

U. N. Studies

The United Nations Development Program

Failing the World's Poor

by
Richard E. Bissell


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Richard E. Bissell is Executive Editor, *The Washington Quarterly*, and Adjunct Professor, Georgetown University. A specialist in international political economy, particularly with reference to Africa, he has a Ph.D. in international affairs from the Fletcher School of Law and Diplomacy at Tufts University. He is the former Coordinator of the Economic Security Program at the Foreign Policy Research Institute and Managing Editor of *ORBIS* (1976-1981). Mr. Bissell has published widely, including the recent books, *Strategic Dimensions of Economic Behavior* (Praeger, 1984) and *Africa in the Post-Decolonization Era* (Transaction Books, 1984).

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The United Nations Development Program is in crisis. Such was acknowledged by the participants in the 1981 and subsequent annual pledging conferences: Administrator Bradford Morse reported that in the three-year period 1980 through 1982 “contributions to UNDP in real terms, allowing for the considerable impact of inflation, had generally fallen by 25 percent.”¹ By the summer of 1984, the immediate financial crisis had passed. As U.S. Ambassador to the United Nations Jeane Kirkpatrick stated to the UNDP Governing Council in June, “I know that UNDP has recently come through something of a funding crisis; a crisis in which contributions to the program did not live up to various projections—perhaps those projections were themselves too optimistic. We also know that matters have now stabilized, that the funding crisis is past, that funding is up, and I may say personally that I am very pleased—as is our government—that our country’s increased contribution to the program from \$140 million in 1983 to \$160 million in 1984 has made some contribution to UNDP’s revitalization.”² But if perceptions within the U.N. system were that the UNDP had passed the point of immediate peril, there were clearly other concerns being expressed outside and within the U.N. with regard to matters above and beyond UNDP finances.

The UNDP is in danger of being without a clear mission and of being ungovernable. For a broad range of reasons relating to the history of the Program, the legitimacy of its efforts have been questioned increasingly in recent years. In that sense, its financial problems have been mere symptoms of a more fundamental malaise arising from political, ideological, and institutional sources. To a significant extent, American observers have not been of much help to the UNDP. Moreover, Americans have viewed the UNDP with an unfortunate beneficence. The comment frequently heard when the subject of the UNDP is raised is: “Don’t look at it too critically; it’s the best friend the U.S. has at the United Nations.”

As a result, those who might be tempted to reform the UNDP are deterred from doing so for fear of inadvertently aiding those who would destroy it.³ Far more frequently, the only visible work on the UNDP is by

¹ *U.N. Monthly Chronicle*, January 1982, p. 25.

² United States Mission to the United Nations Press Release, “Statement by Ambassador Jeane J. Kirkpatrick . . .,” June 18, 1984, p. 1.

³ See recent reports that included comment on the UNDP, such as *President’s Report to the Congress on Reform and Restructuring of the U.N. System*, March 2, 1978; and U.S. Senate, Committee on Government Operations, “U.S. Participation in International Organizations,” 95th Congress, February 1977.

those committed to radical change of the system, particularly so that the UNDP should better reflect the priorities and needs of the poor countries as expressed in the dogmatic concepts of the New International Economic Order (NIEO). It does no justice to the future of international development efforts to neglect the UNDP benignly (counting on some invisible hand to correct its problems) or to advocate its abolition.

To advocate a close look is to urge a normal corrective process in the life of any institution. The UNDP has existed in its present form since 1965; it is battle worn from dealing with the tortuous political forces of the U.N. For its health, for the future of economic development, and for a constructive relationship with the United States, the UNDP needs close examination.

This study begins with one clear bias: that the UNDP is not satisfying the expectations of a significant proportion of its constituencies, in terms of funding sources and client-recipients of its services. This assumption does not necessarily opt for a radical restructuring of the UNDP; the agency operates, after all, in a very imperfect world and may be the best possible institutional instrument in the world for today's U.N. Yet the poor of the world deserve a far better source of support, technical assistance, and guidance than they are receiving from UNDP. If there is any scope at all for improving the vehicles of service delivery to poor states, and for creating a more effective environment and set of incentives for their economic development, the effort to do so should be made.

One issue will not be addressed in this study: the question of whether the U.S. obtains a satisfactory return on its financial investment in the UNDP. The ultimate destination of UNDP funds is far too murky for conclusive research. Some preliminary findings have suggested that the U.S., in fact, may receive (from the UNDP or funded specialized agency projects) financial flows at least equal to the amount of the U.S. contribution to the UNDP.⁴ Of vastly greater importance are the political and institutional implications of UNDP programming. Is the UNDP developing, as an institution, in a direction inimical to U.S. interests? Is the UNDP developing so as to be more, or less, effective as a development instrument? Given the priority development needs of African, Latin American, and Asian countries today, is UNDP programming structured to help them meet those needs? Such are a few of the questions that require urgent answers before the UNDP can emerge from its current "crisis." That crisis is clearly more than just another of the cash flow problems that have beset the UNDP at the end of every planning cycle. The trend lines now indicate that more fundamental issues are at stake.

⁴ See Kenneth D. Auerbach and Yoshinobu Yonekawa, "The United Nations Development Program: Follow-up Investment and Procurement Benefits," *International Organizations*, Autumn 1979, pp. 509-524.

History

The United Nations Development Program has been the beneficiary of some of the best wisdom on economic development of the post-World War II period. The Program has attracted many of the brightest, most famous, most energetic, if occasionally incompetent, individuals involved in the problems of the poor countries. The emergence of the UNDP as the central element in the U.N. machinery for economic development made it inevitable that it would attract sincere supporters as well as parasites. It is also natural that it would be the focus of tremendous political activity at the U.N., for the disposition of UNDP funds is a valuable source of political power for any leader of a country desperately in need of revenue. The history of the UNDP, therefore, is a product of economic and administrative logic, and often of unseen political forces in and around the U.N., whose interests are not totally concerned with economic development.

The First Five Years

The UNDP was created in 1965 by consolidating several existing programs. The Expanded Program of Technical Assistance (EPTA), in existence since 1949, had been one leg of U.N. economic assistance efforts. The EPTA made its respectable reputation by supplying experts to the poorer countries for training purposes and sometimes for direct assignment to a particular project and by the provision of fellowships to some developing country nations for study in Europe or the U.S. at an institution of higher learning. Because the concept of technical assistance was a relatively limited notion, denoting the transfer of expertise and information rather than financial resources, the poorer countries consistently pressed for establishment of some mechanism of capital transfers, preferably as grants rather than loans. This pressure resulted in the establishment of the U.N. Special Fund in 1959, based on voluntary contributions as was the EPTA. When it became apparent that there was much administrative overlap between the two, they were consolidated as the UNDP in 1965.

The political imperative that had kept the programs separate evaporated, as the U.S., once committed to technical assistance rather than resource transfers, was influenced by Lyndon Johnson's Great Society programs.

Given the thrust of Johnson's domestic efforts, the U.S. could scarcely argue credibly against the notion of major resource transfers as a development tool. With the U.S. abandoning its ideological reservations, the way was clear for a consolidated UNDP where the transfer of resources—whether expertise or funds—was the principal focus of activities. By 1969, voluntary contributions to the UNDP had reached \$197 million on an annual basis. This figure is all the more significant upon realizing that the “regular” U.N. administrative budget, as authorized by the General Assembly for 1969, was only \$155 million.¹ The UNDP had thus reached a level of funding, based on voluntary contributions, 25 percent higher than the General Assembly assessments allocated to members for the same year. This difference represented a tangible symbolic shift in the balance of power from the political and social agendas of the U.N. to economic development efforts.

At the same time, a distinction continued between voluntary contributions and the assessed contributions owed to international organizations as part of U.N. membership obligations. The U.S. insisted, even after 1965, that economic development should be funded voluntarily, and that any consideration of diversion of assessments to development projects would violate the U.N. Charter. The problem was less acute in the U.N./UNDP relationship than it was in the specialized U.N. agencies, where the weight of the Third World bloc, often called the Group of 77 (G-77), was felt heavily in the 1970s. The gradual transfer of assessment-raised resources into technical assistance by the specialized agencies for such actions reached a peak in the 1975-1977 period.² The American distinction, however, flowed less from an ideological inspiration than from a budgetary concern that, once development funds could be raised by majority vote in U.N. agencies, the floodgates would be open to unlimited demands by the G-77 majority.

The UNDP developed in stages:

1. From its creation in 1965 to the Jackson Report in 1970;
2. The boom-and-bust financial era from 1970 until the resignation of Administrator Rudolph A. Peterson in 1975;
3. The deterioration of UNDP finances amidst an uncertain mission, coinciding with Bradford Morse as Administrator since 1976.

Within this very general breakdown of historical stages, a variety of issues determined the evolution of the organization, though such issues might have not been viewed as significant at the time they were introduced to the UNDP agenda. Just as the overall size of the U.N.'s economic

¹ *U.N. Monthly Chronicle*, December 1968, pp. 138-139.

² Robert W. Gregg, “The Apportioning of Political Power,” in David A. Kay, *The Changing United Nations: Options for the United States* (New York: Praeger, 1977), p. 79.

development agenda was not anticipated by the drafters of the U.N. Charter, so the components of the UNDP efforts have prospered, or withered, for idiosyncratic reasons.

The five years prior to the Jackson Report, when the U.S. Marshall Plan veteran, Paul G. Hoffman, was UNDP Administrator, were a period of high financial expectations. The explosive growth of the world economy had its spinoff in the UNDP with the U.S. and other advanced economies willing to contribute rapidly increasing sums to the U.N. effort to the point of overshadowing bilateral U.S. aid programs. It was a time of throwing resources at the poverty problem, as though a particular quantity of inputs would yield the outputs necessary to raise the living standard of the world's poor. The U.S. war on poverty became global. The international results barely differ from those achieved in the U.S. Abroad as well as at home, the war on poverty turned out to be more complicated than originally estimated.

The Jackson Report of 1969, named for its director, Sir Robert Jackson of Australia, was produced in response to a mandate to examine the economic development efforts of the entire U.N. system.³ In an important sense, it reopened a question that had been argued at the time of writing the Charter, which would always accompany economic development work in the U.N.: how centralized should the system be? Jackson had been a longtime partisan of greater centralization, and the opportunity to write the report, with certainty of adoption, was a triumph for his point of view. In the light of his emphasis on efficiency and consistency of policy through greater centralization, his view met with strong sympathy in the U.S. In the foreword of the report, Jackson wrote: "It is important that the international organizations should function efficiently for the sake of all mankind."⁴ The notion of efficiency led Jackson to think of organizational streamlining, the creation of executive authority, and a kind of "system efficiency" that would meet the needs of the poorer states to the maximum extent possible. Such guidelines, admirably drawn from Western administrative traditions, set well with those who wished to strengthen the U.N. as the coordinating and controlling element in the universe of international organizations.

It is sometimes forgotten that technical assistance was not created by the U.N. Independent specialized agencies, such as the International Labor Organization and the Universal Postal Union, ran programs before the U.N. entered the business. Only reluctantly were these agencies drawn into the U.N. orbit, tempted primarily by the evidently increasing resources that the U.N. could command from its members. The Jackson Report culminated a trend evident in the prior decade of decreasing independence of the specialized agencies. So deeply did they come to imbibe of U.N.-generated

³ *A Study of the Capacity of the United Nations Development System* (United Nations, 1969).

⁴ *Ibid.*, p. ii.

revenues that any severance of the relationship with the UNDP would have meant drastic reductions of their staffs.

The Jackson Report approached the matter of development system coordination as a managerial problem. It assumed that the various agencies were committed to the same goals and governed by the same political ethos. It thus made sense to reduce waste in the delivery of development services to the client states. In a superficial sense, the premise of the Jackson Report was accurate: the donors and the clients of the specialized agencies were one and the same. What it misunderstood was the extent to which institutional jealousies overwhelmed common goals. It also ignored political complications, such as the extent to which extraneous issues would be introduced into the agendas of international organizations at various times. It is no small matter, for instance, that the U.N. General Assembly has recognized the African liberation movements as valid political entities for purposes of receiving UNDP grants, thereby ensuring that the specialized agencies would have to follow suit to maintain access to UNDP funds.

Centralization of the U.N. development efforts was a logical step for Jackson, since the UNDP had three important characteristics: (1) it controlled the most funds of all U.N. economic development institutions; (2) it was the "natural focal point" for coordination; and (3) the UNDP alone had a worldwide administrative network.⁵ The UNDP was thus to become central not only in the headquarters role of dividing resources, but also through its representatives in the field, where it would help countries set priorities.

This "country program" concept was intended to provide for orderly integration and setting of priorities of all U.N.-funded projects for a particular country. The UNDP Resident Representative in each country was to become a grand coordinator of all U.N. and specialized agency activities. In effect, he would function as the U.N. Ambassador in the countries receiving UNDP funds, whether directly or through the specialized agencies. Jackson's insight into the potential role for the Resident Representatives had to be balanced, of course, by his advocating the need to elevate the "quality of the men and women filling those posts."⁶ He pushed for creation of a U.N. Development Service and replacement of most of the incumbent Resident Representatives, whose average age then was an elderly 55. He was not successful in this, as it would have meant the potential forced retirement of senior employees with major political clout.

Similarly, Jackson's recommendation that the U.N. should consider moving the UNDP physically closer to the specialized agencies in Geneva was largely ignored, even though many argued that the location of the

⁵ *Ibid.*, p. 34.

⁶ *Ibid.*, p. 40.

UNDP near the U.N. General Assembly had not helped it accomplish its purposes. In these and other small failures in implementing the Jackson Report lay the germ of major future problems.

One extra-organizational relationship had impact on the Jackson Report. Robert McNamara's accession to World Bank president resulted in a rapid expansion of the Bank's borrowing and lending operations. Insofar as the former U.N. Special Fund, which became part of the UNDP, was supposed to support pre-investment projects, the McNamara expansion plans argued for a greater role in this for the UNDP. It was not necessary for the UNDP to expand simply because the World Bank was going to double its activity, but it was an opportunity to hitch UNDP onto the McNamara express at the World Bank through a division of labor between the two organizations. The explicit connection between the UNDP and the Bank brought out a fact of life about the pre-investment work of the U.N.: the investments resulting from UNDP studies tended to come overwhelmingly from governments and parastatal corporations rather than from the private sector. The pre-investment work of the UNDP also prospered as the emphasis in the newer countries of Africa, Asia, and Latin America shifted from private to public investment in meeting development goals.

The UNDP, 1970-1975

The Jackson Report received lengthy consideration in 1970, and its most important structural elements were adopted. The UNDP Governing Council at its June 1970 meeting adopted the "country programming approach, the planning of UNDP assistance over an extended period to correspond with the country's development objectives, decentralization authority to give the UNDP resident representative the 'ultimate authority' for all aspects of the UNDP program at the country level."⁷ Distinctions between the Special Fund and the EPTA were abolished. The notion of an extended period for development planning was given concrete form in the creation of IPFs (indicative planning figures), which were to cause great trouble in subsequent years when they were wildly optimistic.

The Governing Council voted that financial solvency would be guaranteed by creating an operational reserve of \$150 million. And in a move to relax some prevailing practices, "United Nations organizations would have first consideration as executing agents for UNDP-aided projects but, when necessary to ensure maximum effectiveness, increased use may appropriately be made of suitable services obtained from governmental and non-governmental institutions and firms."⁸ The door was thus opened to move from reliance on the specialized agencies—a real departure from past

⁷ *U.N. Monthly Chronicle*, July 1970, p. 80.

⁸ *Ibid.*, p. 81.

practice—toward greater use of the private sector in the U.S. and other developed countries for technical assistance.

The adoption of these measures in the wake of the Jackson Report was matched by a shift in spirit. The UNDP became the “action agency” at the U.N., taking the initiative in areas where some members felt that Charter-mandated parts of the organization were displaying too little interest. The U.S. government gave strong support to an expanded role for the UNDP in a wide range of development-related activities and pushed for accelerated levels of spending overall at the UNDP. In June 1970, for instance, the Governing Council shifted resources from its existing plans to meet emergency needs in Peru in the wake of the disastrous earthquake of May 31, 1970. It also urged the Economic and Social Council to establish “an Emergency Fund for disasters, to be made up of voluntary contributions,” a move ignoring existing institutional arrangements within the U.N. and with principal relief aid donors for emergencies. At the same meeting, the Governing Council pushed ahead a proposal to establish an international corps of “United Nations Volunteers” to aid economic development work, an obvious imitation of the U.S. Peace Corps Volunteers system.⁹

The complex system of country programs and IPFs was first introduced in the 1972 program year, when Rudolph A. Peterson replaced Paul Hoffman as UNDP Administrator. The new team was setting its sights high, planning programs and projects for 1972 costing \$302 million. By contrast, the 1971 budget commitments had been \$240 million.¹⁰ The new Administrator said that he “hoped that, after 1973, the program support and administrative budget would become stabilized and the level of voluntary contributions to UNDP would substantially increase.”¹¹

As it became difficult to persuade governments to raise their voluntary contributions by an amount sufficient to meet UNDP’s lofty targets, special theme targets were established to catch potential donors’ eyes. At the June 1972 Governing Council meeting, the theme was the plight of the “least developed countries,” then identified as the “fourth world.”¹² Not only were special studies commissioned to find ways to assist the 25 nations identified by the General Assembly as least developed, but additional funds were set aside. “The Governing Council had fixed a target of \$55.8 million in additional assistance to 25 least developed countries during 1972-1976, some \$30 million of which was expected from additional pledges by donor countries, while the remainder would be provided from existing funds.”¹³ When the time came for pledging funds for 1973,

⁹ *Ibid.*, p. 82.

¹⁰ *U.N. Monthly Chronicle*, February 1972, p. 27.

¹¹ *Ibid.*

¹² For background, see Richard E. Bissell, “The Fourth World at the United Nations,” *The World Today*, September 1975.

¹³ *U.N. Monthly Chronicle*, July 1972, p. 61.

however, there were only six pledges for a total of \$6.3 million for the least developed countries.¹⁴

This was the least of financial problems in 1973. Pledging overall came in at substantially lower levels than expected. The total was about \$293 million, including the earmarked funds for the "least developed," even though the actual program commitments for 1972 had been over \$300 million. Yet the Secretary-General urged a \$500 million budget by 1976, a sum that became increasingly elusive with each year. By the Governing Council meeting of January 1973, it became clear: the UNDP was grossly overcommitted. Administrator Peterson estimated that "over-programming for 1972-1976 would amount to nearly \$110 million."¹⁵ There was a call for increases in contributions and a freeze on considering new program commitments.

It should be noted, however, that on this occasion the UNDP was not in a cash-flow crisis; it was simply falling short of the funds required to fulfill its commitments under the five-year IPF cycle. The UNDP's cash-flow situation was aided, for instance, by the assignment of the cash-rich U.N. Fund for Population Activities to the UNDP for administration. The commitment of the Administrator to the other special interest trust funds in his care quickly changed. As in the case of assistance to the least developed countries, the Governing Council decided that the target figure would remain \$35 million, but "the Administrator was authorized to regard the planning figure as an interim measure, and in the light of the overall financial plight of the Program."¹⁶

There were hazards for the UNDP in being part of the U.N. Pressure from the General Assembly majority to support African "liberation movements" began to pervade the constituent parts of the U.N., including the UNDP. At its June 1973 meeting, the Governing Council authorized the Administrator to discuss with the Organization of African Unity the various possibilities for UNDP assistance to guerrilla groups in Rhodesia, South Africa, Southwest Africa/Namibia, and the Portuguese colonies. As programs gradually were begun in subsequent years, the projects often were sources of contention from the point of view of particular donors.

An effort was made to stretch the available funds in 1973 by exhorting the richer developing countries to restrict their demands on UNDP resources. The focus on the least developed countries meant that the somewhat better-off poor countries would have to look elsewhere, or at least provide greater matching funds along with those provided by the UNDP. The absorptive capacity of these middle-level countries also meant that they could more readily develop fundable projects, thus potentially crowd-

¹⁴ *U.N. Monthly Chronicle*, December 1972.

¹⁵ *U.N. Monthly Chronicle*, February 1973, p. 42.

¹⁶ *U.N. Monthly Chronicle*, March 1973, p. 33.

ing out the poorest countries with the least internal capacity for development planning. The dynamics of the aid marketplace—to the extent such exists—would have also steered available UNDP funds to the richer poor states, owing to the greater likelihood there of investment funds following on pre-investment studies by the UNDP. As a result, it was considered necessary for the Governing Council to urge “that developing countries with relatively high per capita gross national product (GNP) accept in a spirit of cooperation that the assistance they receive in the 1977-1981 period be not greater than that during the planning period 1972-1976.”¹⁷ Since borrowing needs would continually grow for the UNDP’s clients, the Program was effectively pushing the richer developing states into the private capital market.

A number of these thematic elements in UNDP operations began to take on greater virulence in 1974-1975. The IPFs continued to be set with a remarkable dose of optimism. The calculation in early 1974—that \$1,895 million would be available for programming in 1977-1981—was based on the assumption that contributions to the UNDP would increase by 11 percent annually.¹⁸ It could be argued that setting such goals was necessary, given the forward-looking logic of the IPF concept. The IPF was meant to conform to the development plans of individual Third world countries—particularly the five-year plans popular among Third World planners—and all such plans were designed with optimism that available resources would increase.

The pledging session at the end of 1974 appeared to be successful. Administrator Peterson estimated that 1975 contributions would be over \$400 million.¹⁹ The only problem was that he was wrong. The funds received in 1975 were appreciably lower, and in response, the Governing Council passed familiar resolutions about program reserves and the assessment of program costs. Ominously, however, the estimated growth of donations to the UNDP was set at a rising scale, the chronic sign of difficult short-term realities (such as the oil price shock of 1973-1974) being balanced by unrealistic hopes for the future. Annual growth rates in out-year voluntary contributions during 1977-1981 were set by the Governing Council as 7.5 percent, 10 percent, 12.5 percent, 15 percent, and 17.5 percent. No particular reasons were given for assuming that the donors would become bullish enough over the five-year period to boost their annual donations from a 7.5 to a 17.5 percent rate of increase.²⁰

The financial situation was not aided by the need for the UNDP to provide resource support to other development programs or to forgo assessments from countries unable to pay. Example: the U.N. Capital

¹⁷ *U.N. Monthly Chronicle*, July 1973, p. 80.

¹⁸ *U.N. Monthly Chronicle*, February 1974, p. 23.

¹⁹ *U.N. Monthly Chronicle*, December 1974, p. 59.

²⁰ *U.N. Monthly Chronicle*, February 1975, p. 18.

Development Fund, founded by the U.N. Third World majority in an outburst of faith that the developed countries would want to contribute massive funds for capital spending in the Third World, obtained very little in the way of voluntary contributions. As an orphan, it was put under UNDP, at which point the UNDP expressly began paying the administrative costs (about \$250,000) of the UNCDF out of UNDP resources. Example: Individual country assessments were increasingly being waived as poor countries reeling under the high price of oil and worsening terms of trade in the 1970s became virtually insolvent. In early 1975, for instance, the UNDP waived the assessments for Equatorial Guinea prior to 1972, and allowed the Administrator authority to waive such assessments in the future on a case-by-case basis.²¹

The 1974-1975 period also saw accommodation of Third World militancy. The drive for a New International Economic Order brought about great pressure on the UNDP to take measures supporting this radical policy. Much was heard at UNDP meetings about this, and numerous studies examined concrete measures for potential UNDP support for NIEO ideas. At the same time, the UNDP began to assist the “national liberation movements” and those political organizations claiming to be governments-in-exile of colonial territories. The UNDP focused initially on the African liberation movements, in cooperation with the Organization of African Unity, and waived the counterpart contributions normally required of African governments obtaining UNDP assistance. As it was felicitously phrased, the assistance was to “African peoples involved in liberation struggles.”²² This was a striking departure from the legal traditions of the U.N. system, according to which dealings were to be entirely with national governments, except in investigating human rights violations. That the U.N. should provide grants to “peoples” actively subverting the rule of member states of the United Nations was extraordinary, and it served to undermine the UNDP’s legitimacy with some potential donors.

Mounting Difficulties 1976—

The ensuing financial crisis in early 1976 was thus a product of several developments. It coincided with the departure of Rudolph Peterson as Administrator. He was replaced by the former Republican Congressman from Massachusetts, Bradford Morse. The problem at the January/February Governing Council meeting was unlike most previous financial complications. Instead of a prospective shortage of funds in future years, the UNDP faced an immediate cash-flow shortfall—for which there were no reserves—of at least \$40 million. With a new Administrator willing to

²¹ *Ibid.*

²² *U.N. Monthly Chronicle*, February 1974, p. 24.

examine many sensitive issues, the Governing Council was given remarkably candid reasons for the UNDP's financial predicament:

- 1) a 13 percent increase in the delivery of UNDP aid in 1975 over the 1974 level;
- 2) increasing inflation;
- 3) a reduction in the \$42 million major donor commitments made at the beginning of the year;
- 4) unpaid pledges cumulatively totaling \$72 million;
- 5) accumulated nonconvertible currencies (mostly from the USSR) totaling \$30 million;
- 6) a record level of net cash outflow.²³

The rest of the U.N. system could not bail out the UNDP. The new Administrator was in a mood to use the occasion of his arrival to indicate willingness to deal with problems forthrightly. On the Governing Council, moreover, some members did not want to give additional money to the UNDP without some guarantees of reform, while other members did not want their UNDP program funds cut. Much was left up to the Administrator. Morse quickly undertook a number of measures:

1. A hiring freeze was instituted that virtually removed the UNDP from the U.N. patronage game.
2. Most new projects were cancelled, while some existing projects were stretched into longer time frames. Some ongoing projects were even cancelled, resulting in a 1976 program budget of \$370 million, in contrast to the prior year figure of \$436 million.
3. The higher per capita income developing countries were forced to assume a greater proportion of the cost-sharing formula for projects.
4. Some specialized agencies executing UNDP projects, such as the IBRD, UNIDO, UNCTAD, ILO, IAEA, and ICA),²⁴ agreed to advance funds from their own resources to maintain projects already initiated but scheduled to be cut.
5. On a small scale, the Netherlands, Switzerland, Canada, and Sweden made one-time additional contributions.²⁵ The results, accomplished in large part by the measures outlined above, were clear at the end of the year. The UNDP survived; it cut waste and trimmed the programs to a healthier level, and it achieved a positive cash flow for the year—inflow of \$568 million and outflow of \$514 million. Some of this accomplishment was the

²³ All cited in *U.N. Monthly Chronicle*, February 1976, p. 36.

²⁴ Specifically, the International Bank for Reconstruction and Development (World Bank), United Nations Industrial Development Organization, United Nations Conference on Trade and Development, International Labor Organization, International Atomic Energy Agency, and the International Civil Aviation Organization.

²⁵ See U.N. Development Programme, Report of the Administrator for 1976 (United Nations, 1976, DP/255), pp. 12-16.

result of payment deferrals and other bookkeeping measures, but in the main, the UNDP did what it set out to accomplish.²⁶ The air of panic, moreover, inspired members to fulfill their pledges at a record rate: 98 percent of the 1976 pledges were delivered by the end of the year, while \$25 million in arrears for 1975 and prior years was paid.

The financial crisis of 1976 helped to bring into the open a number of UNDP's festering problems. The oft-mentioned operating reserve had never been established with any significant funds. But at the end of 1976, there was greater determination to create a substantial reserve to cushion possible future cash-flow problems. IPF planning for 1976-1980 included an allocation of \$150 million for the Operational Reserve.

The UNDP also attempted to deal with its horde of nonconvertible currencies, totaling \$37.9 million at the end of 1976. The largest proportion was \$17.7 million in Soviet rubles. Other countries involved were Albania, Algeria, Bulgaria, Burma, China, Cuba, Czechoslovakia, East Germany, Hungary, New Zealand, Poland, and Yugoslavia. To use these funds, an inventory was made of possible items to be purchased in Eastern Europe, some expenses or salaries of experts recruited from countries contributing nonconvertible currencies were paid in those currencies, and there was an attempt to increase subcontracting with firms in Eastern Europe.²⁷ The problem was not solved, but a heightened awareness of the issue certainly discouraged countries that could contribute in hard currency from doing so in nonconvertible currency.

A recognition of major structural problems in the UNDP was enhanced by various revelations during 1976. A close analysis of the 1972-1976 period, for instance, clarified an imbalance in the allocation of increased revenues. Overall revenue through voluntary contributions increased 68 percent during that period. Yet in-country project expenditure increased only 31 percent, and multinational project expenditure, just 47 percent. On the other hand, administrative expenditure and program support rose 75 percent, agency overhead costs increased 74 percent, and the cost of experts rose 67 percent. Evidently, more money was going to "tail" rather than "teeth." If the trend continued, the "tooth-to-tail ratio" would have destroyed the legitimacy of the UNDP as a mechanism for delivering development services. The Governing Council noted in mid-1976 that, in the ensuing five-year period, project expenditure ought to increase at the same rate as increases in voluntary contributions.²⁸ The only objection to such a move came from those who argued for greater oversight and evaluation from the headquarters, a view that would be given more sympa-

²⁶ *Ibid.*, p. 19.

²⁷ *Ibid.*, p. 23.

²⁸ *U.N. Monthly Chronicle*, August/September 1976, p. 44.

thy at a later date. In the meantime, the U.S. government raised its contribution in 1976 to \$100 million, 28 percent over 1975.

1976 was also a time for intensive development of a new programming theme for the UNDP: technical cooperation among developing countries. The idea was not new. The item had existed on the General Assembly agenda and in the UNDP for several years, but it had not found an institutional home. After several years of studying the proposition, the Governing Council decided in 1976 to sponsor a major international conference in Buenos Aires in 1977 on how to encourage such technical cooperation. Using the imprimatur of the UNDP for the conference was very attractive, for were such a conference to endorse the idea, the UNDP would be obliged to utilize Third World technical assistance resources for subcontracting and expert services in preference to the resources of industrialized countries. In 1976, for instance, those countries supplying expert services to UNDP-funded projects were Britain, U.S., France, India, Netherlands, West Germany, Belgium, Sweden, and others—in that order. The countries to which UNDP fellowship holders were sent were the U.S., Britain, France, West Germany, Italy, India, Belgium, Argentina, Netherlands, Switzerland, and others—in that order.²⁹ The Administrator's report was even careful to indicate clearly the contribution of the developing countries in each case, showing that developing countries supplied about 25 percent of the experts and hosted approximately 30 percent of the fellowship holders. The grievance, therefore, had no relationship to a link between provision of services and contributions to the UNDP; rather, it expressed a generalized demand for a more central role for the G-77 countries in the UNDP apparatus.

The U.N. Conference on Technical Co-Operation among Developing Countries (TCDC), in fact, was delayed until March 1978, by which time the meeting had become a UNDP affair. Morse served as Secretary-General of the Conference, which aimed to “identify and agree on collective means that could enable nations of the south to communicate intellectually and technically in a more direct manner with one another and to arrive at conditions of national and collective self-reliance which were supremely in the interest of all mankind.”³⁰ The cost of the conference was estimated to be about \$2 million, payable out of general U.N. funds.

There was no slackening of UNDP support for the African liberation movements in 1976. The Council not only continued administration of existing U.N. trust funds for the guerrilla movements, but also set aside any undistributed IPF funds in the 1977-1981 period (up to \$6 million) for use in programs benefiting the OAU-designated liberation movements. To ensure their participation in the UNDP, too, the Council approved U.N.

²⁹ See 1976 *Report*, *op. cit.*, pp. 33 and 36.

³⁰ *U.N. Monthly Chronicle*, February 1977, p. 25.

payment of travel expenses and subsistence costs in New York of the representatives of the guerrilla forces attending UNDP Governing Council sessions.

Administrator Morse clearly accomplished one goal during the early years of his tenure: to reduce the contentiousness of UNDP affairs by emphasizing a managerial approach. While overestimating available resources continued, it was not at the pace of earlier administrations. The 1976-1981 programming cycle had envisioned annual increases in donations of about 14 percent, only a few points over what actually was contributed. The proliferation of administrative structures continued in order to “capture” as much of the development coordination work as possible, although generally within a fairly rigid personnel cap that Morse enforced consistently.

In 1978, for instance, the UNDP created a new Regional Bureau for Arab States, recognizing the increased importance of the Arabs in world politics, international finance, and possible development planning. The new bureau was meant to cater to potential donors to the UNDP, since Arab states in previous years had made only limited contributions to the UNDP. The eighteen countries of the Arab region donated only \$14.1 million in 1978—3.1 percent of UNDP revenues—while the same region had consumed 9.6 percent of project resources. That the potential for increased contributions existed was clear, since the Saudis had made a one-time special donation of \$5 million to the UNDP at the time of the 1976 financial crisis. It was believed that the Saudis could certainly give more than that.³¹

The inclusion of ever more programs under the UNDP wing continued. In 1980, it took responsibility for the Interim Fund for Science and Technology for Development, created by the General Assembly. It also took on the Voluntary Fund of the United Nations Decade for Women, another of the proliferating special interest funds popular with coalitions among U.N. members. For the UNDP, the priority was clear: to keep as great a share of the new development programs as possible channeled through the UNDP Resident Representatives, even at the cost of an increased workload for the UNDP administrative machinery in New York.³² Morse was attempting to avoid “fragmentation” or “proliferation,” as he sometimes called it. He argued that “the tendency to disperse development funds and programming among specialized agencies and other United Nations bodies” would be destructive to the UNDP. His concern provoked frequent comparisons between the growth of regular technical assistance programs of the specialized agencies and the growth of UNDP’s “central

³¹ See “UNDP Establishes Regional Bureau for Arab States; Head Appointed,” *U.N. Monthly Chronicle*, February 1978, p. 27.

³² Noted in the U.N. Development Programme, Report of the Administrator for 1980 (United Nations, 1980, DP/510), p. 3.

resources.”³³ At every opportunity, it was reiterated that the UNDP had a central role to play in U.N. development efforts, even if it was not entirely successful in asserting that role. In 1970, the UNDP resources composed about 80 percent of the U.N. system’s grants for technical cooperation, and by 1979, that figure had dropped to 60 percent.

Had the UNDP become the “administrator of last resort?” If a coalition of countries wanted to create or expand an ongoing technical assistance program, they frequently turned to the specialized agencies in the late 1970s. Evidently the willingness of the UNDP to administer all and sundry specialized trust funds (for women, liberation groups, landlocked states, among others) was related to the reduction in central funding of the traditional technical assistance programs at the UNDP. The Administrator acknowledged that there were problems associated with the many trust funds coming under UNDP: “The fact is that a number of new, global special-purpose funds began to appear during the past decade, frequently in response to what donor and recipient countries alike considered urgent needs. For developing countries, such funds were regarded as sources of additionality; for donors they frequently served to focus assistance on priority areas as they perceived them. While some of these new funds proved valuable additions to the development effort as a whole (the United Nations Fund for Population Activities being a case in point), others drew less sustained and predictable financial support.”³⁴ And the latter type proved to be a financial drain on the UNDP system.

The global recession commencing in 1980 proved a disaster for the UNDP. After three years of impressive gains in voluntary contributions (an average 15 percent increase each year during 1976-1979), the increases fell to about 3 percent annually in 1980 and 1981. Such a drop-off, perhaps understandable in the face of economic adversity, came at a particularly unfortunate time from the UNDP perspective, making it difficult to fulfill the indicative planning figure (IPF) commitments for the second programming cycle (1976-1981). It also cast a pall over the design of IPFs for the third programming cycle (1982-1986). While the Governing Council went ahead in 1980 and created IPFs on an assumption of 14 percent increases in contributions each year, it also rationalized the structure of resource contributions: 80 percent of the IPF total would go to countries with per capita incomes below \$500. The remaining 20 percent going to countries with higher incomes clearly would be cut, were there an income shortfall. Contributions to the UNDP continued to be trimmed through the 1981 Pledging Conference for 1982 programs, when the pledge of \$598 million was well below the 14 percent increase target. There was thus not only a

³³ *U.N. Monthly Chronicle*, August/September 1976, p. 43.

³⁴ 1980 *Report*, *op. cit.*, p. 4.

flagging completion of the second programming cycle, but also an inauspicious beginning to the third programming cycle.

The turnaround in the UNDP's financial fortunes did not come until 1983, when the donors increased funding by 5.8 percent in total income to UNDP with voluntary contributions at a level of \$697 million. More important, a surplus of \$87 million was generated in 1983, for allocation to the long-needed reserve.³⁵ This was accomplished by severe pruning between 1982 and 1983 of the indicative planning figures from \$567 million to \$466 million. Not only were program budgets cut, but the rising value of the dollar around the world allowed decreasing dollars in most countries to buy more services. Inflation, too, was generally lower than predicted in UNDP financial planning documents. Several of the trust funds, on the other hand, remained so underfunded as to have few operations in the field, and consideration was being given by 1984 to terminating one or more of the specialized funds.

The two decades of the UNDP's existence, then, have not been smooth. Attempting to corral an unruly and longer established group of agencies, reliant upon voluntary contributions of states with different agendas to be accomplished by the UNDP, and finally buffeted by the demands for structural international change in the 1970s, the UNDP has not prospered in terms of its own aims. It consistently set financial goals well beyond its capability to raise needed funds—at the insistence of the Governing Council. It fell short for political reasons, because of a cynical international economy, and by virtue of obtaining inconvertible currencies. If there is any theme that survived in the work of the UNDP, however, it is that politically it was a valuable avenue for U.S. aid during these two turbulent decades. At a time when the U.S. first was condemned for its role in Vietnam, and then as part of the “neo-imperialist” West, the UNDP was said to lend some American-style stability to the development work of the U.N. Whether or not that is accurate is not entirely germane; it would be more useful to ask whether the attitude that the UNDP is better than nothing is sufficient in the 1980s, as the U.N. undertakes the Third Development Decade, and the world attempts to come to terms with serious economic problems. But such a history can serve as a useful background for a survey of the various roles played now and potentially by the UNDP. It is to be hoped that the past does not determine the future.

³⁵ U.N. Development Programme, Report of the Administrator for 1983: Annual Review of the Financial Situation, 1983 (United Nations, 1984, DP/1984/53), pp. 7-8.

Issues and Challenges

In surveying UNDP effectiveness, concern focuses on two broad areas: the political and institutional environment in which it operates, and the internal structure of the Program. The environment ranges from the relatively amorphous “new international economic order” to the concrete issues of day-to-day coordination with the specialized agencies and private sector organizations. The many aspects of that environment create problems for the UNDP, but are also the sources of future growth, since the UNDP defines itself as the center of a vast web. Without the other units of the U.N. development system, the UNDP would have nothing to coordinate.

The internal structural elements of concern include specific programs and procedures for operating the UNDP complex. In the latter category, fiscal policies are of particular concern to the U.S., for the UNDP has been seen as the best hope for rationalization and efficiency in U.N. development efforts.

Thirteen of the relevant issues within these two broad areas will be evaluated in this study. They exemplify the kinds of categorical issues faced by the UNDP and its ultimate directors, the members of the United Nations.

Relationship of the UNDP to the New International Economic Order (NIEO)

The overall political environment for the UNDP has been influenced as much by the emergence of the movement for a new international economic order as by any other single factor. The 1970s were a time when U.N. circles were preoccupied with various formulas for restructuring global economics. Single policies were no longer at stake, as attempts were made to reverse or refashion the historical evolution of international economic transactional patterns. The movement culminated in the adoption by the General Assembly of a Declaration and Program of Action on the Establishment of a New International Economic Order on May 1, 1974.¹ The

¹ U.N. General Assembly Resolutions 3201 (S-VI) and 3202 (S-VI).

intention of the General Assembly and its resolutions was to establish thematic guidelines for the programs of all U.N. agencies, including the UNDP. The various agencies were instructed by the Economic and Social Council to report regularly their progress in effecting the guidelines.²

Because the UNDP is based in the Manhattan U.N. headquarters along with the General Assembly, and because of its special concern for developing countries, the UNDP had a strong interest in responding positively. NIEO themes, emanating from all parts of the U.N. system, expressed with strong faith that the economic problems of the poorer states would thus be solved. The UNDP jumped aboard the bandwagon, though, unlike most other agencies, the UNDP was financially independent. Its support came from voluntary contributions donated overwhelmingly by the developed countries, precisely the constituency blamed by NIEO partisans for the maldistribution of wealth in the 20th century. Nonetheless, the UNDP shifted toward the NIEO side, evidently more assured of its funding than of the willingness of the Third World to continue working with it. Indeed, had the legitimacy and effectiveness of UNDP Resident Representatives been destroyed or even steadily diminished, the UNDP would have sacrificed its mission of playing the “central role” in the U.N. development system.

As a result, the language of the UNDP Administrator began to shift. In 1976, the UNDP declared: “The entire international community is now straining to adjust to the demands of fairness and need—not merely to the laws of supply and demand. Indeed, we are witness to a drive for a major restructuring of the global economy, with development as the primary aim and with greater equity and social justice as the driving force.”³ The UNDP thus became swept up in the themes of the NIEO, and heralded the arrival of a new age: “There is no doubt about it: the difficulties of the old ‘aid’ relationship, with its overtones of dependency, are giving way to the new difficulties involved in structural and institutional change on a global scale.”⁴

A theme with major implications for UNDP arising from the NIEO was that of cooperation among developing countries; thus emerged the UNDP effort on technical cooperation among developing countries (TCDC). The TCDC effort was designed to meet a major NIEO demand to reduce the one-way flow of technology and experts from the industrialized countries to the poorer countries and to increase such flows among developing countries. A false assumption may have been at the root of the program—that the U.N. could prevent a flow of technology as natural as gravity. More

² As, for instance, in U.N. Economic and Social Council, “Implementation of the Declaration and the Programme of Action on the Establishment of a New Economic Order: Activities of Organizations of the United Nations System,” Report of the Secretary-General, E/5629, March 3, 1975, pp. 1-56.

³ UNDP, Report of the Administrator for 1976, DP/255, p. 1.

⁴ *Ibid.*, p. 2.

important in light of efficiency, the theme was adopted by the UNDP on the basis of normative results anticipated from such a program, rather than through a fair-minded analysis of the source of such flows. In effect, the UNDP attempted to alter the marketplace characteristics of international technology flows, a development that produced quite destructive effects as well as benefits by the early 1980s.

Equally important was the spirit behind the NIEO that the adoption of NIEO themes by the UNDP implied. The NIEO was manifestly antagonistic to the industrialized countries, helping to sustain conspiracy theories among the Third World countries that the "North" was uninterested in development of the poorer states of the "South." Thus, when the UNDP Administrator wrote that the need for technical cooperation had taken a quantum jump along with the progress of the effort to restructure national and global institutions, readers could assume that the economic order that had sustained the industrial and postindustrial revolutions of the 19th and 20th centuries was due to be junked. Important secondary themes emerged, such as the policies of the UNDP toward private enterprise and multinational corporations.

With the fading importance of the NIEO at the beginning of the 1980s, when it manifestly failed to deliver on its promises, the language of the NIEO also faded from UNDP reports. But the programs remained in place, with the substantial support of other institutions controlled by the G-77 and long motivated by the NIEO agenda, such as the U.N. Conference on Trade and Development (UNCTAD). The emphasis on TCDC in UNDP programs remains. The entire experience is instructive, in particular by illustrating the extent to which the UNDP has been more sensitive publicly to the needs of its consumers than to those of its financial supporters. In this curious sense, market power lives on at the U.N., even as the NIEO attempted to reduce its role in the global economic system.

Role of the Private Sector

The NIEO program helped crystallize the opposition in many international quarters to Western-based multinational corporations. In the ideology of the NIEO, the control of international capital by Western institutions creates a web of dependence for the poorer countries. The infusion of the NIEO into the UNDP, therefore, helped escalate the potential hostility toward the private sector in UNDP activities. For all the discussion in the UNDP about strengthening international economic institutions, the program emphasis under the influence of the NIEO was overwhelmingly on the public, at the expense of the private, sector. The intentions of the early Administrators of the UNDP were to strengthen the private sector in the Third World, but over time, that focus was worn away by ideological pressures in New York, by the weakness of indigenous private sector institutions in the target economies, and by the increasing

focus of UNDP on the poorest countries—exactly where the private sector tended to be weak or absent.

It might be assumed that the “pre-investment” work of the UNDP, formerly centered in the U.N. Special Fund before being combined into the UNDP, would have involved collaboration with the private sector. In fact, the investment referred to as a follow-on to pre-investment surveys is more often accomplished by government and parastatal corporations than by the private sector. The Administrator recently noted that “As in previous years, public sources of finance within the developing countries themselves provided the largest portion of reported investment commitments stemming from UNDP activities”⁵ Attempts have been made over the years to establish a particularly close relationship with the World Bank and the regional banks, so that those lenders of intergovernmental capital would be ready to provide the capital to governments that had commissioned the pre-investment work by the UNDP. The World Bank has not always been responsive to such UNDP approaches, preferring to conduct its own pre-investment surveys in much of the world. The UNDP emphasis on the public sector is understandable in the context of the decision to focus 80 percent of UNDP resources on the countries with a per capita income of less than \$500. The private sectors are bound to be weak in such countries, making the choice of investment partners far more limited than in an economically diverse country such as Brazil. To date, the UNDP has argued with success that its activities in the public sector have involved economic development where the private sector would not venture.

At the most recent Governing Council session, the Administrator argued for greater efforts in the private sector of the Third World: a symptom of changing times. He addressed the issues particularly in the context of technical cooperation: “A large area of potential technical co-operation that is not normally tapped in the present system: the private sector of the economy. This sector can be a source as well as a recipient of technical co-operation. Many fledgling industries and trade organizations in developing countries could benefit from United Nations system assistance and advice. In countries which have a large private sector, UNDP could assist the Government in establishing ways and means for more systematic access of private enterprises to the assistance the United Nations system can offer.”⁶ For that, the Administrator was taken to task by the Soviet delegates in the Governing Council session, and pressed for clarification on his private sector initiative.⁷ In the meantime, the imbalance in follow-on investments in the wake of UNDP-supported pre-investment surveys favored the public sector by \$6.6 billion. Of this total, \$3.01 billion was developing country

⁵ UNDP, Report of the Administrator for 1980, p. 15.

⁶ UNDP, Report of the Administrator for 1983, DP/1984/77, p. 24.

⁷ “Response of Mr. Bradford Morse, Administrator, UNDP, before the High Level Segment of the UNDP Governing Council.” (mimeo, Geneva, June 15, 1984), p. 2.

government investment, \$2.28 billion was in World Bank commitments, and bilateral agencies provided \$0.29 billion. Private sources invested only "more than half a billion dollars."⁸

Administrator Morse cited, as his reason for working increasingly with the private sector, the need to respond to sovereign governments and their own decisions about the structures of their economies. But what other reasons would the UNDP have for fostering the private sector? The answer is that the primary mission of the UNDP is to foster development in the poorer countries. It thus must concern itself with the long-term structures of the economy. The strength of various ministries in promoting economic development over the long run must matter to the UNDP. And by virtue of the UNDP working with and providing resources to various ministries, the influence of those ministries rises within the development circles of a particular government and country. The UNDP thus influences developing countries as to the allocation of control over the patterns of economic development.

UNDP's Relationship with the Organization of African Unity and Its Aid to Liberation Movements

The willingness of the UNDP to cater to prevailing political winds was clear in the issue of links to revolutionary groups in Africa. The problem began in the 1960s when: the tremendous number of new African members changed significantly the makeup of majority coalitions in the General Assembly; the U.N. took political measures to back up juridical measures against South Africa over Namibia; and the U.N. supported the ZAPU/ZANU forces against the Rhodesian Unilateral Declaration of Independence after 1965.

The arrival of the African members, eventually exceeding fifty, in the General Assembly forced the organization to deal with a number of issues that would have been dismissed as mere rhetoric a decade earlier. The militancy of language, the gap between the demands of resolutions and the delivery by members, and a lack of respect for 20th century juridical precedents were all characteristic of an increasing proportion of the General Assembly's work. At the same time, the African states were attempting to establish their own diplomatic constellations, particularly in the Organization of African Unity (OAU) after 1963. When that failed, and it was manifest as early as 1965 that the OAU could not mobilize sufficient resources within the African system to make a dent in African problems, the Africans formed a diplomatic coalition outside Africa to focus global organizations on African problems. The organizations targeted included the Commonwealth, the United Nations, the specialized agencies, and even

⁸ UNDP, Report of the Administrator for 1983, DP/1984/5/Add. 2, p. 12.

nongovernmental organizations in sports and cultural activities. Functioning as a special interest group, the Africans traded votes with other governments and blocs to give the issues on their agenda a prominence much larger than otherwise possible.

A particularly successful tactic for maintaining this coalition was the identification of issues by casting matters in moral tones. On these issues, African governments (whether Marxist or conservative) could find room to agree. And placing a moral burden on the West generated guilt that forced the siphoning of resources from the richer parts of the international system to the African areas unsupportable by the African diplomatic system by itself. The Namibian and Rhodesian cases were classic illustrations of this approach.

In the Namibian case, the U.N. not only lent moral support to the position opposing continued South African control over its League of Nations mandate, but the U.N. was also in the position of creating a government-in-exile for the Namibian territory. In the late 1970s, when the General Assembly decided to declare the Namibian territory independent of South African control (even though the Republic of South Africa still controlled the area), the majority of the General Assembly voted to create a "Council for Namibia" to function as a government-in-exile. With this accomplished, the other organs and agencies of the U.N. were instructed to provide resources for the Council. The UNDP, for instance, began making grants to the various U.N.-founded, Namibian-related organizations. Most prominent was the Lusaka-based Institute for Namibia, designated to train refugees for the projected future governance of Namibia when it was "liberated" from South African control. By June 30, 1979, the UNDP had \$4.7 million in grants outstanding on Namibian projects, largely in the form of fellowships, but also for national contingency planning, fisheries, socioeconomic policies, dealings with transnational corporations, and labor legislation.⁹

In addition to the projects in support of the Council on Namibia—dominated politically by the South-West Africa People's Organization (SWAPO)—the UNDP began direct grants to SWAPO. Over \$2 million in UNDP grants—for food aid, educational assistance, and training courses—were outstanding in late 1979. SWAPO's case for assistance from the UNDP was based upon its being recognized by the OAU as the "legitimate representative of the Namibian people," a characterization accepted by the U.N. as a basis for providing support from the UNDP and other U.N. agencies.

This set the precedent for UNDP grants to nongovernmental entities. Other requests for aid soon followed. Revolutionary movements from

⁹ UNDP, *Compendium of Approved Projects, As of 30 June 1979*, UNDP/MIS/Series A/No. 10, p. 195.

South Africa and Rhodesia qualified for UNDP aid. In some cases, the aid did not even go to quasi-state political organizations, but rather to so-called national liberation movements: e.g., educational assistance to South African students exiled in Switzerland or payment of transportation for the various revolutionary groups to attend UNDP Governing Council sessions. Recent totals under the UNDP program of assistance to national liberation movements were:

	1979	1983
National liberation movements	\$4,591,763	\$2,071,357
African National Congress (South Africa)	998,560	704,130
African National Congress (Zimbabwe)	482,500	---
Pan-Africanist Congress (South Africa)	638,930	476,625
Southern Rhodesia Fellowships SWAPO	275,969	656,016

In 1979, the UNDP also supported exiled groups from Djibouti, the French enclave in the Horn of Africa later given independence by the French. The thrust of such assistance was for training of future civil servants.

Few would dispute the need to train newly independent Africans for governing. The trouble was that the political outcome in many of the cases receiving help had yet to be determined. As a result, various factions were using the help of UNDP against their adversaries. In this manner, the UNDP moved dangerously close to losing its mantle of "neutrality." It is on this kind of issue that the UNDP tends to operate by majority vote, rather than consensus, and thereby undermines its long-term support.

Capital Development Fund (UNCDF)

The administration of this Fund by the UNDP is the latest stage of an intensive struggle between the richer and poorer countries at the U.N. Since the formation of the U.N., the industrialized states at the U.N have argued that it should only be engaged in pre-investment surveys and technical assistance, rather than support for the full development cycle. Any capital aid for economic development was to be channeled through the International Bank for Reconstruction and Development (IBRD or World Bank). From the U.N.'s earliest days, some members such as India wanted a different kind of capital aid institution, one which would be free of the power structure of the World Bank (weighted voting according to funds put in the institution). At first a United Nations Development Administration was proposed. This proposal culminated in 1957 with the creation of the

Special U.N. Fund for Economic Development (SUNFED). At the insistence of the principal prospective donors, however, it was limited to pre-investment work.

In the meantime, the World Bank attempted to meet the poorer states' demand for a capital aid fund on their economic terms by creating the International Finance Corporation (1956) and the International Development Association (1960), which provided loans at very concessionary rates. The battle for a capital development fund continued, however, making it clear that the Third World was concerned less about economic criteria and more about the structure of political power in such a fund. In 1960, the General Assembly established a U.N. Capital Development Fund. Four years later, the Final Act of UNCTAD recommended that the UNCDF be given much greater funding. The developed countries opposed the proposal consistently, and when the UNCDF was put in operation in 1966, it was attached to the General Assembly. By late 1970, it had raised only \$2 million in voluntary contributions and was virtually moribund.¹⁰

In 1974, the UNCDF was revitalized and placed under the administrative umbrella of the UNDP. There were several grounds for doing so: it would save administrative costs by using UNDP personnel; it was still raising too little money to achieve any visibility on its own; and the UNDP leadership found that old resistance to capital aid projects from the UNDP Governing Council had softened, and that the UNDP could thus become involved. Its programs emphasized the rural poor and the very poorest countries.

By UNCDF standards, results of the change were certainly positive. Administrative costs dropped substantially to a reported figure of only 2 percent of annual commitments. The overall amount of funds committed grew, both in terms of pledges (\$14.3 million in 1976 and \$24.3 million in 1983) and commitments.¹¹ Water projects at the community level were a priority item, taking 42 percent of the UNCDF's commitments. Agricultural needs (tools, seed, and so forth) also were emphasized, as well as educational and health facilities in rural areas.

Once again, however laudable the goals, the UNDP was subsidizing activities that were contentious from a policy point of view, but toward which, over time, objections had been worn down. By 1983, the United States was contributing \$2 million annually to the UNCDF, the other principal donors being the Scandinavian bloc. The UNCDF, it is clear, would not have been able to deliver capital projects at a 2 percent administrative overhead rate without the extensive use of UNDP personnel in the field, and it can thus be assumed that real costs were borne by UNDP in the

¹⁰ Mahdi Elmandjra, *The United Nations System: An Analysis* (Hamden, Connecticut: Archon Books Shoe String Press, 1973), p. 67.

¹¹ UNDP, Report of the Administrator for 1976, p. 45; and UNDP, Report of the Administrator for 1983, DP/1984/5/Add. 6, p. 4.

process. While it may be that some efficiency was thus introduced into the U.N. system, the fact is that the UNCDF duplicates efforts already undertaken by the World Bank. And at some point, symptoms of overlapping jurisdiction, such as the UNCDF, will have to be negotiated by the two institutions.

Disaster Relief

UNDP disaster relief activities grew steadily throughout the 1970s. When appointed UNDP Administrator in 1976, Bradford Morse laid down a guiding principle: "Although its efforts help to combat hunger, illiteracy, and disease, UNDP is not an emergency supplier of food, medicine, or clothing to the poor of the world. The Program works to help developing countries build long-term self-sustained capacities to combat these age-old scourges."¹² Yet Morse and the UNDP constantly were pressed for use of UNDP facilities and manpower to be used to meet emergencies. As a result, the UNDP has been drawn increasingly into disaster relief, almost as the executive agency of the U.N. Disaster Relief Office.

UNDP Resident Representatives are already in the field where disasters actually take place, and they probably have working relationships with the government officials assigned to meet emergency needs. Such had been recognized in prior UNDP policy: each Resident Representative had the authority to utilize \$20,000 if a disaster were to strike. Thus, in 1976 notable disasters struck in Turkey, Guatemala, Pakistan, Bangladesh, Afghanistan, Honduras, Madagascar, and Yemen, and the UNDP was involved in each case. The role of the Resident Representatives was becoming so consistently central that the U.N. Disaster Relief Office asked that they represent the Office at the country level and gave them seminars on their role in coordinating disaster relief.¹³

By 1980, the involvement of UNDP in disaster relief had taken on a more sustained character: more substantial sums for meeting immediate emergency needs (\$350,000 in Jamaica, \$200,000 to St. Lucia, and \$240,000 to Dominica) and continuing financial support of longtime relief efforts (\$11.2 million to Kampuchea and \$130,000 to Ethiopia). In Vietnam, as a series of storms and typhoons hit the coastal areas in the summer of 1980, the UNDP first contributed \$30,000 for clothing, and then \$30,000 for educational supplies and \$320,000 for rebuilding dikes destroyed by the storms. The countries assisted in 1980 included Algeria, Djibouti, Jamaica, St. Lucia, Dominica, Ethiopia, Kampuchea, Nepal, Uganda, and Vietnam. In 1983, the list was Bolivia, Ecuador, Peru, Chad, Comoros, Fiji, Ghana, Guinea, Mozambique, Portugal, Thailand, Turkey, Tunisia, and Yemen.

¹² UNDP, Report of the Administrator for 1976, p. 4.

¹³ *Ibid.*, pp. 48-49.

These lists do not include all countries faced with emergencies. Rather, they are countries that, for one reason or another, had moved beyond the reach of customary emergency relief organizations in the private sector or of the major Western governmental relief groups. Thus, when disasters struck, they were forced to turn to some outside agency—forced to abandon their self-reliance or reliance upon noncharitable world powers—and the UNDP, frequently in cooperation with UNICEF, was able and willing to respond with general program funds.

The issue is the extent to which the UNDP should be allowed to commit funds to countries for nondevelopment purposes, particularly when important political issues surrounding the role of particular countries (such as Kampuchea or Vietnam) in the international system have not been resolved. Vietnam's army continues to occupy Kampuchea in defiance of the overwhelming majority of world opinion. Yet Vietnam turns to the personification of the world community, the United Nations, when in need.

In effect, the work of the UNDP in disaster relief grew out of natural opportunities: personnel in place and a desire to help countries through emergencies so that progress could be resumed on economic development. Even if the UNDP functions only at the margins of the international relief system, however, it opens itself up to skepticism about its central role in the U.N. effort. The Program may appear to be functioning not out of decisions as to what is needed for its development goals, but rather in response to what is left over after other agencies have taken on the work they consider appropriate. If emergency relief is to be a coherent part of the UNDP program, the UNDP needs either to be a more important actor with greater resources in the global relief system, or to choose more consistently and carefully its sector of responsibility in the global division of labor so that it can function constructively.

United Nations Volunteers

The special fund for United Nations Volunteers (UNV) was created in 1970, to be administered by the UNDP and financed by voluntary contributions. It began slowly, relying on a trickle of funds and volunteers willing to go into the field to undertake development projects at low salaries. By the end of 1975, only 268 volunteers in 47 countries were serving. The focus of the program had been on middle-level and upper-level operational expertise, including engineers, doctors, economists, agronomists, and other professionals. The UNDP avoided concentrating the volunteers in particular countries, choosing instead to recruit and place volunteers in as many countries as possible. Insofar as the developing countries have had relatively little surplus expertise, it has not been an easy task to maintain diversification in recruitment.

One approach to give the UNV program a measure of distinction has been to emphasize the "youth" component of volunteerism. In recon-

sideration of the UNV in 1976, the General Assembly urged that it serve as an international link between youth programs in various countries. Special funds were set aside by the UNDP to send UNV enlistees into Latin America to work and to form similar groups within the countries.

UNV continued to grow steadily through the 1970s. By 1980, there were 863 volunteers in service, nearly half of them recruited in 1980 alone, and over 1,400 volunteers serving in 1983. They were spread among 90 different countries, and were funded by less than \$2 million given to the UNV Special Voluntary Fund. At the same time, the UNV program began to focus on special development areas. A group of 25 volunteers was sent to work on relief projects among Somali refugees; a group project for teachers in the Central African Republic was undertaken. As usual, the UNV program was based on the coordinating role of the UNDP Resident Representatives scattered around the world. Whatever their involvement, the real costs were remarkably low.

What is impressive about the program is the careful process with which the recruits are selected, with the ultimate purpose of having U.N. volunteers fill the same job needs as the experts hired by the UNDP and the specialized agencies at far greater cost. Since the UNV program is targeted at the poorest states, like many of the UNDP efforts, the ability of the UNDP to reduce the cost of expert help for those states is potentially of great importance. Since the UNDP already has been providing professional expertise, it presumably knows the subtleties of maintaining professionals in the field, whether highly paid as consultants or paid far less as UNVs. If the UNV program is truly reaching a plateau of successful delivery of expert services, it will face the greatest hazard of all: pressure to expand so rapidly as to dilute its success with great numbers of volunteers with lesser skills. Nobody can prevent that except for the UNDP Administrator by steady control over the most elusive of evaluative measures in U.N. programs: quality.

U.N. Special Fund for Land-Locked Developing Countries

This fund epitomizes the potential for trivialization of U.N. efforts in the development field. It was established to meet the needs of a very small constituency in the U.N., for which there was momentary but unsustainable concern on the part of the U.N. membership. Created in 1978 as an afterthought of the Third Development Decade plan, the fund was based on the premise that countries without access to the sea will always be handicapped in pursuit of economic development. There was little reason, in fact, to choose the characteristic of being landlocked as condemning countries to poverty. Switzerland and Austria, after all, are certainly not poor. In the case of this Special Fund, two emphases emerged: on the landlocked countries of Africa rather than of any other continent, and on

the development of transport systems that would link these countries to the coasts. Both aspects are full of ironies.

With regard to focusing on Africa, the Special Fund simply reacted to recurrent economic crises in the region and recast a development response already embodied in several other trust funds. For instance, the UNDP had administered the U.N. Sudano-Sahelian Office (UNSO) since 1973 to deal with the chronic drought and poverty in the frequently landlocked countries bordering on the Sahara Desert. The U.N. also had created the fund for the Transport and Communications Decade in Africa, the U.N. Trust Fund for African Development Activities, and the Special Measures Fund for the Least Developed Countries. In several cases, the countries identified as the most deserving landlocked states were so identified as the result of political problems: in Southern Africa, the particular problems of Lesotho and Botswana, for instance, related not to inadequate transport to the coast. Rather, the U.N. majority disapproved of their being dependent on South African transport. Zaire was included in the Central/East African regional project as a result of its being unable to put together a national transport system. Zambia was included in the Southern Africa regional project, even though it had a virtually new railway to the north through Tanzania constructed by the Chinese—a transport route that has yet to perform even 50 percent of capacity because of problems between the Zambians and Tanzanians.

This Special Fund was curious, too, in that it repudiated the African anti-European rhetoric of the 1960s by choosing to focus on outlets to the ocean. At the time of independence in Africa, revisionist geographers argued that the colonial powers had “enslaved” Africa economically by creating capital cities on the oceanside and running major transport links to those cities. In that view, they created natural funnels for Africa-produced raw materials to flow to European metropolises. Much planning took place in the immediate post-independence period to reflect the revisionist view: schemes for inland national capitals were made and sometimes executed, economic planning (as in Ghana and Tanzania) focused on self-reliance rather than export-led growth, and port infrastructure was allowed to degenerate in many formerly thriving transit points.

By the 1970s, the prevailing perception was changing: the poor countries that had attempted to grow through self-reliance had simply grown poorer, and in some cases, were facing bankruptcy. The negotiations for a codified law of the sea were creating a chimera of great wealth for coastal states through the creation of a 200-mile-wide exclusive economic zone and the potential bonanza in mining and oil production from that zone. Equally important but unsaid, the reliance of one country on others for access to the sea was giving rise to various forms of coercion for that right of access. Such was true not only where it might be expected as a result of other salient political conflicts (e.g., South Africa and its neighbors), but also

where solidarity was allegedly present (e.g., India and the Himalayan kingdoms, various West African states, and Tanzania/Zambia). Power politics reared its natural if ugly head in such situations.

The underlying truth of the Special Fund for Land-Locked Developing Countries, however, was that there were too few such countries for the Fund to become a major enterprise. After a splashy start, with ten projects undertaken in its first two years, it could fund only one additional new project at the end of 1980.¹⁴ At the 1981 pledging session for the UNDP and other trust funds, this particular Fund received commitments for only \$69,000, sufficient perhaps to underwrite one more project if the pledges were in fact honored.¹⁵ The question that has to be asked is, at what point does a particular fund lose its effectiveness because so little attention is paid to it. Admittedly, the cost of maintaining an additional fund is nil financially, since the overhead for another entry in the UNDP ledger is very low. The real cost is conceptual, however, in suggesting that a major variable in economic development is access to the world's oceans, when in fact there is little evidence to suggest any relationship.

Office of Project Execution (OPE)

The creation of the Office of Project Execution in 1973 institutionalized an emerging interest of the UNDP leadership: self-execution of projects commissioned by the UNDP. This necessarily raised the issue of accountability: can an oversight and coordinating organization such as the UNDP properly police its own behavior? It also raised the issue of competition between the UNDP and the specialized agencies, if the UNDP were to operate in the field without going through the agencies allegedly endowed with areas of specialized expertise.

The dimensions of project execution by the UNDP illustrate the clear trend toward increased field work completion by the UNDP:

With the OPE executing nearly 10 percent of the UNDP-funded projects, along with a significant number of projects for the U.N. Capital Development Fund, the U.N. Revolving Fund for National Resources Exploration, and the U.N. Sudano-Sahelian Office, the UNDP has taken a hands-on approach to its work. At one time, the OPE served primarily as a referral service for a long roster of distinguished consultants, who were valuable and responsive, representing long experience in the Third World and a commitment to maintaining the development process.

The OPE, however, has gradually moved into other areas, such as equipment procurement and construction work. The OPE specializes in no particular sector. Its work in the last decade has been spread across all

¹⁴ UNDP, Report of the Administrator for 1980, p. 26.

¹⁵ *U.N. Monthly Chronicle*, January 1982, p. 24.

PROJECT EXPENDITURE, 1972-1983
(\$ million)

Year	UNDP Total	OPE Total
1972	277.3	1.8
1973	274.7	3.7
1974	294.5	13.9
1975	426.0	28.7
1976	400.4	20.2
1977	337.9	25.0
1978	435.6	35.6
1979	547.6	45.3
1980	677.6	53.8
1981	732.0	52.4
1982	660.2	46.8
1983	60.1	37.8

Sources: UNDP, 1980 Report of the Administrator, p. ii; UNDP, Annual Report of the Administrator 1983 (DP/1984/5/Add.2), p. 3.

sectors except for health, international trade, population, and social services. Population is presumably excluded by virtue of a division of labor with the U.N. Fund for Population Activities (UNFPA), and the first two sectors are adequately covered by the World Health Organization and UNCTAD—or, at least, they are able to defend their bureaucratic turf against the OPE.

The idea underlying the OPE did not originate in 1973. In the 1969 Jackson Report, for instance, the idea of a U.N. Development Service was proposed: a permanent personnel roster with career tenure to carry out economic development multilaterally. Even prior to the Jackson Report, the effort to make development multilateral had been concerned with project execution as well as funding. The Office finally was established in the 1970s, however, because several trends coincided. It took some years of program experience, for instance, for the OPE to attract first-rate personnel who could compete with the very competent bilateral aid programs originating in Western Europe and North America. These traditional bilateral aid programs began cutting back in the early 1970s in response to domestic economic pressures, retiring, and thereby making available, large numbers of highly qualified development experts with long experience in the Third World. Not unreasonably, they found work with the UNDP/OPE. The OPE also benefited from the appearance of the TCDC (Technical Cooperation among Developing Countries) movement of the late 1970s. It was not coincidental, for instance, that the UNDP served as the secretariat of the TCDC conference in Buenos Aires in 1978 and that the OPE has been intensively involved in execution of TCDC projects (by ideology, inap-

propriate for bilateral aid programs from the industrialized countries).

There is concern about the future effectiveness of the OPE. Officials in the U.N. and in African governments have testified that the quality of U.N. experts may be eroding: former colonial civil servants are retiring from the U.N., idealism is waning, career U.N. officers tend to lose touch with technological developments, and experts from the advanced countries, who are employed by the OPE, are not really "tuned in" to the TCDC development.¹⁶

In effect, the OPE may itself be bypassed by the developing countries, as they move into a phase where they want to draw on their own technical expertise, which can be supplied from one country to another without having to go through the UNDP, unless the funding happens to emanate from the U.N. The OPE has not created a specialty profile for its expertise. As an example, the OPE was executing projects in the Sudan in 1979 on all the following: sesame production, supply of specialized forestry equipment to the southern region, livestock industry, supply of vehicles for agricultural field staff, introduction of job production, construction of student accommodations at the Juba vocational training center, international tax program, provision of scientific consultancy and training facilities to the executive organ for the development projects, small-scale industry training, consultancy in the commercial utilization of iron ore, emergency medical assistance to flood victims, and aid to the Khartoum bus system.¹⁷ In other words, with such work by OPE, the UNDP is becoming just one more development assistance agency scrambling for a piece of the action just as anxiously as the specialized agencies, nongovernmental organizations, and national aid agencies.

The Administrator has attempted to deal with some of these issues in his planning for the fourth programming cycle (1987-1991). In his remarks to the 1984 Governing Council meeting, Morse emphasized the growing desire on the part of governments to obtain greater control over the choice of delivery arrangements. In part, his discussion could be read as a veiled announcement that the OPE expected to be involved in delivery of technical assistance. But it evidently was also a reflection of the desire of various governments to carry out their own projects, rather than using either a specialized agency or the OPE. Morse called for understanding for this point of view, as a kind of natural progression in the development of various countries and their ability to supervise their own development projects.¹⁸

What is not clear about the evolving role of the OPE is the extent to which it might jeopardize the oversight role of the UNDP, a theoretical

¹⁶ Isebill V. Gruhn, "The U.N. Maze Confounds African Development," *International Organization*, Spring 1978, p. 554.

¹⁷ UNDP, Compendium of Approved Projects, UNDP/MIS/Series A/No. 10, pp. 271-274.

¹⁸ UNDP, Report of the Administrator for 1983, DP/1984/27, pp. 18-20.

strength in creating an umbrella agency to monitor and channel the U.N. development activities as it was envisioned by Sir Robert Jackson. It is difficult to imagine the UNDP not developing an institutional bias in favor of its own executive arm, the OPE. Such would be only natural, given the common institutional bond of those in the OPE and the UNDP. If the OPE continues to grow, particularly as a percentage of overall UNDP project funding, it may be necessary to consider a complete institutional separation of the two aspects of the UNDP.

Centralization of the Work of the Specialized Agencies

A perpetual issue in the life of the UNDP has been its relationship with the specialized agencies: FAO, WHO, ICAO, IAEA, ILO, IMCO, ITU, UNESCO, UPU, WMO,¹⁹ and others. In large part, after all, the present power and position of the UNDP derive from its purpose as a counter-balance to the agencies.

From the beginning of U.N. activities in the development field in the 1940s, any work that potentially intruded on the turf of the specialized agencies was staunchly resisted. The ability to resist was limited, it must be said, since the specialized agencies were quite reluctant in the post-World War II world about ceding any authority over their operations to the United Nations. They retained separate constitutional authorities, as well as their own legislative and administrative bodies. Such was acceptable in the U.N. of the 1950s. But by the 1960s, with the U.N. increasingly dominated by the newly independent Third World, and development economics buoyed by the global economic growth of the 1950s and 1960s, the grip of the specialized agencies on multilateral development work was certain to be broken. The chosen instrument to do so was the UNDP, and more specifically, the Jackson Report.

Until the 1969 Report, the UNDP was controlled to a large extent by the specialized agencies. The funds were allocated to the agencies by an established formula, and the agencies were still controlled generally by European bureaucracies drawn from countries in which they were located with an occasional leavening of North Americans. The Third World gradually developed a view that multilateral development programs should be "client-oriented" instead, and discovered that control of the General Assembly with legislative powers for the UNDP might be the instrument for a shift in power. Many in the developed world were dissatisfied with the behavior of the specialized agencies as well. The tremendous economic

¹⁹ Food and Agriculture Organization, World Health Organization, International Civil Aviation Organization, International Atomic Energy Agency, International Labor Organization, Inter-governmental Maritime Cooperation Organization, International Telecommunications Union, United Nations Educational, Scientific and Cultural Organization, Universal Postal Union, World Meteorological Organization.

growth of the 1950s and 1960s appeared to be too important an opportunity for economic “take-off” (to borrow W. W. Rostow’s formulation) to pass up, and the conservative leaderships of the specialized agencies appeared inclined to do just that. A more dynamic and committed organizational approach to multilateral aid appeared necessary. Just as Robert McNamara took his plans for expansion to the World Bank, so other Americans sought to turn the UNDP into the controller and director of development assistance. It appeared particularly appropriate in the face of increasing American preoccupation with Vietnam and its turning away from African and Latin American problems. The phasing-out of predetermined shares for the specialized agencies in the 1960s was a crucial step in the transition to power for the UNDP. By 1969, Jackson could summarize the UNDP’s position thus: “First, it [UNDP] controls the largest part of the funds made available to the U.N. system for technical cooperation and pre-investment; second, it is the natural focal point for coordinating development cooperation within the U.N. system; and third, it alone has a worldwide administrative network.”²⁰ All three points were to be debated again and again in later years.

The UNDP did, in fact, control about 80 percent of the technical cooperation funding at the time of the Jackson report. But in the decade of the 1970s, that percentage dwindled to about 60 percent.²¹ Exactly why that happened is not clear, but one can surmise that the haphazard character of financial planning in the UNDP contributed to its problems, including the diminution of control over the system’s funds. At the time of the 1975-1976 fiscal crisis, for instance, a key element in carrying the UNDP through its emergency was the willingness of some specialized agencies to pick up the UNDP’s share of joint projects on an emergency basis. The consistent overestimation of indicative planning figures led to recurrent crises in the 1970s and a loss of faith in the capability of the UNDP to deliver on its promises. In the long run, such a state of affairs could be worse than having limited expectations in the first place.

Jackson’s argument that the UNDP is the “natural focal point” in the U.N. system is as valid as any other intuitive conclusion. Even within the logic of the U.N. membership, however, his views have not held up under the test of time. Functions have drifted into organizations beyond the reach of the UNDP. Even with the deliberate effort of the UNDP Administrator to sweep as many sectors as possible under UNDP authority—such as administering various special trust funds—the UNDP share of technical assistance work has visibly shrunk. Finally, it is true that the UNDP has the

²⁰ Sir Robert Jackson, “A Study of the Capacity of the United Nations Development System” (United Nations, 1969), p. 34.

²¹ UNDP, Report of the Administrator for 1980, p. 5.

only worldwide administrative network. But such a body count begs a more important question: able to administer what?

The network of Resident Representatives, so carefully built up throughout the Third World and touted as the centerpiece of the UNDP system, was predicated on countries pursuing and needing external advice on integrated development planning. For many countries in the Third World now, there exist trained development specialists with education and experience, such that governments do not believe they need advice on overall development issues; rather, they need specific types of help better provided by specialists rather than UNDP Resident Representatives. The question, "How do I achieve economic development?" is being replaced by "How do I introduce small-scale computer technology?" For that reason, some governments tend to look elsewhere (than the UNDP) for technical assistance. What the UNDP can do to meet that problem has not surfaced, aside from Morse's stated intention to let governments take a longer lead in executing projects.

From the U.S. perspective, the relatively clear tradeoff between the UNDP and the specialized agencies in the 1960s has become clouded by a number of political issues in the 1970s in the specialized agencies. The U.S. withdrew from the International Labor Organization for several years. It has given notification of withdrawal from UNESCO, and has expressed concern over the functioning of the International Atomic Energy Agency and the Food and Agriculture Organization. These political problems with specialized agencies push the U.S. towards greater cooperation with the UNDP. But the U.S. remains ambivalent. The relationship between the UNDP and the agencies, in which American views could easily play a major role, is far more fluid than might have been envisioned at the time of the 1970 consensus on U.N. development structures.

Fiscal Planning: Voluntary Contribution Approach

The UNDP, like all non-core activities of the U.N., operates on the basis of annual voluntary contributions from members and nonmembers. The peculiar implications of that practice for the UNDP—in contrast, say, to peacekeeping operations—are not well recognized, despite a number of attempts to change the mode of financing for the UNDP.

One historic area of agreement between the U.S. and the Soviet Union on U.N. affairs has been that development activities should be financed voluntarily, rather than through obligatory annual assessments. The Soviet Union took that view because its government planned to contribute little to such funds. The U.S. took that view because it would inevitably be the largest contributor, and therefore potentially liable for a very large assessment in an involuntary scheme of financing. The principal opponents of such an approach have necessarily been the client-recipients of UNDP funds.

Even with the fact of voluntary contributions, however, the principal donors to the UNDP have had limited direct control over the disposition of funds. Even with the role of Administrator consistently filled by an American, the UNDP has been responsive mainly to the developing states that comprise the primary UNDP clientele. If the successive administrators sought to be neutral between donors and clients, their success has been demonstrated by the repeated efforts of each side to obtain greater influence over the Program. If clients have in fact obtained greater influence, administrators would argue that it is because the U.S. and other major donors pay too little attention to UNDP. There is considerable truth in that charge. More often, donors have sought to increase influence by allocating donations to specialized trust funds that meet a particular priority. The U.N. Fund for Population Activities (UNFPA), for instance, was essentially an American creation and has been supported overwhelmingly with American contributions. Such efforts to focus the efforts of the UNDP through trust funds, however, are of limited effect. As an individual finds in any omnibus charity campaign, the earmarking of donations is usually rendered fairly meaningless by judicious management of the various donations by the charity governors, so that allocations end up largely as originally intended.

The clients of the UNDP have attempted to influence the voluntary contribution process in contrary ways. Special funds have been created by vote of the General Assembly, and the developed countries are badgered to contribute to them. With the proliferation of special funds, such a tactic is encountering less and less success. The Third World has also considered efforts to abolish the voluntary system altogether, or at least to supplement it with other significant funding. Various international taxes have been proposed, the revenue of which would go to the UNDP. Projected revenue from the Law of the Sea Treaty system is scheduled to be used for development purposes, if seabed mining ever becomes a commercial proposition. Some have suggested that all international trade be taxed with the proceeds going to fund the U.N. activities and the UNDP. More specific taxes for international passenger travel and international mail have been proposed. Since any such proposal would create the fiscal basis of a supranational government, however, it would be a legal and political revolution, if enacted.

The record achieved at the UNDP with the voluntary contribution pledge process is, in fact, quite respectable:

(in \$ million)

1972	1974	1976	1978	1980	1982	1984 (forecast)
285.0	351.9	480.8	597.3	716.6	680.0	705.2

Source: UNDP, 1981 Report of the Administrator, p. ii; and UNDP, 1983 Report of the Administrator (DP/1984/53), p. 7.

Where the system caused damage to the UNDP was in the 1980-1982 period, when contributions rose so slowly in the face of record inflation that their real value actually fell by 25 percent over the three-year period.²² And as Morse has pointed out, an equally important problem has been the timeliness of contributions. Countries evidently believe that, since the contributions are voluntary, they can pay their pledges whenever they feel like it. Times of global recession, as around 1980, are not convenient times for payment for aid contributions. Despite all such problems, the current international system has not yet developed a funding system better than the existing one.

Fiscal Planning: Role of the IPFs

The UNDP introduced "indicative planning figures" in 1972 to meet a basic and frequently expressed need on the part of Third World clients for long-term planning in the area of economic development. Each year indicative planning figures (IPFs) for the following five years are developed by the UNDP for each country, although certain program cycles also exist: 1972-1976, 1977-1981, 1982-1986. The financial emergencies have coincided with the final years of each IPF cycle, as the UNDP attempts to deliver what it promised at the outset. Some problems have been associated with the inability or unwillingness of donors to commit themselves for a five-year period. Many governments, after all, are statutorily limited to commit themselves for only one year at a time. Many Third World governments, too, do not have realistic five-year planning cycles for spending. The UNDP, in one sense, forces Third World governments into economic planning exercises through the IPFs. But it is also a source of some embarrassment for the UNDP when it is then unable to deliver the technical assistance committed in the planning exercises. The IPFs, too, are a form of pressure on the donor countries to maintain an ideal growth rate for the UNDP.

The most striking element of the IPFs, as they have been used to date, is their strident optimism. The Governing Council has decided for some years that the annual increase in donations should be 14 percent. The expected revenue is then divided up into commitments to individual countries, and their country plans are devised. It is notable that such political judgment exists that would account for such euphoric hope about the economic future as to expect an annual increase of 14 percent. On the one hand, setting IPFs that cannot be fulfilled is unsettling for the Third World, since established concrete development plans then cannot be accomplished. Even more unfortunately, when the contributions are not sufficient to meet the IPFs, the image of a stingy industrialized world is reinforced. In this way, the UNDP dangerously and unintentionally feeds tensions between the devel-

²² *U.N. Monthly Chronicle*, January 1982, p. 25.

oped and developing world.

Administrator Morse has attempted to deal with the chronic shortfalls of donations in more consistent ways. For instance, pruning projects that are unlikely to be completed occurs in each year of the cycle, rather than waiting for a disastrous crunch in the last year or so of a planning cycle. In his recent remarks to the Governing Council at the midpoint of the 1982-1986 cycle, Morse realistically called for at least a 7.5 percent annual increase from donors, a recognition that the 14 percent target is simply impossible during this planning cycle. In past reports, the UNDP has also noted the problem of "non-IPF expenditures," by which the Administrator means funds in special programs or trust funds that account for an increasing percentage of total UNDP expenditure. In effect, the IPF is becoming an unfortunate measure of the extent to which the UNDP is losing control over the technical assistance agenda.

Fiscal Problems: Inconvertible Currencies

The problem of contributions made to the UNDP in currencies not freely exchangeable would not normally attract much attention: the principal countries involved in such a situation, the East Europeans, were not major supporters of the UNDP. The fiscal crisis of 1975-1976, however, when every penny counted toward the survival of the UNDP, brought the issue to a head. Governments are supposed to contribute to the U.N. in "readily usable or convertible currencies," according to Regulation 6.4 of the U.N. Financial Regulations and Rules. The communist states rarely have paid much attention to that regulation. The amounts in problem currencies at the end of 1976 and 1983, for the UNDP alone, were:

Country	\$ Equivalent 1976	\$ Equivalent 1983
Albania	92,000	87,000
Algeria	655,000	—
Bulgaria	1,154,000	2,215,000
Burma	500,000	—
China	5,740,000	—
Cuba	1,383,000	2,561,000
Czechoslovakia	1,109,000	1,839,000
East Germany	2,212,000	3,434,000
Hungary	597,000	3,000
Iran	—	5,467,000
New Zealand	2,100,000	—
Poland	2,997,000	1,752,000
Romania	—	1,006,000
USSR	17,703,000	14,307,000
Yugoslavia	1,629,000	801,000

Source: UNDP, 1976 Report of the Administrator, p. 22; and UNDP, 1983 Report of the Administrator (DP/19684/53, p. 19.)

The total nonconvertible currencies remained roughly steady the period after 1976, which was an important accomplishment in its own right. No easy solution was in sight, although the U.S. delegation did offer to purchase the problem currencies. That solution was rejected: "The decision on contributions was taken following discussion of a United States offer to purchase significant proportions of UNDP's stock of non-convertible currencies, which amounted to about \$30 million at the end of last year 1975. Several countries opposed the proposal on the grounds that it was politically motivated. The fact that the United States was prepared to buy the currency holdings proved that they were usable, they stated."²³ The suppliers of such currencies argued that the Administrator was not trying hard enough to spend the currency in their countries. The hard fact, of course, was that the open marketplace for development services placed a very low value on the goods and services from such countries, since they were always available on a bilateral basis from the communist countries.

The measures eventually taken by the Administrator included: examining the potential for increased services and equipment from Eastern Europe, payment of Eastern European experts in their own currencies, increased subcontracting to Eastern Europeans, and the potential use of Eastern European transport (ocean shipping particularly). The Administrator then entered into protracted, unpublicized negotiations with the Soviet Union to undertake the measures described. Limited success was accomplished.

In an important sense, the unusable contributions by the Soviet Union, China, and other states were worse than no contributions. In a program where the fulfillment of IPFs is a matter of a few million dollars, the unavailability of any such donation can severely alter the patterns and utility of technical assistance. When given, such donations are entered in the books as available, even though seasoned U.N. bureaucrats know that they are largely unusable. But when a fiscal crunch occurs, the Administrator attempts to withdraw such funds from the reserve and finds them quite useless. It makes some observers wonder why the Soviet Union has a seat on the Governing Council, except to guarantee its diversity.

Priority to the Poorest as a Guiding Principle

For the 1982-1986 IPF cycle, the UNDP Governing Council decided to undertake a reallocation of funds. Only 20 percent of the IPF funds would be allocated to countries with per capita gross national products over \$500. Not only would 80 percent be allocated to the countries with gross national products under \$500 per annum, but emphasis and increased IPFs would also be given to the poorest with per capita GNP of less than \$250. Thus, the regional allocation of IPFs in a representative year was: Africa (\$283.4

²³ *U.N. Monthly Chronicle*, August/September 1976, p. 42.

million), Asia and the Pacific (\$296.1 million), Latin America (\$76.5 million), Arab states (\$57.8 million), and Europe (\$16.2 million).²⁴ This policy, while enunciated in the context of the third program cycle, had been developing for some years. In the 1975-1976 fiscal crisis, for instance, the UNDP Governing Council had insisted that some of the "richer developing states" pick up a greater share of project expenses through cost sharing. Even after the crisis passed, that policy continued, thus accounting for the rundown of Latin American program costs. Changes in the allocation of UNDP funds by region occurred as follows:

Region ^{1st}	1st Cycle (1972-76)	2nd Cycle (1977-81) (in percentages)
Africa	27	28
Asia	21	27
Arab States	13	12
Europe	5	3
Latin America	19	14
Inter-country	15	16

Source: UNDP, 1981 Annual Report of the Administrator (DP/1982/6/Add. 1, May 1982, p. 4.

Whether such an emphasis on the poorer states is appropriate can hardly be subject to sweeping generalizations. Certain factors, however, that should influence such priorities need to be mentioned. Choosing to emphasize the neediest does put UNDP work increasingly in the category of "charity," with the test for additional UNDP support being the maintenance of poverty rather than the success of development. Such does not imply that Third World governments would attempt to remain poor, but rather raises the likelihood that the poorest countries in the world are likely to lack basic characteristics or institutions for economic development. In such a case, UNDP programs, if they are not to be wasted, had better recognize the drastic limitations on development in those countries and attempt to correct them if progress is to be made.

Unhappily, the UNDP operation rests for the most part on the assumption that a country already has a development mechanism in place: (1) it often requires some portion of matching funds from the recipient country for a project; (2) it often requires support in kind or personnel from governments ill-equipped to generate it; (3) it often demands a level of liaison with the UNDP (both in person and in paperwork) that creates a major bureaucratic burden of its own on the poorest countries; and (4) it generally focuses its development efforts on government institutions, when

²⁴ *U.N. Monthly Chronicle*, September/October 1980, p. 48.

poor countries cannot raise the tax base to support a competent bureaucracy, and might be better off with development undertaken by an unregulated private sector. The UNDP needs to reevaluate its operations in the poorest countries in light of the limitations of those countries; such a close look, in fact, would probably reveal that a cutback in UNDP programs would allow preservation of the Program's principles (participation in project planning and execution and financial contribution by receiving governments) in the poorest countries.

Even the most successful of UNDP programs, such as the U.N. Volunteers, imposes its own type of burden on the poorest countries. The UNV program is filled with well-motivated experts, drawn from a large pool: in 1981, out of 3,300 applicants, only 470 were assigned to posts in the UNV.²⁵ They are frequently assigned to work in expert-starved ministries of the poorest countries, providing the services of impartial technocrats in such short supply. Yet their very arrival in one of the poorest countries creates a different sort of burden: housing, subsistence, and working conditions at a level to which they are accustomed, or at least somewhere near their expectations. Thus, once again, the expansion rate of programs such as the UNV in the poorest countries has to be careful and measured, so as not to overburden the support infrastructure of target countries.

Such problems do not mean that the focus of "the poorest" is inherently a mistake. Indeed, given the resources and mission of UNDP, the choice is appropriate. It simply means that guidelines developed under earlier conditions may have to be reconsidered.

²⁵ DP/1982/6/Add. 1/Annex, p. 3.

Conclusions

The UNDP is a source of policy dilemmas for the United States. It has developed into an agency engaging in activities occasionally inimical to U.S. national interests, and certainly not fulfilling U.S. expectations in the development field. Because there would be substantial costs in walking away from UNDP, the U.S. must balance carefully the costs and benefits of participation. No sensible American observer expects the UNDP to pursue purely American priorities and policies. Judgments have to be reached, however, about the policy directions of international institutions to which the U.S. commits its resources, prestige, and hopes for the future.

It first needs to be recognized that the UNDP has strong U.S. representation in its leadership. Not only has the Administrator always been a distinguished American, but UNDP headquarters is located in the U.S. This means that American subcontractors have better access to the UNDP than do those from other countries. At a policy level, strong linkages have been in place consistently between the Administrator's office and the U.S. foreign policy elite and international development community. Whether this community necessarily represents the majority view in the U.S. in the 1980s is questionable, but it has involved itself with the UNDP and its needs more regularly than have other segments of U.S. opinion.

The evolution of the UNDP, as well as its U.N. predecessors devoted to economic development, has extended increasingly beyond the control of the U.S. As a result of Third World pressure and American neglect, the UNDP's mandate has grown substantially with quiet approval from "Third Worldists" in the U.S. and Europe. The emergence of the UNDP in 1970 as the central element in U.N. development activities was not opposed by the U.S.; the U.S. was preoccupied elsewhere, and further, the reform of the U.N.'s development work appeared to give rise to a greater potential for efficiency.

That U.S. focus on efficiency has rarely been matched by an equal concern for the substantive focus of the international programs. It is hardly sufficient to press the UNDP to use U.S. dollars more effectively, if the purposes of such expenditures are seen as contrary to U.S. interests. The UNDP has been less of a problem in this regard than other U.N. agencies, such as UNESCO, but whatever the level of the problem, a bias exists in American thinking toward being satisfied with good management *per se*. The substantive issues require much more effort on the part of U.S. representatives. Because the U.S. loses so many votes in the General

Assembly and the Governing Council of the UNDP on substantive issues, the U.S. has chosen to deal with the efficiency issue in public and leave substantive priorities to informal jawboning.

Oddly enough, one growth area of UNDP work—special interest trust funds—has come close to meeting U.S. substantive priorities but has also reduced the coherence and efficiency of UNDP. The UNDP is not the first organization in which countries or coalitions found it convenient to pursue their priorities outside the mainstream of normal decision-making processes. Thus the status of the U.N. Fund for Population Activities within the UNDP reflects the earmarked resources made available by the U.S. At the same time, it has created opportunities for those of other political persuasions to create their own program priorities, such as the special funds for southern Africa. Insofar as the U.S. has major financial power for its favored UNDP activities, the existence of the trust funds is presumably to its advantage. But it is well recognized that the effectiveness of the UNDP—as an organization—is reduced by the proliferation of trust funds.

What is frequently forgotten by U.S. representatives and by UNDP management in the quest for good management is that the ultimate goal—economic development—is the top U.S. priority at the UNDP. The crude rhetoric that passes for international discourse often includes charges that the U.S. is not seriously supportive of economic development in the poorer countries. Such comments miss the point. The U.S. probably supports economic development outside its borders more than any other government. There is great disagreement, however, among countries with regard to the means of achieving that goal.

The strength of the American economy has been accomplished in large part because of autonomous private sector initiative in a regulatory and legal environment developed over the years to encourage independent economic behavior. It thus has been frustrating for American observers to see the UNDP help build up governmental and parastatal control of Third World economies. This has contributed to depressing producer prices in basic agricultural goods and to the chronic food deficits in Africa and elsewhere.

The UNDP, however, has been reluctant to intrude overtly in areas of economic policy. In light of the continuing growth of UNDP presence in the Third World and the increasing economic policy problems of its clients, it may be time to become more deliberately involved in the policy development of these developing economies. Senior UNDP officials know that the Third World could use better guidance on economic policy. They know that development assistance poured into a badly run economy is simply wasted.

Since the means and policies employed to achieve development generally determine the long-term shape of the economy, disagreements and misunderstandings over means and policies are not mere tactical issues. It

is thus no surprise that apparently small UNDP initiatives—such as increasing private sector involvement—trigger fundamental disputes between governments. The premises of economic growth in most of the Third World are based on the corporate state, a reflection of the weakness of the middle class or entrepreneurial private sector. The U.S. has questioned this statist approach on economic grounds, often without considering the extent to which such American skepticism is taken as a political threat to Third World governments. In this way, the debate over economic issues at the U.N. becomes distorted, the Third World mistakenly accuses the U.S. of not being serious about economic development, and vice versa.

In their crudest form, the arguments among the various countries and agencies associated with the UNDP dwell upon the control of the UNDP. It could be argued, for instance, that the specialized agencies had substantial control of the Program prior to the Jackson Report—through the pre-allocated shares of UNDP funding. The recipients of UNDP funds have obtained substantial control since 1969 by imposing unfulfillable obligations on the donors to meet the country “indicative planning figures.” The donors have been reluctant to exert the influence that might be expected to accompany providing UNDP with operating funds. In part, this is sheer laziness. The UNDP has not seemed important enough for the U.S., the U.S. Agency for International Development (AID), and the U.S. Mission to the United Nations to devote scarce manpower to thorough consultations in advance of UNDP Governing Council meetings. Other issues in other parts of the U.N. have had priority. Ideally, the UNDP should reflect the interests of all its constituencies involved in policy setting and program evaluation. If the U.S. were more involved, working with donors as well as recipients to strengthen UNDP—qualitatively, not necessarily quantitatively—there would be fewer reasons for American complaints.

Of greater significance in the long run is whether or not the U.S. believes that UNDP can contribute to economic development. UNDP’s reliance on the public sector, for instance, has almost certainly restricted its ability to approach each development environment on its own merits, mobilizing any sector whatever—public or private—for economic development, albeit the recently announced initiative of the Administrator in this regard is constructive and should be supported by all the donors. By virtue of the U.N.’s general approach toward multinational corporations, too, the UNDP has found few working relationships with MNCs on development issues of common concern. Recent efforts to enlist MNCs in UNDP science and technology programs have been unsuccessful.

A second area of concern is the expansion of UNDP projects. The concept of project execution is not in itself a problem; certainly the UNDP can perform many tasks as efficiently as some of the specialized agencies. The difficulties arise over the projects undertaken by the Office of Project

Execution (OPE), to be coordinated within a country by a UNDP Resident Representative, who cannot possibly effectively monitor such a great variety of projects.

One of the virtues of the old system, dominated by the specialized agencies, was that the oversight capability of the agencies' representatives was presumably beyond question; it focused on technical issues. The wide range of current UNDP projects generally forces the Resident Representative to emphasize managerial criteria for evaluation rather than the technical criteria that would dominate an evaluation by a specialized agency. The UNDP is currently operated without adequate evaluation. The Governing Council has been derelict in not demanding closer evaluation of programs and projects—on the basis of what they contribute to short-term and long-term economic development. The Administrator has taken a small step in creating a central office of evaluation, but has not designated proper staffing. If necessary, the major donors should provide the funding for expanded evaluation to ensure that their contributions are appropriately spent. Such evaluation also could assist in reasserting UNDP coordination of the work of specialized agencies and provide for exchange of ideas and data with bilateral aid agencies, such as AID. The relationship between AID and UNDP has been too distant. The current weaknesses of both organizations might be better addressed through increased consultation, sharing of evaluation, and even assigning personnel.

The trend over recent years has pointed to an eventual U.S. withdrawal from UNDP as from other U.N. agencies. U.S. interest has been declining, and the sense of what is accomplished through the UNDP becomes fuzzier each year. U.S. withdrawal from UNDP, however, would be premature. True, the U.S. has a sense of uncertainty about aid to the Third World in general. Yet the U.S. also may have a major opportunity to press the UNDP to reevaluate the development process. For that reason, the UNDP cannot easily be abandoned. It is a comprehensive structure, in place, with many skilled and motivated personnel. In that sense, the U.S. decision toward the UNDP is different from that toward UNCTAD, which is more of a conference, lobbying, and mobilizing element than it is an administrative organ.

Any examination of the UNDP, however, has to accept a bottom line for evaluation that is more functional than the current managerial criteria. For too many years, the UNDP has gauged its progress by the volume of projects and dollars that have passed through its hands. What has gone unmeasured is the impact on economic development, in terms of gross economic activity, and the impact on building healthy, long-term economic institutions. Just as the World Health Organization can measure its value by the reduction of disease and existence of clean water, so the UNDP needs a mechanism for measuring its contribution to global prosperity. If that were

possible, much of the anxiety about funding and mission would pass, and the United Nations Development Program would be living up to its name.

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U. N. Studies

The United Nations Development Program

The United Nations Development Program is in crisis—and the problem is more than its recent cash flow crunch. The UNDP is in danger of being without a clear mission. It seems to be succumbing to the same kind of political pressures from the Third World that destroyed UNESCO. And like UNESCO, the UNDP has been failing those most in need, the developing countries.

Development expert Richard Bissell has scrutinized the UNDP and concludes that despite its problems, UNDP remains worth salvaging. It is a comprehensive technical structure with many skilled and dedicated personnel. Unlike other U.N. agencies, it is funded entirely by volunteered contributions, not regular U.N. assessments. Yet its flaws are multiplying. In addition to becoming politicized, writes Bissell, the UNDP has too little private sector involvement and no mechanism to measure the Program's impact on economic development. At times, moreover, UNDP pursues projects inimical to U.S. interests. Most critical, UNDP does not consistently pursue sound developmental policies.

Some of these problems are indirectly the fault of the U.S. and the West. They have not tried to force UNDP to become more effective. They must start to do so, concludes Bissell, and they must press UNDP to increase private sector participation in its projects. Above all, UNDP must begin being assessed not by how much it does, but by how well it does.

Richard E. Bissell is Executive Editor of *The Washington Quarterly* and an adjunct professor at Georgetown University.

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