What Drives Expenditure Allocation in IOs? Problem Pressure, Donor Interests, and Bureaucratic Resource Mobilization in UNHCR and IOM

Svanhildur Thorvaldsdottir, Ronny Patz, and Klaus H. Goetz (all LMU Munich)

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Resources are key to the power of international organizations (IOs) and of their international bureaucracies. As most IOs cannot rely on obligatory state contributions alone, the overall availability of resources ultimately depends on IO bureaucracies’ mobilization of additional voluntary funding. There is however little knowledge about what drives the allocation of these resources. Does resourcing reflect global and country-level needs and problem pressure as assessed by IO bureaucracies, or is resource allocation solely driven by the interest of donor states? Focusing on the resourcing of refugee and forced migration policy in the United Nations system, we present an original dataset covering state and non-state donor contributions as well as country-level expenditures for two lead agencies responsible for refugees and forced migration issues in the UN system – UNHCR and IOM. Covering several decades (UNHCR: 1967-2016; IOM: 1999-2016), we assess in how far expenditure shifts in both agencies reflect changing numbers of refugees, or related populations of concern, and their distribution around the world, or whether expenditures are affected by the distance of recipient countries to major donors. We find that UNHCR responds most directly to refugee numbers, whereas IOM expenditures shift much more selectively. The weighted effect of donor distance to recipient countries on expenditures varies across agencies, donors, time, and model specifications.

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1. Introduction

In light of a variety of transnational policy problems that are hard for states to deal with on their own, there is continued demand for international organizations (Keohane, 1982; Keohane and Martin, 1995). These transnational problems range across global policy domains (cf. Stone, 2008; Stone and Ladi, 2015), from climate change and global health policy to international security and global refugee policy. And although some claim that international organizations (IOs) are little more than tools of their member states (Mearsheimer, 1994/1995), others argue that IOs and in particular their bureaucracies (see: Barnett and Finnemore, 2004; Knill and Bauer, 2016; Bauer, Knill and Eckhard, 2017) have the ability to independently influence global policy making (Busch, 2014; Eckhard and Ege, 2016). Some consider that we should, indeed, conceive of these bureaucracies as “problem-solvers” in world politics (Biermann and Siebenhüner, 2013) – i.e. as exactly those actors most interested and able in addressing global and transnational policy problems.

One way in which IO bureaucracies gain both autonomy and capacity to address global policy problems is by acquiring various financial and non-financial resources (Ege and Bauer 2017). Budgeting and resource mobilization are among the tasks frequently delegated, at least in part, by states to IO bureaucracies (Goetz and Patz 2016; Goetz and Patz 2017; Patz and Goetz 2017; Patz and Goetz forthcoming), providing them with means to shape revenues and expenditures of their respective IOs. However, it is contested in how far access to resources allows IO bureaucracies to autonomously drive problem-solving activities, in line with distinct preferences developed as a result of their mandates (cf. Hall 2015) or their expertise (cf. Busch and Liese 2017) and going beyond mere resource-maximizing behavior (Vaubel 2006). The key argument is that states use their financial and non-financial influence to direct IO bureaucracies towards those issues prioritized by states putting their “geopolitical interests” over “human needs” in “the allocation of relief” (Värynynnen, 2001, 148). In the changing landscape of the resourcing of IOs (Goetz and Patz, 2017; Michaelowa, 2017), this happens in particular by earmarking significant amounts of voluntary contributions to IOs (Graham 2015, 2017a, 2017b), for instance in the form of multi-bi aid (Reinsberg et al. 2015) and trust funds (Reinsberg 2017a, b); by using general funding to influence the staffing of IOs (Thorvaldsdottir 2016, 2017); by only providing funding to IOs with overlapping policy portfolios to national portfolios (Schneider and Tobin 2016); or by using their financial leverage to influence field-level activities of IO bureaucracies (Eckhard and Dijkstra 2017).
Thus, a central question is whether states’ undeniable attempts to influence IOs through financing leave room for these IOs and their bureaucracies to address global policy problems or whether IOs are just sophisticated financial transmission mechanisms of major donors’ geopolitical interests. In order to answer this question, we study the domain of global refugee and forced migration policy, one of the oldest policy domains in which IOs are involved. It is also a domain where human needs and states’ geopolitical interests clearly do not always overlap, affecting how donors provide funding to UNHCR, the UN’s refugee agency (Roper and Barria, 2010). To address the question raised, we go beyond UNHCR and beyond the most recent time period and present a novel dataset of state and non-state donor contributions as well as country-level expenditures of two globally-active international agencies from the domain of refugee and migration policy – UNHCR (1967-2016) and the International Organization for Migration, IOM (1999-2016\(^1\)). The data allows to trace whether the geographical distribution of expenditure pattern of these two agencies follows the global distribution of relevant populations of concern, in particular refugees, as a key indicator of problem-solving orientation of those IOs; whether the expenditure patterns are tilted toward major donor state interests, in particular as shaped by donors’ closeness to refugee aid recipient states; and whether IOM and UNHCR react differently to problem pressure and donor interests as their joint history and different profile might suggest (cf. Hall 2015; Hall 2016).

The following section of the paper presents the theoretical framework of the paper in more detail. In the next section, we introduce UNHCR and IOM, in particular the financial and operational landscape in which they are active. The fourth section presents our dataset as well as separate statistical analyses for both organizations. Our findings suggest, in line with general expectations, that both organizations are quite different. UNHCR’s country-level expenditure patterns are shaped strongly by the global distribution of refugee figures to host countries, while IOM is much more selective in where it is active. Interestingly, donor interests and influence seem to affect expenditure patterns differently, with donors’ influence differing across donors, across the two organizations, and across different time periods. This indicates that IOs like UNHCR and IOM have different resource mobilization and allocation mechanisms that translate complex donor interests into rather different types of problem-solving. We discuss these findings based on information gathered at background discussions with UNHCR and IOM.

\(^1\) At the time of submitting this conference paper, we have just received access to previously unpublished IOM financial reports going back to 1953. This data will be analyzed in future versions of the paper. Please also note that there was a shift in the reporting of country-level expenditures for IOM from 2005 to 2006, which the present paper version does not yet take into account.
officials in Geneva and Brussels in June 2018, archival material from both organizations, and additional secondary analyses.

2. IO Expenditures between Problem Pressure, Donor Interests, and IO Bureaucracy Influence

In this section, we formulate a theoretical framework to explain country-level expenditure patterns of IOs as a key measure of the scale, and distribution, of their respective operational activities. There are two main causal mechanisms that are assumed to be the driving forces for IO country-level activities and related expenditure needs: The first driver is domain-specific problem-pressure as a reason for IOs and their bureaucracies to become active at a particular scale, in a given policy domain, and at particular locations around the world. Depending on the policy domain, this problem pressure may be objectively measurable – such as actual refugee numbers, actual global temperature increases, etc. – or not. The perception of the scale and urgency of the problem may result from IOs’ statutory mandates, from the policy expertise or field presence of their bureaucracies, or from public pressure exerted on IOs through international NGOs or global media. As a result, the UN Security Council may react differently to a violent conflict than to a natural disaster, while the World Food Programme might want to become involved in both cases as long as food shortages for affected populations are the consequence of conflict or disaster. The second driver of expenditure and activity patterns of IOs are donors’ attempts to influence activities and resource allocation. These influence attempts should be based on their own geopolitical interest, in particular geographical, economic or social proximity or distance with the recipient countries. This does not exclude that donor states care for geographically or politically more distant countries, but in average one would expect most states to influence IOs in line with their broad geopolitical orientation.

Consequently, and following Olson (1965), Lyne, Nielson and Tierney (2006), and McCubbins, Noll and Weingast (1989), our underlying assumption is that the individual and aggregated preferences of donor states as collective and multiple principals (Graham 2017b) are unlikely to mirror the global distribution of problem pressures in a given policy-domain, unless coordinated through international institutions or IOs and their bureaucracies. Said differently, if states were to allocate resources directly, without coordination from international institutions or IOs, or were IOs simply unfiltered transmission mechanisms of states’ global distributive
preferences, expenditure patterns of IOs should be tilted towards (major) donor interests and they should not follow the scale and global distribution of a given policy problem.

This theoretical argument builds on the growing literature on the resourcing of IOs (Goetz and Patz 2017; Michaelowa 2017). A key insight is that states use voluntary contributions, in particular earmarked voluntary contributions, to individually and collectively influence IOs and their bureaucracies outside of established multilateral decision-making bodies (Graham 2015, 2017a, 2017b; Thorvaldsdottir 2016, 2017). Thus, states do not simply join IOs and then provide membership contributions that are allocated according to collectively formulated priorities. Instead, many international agencies, especially in the UN system, depend heavily or completely on voluntary support that states can provide or withdraw at will (Bayram and Graham 2017). This dependence on major donors extends beyond the USA as a major power and main contributor to the UN system.

Recent studies have cast extensive light on why states provide financing to IOs. Major donor states, in particular the USA, are found to have “a disproportionate influence” over agencies like UNHCR (Loescher, Betts and Milner, 2008, 95). Notably, Roper and Barria (2010, 621), using 1995-2005 donor data from the UN refugee agency, have shown that “[c]ontributions to the UNHCR […] may have little to do with the refugee emergency or humanitarian crisis at hand” and that “states provide larger contributions because of their own domestic and foreign policy priorities that may not be linked to larger humanitarian issues”. Schneider and Tobin (2016), looking at 12 international development organizations and contributions from 22 OECD donor states over almost 40 years, show that donors shift their financial support to those IOs that in their expenditures match their own national development aid portfolios. This suggests that donors not only choose whether and to what extent they support single IOs, but that they also have a choice which IO to support. States can selectively provide funding for competing IOs with overlapping mandates or capabilities, especially when these IOs are active in the same policy domain. Hence, they pick and choose those agencies closest to their interests, which may push IOs to redirect their activities in the direction of donor interests. In part, these state interests may be shaped by regional or similar geographical concerns, for instance among Western donors. In the domain of humanitarian aid, it has been argued that “[d]isproportionate spending is likely to flow to emergencies that are closer to donor countries than to those that are farther away” (Smillie and Minear 2003, 7). In a domain like refugee policy, those donor concerns may stem from the fear of spillover (cf. Salehyan and Gleditsch, 2006). By giving earmarked voluntary contributions, donors may thus try to “derive state-specific security benefits” (for
refugee policy: Betts, 2003, 292). However, some donors earmark differently from others and especially Scandinavian states have been among the main providers of unearmarked funding (Betts, 2003, 208). Also, different donors may have different geographical priorities, some focused in their financial contributions to IOs on close-by countries, others with a broader geographical and geopolitical spread (Smillie and Minea 2003, 46, endnote 4).

Whereas the variety of donor interests in providing funding has been acknowledged, especially where IOs are heavily financed through voluntary contributions, most studies are limited to the attempts of states to influence IO activities through donations. An open question is in how far this actually allows them to direct IOs away from problem-solving. If IO bureaucracies were indeed problem-solvers in global policy making (Biermann and Siebenhüner, 2013), they should manage to counteract these state interests or direct the complex principal(s) towards a stronger problem-solving approach. Whether indeed IO bureaucracies will choose the problem-solving approach to fundraising may depend on whether they are designed as such (cf. Koremenos, Lipson and Snidal, 2001; Hawkins et al., 2006; Hooghe and Marks, 2015; Hall, 2015; Hooghe, Marks et al. 2017). Alternatively, IO bureaucracies may also develop independent actorness over time (Barnett and Finnemore, 2004); and they can gain “autonomy of will” (Bauer and Ege, 2016, 2017) and expert authority (Haas, 1964; Johnson and Urpelainen, 2014; Busch and Liese, 2017; Littoz-Monnet, 2017) that may drive them towards problem solving in their respective policy domains. When this is the case, they should use their ability to independently solicit voluntary contributions (Graham, 2015, 2017a; Goetz and Patz, 2017; Ege and Bauer, 2017) in line with problem pressure that they have identified. When their capacity to fundraise in this direction is limited by states’ divergent interests, they may look towards philanthropic donors (Seitz and Martens, 2017) or solicit private donations from individuals, as is the case for UNICEF since its creation. Which fundraising option an IO bureaucracy chooses may depend on whether the IO is normative or functional (cf. Hall, 2015), but it may also depend more broadly on IO bureaucracies’ administrative style as servants, advocates, consolidators or entrepreneurs (Knill et al., 2018). In particular the executive leaders of IOs may use their strategic influence in budgeting and resource mobilization to navigate complex principals and to direct “their” IOs towards those options that they consider most in line with broader strategic interests, from survival to problem solving to other potential interests (cf. Patz and Goetz 2017).

When IO bureaucracies are successful problem-driven fundraisers, one should observe IO expenditure patterns that follow actual problem pressure. Alternatively, IO bureaucracies may leave the problem definition to the perception of state or other donors instead of developing
their own priorities and needs assessment. In this case, IOs would follow a service-oriented approach in which their bureaucracies seek funding from donors only where donors see a need to act, and when they are ready to finance the activities of the respective IO, for example because of the IOs competitive advantage thanks to field presence or expertise. Both models are represented in Figure 1 above, summarizing how the expenditure patterns of IOs may be driven by problem pressures as perceived by IO bureaucracies, based on their mandate- or expertise-based orientation towards problem-solving, or by donor state interests and their particular perception of problems and their interests in specific issues and locations.

Figure 1. Main causal model including donor- or service-driven and bureaucracy- or problem-driven fundraising and resulting expenditure patterns.

Each of these two options may be supported by different approaches of IO bureaucracies towards fundraising, one mandate- and problem-oriented, the other more service- and donor-oriented. In reality, both fundraising strategies may be ideal types present in different IOs or they may be combined in the same IO, for instance when core and earmarked funding are combined into an overall expenditure and activity portfolio of an IO. These overall considerations are summarized into the following general hypothesis focused explaining on country-level expenditures of IOs:

**Hypothesis:** The higher the refugee needs in a recipient country (IV1) and the higher the preferences of donor states are to support refugee-related IO activities in this recipient country (IV2a) weighted by the overall financial influence a donor has on the IO (IV2b), the higher will be the recipient state-level expenditure of the IO (DV), controlled for by recipient state capacity (CV) to deal with the refugee problem pressure on its own.
In the following section, we present our two organizations of interest, UNHCR and IOM, in particular the historical, organizational and financial aspects that relate to the model discussed in this section.

3. UNHCR and IOM: Unequal Sisters or Two Sides of the Same Coin?

The domain of global refugee and (forced) migration policy is among the oldest policy domains that IOs have dealt with, at least since the League of Nations and the creation of the ILO (Holborn, 1939). Thus, even before the creation of the short-lived International Refugee Organization (IRO) at the end of World War II, refugees were a concern for multiple IOs, never just for a single organization (Malin, 1947). Today, global refugee policy is populated by a range of international organizations. Within the United Nations system, these organizations come together in the Global Migration Group (GMG) with more than twenty members (see Thorvaldsdottir, 2017), including agencies with significant budgets such as the World Food Programme (WFP), UNICEF, or UNDP. Regional international organizations, such as the African Union (Tigere and Tigere, 2005) or the European Union (Lavenex, 2016), as well as non-governmental actors such as the ICRC also have played a central role in this policy domain for decades.

Despite the multitude of actors, the main IOs active in global forced migration policy in general are UNHCR and IOM.2 Both organizations are not just present in their Geneva-based headquarters, but they have field and regional offices around the world. In addition, they are worth studying alongside each other in the context of IO resourcing because

"IOM and UNHCR have a long history of rivalry about competencies and government money and a general animosity growing from conflicting political assignments and philosophical worldviews" (Georgi, 2010, 54)

Indeed, the two have a long and shared history since their creation in the early 1950s (Elie, 2010). UNHCR was founded in 1950, and the predecessors of IOM3 came to life just shortly thereafter, in 1951. Both were created in reaction to the prevalence of the large number of refugees and displaced persons in the post-WWII Europe. Both emerged, directly and

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2 We consider UNRWA to be the third IO with a major role in global migration policy, but its geographical reach is not global. For background see Patz, Thorvaldsdottir and Goetz (2017).

3 Including its earliest predecessors, PICMME, later renamed ICEM, and then ICM, before becoming IOM in 1989.
indirectly, from the ruins of the failed IRO, but were set on two different paths: UNHCR became a mandate-driven United Nations agency basing its work on the 1951 Geneva Convention. IOM was created by mainly Western countries under the leadership of the UNHCR- and ILO-critical USA. Its main task was to provide various refugee- and migration-related logistical services to its member and donor states and to exclude Communist influence (Georgi, 2010). Similar to UNHCR, IOM was focused on Europe in its early years; and, similar to UNHCR, IOM was only created as a temporary body, which it remained for the first 40 years of its existence (Pécoud 2018, 1622). In 2016, IOM joined the UN system as a ‘related agency’, similar to the International Atomic Energy Agency (IAEA), making it join the UN family alongside UNHCR. These similar paths not only invite for a diachronic analysis of both organizations over the full period of their existence, but they suggest that dynamics in one may be closely related to dynamics in the other, including that donors might regard them as complementary recipients of their financial support, either in direct competition to each other or each in their respective niche.

Nevertheless, many differences between IOM and UNHCR have been noted, in particular the difference between what appears to be a mandate-driven IO – UNHCR – and a more “functional” IO – IOM (Hall, 2015). The diverse and rich research on UNHCR in global refugee studies has covered most aspects of its operations (Betts 2003, 2009, 2013a, 2013b; Betts, Loescher and Milner 2012; Ben-Nun 2017), and its pathologies have received particular attention in IO bureaucracy research (Barnett and Finnemore 1999, 2004). Dedicated research on IOM has been relatively sparse until recently (Georgi 2010), and specific attention to its finances has been limited to the first decade of its existence (Franghiadis, 2015). Pécoud, introducing a recent IOM-focused special issue of the Journal of Ethnic and Migration Studies, observed, however, that

“[IOM] is an intergovernmental organisation, but at times seem to function like a private company, while also competing with civil society groups and NGOs. [...] IOM appears as a loosely connected network of projects and field offices, addressing a heteroclite range of issues, and moving quickly from one to another, according to opportunities and circumstances.” (Pécoud 2018, 1622)

Most academic observations mirror Pécoud’s interpretation of IOM being a project-based organization, and this project-based orientation is clearly reflected in the way it constructs its budget and its financial reporting in recent decades. Because of this setup, countries like the UK are found to seek influence on the organization only a project-level, through direct
financing, not at a headquarter level (Hall, 2016, 89-90). Some of it may come from the lack of a clearly normative mandate, but also be an echo of IOM historically being mainly a “travel agency”. In its early years, it was mainly concerned with transporting refugees and other migrants, and only in 1992 “established its first Emergency Relief Unit” (Hall 2016, 90-91). In contrast, UNHCR is regarded as the key actor in global refugee policy, driven by its obligations under the Geneva Convention – a traditional “normative” and mandate-driven organization (Hall, 2015), even when some have seen it drift away from its mandate and towards more pathological behavior (Barnett and Finnemore, 2004).

However, already in the late 1990s, expert observers had “the impression that several donors were abusing the dependence by UNHCR on voluntary funding for their own political purposes”, especially through earmarking at program or country-level (Väyrynen, 2001, 159; cf. also Betts 2003). UNHCR, financed only with a small contribution from the regular UN budget, has faced the challenge of mobilizing its finances and in-kind support since its inception (Betts, Loescher and Milner, 2012, 96-100). It has been described as a “huge fundraising operations” where a previous High Commissioner, “Sadako Ogata, referred [...] to fund-raising as her major activity during the last ten years” (Väyrynen, 2001, 150). UNHCR, alongside other UN emergency agencies such as WFP, is considered very successful in efforts to the degree that it was dominating the competition (Weiss, 1998, 62). However, in particular during the competing refugee crises in the Western Balkans and the African Great Lakes Region in the early 1990s, some have raised the questions (e.g. Whitaker, 2008) whether this overall fundraising success is equality distributed according to refugee numbers and needs or whether some regions get more favorable treatment from donors. Historically speaking, African refugee crises had been regarded as receiving significantly less attention than other crises by UNHCR (cf. Adepoju, 1982).

The question therefore is whether the suggestions made by previous research on donor support to refugee and forced migration agencies (Betts, 2003; Roper and Barria 2010) and the different fundraising efforts – IOM with its focus on project-level finances, and UNHCR, where fundraising is a major organizational task involving everyone up to the High Commissioner – results in different results and expenditure patterns. In line with the hypothesis formulated above, one expectation could be that both organizations are heavily driven by (major) donor interests, but that UNHCR manages to direct its expenditures more towards the global distribution of problem pressure thanks to a more strategic and centralized approach, while IOM’s expenditures only follow refugee numbers where donor states consider these most relevant for themselves.
4. Explaining UNHCR and IOM expenditure: a new dataset

In order to test our hypothesis about varying expenditure patterns, we have coded an original dataset of country-level annual expenditures of two globally active refugee and migration agencies, UNHCR and IOM. Furthermore, in keeping with a growing body of literature demonstrating the influence of donors over IO policies (see above), we also coded annual contributions to these organizations, available mostly in the same reports as the expenditure data. This allows us to test hypotheses of member state influence over IO expenditure by using donations as a proxy for states’ ability to influence IOs and combining it with measures of state interest. In this paper, we consider geographic distance between donor and recipient state as our main measure of state interest. Combined with the percentage share of the donors contributions to the IO, this provides for a weighted distance measures combining donor influence (i.e. share of contributions) with donor interests (i.e. distance to recipient state).

The UNHCR data were coded manually from reports entitled Financial report and audited financial statements, submitted annually to the UN General Assembly from the UNHCR Board of Auditors. As of 1967, the reports include reliable expenditure details at the country level, so we use that as the starting point and end in 2016, with the most recent report. The IOM data were also coded manually from annual financial reports. These reports are available on the IOM’s website from 1999 onwards. We code separately assessed contributions and programmatic contributions, but use only the latter in the current analysis, as the assessed contributions are not intended for programmatic purposes. Expenditures for both agencies are coded in nominal US dollars (except for IOM assessed contributions, which are reported in Swiss Francs), but, for the purposes of the empirical analysis, we convert this figure to real

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4 Except for the first two years of the organization's existence, when the report covered two years.
5 These reports were downloaded through the UN Official Documents System (ODS) wherever possible and from the UN Digital Library for years not available through ODS. Whenever possible, we code separately expenditures through the Annual Programme Fund and through the various Special Programme Funds. We made every effort to code every line item of expenditure. However, it was sometimes impossible to assign an expense to a particular country; in those cases, we coded the data into a regional expense category wherever possible. The latter often come with restrictions (thematic or geographical) on where the funds can be spent, which suggests that the political determinants of spending through these different types of funds may vary in ways that could be important to capture to the extent possible. Sometimes, however, we had to drop an expenditure item when it was impossible to assign it a geographical location (e.g., the 1970 report included an expenditure item on the ``Promotion of Legal Protection in Africa and Asia;'' this item is not coded in our dataset). The uncoded expenditures account for a minuscule portion of overall expenditures and we have no reason to believe that these are distributed non-randomly in a way that would affect the quality of our data.
6 As indicated above, we have received access to further reports going back to 1953 at the time of submitting this paper.
2010 US dollars and take the natural log, in order to reduce the influence of extreme outliers on our results and remove any effect of inflation or deflation on the expenditures.

Figure 2. Total country-level expenditures of UNHCR (1967-2016) and IOM (1999-2016).

We analyze two main independent variables of interest in this paper: number of refugees, as a measure of the problem pressure, and distance of recipient states from either all or a subset of donors. In order to capture the ability to a donor state to influence the agency, we weight the distance measure by the percentage of the overall donations to the agency in a given year contributed by that particular donor to get a composite measure of both interest of donors in particular recipients and their ability to influence spending. The first of these variables, number of refugees in host countries (i.e. not country of origin), is available at the country-year level from the UNHCR Population Statistics Database. Although maintained by the UNHCR, this is the population served by both agencies and a number of international agencies. These figures exclude the displaced population served by UNRWA, the UN agency for Palestinian refugees. The latter population is not only counted separately but also served primarily by UNRWA under its UN General Assembly mandate.

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[See http://popstats.unhcr.org/en/overview for a detailed overview of the different categories and their definitions. Note that the UNHCR does not maintain data on the population that falls under the mandate of UNRWA.]
Figure 3 - Total registered population(s) of concern 1951-2017. Source: Population Statistics Database. Own visualization.

Figure 3 gives an overview of the scope of the global refugee and forced migration population as it has developed over time. Notably, the refugee category is the largest of the different populations that UNHCR keeps track of until the mid-2000s, when it is superseded by the number of internally displaced people (IDPs). This increase is, in large part, explained by the Syrian conflict, but also by the fact that the definition of IDPs was broadened somewhat starting in 2007. Due to the focus of this paper on global refugee policy, we count only the (logged) number of refugees at country level as our main independent variable, but include as a control variable the remaining displaced population.

Figure 4. Total donations to UNHCR (1953-2016) and IOM (1999-2016). Source: UNHCR and IOM audited financial reports. Own compilation.
In order to capture donor interest and ability to influence these two organizations, we develop an interest score for each donor country, which is the geographical distance from a donor country to a recipient country,\(^8\) weighted by the percentage of total donations to the agency in that year that the donor country contributed. For example, in 2015, Sweden contributed 3 percent of the total donations to UNHCR, and thus Sweden’s geographical distance to each recipient country is multiplied by 0.03 to account for Sweden’s weighted influence in the organization, relative to other donors. This interest score is then aggregated in various ways across recipients in the regression analysis. In some models, we calculate the overall weighted distance between all donors and a specific recipient, as a measure of how important that recipient country is to all donors weighted by their influence. In other models, we limit ourselves to calculating the weighted distance between a certain important donor country and recipient countries in order to get a cleaner measure of the role of individual donors in shaping expenditure patterns.

We include three recipient-country control variables in the regression models. First, we control for GDP\(^9\), to account for inter-country variation in ability to deal with an influx of refugees through their own domestic budgets. Second, we control for population size, considering the fact that bigger countries may have greater ability to highlight refugee crises within their borders and thus might attract more funding. Third, we control for the Polity Score, to account for the possibility that countries with strong democratic institutions may be better at attracting funding due to less concern about mismanagement of funding or simply due to any greater feelings of affinity between the largely democratic donor states and more democratic recipients.\(^{10}\) Both recipient states’ GDP and population size are logged in the empirical analysis. Lastly, most models include both country and time fixed effects to account for unobserved heterogeneity between countries and over time.

Thus, the main regression models use expenditure by either UNHCR or IOM in country \(i\) and year \(t\) as a dependent variable and the number of refugees in country \(i\) and year \(t\) as the main independent variable, controlling for the influence-weighted donor distance to recipient states and the recipient state features listed above. To simplify the interpretation

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\(^8\) Geographical distances were calculated based on Weidmann et al. (2010).

\(^9\) We have also used GDP per capita in our regression models, and the results are the same, which is unsurprising as we also control for population. However, as our interest is in measuring overall absorption capacity in a country, we prefer to use GDP in our main models.

\(^{10}\) The Polity Score is one of the more common measures of how democratic governmental institutions are within a country. It is a composite index that ranks countries on a scale of -10 to +10, where -10 indicates a fully institutionalized autocracy and +10 indicates a fully institutionalized democracy (Marshall and Cole 2011). It includes all countries with populations greater than 500,000 in the most recent year.
of the regression models, we regress on the organizations individually, but pooled models – combining the data for both organizations – with interaction terms between the agency and the variables of interest show the same results both in terms of substance and statistical significance.

In addition, our regression models are run using two versions of the dataset. The first one is the more comprehensive one, in which each country that has ever received funding from either organization is counted in each year (either as a zero observation or, if it received funding in a given year, as an observation of greater than zero). The second one omits the zero observations and includes in the analysis only those observations where the organization spent money in that year. There are two main reasons to include both in our analysis: First, we observe in our data both country-years where there were no registered refugees but there were expenditures, and country-years where there were registered refugees but there were no expenditures. Thus, it is possible that zero observations are relevant to our estimation and we thus include as many of them as possible. Second, it is possible that the abundance of zeroes in the comprehensive estimation is masking effects that our main variables of interest have on the organization in those countries where there are expenditures. Thus, we also examine the effects of refugees and member state interests, conditional on there being expenditures. We find that, when we use only these non-zero observations, the effect of our variables of interest changes in interesting and meaningful ways, outlined in detail below.

Table 1 below shows the results of regressions where we include the population of interest (i.e., refugees) as well as the total weighted distance between all donors and recipients. Models (1), (2), (4) and (5) show the results for the UNHCR, while models (3) and (6) focus on the IOM. For greater ease of comparison between the institutions, models (2) and (5) limit the period of analysis for UNHCR to the same years (1999-2016) for which data is available from the IOM, while models (1) and (4) show results from the entire time period available.

**Across all UNHCR models, we see a robust and positive relationship between the refugee population and expenditures.** Depending on specification, we observe an approximately three to six percent increase in expenditures for a ten percent increase in the refugee population. In addition, we see that UNHCR is similarly responsive to shifts in the other populations of interest, although the magnitude of the effect is only about a third to half of the size of the refugee population. Given that data has not been broken down for all categories throughout the entire time period under investigation, this is unsurprising.
Interestingly, however, we observe a rather weaker relationship between the refugee population and expenditures for the IOM. Model (3) in Table 1 above finds no relationship between expenditures and either refugees or other populations of concern, and model (6) shows a considerably smaller effect than for the UNHCR specifications, although the effects are statistically significant and positive. The significant result in model (6) does suggest, however, that once we condition on non-zero expenditures, the IOM does, indeed, respond to fluctuations in the size of the population of concern. These initial findings demonstrate that there are appear to be significant differences in how responsive to the problem pressure these organizations are.¹¹

¹¹ These findings also suggest that there may be a selection effect in who gets IOM projects, which would fit with most descriptions of the organization as service-based, rather than mandate-based. Thus, once the decision has been made to implement a project in a certain location, the IOM is actually quite responsive to fluctuations in the size of the population of interest, even though it is less responsive to the global population dynamics. This suggests that accounting for the selection process through which both organizations (but particularly the IOM) enter into projects is worth taking seriously, modeling the selection stage separately through a Heckman model or other similar selection models.
Also of note in these models, is that the **aggregated weighted distance of recipient states to all donors fails to achieve standard levels of statistical significance**, except in model (4), where geographical proximity to donors implies increased expenditures in those cases where the UNHCR has a presence. As geographical distance is constant, this effect suggests that when donor states increase their contributions, more proximate countries benefit in those cases where the organization is already operating. This confirms evidence from interviews with IO officials, who have noted the importance of geographical distance to donor states. It should be emphasized, however, that this effect only persists in the longer panel for the non-zero observations for the UNHCR and, although the coefficient remains negative in the more limited panel, the estimate is quite imprecise. We thus have very limited evidence that geographical distance from donors has much of an impact on expenditures.

In sum, **the results from these regressions rather suggest that these two organizations are more mandate-driven than donor-driven, although the result is considerably weaker for the IOM than for the UNHCR.** In part, however, this lack of donor influence may be driven by the way the variable is constructed, as a sum of weighted distances from all donor states.

Thus, it could be the case that interesting variation between individual donors is getting washed out in the aggregation process. **Table 2 below therefore replicates the models from Table 1 but includes as separate regressions the G5 countries of the United States, Japan, Germany, France, and the United Kingdom.** These are useful countries to explore individually as they all have global interests and thus might care about events both distant and proximate, so we are not biasing our findings in favor of proximity by virtue of including donors with a more limited geographic interest. Three of the countries – Germany, France, and the United Kingdom – are geographically proximate to one another, so they are reasonably similar on the distance measure, but vary considerably on the size of their contributions, with Germany and the United Kingdom rather consistently showing up as top 5 donors to both organizations, while France usually donates much less. The United States is consistently the top donor to both IOM and UNHCR, making it interesting to see how its relationship with the organizations varies with its relative share of the donations. Japan as a major donor is interesting to study for its geographical location outside Western Europe and North America, which allows for variation in the geographically defined interest variable.
Table 2. Models including weighted distances from P5 donors

<table>
<thead>
<tr>
<th>DV: Expenditures (Real USD, logged):</th>
<th>All observations</th>
<th>Non-zero observations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UNHCR (1)</td>
<td>IOM (2)</td>
</tr>
<tr>
<td>Number of refugees (logged)</td>
<td>0.594***</td>
<td>0.396***</td>
</tr>
<tr>
<td></td>
<td>(0.060)</td>
<td>(0.098)</td>
</tr>
<tr>
<td>Other pop. of concern (logged)</td>
<td>0.357***</td>
<td>0.165**</td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.071)</td>
</tr>
<tr>
<td>Weighted distance from USA</td>
<td>0.752***</td>
<td>-1.706**</td>
</tr>
<tr>
<td></td>
<td>(0.265)</td>
<td>(0.780)</td>
</tr>
<tr>
<td>Weighted distance from Japan</td>
<td>-0.427</td>
<td>0.378</td>
</tr>
<tr>
<td></td>
<td>(0.777)</td>
<td>(1.324)</td>
</tr>
<tr>
<td>Weighted distance from Germany</td>
<td>0.224</td>
<td>3.938</td>
</tr>
<tr>
<td></td>
<td>(1.388)</td>
<td>(3.381)</td>
</tr>
<tr>
<td>Weighted distance from France</td>
<td>1.485</td>
<td>-7.368</td>
</tr>
<tr>
<td></td>
<td>(1.787)</td>
<td>(11.832)</td>
</tr>
<tr>
<td>Weighted distance from the UK</td>
<td>0.454</td>
<td>-0.362</td>
</tr>
<tr>
<td></td>
<td>(0.950)</td>
<td>(1.301)</td>
</tr>
</tbody>
</table>

Recipient country:

- Polity score: 0.073*, 0.076, 0.111, -0.0004, 0.009, 0.055**
  - (0.041), (0.048), (0.098), (0.015), (0.031), (0.026)
- Real GDP (logged): 0.016, -0.473, 0.692, -0.050, -0.297, 0.079
  - (0.363), (0.539), (1.010), (0.173), (0.309), (0.445)
  - (1.286), (2.603), (3.381), (0.658), (1.079), (1.686)

Country Fixed Effects: ✓ ✓ ✓ ✓ ✓ ✓
Year Fixed Effects: ✓ ✓ ✓ ✓ ✓ ✓
Number of Observations: 6187, 2360, 2306, 3785, 1628, 1628
Adj. R-squared: 0.68, 0.80, 0.72, 0.51, 0.50, 0.74

Note: *p<0.1; **p<0.05; ***p<0.01

In these models in Table 2, there is considerable variation in how these economically powerful states influence expenditures. The coefficients on the individual G5 variables represent the distance from that country to a recipient country, weighted by the percentage the G5 country donated in that year. So, for example, in 2015, the US donated 37.5% of the overall donations to the UNHCR, so its geographical distance from each of the recipient countries is multiplied by 0.375 to generate the weighted distance variable. It is possible that the overall effect size may be attenuated due to limited variation in the percentage of total donations these countries are responsible for. We are able to observe, however, variation both
across the organizations and over the two different time periods for the UNHCR. For example, in models (1) and (2), we see that only weighted distance to the US appears to influence expenditure amounts for UNHCR. However, the way the US uses its influence has changed over time. In the full panel, we see that countries further away from the US appear to benefit most from increases in the US donation share to the organization, while the more limited panel shows the opposite result, namely that more proximate countries see increases in expenditures when the US increases its donation share. This effect disappears when we condition on non-zero expenditures, and distance from the US also does not affect IOM expenditures in either model specification. Further analysis of the distribution of crisis and shifts in US contributions is needed to understand these dynamics. It is notable that only in the case of the IOM is there a finding consistent across specifications, with France and the United Kingdom influencing expenditures to benefit more distant recipients. Notably, although the effect of Germany on expenditures is too imprecisely estimated to yield statistical significance in this specification (we find that, in specifications that omit the other G5 members, this coefficient is, in fact, significant), it suggests that geographically proximate recipient states benefit when Germany increases its donation share to IOM, while the converse it true for the UNHCR, where a significant and positive point estimate implies a benefit to more distant countries. One interpretation could be that Germany gives to UNHCR with a more global mandate in mind but prefers to use IOM more significantly for operations close to home.

Overall these findings suggest that the relationship between the organizations and member states is complex and that the problem pressure only tells us part of the story, depending on how we study donor influence and in which periods we do so.

The UNHCR appears able to respond quite effectively to shifts in refugee populations, no matter where the pressures are coming from, while the IOM appears more selective in its approach of where to become active. Unsurprisingly, member states influence resource allocation in both organizations, but they do so in quite unexpected ways that shift both across donors and across time. Looking just at the US, the biggest donor to both agencies, we see not only a shift within the UNHCR over time—where countries far from the donor benefit when we look at the entire period of analysis, but the converse happens in the last two decades—but also across organizations, with no notable effect of the US on the size of expenditures in the IOM. In addition, we see that different donors impact the different agencies, even within the relatively restricted group of the G5, which all have global reach and might be expected to want to influence both agencies. This could suggest that there is specialization happening between
the agencies, not only in terms of which refugee situations they respond to, but also in terms of which donors they tend to focus on and are responsive to.

5. Conclusions

The present paper contributes to the ongoing debate on whether IOs and their bureaucracies can be considered problem-solvers in global policy making or whether far they are simply tools of member states which use their political and financial influence to shape IOs’ activities according to their individual interests. It also contributes to the growing literature on the resourcing of international organizations and to an understanding of the changing financing patterns in an ever-more fragmented organizational landscape. The novel data that we have presented here on country-level expenditures by UNHCR and IOM as well as on donor contributions to both agencies is more extensive in its temporal coverage (50 years for UNHCR, 18 years for IOM) than previous analyses of both organizations. It is also the first analysis using country-level expenditures as a key measure for IOs global operational activity to test both problem- and member-state driven dynamics in IOs.

The results of the statistical analysis presented above gives support to our expectation that IO bureaucracies can be problem-solving actors, but also to assumptions that major donors may have distinct influence on IO activities. With regard to the two organizations of interest, we confirm previous assumptions that they are quite different actors: UNHCR seems much more driven by refugee numbers in its attempt to fulfil its mandate to protect refugees, while IOM as a much more service-oriented organization seems to be more selective in where and when it becomes active (Hall, 2015, 2016). However, once accounting only country-years in which IOM was actually active (i.e. had expenditures), it was still reactive to shifting numbers of refugees and other displaced persons, indicating that we may rather be observing a case of geographical specialization – as IOM has historically been very active in Europe, the US and in particular in Latin America – or a case of successive build-up of expertise where IOM, once active in a certain country and having built up trust of donors, may become a competitor of UNHCR in domains where both are active.

With regard to donor influence, our measurement of interest has been limited to geographical distance to recipient countries, weighted by donor influence as share of overall voluntary contributions to the agencies. Notably, the overall weighted donor interest are only significant in one of the model specifications, but in the direction expected – i.e. recipient states closer to (major) donors receive see more expenditures. However, once broken down to a few major
donors, we see that geographical distance matters, however differently over time and across both agencies. Where the results are statistically significant for individual donors, the divergent strength and direction of the effect seem to confirm that states “contribute to refugee protection because of a combination of norms and interests” (Loescher, Betts and Milner, 2008, 94). This underlines that donors are indeed a complex principal (cf. Graham, 2017a; Patz and Goetz, forthcoming; Thorvaldsdottir, 2017) and that making general assumptions about state influence in agencies financed by voluntary contributions without considering individual states’ actual influence may yield expectations that do not reflect IO bureaucracies’ abilities to understand and channel principals’ complex interests, either by mobilizing in view of mandates or by serving different donors’ interests differently depending on their demands.

Background interviews with various UNHCR and IOM officials in Brussels and Geneva in June 2018, archival material such as internal reports of UNHCR for the global refugee situation in 1993-94, and the qualitative information contained in the archived and published financial reports of both organizations used to construct the dataset confirm these interpretations as well as the shifting dynamics over time. Interviewees were upfront to highlight the differences between both organization but also the diverging interests of donors which they need to handle. Whereas most funding to IOM is earmarked at project level, this does not appear to be a problem for an organization that tries to be as flexible and respond to donor demand around the world. And even though UNHCR’s financing is increasingly earmarked, the availability of unearmarked funding has still allowed the organization to fundraise earmarked support for major emergencies while directing unearmarked funding to those protracted refugee situations faced with donor fatigue or that donors do not care about in the first place.

A key aspect of donor complexity in this regard is the difference between humanitarian and development financing, both of which is used for global refugee policy. There seems to be little coordination between both funding streams within major donor states, allowing agencies to fundraise strategically by targeting different funding sources. Notably, development funding was highlighted as driven by negotiations between national and international agencies at the recipient-country level, while humanitarian funding comes from more centralized headquarters-based decisions. In how far this drives the dynamics observed over time, and in how far it provides IO bureaucracies leeway to fundraise in accordance with refugee needs by exploiting not just different donor interests but different interests within donor governments may be subject of future research into resource mobilization dynamics in IOs active in global refugee policy.
References


