also a contribution to put Switzerland's investments in support of its Host State roles in perspective. A recent study finds that a total of around CHF 1bn in host state and infrastructure investments have been made in 2019, which are distributed across the three levels of government – Swiss Confederation CHF 416.4m, Republic and State of Geneva CHF 553.3m, and the City of Geneva CHF 93.4m. About one quarter is recouped through fiscal revenue, which means the de-facto cost for Switzerland of maintaining International Geneva is of CHF 751.4m. This investment in turn enables the estimated USD 23.6bn total investment by other actors noted above.¹¹ In other words, this is about 3.2% invested by Switzerland to enable the total 100% of activities paid for by others, in addition to its own contribution as a member state of USD 342m in 2020 to the 16 large footprint international organisations studied. For a small country like Switzerland, these are important contributions to managing global challenges. It also enables Swiss diplomacy to punch slightly above its weight in multilateral

⁸ See official figures from the Republic and State of Geneva available at <https://www.geneve-int.ch> (accessed 5 May 2024).

⁹ <https://www.letemps.ch/suisse/letat-geneve-vaut-desormais-10-milliards>

¹⁰ In the case of Nestlé, for example, CHF 14.5 billion were returned to shareholders in 2020 through a combination of dividend and share buybacks. See <https://www.nestle.com/media/pressreleases/allpressreleases/full-year-results-2020> (accessed 5 May 2024).

¹¹ Fondation pour Genève (2024) *Étude sur l'impact du secteur international à Genève*. Geneva : Fondation pour Genève, p.93.

diplomacy in Geneva, New York and elsewhere; and it helps to brand Geneva as a global hub for international cooperation.

Diversifying top donors?

The study also underlines that the top donors are primarily ‘western’ states with the 15 top donors funding 75% of contributions to the large-footprint international organisations studied. In fact, 25% of the contributions are paid for by just one state, the United States of America. These figures reveal a certain vulnerability of the financing of Geneva-based international organisations when considering a political outlook in which changing governments within the top donors might change the way they relate to international cooperation and to supporting issues such as health diplomacy or humanitarian assistance.

There are two points worth highlighting in relation to the finding of a high concentration of funding sources within a small group of top donors.

The first point underlines the historical place of International Geneva as part of the American Century. The evolution of International Geneva accelerated after the First and Second World Wars and is associated with the global governance architecture developed as part of the global projection of the United States of America. Some observers might interpret this characteristic as reflective of a certain degree of strategic dissonance between Geneva’s place in a past, US-dominated international order, and its branding as global hub. As the world is currently shaped by “not a singular global order, liberal or otherwise, but a complex of crosscutting, if not competing, international orders and globalisms,”¹² the high concentration of funding sources on Western actors exposes Geneva to the view that it is not as global as it claims. Even the evolution of the humanitarian tradition before the American Century grows out of a fundamentally European experience of great power war in the 19th century that was then internationalised by the powers of that era.

The second perspective captures the implications of a diversification of funding sources for large footprint international organisations. From the perspective of top donors, there could clearly be a narrative that the time for freeriding is over and that other countries should pay up. This narrative is already applied at a regional level, for instance, by the United States of America in the context of the North Atlantic Treaty Organisation (NATO). In the context of multilateralism, and from the perspective of countries that might be targeted to pay more, the question is what incentives they will receive to invest in a system that is controlled by others. A key issue for diversifying the funding sources of international organisations is therefore the balance that can be negotiated between the power and influence that Western states are willing to let go, in return for increased co-financing and co-ownership of the system.

The stakes for the outcome of this negotiated transition of global governance are high. For Western states, they might still be able to maintain a position of relative influence in just one co-owned system, if they gradually let go of their influence. The risk of not doing so is to dominate a system that becomes progressively less relevant, while new powers invest in their own multilateral institutions.¹³

Bringing in non-public funding

The study also demonstrates that International Geneva is a ‘public sector’ effort to manage global public goods. These include international regulation and cooperation in a variety of sectors. The Gates Foundation is the only private sector entity in the top 15 funders, even ahead of Switzerland.

¹² Amitav Acharya *After Liberal Hegemony: The Advent of a Multiplex World Order*, available at <https://futurefastforward.com/wp-content/uploads/2018/07/After-Liberal-Hegemony-Multiplex-World-order.pdf>.

¹³ Kazushige Kobayashi (2021) *The Future of Translateral World Order: Rethinking Global Partnerships in the Era of Deepening Uncertainty*, available at <https://valdaiclub.com/multimedia/video/live-the-future-of-translateral-world-order-rethinking-global-partnerships-in-the-era-of-deepening-u/>

Expanding funding sources from the private foundations for investment in addressing global challenges represents a major strategic opportunity for International Geneva. While public debt accumulates rapidly, private wealth has increased to new heights and finding avenues for private wealth to contribute to finding solutions to global challenges should become a top priority for global governance. Several multi-stakeholder start-ups have emerged in Geneva that are ‘squaring the circle’ with innovative operational designs across diplomacy, field operations, and dedicated market-based funding instruments. One example is GIGA, the global initiative that aims to connect every school to the internet, another example is the Peace Dividend Initiative that cultivates peace-supporting economic opportunities in fragile and at-risk countries by combining economic dialogue, deal flow identification and the creation of a venture fund.

If the future is a more regionally balanced, multi-stakeholder system of governance, then not only is the diversification of funding sources between states important, but also diversification of funding source actors. A promising agenda for further research is to investigate the cross-sector mechanisms and ways of working that can contribute to the diversification of the funding for organisations that aim to address global challenges without the exclusive reliance on public funds.