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Oppose Handing UNDP Control of U.N. Country Activities

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On April 16, United Nations Secretary-General Ban Ki-moon endorsed the proposals of the High-level Panel on United Nations System-Wide Coherence to streamline U.N. operations in countries around the world. The underlying objectives of the panel's November 2006 report are sound. The U.N. system is a sprawling operation that often works awkwardly or even at cross-purposes within countries, suffering from poor coordination and communication among programs, and is in dire need of reforms to improve efficiency and effectiveness.

Secretary-General Ban should be commended for his willingness to acknowledge the need for reform in his endorsement of *Delivering as One*, but the Secretary-General made a mistake in endorsing the entire report. As with most U.N. reform proposals, the report was mixed, containing good and bad recommendations. One of the most egregious mistakes was the recommendation to place overall responsibility for U.N. country coordination with the United Nations Development Programme (UNDP). Recent months have revealed significant flaws, weaknesses, and misjudgments by UNDP that should have disqualified the organization from such a prominent and important role. The U.S. and other nations interested in making the U.N. operate more effectively at the country level should oppose the reform proposal unless it is revised so that that the UNDP is not given authority over U.N. country operations and other misguided proposals are eliminated or amended.

A Mixed Bag. The United Nations' institutional, managerial, and political weaknesses have resulted in a litany of scandals in recent years, such as Oil-for-

Food, procurement corruption, and sexual abuse by U.N. personnel. The U.N. has reacted to these problems by requesting and releasing a number of reports on how the organization should be reformed to prevent their recurrence. Unfortunately, the U.N. has proven much more successful in publishing reports than in actually implementing reforms.

Delivering as One, the final report of the High-Level Panel on U.N. System-Wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment is, like earlier reports, mixed in its recommendations. Some are positive, but others are misguided.¹

The report's key recommendation is to consolidate authority for U.N. country activities under the Resident Coordinator. The U.N. system consists of dozens of specialized agencies, funds and programs, and departments and offices, leading to costly duplication and competition for resources. Under the "One Country Programme" proposed in *Delivering as One*, the Resident Coordinator would strengthen the policy coherence and coordination of U.N. activities in countries.

One of the most positive aspects of *Delivering as One* is its observation that many U.N. bodies claim custody over the same issues, clouding overall

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accountability, creating overlap, and undermining effectiveness. For example, the report noted that “In some sectors, such as water and energy, more than 20 UN agencies are active and compete for limited resources without a clear collaborative framework. More than 30 UN agencies and programmes have a stake in environmental management.”²

Though the report rightly urges consolidation or elimination of duplicative funds, programs, and specialized agencies in order to clarify responsibility, reduce duplication, and reduce burdens on recipient and donor governments, it does not explain that a great deal of redundancy and inefficiency could be resolved if the U.N. General Assembly would conduct a comprehensive mandate review and adopt sunset clauses for mandates. The mandate review is indefinitely stalled, inhibiting the U.N.’s ability to allocate funds according to priorities and eliminate unnecessary tasks, personnel, and functions. Secretary-General Ban should supplement his endorsement of *Delivering as One* by proposing U.N. mandates for elimination.

Less positive elements of the report include a call for multi-year funding for U.N. programs. Such a funding mechanism would weaken efforts to allocate funding according to priorities by locking in funding and making it more difficult to consolidate duplicative programs.

A large portion of the report makes recommendations to expand the role of the U.N. in development, but these recommendations contravene another dominant theme in the report, removing duplication and overlap. The World Bank, not the U.N., would be more appropriate as a country-level development coordinator based on its expertise, in-country presence, and resources. Indeed, it makes far more sense to eliminate or consolidate the UNDP and regional economic commissions in favor of international financial institutions like the World Bank to avoid duplication and lack of coordination.

The U.N. could then address complementary issues, such as political transformation, post-conflict stability, and disease.

The report goes further in urging donors to let the U.N. guide and control all development assistance funds and projects—even bilateral assistance—at the country level. This would elevate a U.N. development agenda that ignores evidence that foreign assistance alone cannot increase economic growth and development. Rather, success in development ultimately depends on developing countries’ adopting and implementing policies that promote economic freedom, good governance, and the rule of law. Competition in development strategies is a strength, not a weakness, when a monopoly on development would eliminate or inhibit innovative development initiatives like the U.S. Millennium Challenge Account.

An Ill-Advised Proposal. One of the most questionable elements of *Delivering as One* is its recommendation that the United Nations Development Program assume overall responsibility for U.N. country coordination. In recent months, disturbing reports and incidents of mismanagement at the UNDP have cast doubt over the soundness of proposals to place that organization in the powerful position of managing U.N. activities at the country level.

North Korea. The United States began questioning the influence that North Korea (DPRK) had over personnel and financial decisions of UNDP in 2006. In an effort to assess the situation, Ambassador Mark Wallace engaged in a series of meetings with UNDP in order to clarify details and access internal reports and audits.³ Based on available information, Ambassador Wallace concluded:

[B]ecause of the actions of the DPRK government and the complicity of UNDP, at least since 1998 the UNDP DPRK program has

1. For a detailed discussion of the strengths and weaknesses of the report, see Brett D. Schaefer, “Enough Reports: More Action Needed on U.N. Reform,” Heritage Foundation *Backgrounder* No. 1988, December 8, 2006, at www.heritage.org/Research/InternationalOrganizations/bg1988.cfm.
2. *Ibid.*, p. 10.
3. For more information, see Nile Gardiner, Ph.D., Brett D. Schaefer, and Steven Groves, “The UNDP North Korea Scandal: How Congress and the Bush Administration Should Respond,” Heritage Foundation *WebMemo* No. 1318, January 22, 2007, at www.heritage.org/Research/InternationalOrganizations/wm1318.cfm.

been systematically perverted for the benefit of the Kim Jong Il regime—rather than the people of North Korea. The UNDP DPRK program has for years operated in blatant violation of UN rules, served as a steady and large source of hard currency and other resources for the DPRK government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities.⁴

Subsequently, it has been revealed that UNDP staff knew about North Korea's propensity to counterfeit U.S. currency and had stashed counterfeit \$100 bills in its office safe for years.⁵ In reaction to the evidence of mismanagement, Secretary-General Ban announced that he would have the U.N. Board of Auditors conduct an audit of all U.N. activities in North Korea.⁶ UNDP suspended its work in North Korea on March 5—months after questions were first raised about its activities in North Korea—when the DPRK failed to meet conditions set by the executive board following U.S. demands for an investigation.⁷

The Board of Auditors report was due in mid-April, but it has not yet been released, and neither the Board nor its representatives have been permitted to visit North Korea. On April 23, the North Korean coordinator for UNDP wrote a letter asking that the last two UNDP officials, who had remained in the country to facilitate the audit and protect the integrity

of the evidence, leave North Korea. The letter also demanded that all UNDP assets in North Korea—estimated to be worth over \$2 million—be transferred to the government “before your departure.”⁸ UNDP has reportedly agreed to this demand, even though the World Food Program, which still operates in North Korea, offered to store the equipment.

The Gambia. Since January, President Yahya Jammeh has touted his discovery of a cure for HIV/AIDS involving applying a green paste to an infected individual, splashing them with a gray-colored solution, and giving them a yellowish tea-like liquid to drink.⁹ The cure also requires an HIV-positive person to stop taking antiretroviral drugs.¹⁰ Although the HIV infection rate in the Gambia is low compared to other African nations, at only 1.3 percent of the population of nearly 1.6 million, a concerted policy of encouraging infected individuals to reject medical treatment could have significant consequences. When the chief envoy for the UNDP in the Gambia, Fadza Gwaradzimba, voiced doubt over the cure and criticized the president for urging people to halt their medication, President Jammeh ordered her to leave the country. Despite a clear statement in support of Gwaradzimba's position by UNAIDS and the World Health Organization,¹¹ UNDP capitulated and appointed a new chief envoy for Gambia.¹² Presumably, the new chief envoy will not criticize Jammeh even if his policies threaten the health of thousands of Gambians.

4. Letter from Ambassador Mark D. Wallace, United States Representative for United Nations Management and Reform, to Ad Melkert, Associate Administrator, United Nations Development Program, January 16, 2007, at www.opinionjournal.com/editorial/011907letter.pdf.
5. Bay Fang, “Did UN agency serve as ATM for North Korea?” *Chicago Tribune*, March 11, 2007, at www.chicagotribune.com/news/nationworld/chi-0703110498mar11,1,6836389.story; Benny Avni, “U.N. Officials Knew Earlier of N. Korea Fake Currency,” *New York Sun*, April 3, 2007, at www.nysun.com/article/51677; and Claudia Rosett “More Questions about the U.N. in North Korea,” *National Review Online*, March 16, 2007, at www.defenddemocracy.org/in_the_media/in_the_media_show.htm?doc_id=469755.
6. “UNDP seeks full audit of its DPR Korea work; Ban Ki-moon orders system wide inquiry,” UN News Centre, January 19, 2007, at www.un.org/apps/news/story.asp?NewsID=21282&Cr=dprk&Cr1=.
7. Warren Hoge, “U.N. Development Agency Suspends Its Work in North Korea,” *The New York Times*, March 6, 2007.
8. Benny Avni, “A U.N. Agency Gives \$2 Million to Kim Jong-Il,” *New York Sun*, April 25, 2007, at www.nysun.com/article/53136.
9. Rukmini Callimachi, “Gambian president touts ‘cure’ for AIDS: Miracle claims plague other African nations,” Associated Press, February 25, 2007.
10. *Ibid.*
11. UNAIDS, “UNAIDS and WHO underline importance of evidence based approaches to treatment in response to AIDS,” Press Statement, March 16, 2007, at http://data.unaids.org/pub/PressStatement/2007/070316_gambia_statement_en.pdf.

Thailand. Thailand fell victim to a military coup on September 19, 2007. Although the military leaders of the coup have promised to draft a new constitution and return power to a democratically elected government within a year, they have declared martial law and suspended the constitution, dissolved Parliament, cancelled upcoming elections, banned protests and political activities, and censored the media. The government has embraced the concept of a “sufficiency economy” based on “sustainability, moderation and broad-based development; and against excessive risk taking, inequality and other evils.”¹³ It has announced restrictions on foreign ownership of Thai companies, imposed currency controls, and pressured multinational pharmaceutical companies to relinquish their hard earned patents.

Demonstrating little concern over the fact that the military junta had overthrown an elected government, UNDP fully backed the economic plan and praised the government. According to *The Economist*:

So far, the military government only seems to be creating shocks. As a result, growth is set to slow, and with it Thailand's progress in cutting poverty. Neither the UNDP's report, nor the many speeches launching it, discussed such awkward truths....

Perhaps it makes sense for the new government to obscure its predecessor's achievements while stealing its best clothes. The question is why the UNDP thinks it should provide cover for this whitewash by puffing the sufficiency economy as a miracle-cure for the developing world's woes. The answer is that the UNDP is a sucker for this sort of new-age waffle....

In publishing such an unbalanced report on a theory that is untried on a national level,

the UNDP has abandoned all sense of objectivity. It is also lending legitimacy to a regime that took power by force. Hakan Bjorkman, the UNDP's deputy chief in Thailand, says it wanted to provoke a debate. But no such debate is possible in Thailand, because sufficiency theory is the king's philosophy and anything remotely critical of it could be seen as *lèse-majesté*, punishable with jail.¹⁴

Burma. According to a Thailand-based human rights organization, the military junta ruling Burma has used large internationally funded projects to further its political agenda and undermine the rights of its citizens. As in North Korea, the UNDP and other U.N. funds and programs have been so eager to operate in Burma that they have failed to insist on appropriate oversight and control of projects.¹⁵ The Karen Human Rights Group released a 121-page report in April 2007 that asserts that UNDP, which funds educational programs such as teacher training and informal education, is

restricted from accessing and thus implementing and monitoring their programmes in most areas of Karen State. In [Burmese government] regulations released in December 2006 covering the work of UN agencies, such restrictions were deemed necessary in order to restrict movement and prevent ‘unpleasant incidents’. In this manner the [military government of Burma] is able to utilise access to UN educational programmes as yet another means of asserting military control over the civilian population.¹⁶

The report further asserts that forced labor may be being used for U.N. projects and that U.N. funding, including funding from UNDP, supports programs, such as the state-controlled Myanmar

12. The Henry J. Kaiser Family Foundation, “UNDP Names New Chief Envoy for Gambia After Former Envoy Expelled for Questioning President Jammeh's Claims of Cure for HIV/AIDS,” April 13, 2007, at www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=44229.

13. “Rebranding Thaksinomics,” *The Economist*, January 13, 2007, p. 38.

14. *Ibid.*

15. Claudia Rosett, “In the UN Dollars-for-Dictators Series, Next Up: Burma,” April 24, 2007, at http://claudiarosett.pajamasmedia.com/2007/04/24/in_the_un_dollarsfordictators.php.

16. Karen Human Rights Group, “Development by Decree: The politics of poverty and control in Karen State,” April 2007, pp. 86-87, at www.khrg.org/khrg2007/khrg0701.pdf.

Maternal and Child Welfare Association, that employ extortion and forced recruitment to “expand military control over the population while divesting itself of the cost of operating programmes and simultaneously legitimising its policies in the name of development.”¹⁷

A Poor Choice. The dealings between UNDP and some of the world’s most autocratic regimes reveal a pattern of ignoring repressive or misguided policies in the interest of cultivating a positive relationship with the ruling authorities in order to continue projects and funding. As observed by the author of the Burma report, “UN agencies like UNDP are talking about engagement with the regime..., addressing poverty without talking about politics.”¹⁸ The UNDP’s unwillingness to stand up to clearly misguided government policy in the Gambia, eagerness to whitewash the policies of a military junta in Thailand, and apparent institutional inclination to acquiesce to misuse of UNDP funds and activities in Burma and North Korea does not bode well for UNDP being a frank, effective, results-oriented overseer of U.N. country activities.

Further, a lack of transparency and accountability pervades UNDP to an extent notable even within the U.N. Unlike the U.N. Office of Internal Oversight Services, whose audits must now be shared with member states upon request, the internal audit reports of the Office of Audit and Performance Review at the UNDP are not available to the public, member states, or its own executive board. Recently,

UNDP refused to provide audits of its activities in North Korea to the U.S., even though the U.S. sits on its executive board and is one of the organization’s largest donors.¹⁹ Similarly, reports of favoritism and mismanagement at UNDP have surfaced in the press only to be met with silence or obfuscation from UNDP.²⁰ Placing such an opaque organization in charge of U.N. country operations would set a terrible example for the rest of the organization.

Conclusion. Secretary-General Ban’s endorsement of *Delivering as One* is a missed opportunity.²¹ While the proposal has positive elements, many of its recommendations are misguided or off-target. These recommendations should have been excluded or amended by the Secretary-General. Crucially, the Secretary-General should not have recommended that UNDP be granted authority over U.N. country activities.

Recent months have revealed significant flaws, weaknesses, and misjudgments by UNDP that should have disqualified the organization from such a prominent and important role. Despite these warning signs, the U.N. is already establishing eight pilot programs modeled after the report in Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay, and Vietnam.²² The U.S. and other countries interested in reforming the U.N. should closely monitor these projects to ensure that they do not undermine U.N. efforts in those countries.

Before Ban’s proposal can take effect, the General Assembly must approve it. The U.S. and other

17. *Ibid.*

18. “Myanmar Abusing UN Aid, Says Human Rights Group,” Malaysian National News Agency, April 24, 2007, at www.bernama.com.my/bernama/v3/news.php?id=258460.

19. Melanie Kirkpatrick, “United Nations Dictator’s Program” *The Wall Street Journal*, January 19, 2007, at www.opinionjournal.com/extra/?id=110009549.

20. Numerous reports have been published by the *Inner City Press*. See, e.g., Matthew Russell Lee, “At UNDP, Hiring from Melkert’s Dutch Labor Party, Sudden Retirements and Consultancies,” *Inner City Press*, March 26, 2007, at www.innercitypress.com/melkert032607.html; Matthew Russell Lee, “As Audit Starts in NY, UNDP Manager Akiko Yuge Leaves Town, Sale-of-Jobs Unanswered,” *Inner City Press*, March 19, 2007, at www.innercitypress.com/yuge031907.html; and Matthew Russell Lee, “UNDP Sources Say Dervis Fires Malloch Brown-linked Officials, Then Offers Hush-Up Jobs,” *Inner City Press*, November 29, 2006, at www.innercitypress.com/undp112906.html.

21. Report of the Secretary-General, “Recommendations contained in the report of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment,” General Assembly Document A/61/836, April 3, 2007, at <http://daccessdds.un.org/doc/UNDOC/GEN/N07/294/00/PDF/N0729400.pdf>.

22. United Nations Development Program, “Eight countries pilot UN reform,” UNDP Newsroom, February 1, 2007, at <http://content.undp.org/go/newsroom/february-2007/un-pilot-reform-20070201.en>.

nations interested in making the U.N. operate more effectively at the country level should seek to amend or eliminate provisions that would not improve the effectiveness and efficiency of the U.N. Most importantly, they should ensure that the UNDP is not given authority over U.N. country operations.

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