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**Erin R. Graham. 2023. *Transforming International Institutions. How Money Quietly Sidelined Multilateralism at the United Nations*. (Oxford: Oxford University Press)**

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A single sentence nicely summarizes the key theoretical and empirical message of *Transforming International Institutions. How Money Quietly Sidelined Multilateralism at the United Nations*, the new book by Erin R. Graham:

...lifting earmark prohibitions at UNDP in 1967, a small, even technical change, plays an important role in shrinking multilateralism at the UN in the 2000s, a big, transformational change. (p. 24)

Over the past decade, Erin Graham has substantively shaped the growing and exciting research agenda on the financing of international organizations (IOs) (e.g., Graham, 2015; Graham, 2017; Bayram & Graham, 2017; Graham & Serdaru, 2020) and she has used this agenda to advance theoretical thinking in International Relations (IR) and IO research in various directions. Her new book adds to this research agenda and should become a central cornerstone in the IR and IO literature, well beyond the scholarship on the financing of IOs, not least because of the compelling yet unusual theoretical arguments made.

Empirically, *Transforming International Institutions* rewrites some of the established narratives around the research agenda on the resourcing of IOs (Goetz & Patz, 2017) and in particular on the role of trust funds and earmarking in IO financing (e.g., Heinzel et al., 2023; Baumann, 2021; Weinlich et al., 2020; Eichenauer & Reinsberg, 2017). This literature, explicitly or implicitly, traces the trend that IOs have become dependent on earmarked voluntary funding back to dynamics in the 1990s and 2000s, while Graham reveals how the roots of these developments date back to the early decades of the United Nations.

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Building on some arguments and empirical cases already familiar to readers of Graham's IO financing work (notably Graham, 2017), the timeline covered in the book and the contribution to Historical Institutionalism (HI) in IR speak to a much larger audience in Political Science or Global History interested in the long-term evolution of the international system. Contradicting a logic of rational institutional design, one of Graham's surprising arguments is that well-meaning actors may push for seemingly marginal rule changes or reinterpretations of existing rules that can trigger unintended yet fundamental transformations in the functioning of international institutions decades later.

To develop this argument and her empirical storyline, Graham first reflects on existing theoretical arguments for institutional change in international institutions (Chap. 2). Her key novel contribution is to argue that *transformation* understood as "change in fundamental relationships and principles of governance" (p. 35) is neither rational nor does it have to follow a traditional logic of path dependence and punctuated equilibrium to emerge. Instead of critical junctures at which novel paths emerge through treaty change or the establishment of new IOs, Graham focuses on "subterranean change" with transformational effects. Such transformation can emerge when actors formulate rules under conditions of uncertainty about the future and when future actors then make creative use of, or reinterpret, those rules once historical circumstances change. The effects of such subterranean change may only be visible as major transformations much later, as readers will see for the case of the undermining of the egalitarian multilateralism of the UN system through earmarked voluntary funding.

For her process tracing of the history of UN funding rules and practices from the 1940s until the 1980s, Graham uses novel archival and little explored biographical material, as well as a variety of public UN system documents. Her case starts with the negotiations on the budget and finance rules in the UN Charter at a time when neither the Cold War nor decolonization were on the horizon (Chap. 3). She then continues to discuss the UN's first financial crisis around the financing of early peacekeeping missions, as well as the establishment of mayor extrabudgetary funds for technical assistance (EPTA and the Special Fund) as the UN shifted toward a much more operational model than expected by the founders of the organization. During this time, earmarking was legally prohibited in EPTA and the Special Fund, but the first cracks in the firewall appeared through the Soviet Union's creative use of voluntary contributions (Chap. 4). The creation of the UNDP, initially without permissive rules on earmarked funding, was followed by a subsequent rule change to allow for earmarking by 1967. This rule change then becomes the central trigger for the major transformation that is at the center of the book's story (Chap. 5).

In the late 1970s and during the 1980s, the trend toward a 'trustfundization' of UN finances becomes visible, and USA's increasing reluctance to support egalitarian multilateralism and a preference for bilateral influence become key drivers of this trend. What is noticeable, however, is that donor countries like the Netherlands, Italy, Canada or Sweden also play a significant role in the establishment and multiplication of single-donor trust funds or the earmarking *within* multi-donor trust funds. This trend extended well beyond the UNDP into other parts of the UN system (Chap. 6). In the concluding chapter (Chap. 7), Graham reflects on the current state of IO finances,

on political solutions to the problems created by earmarking, and on potential future trends in the development of international institutions.

There are a couple of remarkable observations in the book that will surprise current observers of IO financing: First, readers may indeed be surprised to find the trigger in the direction of a bilateralization of UN funding already in the 1960s and a major uptake of this practice already in the 1980s. Second, the book shows how the Soviet Union, rarely in focus in IO financing discussions, initiated some early creative earmarking practices through providing non-convertible currency donations that could only be used for Soviet goods and services. This reveals how earmarking practices have been much more diverse than what we might consider, inviting a more diverse research agenda on this topic. Third, it is surprising to see how well-meaning countries like the Netherlands and Sweden were instrumental in the transformation of the financing of international institutions, not just major geopolitical players like the USA.

As with every good academic book, Erin R. Graham's work also raises a number of new questions that future research and theorizing will have to answer. The first set of questions is linked to what the book's theoretical argument may imply for the causal paths of major transformations: Are subterranean changes leading to transformations expected to be a common phenomenon that we should study systematically or comparatively? How are subterranean changes causally linked to critical junctures in global history, such as decolonization or the emergence of the Cold War, maybe as necessary conditions for major transformations? Those questions call for a further integration of the book's arguments into the wider universe of HI thinking.

The second set of questions relate to the empirical choices in Graham's book: To what degree does the focus on the UN Charter negotiations and not on the drafting of the UN's Financial Regulations shape the implicit argument that earmarking was broadly *unintended* in the UN system, basically until UNDP adopted such earmarking rules? And to what degree may the UNDP and the funds that preceded it be *outliers* in terms of their *prohibition* of earmarking rules in the wider UN system? These questions emerge for the reader out of Graham's own empirical research, notably that the introduction of earmarking rules in UNDP in 1967 was actually based on such permissive rules already existing in the UN Financial Regulations — which is why the UN's Legal Service could suggest using them also in the UNDP's case (cf. p. 127). Already in the first permanent UN Financial Regulations in 1950, the following regulation was included: "Monies accepted for purposes specified by the donor shall be treated as Trust or Special Accounts" (Regulation 7.3, contained in UN Resolution A/RES/456(V) of 16 November 1950). The UN's Advisory Committee on Administrative and Budgetary Questions (ACABQ), also in 1950, considered that the UN financial regulations—including such provisions—should be harmonized across the UN system through the Administrative Committee on Coordination (cf. A/CN.1/R.35 of 7 July 1950), which may explain why the resolution that introduced these rules in the UNDP was called "Harmonization of administrative and financial procedures" (cf. p. 126). Thus, the introduction of earmarking in the UNDP could have been, in part, the consequence of very conscious decisions in the initial financial design of the UN system, not at the level of the UN Charter but one level below. This would not have been surprising since even the League of Nations had profited from significant

earmarked donations (Tyler, 2021). In other words, the initial explicit *prohibition of earmarking* in UNDP and its predecessors may be the interesting *exception to the norm*, while the return to the norm in 1967 still triggered the important long-term transformation observed in Graham's book.

These are open empirical and theoretical questions that one might not have raised without her book. And so Graham's fascinating work calls for continued attention to the past and present of UN and IO financing and the theorizing of long-term transformations. Outside academia, diplomats and officials involved in preparing the UN's *Summit of the Future* in 2024 should also take note of this book and use its insights when thinking about the future shape of UN system financing in light of the geopolitical changes we have seen already in the early 21st century.

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