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The **United Nations** *and* **Development**

Grand Aims, Modest Results

By Ambassador Terry Miller





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Abstract

The current U.N. development system promises too much and demands too little of its member governments. Its autocracy, secrecy, bureaucracy, and self-aggrandizement reflect the worst of its members. The U.N. Millennium Development Goals are noble aspirations, but they will not be achieved because of U.N. development programs, which all too often ignore the fact that development is ultimately a process of individual change that governments can, at best, facilitate. Where development occurs, it is through the efforts of the poor themselves, and the entrepreneurs, the businessmen, and other private actors that organize productive economic activity. A U.N. system that hopes for revolutionary change for the poor would dedicate itself unambiguously to those revolutionary doctrines of democracy and capitalism that have altered the course of civilization and brought freedom and prosperity to billions.

About the Author

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The United Nations and Development: Grand Aims, Modest Results

U.N. development agencies are fond of stories illustrating their work in helping to improve the lives of poor people. Their annual reports are filled with beautiful pictures of happy and prosperous people accompanied by captions touting the U.N. agency's positive role in their lives. For example, the U.N. Development Program's annual report for 2008 has about two dozen such vignettes scattered through its thirty-six pages.¹ It is impossible not to feel good about both the hardworking people of developing countries and their benefactors in the U.N. system, both of whom are pictured.

What is missing from the reports is rigorous analysis that links the development agency's program to the happy outcome. At the U.N., finding out how much money is being spent is very easy, but finding out how and on what it is spent is very hard. It is even harder to know whether an expenditure is achieving the desired developmental result.

In reality, little evidence indicates that U.N. development assistance has contributed to economic growth in the recipient countries. In general, countries that receive significant U.N. assistance show no better development results than those that receive little aid. Although the U.N. Charter proclaims that one of the U.N.'s main goals is to promote better standards of living and freedom, in practice the organization falls short on both counts. It eschews the proven development strategies of classic liberal economics for aid-focused plans that almost certainly do more harm than good because they emphasize and enhance the role of government and central planning.

Bad Ideas, Poorly Implemented

U.N. development work is afflicted by bad economic theory and philosophy, cumbersome bureaucracy, confused and duplicative institutional mandates, poor and corrupt administration, and a general lack of accountability. While one might expect that any activity beset with such problems would not survive long, the U.N. development system caters to some specific needs of various groups in a number of ways.

Providing development assistance satisfies a strong need of rich donor nations to demonstrate their compassion and caring for the poor around the world. It helps to prop up the governments—some honorable, some corrupt—of poorer U.N. members, even paying the salaries and travel expenses of their delegates to U.N. meetings. It also enables academic and bureaucratic specialists in labor, the environment, statistics, housing, agriculture, and other fields to have their day in the sun by attending international meetings in “hardship” locations such as New York, Geneva, and Bali.

Each of these factors creates strong constituencies for the current U.N. development system. Absent from the process is any real measurement of how U.N. development expenditures and activities affect the lives of the poor. The quest for such measurement is a perennial item on the agendas of U.N. development bodies. Its appearance, however, is always as a quest, never as the actual adoption or consideration of development metrics, which by and large do not exist. The little research that has been done on the subject shows disturbing results: foreign assistance has either no effect or a small negative effect on development.²

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1. U.N. Development Program, “Capacity Development: Empowering People and Institutions,” June 2008, at www.undp.org/publications/annualreport2008/pdf/IAR2008_ENG_low.pdf (accessed January 14, 2009).
 2. For example, see Raghuram G. Rajan and Arvind Subramanian, “Aid and Growth: What Does the Cross-Country Evidence Really Show?” (Working Paper WP/05/127, International Monetary Fund, June 2005), at www.imf.org/external/pubs/ft/wp/2005/wp05127.pdf (accessed January 14, 2009); and William Easterly, *Can Foreign Aid Buy Growth?* *Journal of Economic Perspectives* 17, no. 3 (Summer 2003): 23–48, at www.nyu.edu/fas/institute/dri/Easterly/File/EasterlyJEP03.pdf (accessed January 14, 2009).

With such institutional factors at work, change is not easy, despite the perennially felt need for reform. Indeed, reform is one of the most common items on the agendas of U.N. meetings. Reform is the holy grail of U.N. management, always sought, but never achieved.

Bad Theories Leading to Bad Outcomes

Understanding the failure of U.N. development assistance and development programs to deliver the promised results requires looking no further than the fundamental assumptions and economic theories on which the system rests. Regrettably, at the U.N., these assumptions not only belie historical experience, but also often contradict the very policies being implemented with good results by both developed and developing countries.

The contradictions and muddled thinking begin with a flawed view of development itself. Development is a complex phenomenon that can be viewed as a process or as a state of being. The common practice of dividing countries into categories of “developed” and “developing” countries unhelpfully mixes the two concepts.

Currently, standard usage is to call the group of countries that enjoy the highest standards of living “developed,” a static term implying arrival at a plateau from which no further progress is needed. Another group, which has lower standards of living, is called “developing,” implying a group undergoing change. Of course, the truth is almost exactly the opposite.

Starting from a situation of rough parity some two centuries ago, some countries have changed rapidly, gradually institutionalizing an economic system—capitalism—that promotes continuous economic evolution. Economist and political scientist Joseph Schumpeter famously called this evolutionary process “creative destruction.”³ These rapidly evolving countries, which are more accurately described as continuously developing, have come to enjoy levels of prosperity unprecedented in human history.

Another group of countries has failed to embark on this process of change. To call them “developing” is a cruel joke. Their chief economic characteristic is that they are not developing, not changing at all. In fact, they are mired in the status quo, usually because of government policies that have protected the special privileges and status of the ruling elites. Government structures and policies, economic markets and infrastructure, and even political thought and respect for human rights are all “underdeveloped” in these countries.

Interestingly, we know the policy characteristics most responsible for differentiating the two groups. The prosperous countries, which have developed rapidly and are still developing, have societies in which individuals are protected against arbitrary government. The concept of human rights is understood and vigorously respected and defended. The state provides a rule of law rather than a rule of men. Property rights are protected. Equal justice is available to all. Individuals are allowed to interact freely with others in the pursuit of prosperity, contracting for their own and others’ goods and labor as they see fit. The state’s role is to enforce private contracts, not to participate directly in economic activity other than in exceptional circumstances.

By contrast, in the countries that have not developed, citizens still live in political and economic systems similar to medieval feudalism in Europe. Freedom of employment is constrained, and in the worst cases, even freedom of movement is restricted. The state actively intervenes to preserve the economic privileges of elites and uses its coercive powers to monopolize economic activity. Arbitrary and complex regulatory structures invite corruption, and property rights are reserved to the state or the privileged few.

Of course, countries do not fall neatly into one group or the other; they occupy a continuum between the two. Countries that comprehensively and strongly protect and promote individual economic rights and freedoms grow consistently and sustainably. These countries tend toward one end of the continuum. Countries where individuals enjoy fewer rights and freedoms stagnate economically and tend toward the other end of the continuum.

The *Index of Economic Freedom*, produced annually by The Heritage Foundation and the *Wall Street Journal*, is one of several indexes that attempt to place countries on the development continuum.⁴ All such indexes show strong links between economic freedom and prosperity and between economic freedom and continuing development. We

3. Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed. (New York: Harper & Row, 1962), 83.

do, in fact, know what promotes rapid development. Regrettably, the economic institutions of the United Nations, with few exceptions, do not seem to have gotten the message.

Even worse is the habit of thinking of countries themselves as monolithic entities in a single stage of development, that is, country X is rich, and country Y is poor. In reality, every country in the world has both rich people and poor people. Every country has sectors that are highly developed and others that are poorer. The continuum of development exists within countries as well as among them. Ironically, those individuals who represent the interests of the developing countries in the U.N. and purport to speak for the poor and dispossessed are almost always rich and almost always come from elite and powerful groups in their own countries. More often than not, these delegates are the dispossessors, not the dispossessed.

Too Much Government

The U.N. is an organization of states. It is expected and even appropriate that it should reflect the values and views of its members. Regrettably, most U.N. members believe that the state has a primary role in promoting or directing development. That they are wrong does not change their beliefs. Most U.N. members are not democracies, including many that are democratic in name only. This lack of democracy and respect for human rights is inconsistent with the U.N. Charter, but this inconsistency does not change the nature of the repressive governments represented at the U.N. The inevitable result is that those who believe in freedom or that economic activity is most fruitfully left to the private sector will find the U.N. an alien and hostile place.

We know today that freedom, especially economic freedom, is the key to prosperity, and one can envision a U.N. system in which promoting economic freedom takes center stage. But that is not the U.N. that exists today. In today's U.N., the socialist leanings (or socialist/Marxist fantasies) of many of its members run riot in a proliferation of overlapping bureaucracies united only by their proclivities for centralization, central planning, and transferring wealth from the rich to the poor, or at least from countries in which a majority is rich to countries in which a majority is poor. Actually, these transfers may even be from taxpayers of relatively modest means in wealthy countries to rich elites in poorer countries.⁵

Too Much Aid

Not surprisingly, U.N. agencies and U.N. debates have fallen into the trap of focusing on resource transfers. It is one of the few economic subjects on which all U.N. members can agree, however weakly.

However, maintaining a constructive dialogue between aid's strongest champions and those who are more skeptical is extremely difficult. Aid champions tend to use the language of emotions to touch donors' hearts, their hopes, and even their guilt. They focus far more on the act of giving and the desperate needs of the poor than on the effects of the aid. A good case in point is the long-standing call for rich countries to give 0.7 percent of their gross domestic product (GDP) as aid to poorer countries. The amount requested is not linked to any particular need on the part of the poor. The call to give is comparable instead to a religious tithe, in which the duty to give stands on its own merits, while how the donation is used is almost inconsequential.⁶

Aid skeptics, by contrast, seek to compare costs and benefits of various approaches. They long for measurable outcomes to guide their decisions. Their rational, scientific approach is often frustrated by the lack of data and the sheer complexity of the development process. The two positions are almost irreconcilable. U.N. agencies, caught between the camps, often pander to the rationalists, but have found operating in the realm of the emotionalists more comfortable and satisfying.

4. Terry Miller and Kim R. Holmes, *2009 Index of Economic Freedom* (Washington, DC: Heritage Foundation and Dow Jones & Company, Inc., 2009), at www.heritage.org/index/Default.aspx (accessed January 14, 2009).

5. P. T. Bauer frequently observed that foreign aid was the process of transferring money from poor people in rich countries to rich people in poor countries. *The Economist*, "A voice for the poor," May 2, 2002, at www.economist.com (subscription required).

6. For a fuller discussion of the 0.7 percent target, see Michael A. Clemens and Todd J. Moss, "Ghost of 0.7%: Origins and Relevance of the International Aid Target," (Working Paper 68, Center for Global Development, September 6, 2005), at www.cgdev.org/content/publications/detail/3822 (accessed January 14, 2009).

At the U.N., donor governments are asked to accept as a matter of faith that putting more money into the system will produce more good outputs. It is a matter of faith because no one knows how to measure or adequately evaluate the outputs. By contrast, inputs (expenditures) are easy to measure. However, development effects, positive or negative, are difficult to isolate in complex systems in which many inputs and factors combine to produce a result. For the most part, aid agencies do not even try to measure results, which is probably for the best from their perspective because of the lack of evidence that aid has even a minimal positive impact on economic growth. This is not exactly an aid agency's best talking point.

Too Much Talk, Not Enough Capitalism

While actively promoting foreign aid, few U.N. development institutions actually run development projects or wealth-making enterprises. They do not produce goods and services, unless reports of international meetings or trips by U.N. officials, development consultants, and other employees are counted as products. For the most part, they do not even fund development projects. However, they do excel at talking, especially about development, and they try to influence thinking about development. Mostly they try to promote and justify the transfer of resources from rich countries to poor countries.

U.N. development debates take place in the General Assembly, the Economic and Social Council (ECOSOC), ECOSOC subordinate commissions and committees, the regional economic commissions, the governing bodies of the specialized agencies, and numerous periodic special sessions and conferences sponsored by the U.N. The fundamental U.N. development debate is ideological, not practical. The practical ways of encouraging and sustaining economic growth are already known, but few governments have been willing to give up historical patterns of economic control and truly liberate their citizens' entrepreneurial abilities.

Of course, the talking at the U.N. rarely constitutes actual debate. Usually, delegates recite set speeches written days earlier in their capitals. Members of the U.N.'s numerous special interest member groupings—the Group of 77 (G-77), the Non-Aligned Movement (NAM), and even the European Union (EU)—often parrot talking points prepared by the group's spokesperson. Indeed, in the “dialogue,” participants rarely actually listen and respond to what others are saying.

The capitalist system, which is triumphant throughout the real world of commerce and industry and responsible for the unprecedented levels of growth and prosperity in almost every country, receives scant notice in U.N. debates. Delegates from developed countries, which have societies that are fundamentally based on capitalism, seem to find value at the U.N. in picking at the system's edges. They are far more likely to criticize its marginal flaws than praise its core virtues. Perhaps this is a symptom of the democratic virtue of constant self-examination and self-criticism that keeps our open societies actively engaged in renewal and improvement.

However, for the developing countries that have not completely integrated into the world capitalist system, particularly those societies emerging from the failed experiments in socialism that all too often follow political independence, the message is confusing at best. The message can be downright harmful when it leads to hesitation to embrace the fundamental individual freedoms that capitalism requires to function effectively. A forum that includes nations struggling to escape poverty is not the place to denigrate the only system proven to lead to prosperity and certainly not the place to espouse centralized planning and government control, which appeal intellectually but have failed miserably every time they have been tried.

The bedrock of capitalism is private ownership and control of property. There has been a growing recognition within developing countries of the importance of property rights and the domestic policies that protect private ownership and unlock the capital it represents. Hernando de Soto's seminal work pointed out the importance of property rights in allowing for capitalization of assets.⁷ De Soto estimated that over \$9 trillion was lying fallow in developing countries because of inadequate property rights and poor legal regimes. Voluminous research, including some at The

7. Hernando de Soto, “The Mystery of Capital,” *Finance and Development* 38, no. 1 (March 2001), at www.imf.org/external/pubs/ft/fandd/2001/03/desoto.htm (accessed January 14, 2009).

Heritage Foundation, demonstrates the importance of rule of law, property rights, and the elimination of corruption in spurring development.

However, no one should imagine that a decentralized, private-sector, capitalist approach to development receives a fair hearing at the U.N. Indeed, the alternative view that development requires massive aid flows from the North to the South has maintained its primacy within the U.N. Secretariat. It now has an important champion in economist Jeffrey Sachs, who was hired by the U.N. to promote a Secretariat creation: the Millennium Development Goals (MDGs).

The MDGs are development goals that the U.N.'s Millennium Summit adopted as part of a far-reaching economic and political declaration in 2000.⁸ They include such laudable goals as increasing education and access to clean water and reducing poverty, child mortality, and maternal mortality,⁹ but they do not constitute a comprehensive development philosophy or strategy, or even a coherent development plan of action. Still, they have captured the public's imagination and have proven to be an irresistible public relations and fund-raising tool for the United Nations, aid agencies, and nongovernmental organizations (NGOs) around the globe. From the U.S. perspective, the MDGs are at best inadequate and at worst a destructive distraction from the policy reforms needed to unleash the private sector's unparalleled ability to foster development. Sadly, the incessant clamor for more aid that accompanies the MDGs has tended in the U.N. to drown out any other ideas for development.

A Complex U.N. System

The promotion of development lies at the heart of the United Nations, enshrined in the U.N. Charter's call for "better standards of life in larger freedom."¹⁰ Nearly every U.N. agency and committee addresses developmental issues in some way. Even the Security Council has gotten into the act, holding special meetings in recent years on climate change and postconflict peacebuilding.¹¹ The International Atomic Energy Agency, which is normally associated with sanctions on Iraq and the struggle to prevent Iran and North Korea from developing nuclear weapons, includes in its charge a development mandate "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world."¹²

Development has become so pervasive on the agendas of U.N. bodies, and the U.N. system so complicated, that the U.N. Development Group (UNDG) has been created as a special mechanism to coordinate development work within the system. The UNDG has twenty-eight agency members and five observers, and includes the U.N. regional economic commissions.

The total spent by the member agencies of the U.N. Development Group can be calculated in different ways. According to the U.N., the U.N. system for development cooperation activities received \$15.5 billion in contributions in 2005.¹³ Depending on one's point of view, that is either a lot of money or a little. If one billion people are suffering from poverty or hunger worldwide, U.N. development aid could provide \$15 per year to each of them. This is a modest amount, but would undoubtedly be significant to the recipients. In reality, the funds support thousands

8. U.N. General Assembly, "United Nations Millennium Declaration," A/RES/55/2, September 18, 2000, at www.un.org/millennium/declaration/ares552e.htm (accessed January 14, 2009).

9. The Millennium Development Goals include seventeen or eighteen (depending on how they are counted) development-related targets and pledges established by the U.N. Secretariat and grouped under eight headings based on the agreed statement from the 2000 Millennium Summit. For a more detailed explanation, see United Nations, "Millennium Development Goals," at www.un.org/millenniumgoals (accessed January 14, 2009).

10. Charter of the United Nations, preamble.

11. U.N. Security Council, Meeting Record S/PV.5663, April 17, 2007, and Meeting Record S/PV.5627, January 31, 2007.

12. Conference on the Statute of the International Atomic Energy Agency, "Statute of the IAEA," art. 2, October 23, 1956, at www.iaea.org/About/statute_text.html (accessed January 22, 2009).

13. U.N. General Assembly and U.N. Economic and Social Council, "Triennial Comprehensive Policy Review of Operational Activities of the United Nations Development System," A/62/73-E/2007/52, May 11, 2007, at documents-dds-ny.un.org/doc/UNDOC/GEN/N07/328/60/pdf/N0732860.pdf (accessed January 22, 2009).

of permanent staff, consultants, government politicians, and bureaucrats in developing and developed countries. The poor and needy receive only a small portion. In addition, overall aid flows, about \$100 billion per year as calculated by the Organisation for Economic Co-operation and Development, are dwarfed by flows from trade, foreign investment, and even private remittances.¹⁴

Core U.N. Development Agencies

An annual investment of \$15 billion should produce some positive results, but such results are rare in the U.N. system. Four large, voluntarily funded agencies—the U.N. Development Program (UNDP), U.N. Children’s Fund (UNICEF), U.N. Population Fund (UNFPA), and World Food Program (WFP)—form the core of the UNDG.¹⁵

The United Nations Development Program

The UNDP is a complex and multilayered organization. This makes it extremely difficult to unravel the actual amounts being spent on various categories of activities. These “program expenditures” can include expenses for travel, meetings, consultants, and personnel. Outputs are even harder to define and measure. According to the U.N. Advisory Committee on Administrative and Budgetary Questions (ACABQ), “There is room for further improvement [in the UNDP budget] in order to streamline the presentation, avoid repetition, and promote greater clarity and transparency.”¹⁶

The UNDP has more than 3,200 employees and operates in 166 countries. More than 10 percent of its staff works in New York City. The UNDP operates on a biennial budget, with overall contributions totaling about \$7.5 billion for 2006 and 2007. This includes about \$2 billion in regular contributions from donors, another \$3 billion in donor cofinancing, and about \$2.6 billion in recipient government cost sharing. Of its regular contributions, the UNDP spent only about \$870 million on development programs in countries, and another \$200 million on global and regional programs. Management and administration accounted for \$729 million. In 2008–2009, the UNDP will spend an astounding \$50 million just to ensure the security of UNDP staff and premises.¹⁷

The UNDP’s goals include reducing poverty and achieving the Millennium Development Goals, expanding democratic governance, preventing crises and assisting in postcrisis recovery, and promoting environmental protection and sustainable development. The agency also operates the system of resident coordinators by which the U.N. maintains almost universal representation in its member states.

While a recipient state can relatively easily track the amount of UNDP resources coming into the country and determine how much is being spent on office costs, personnel, and program activities, such information is almost impossible to collect on a worldwide basis. No donor devotes sufficient staff or attention to actually knowing with confidence how the UNDP is spending its contributions. In the U.S. government—neither the worst nor the best of the donors in attempting oversight—only one full-time person in the State Department oversees how the UNDP uses the \$100 million that the United States gives in a typical year. Historically, the United States has relied on trusted U.S. citizens within the UNDP itself, such as longtime administrator Brad Morse, to provide oversight from within. This process has broken down as the UNDP has grown and as leadership has passed to nationals of other countries, and the U.S. government has not addressed the oversight deficit.

It is possible, although not easy, to dig a little deeper into specific projects, looking beyond the stories and pictures of prospering people portrayed in annual reports. One picture highlighted in the UNDP’s annual report shows

14. For detailed information, see Hudson Institute, Center for Global Prosperity, *The Index of Global Philanthropy 2008*, at www.hudson.org/files/documents/2008%20Index%20-%20Low%20Res.pdf (accessed January 22, 2009).

15. The World Bank, the largest international development agency by far, is an observer in the U.N. Development Group. The bank has about \$100 billion in outstanding loans to developing countries and provides nearly \$15 billion annually in very long-term, low-interest loans to the poorest countries.

16. U.N. Development Program and U.N. Population Fund Executive Board, “Budget Estimates for the Biennium 2006–2007,” DP/2005/32, August 10, 2005, at documents-dds-ny.un.org/doc/UNDOC/GEN/N05/456/39/pdf/N0545639.pdf (accessed January 22, 2009).

17. U.N. Development Program and U.N. Population Fund, Executive Board, “UNDP Budget Estimates for the Biennium 2008–2009,” DP/2008/3, November 20, 2007, at documents-dds-ny.un.org/doc/UNDOC/GEN/N07/611/28/pdf/N0761128.pdf (accessed January 22, 2009).

Albanian high school students hard at work in a computer lab. The caption says, “UNDP is helping Albania to equip high schools with computer labs benefiting some 140,000 students.”¹⁸ More information about the project is available on the UNDP’s website,¹⁹ which explains that the UNDP plans to spend \$25 million on this project over three years. That works out to a modest \$12,000 per school. The project is cofinanced by the Albanian government, Samsung, Intel, and Western Union. The total cost is not given, nor is the UNDP’s share of the total. There is no way of knowing how the UNDP fits into the project’s overall scheme or whether the Albanian children would have received their computer labs without the UNDP’s involvement. Nor can the relative merits of this project be compared to the merits of other projects in Albania and in other countries. In other words, member governments have no way of providing meaningful oversight. The program may be doing some good, but whether it was the best use of the UNDP’s resources is unknown.

Economists speak of “opportunity cost,” which is the value of the thing not done when an expenditure choice is made. It is a vital concept because it asks the question, “Could the money have been used more profitably or effectively elsewhere?” The UNDP has total resources of about \$7.5 billion to spend each year, more than \$1 for every person on the planet. The UNDP has chosen, in its three-year Albanian computer program, to spend about \$175 on each schoolchild in Albania. Was that the best use of its resources? Were there better programs or more needy children elsewhere? Those questions are neither asked nor answered in the UNDP governance process.

Undoubtedly, Albanian schoolchildren are worthy recipients of help, and this project will probably improve the economic well-being of Albanians. Donors and readers of the UNDP’s annual report will feel better when they hear about this activity. What they will not read—and the UNDP will not ask them to consider—is what could have been done instead in Haiti, Sudan, or Bangladesh.

The UNDP does not ask its clients or its executive board to consider the opportunity cost of projects because it does not know how to measure it. Indeed, it is essentially impossible to link specific developmental outcomes to the presence or absence of U.N. development programs. This is not a failure unique to the U.N. It afflicts bilateral aid agencies, such as the U.S. Agency for International Development, and many other governmental bureaucracies that produce outputs intended to contribute, catalyze, or stimulate activities by others. No one has yet devised a satisfactory way to judge the relative merits of such activities.

Instead, UNDP funds are allocated on a political basis. Dollars donated to the UNDP are either earmarked by donors for specific uses in specific countries or allocated according to an entitlement process that ensures that every developing country receives a share of the available funds. In the latter case, projects are developed or chosen to fit the available funds. It is a top-down process in which opportunity cost is not considered except within each country’s given allocation.

Worse, to the extent that politics force the UNDP to finance projects in despotic countries, they make the organization and its funds vulnerable to misuse and manipulation. For instance, pressure to conduct activities in North Korea led the UNDP to accede to that government’s demands to staff the UNDP office with North Korean nationals chosen by the North Korean regime. This permitted the government to skim salary payments to those office workers and obtain convertible currencies such as the dollar and euro. U.N. and independent audits concluded that these activities directly violated U.N. and UNDP standard operating procedures and basic best practices.²⁰

In Burma, local NGOs have accused the UNDP of allowing the regime to use its funds to further its political agenda and undermine the rights of its citizens.²¹ More recently, the UNDP allowed the Burmese regime to reap mil-

18. U.N. Development Program, “Capacity Development: Empowering People and Institutions,” June 2008, at www.undp.org/publications/annualreport2008/pdf/IAR2008_ENG_low.pdf (accessed January 22, 2009).

19. U.N. Development Program, “E-School Programme for Albania,” at www.undp.org.al/index.php?page=projects/project&tid=92 (accessed January 22, 2009).

20. Brett D. Schaefer and Steven Groves, “Congress Should Withhold Funds from the U.N. Development Program,” Heritage Foundation *WebMemo*, no. 1783 (January 26, 2008), at www.heritage.org/Research/InternationalOrganizations/wm1783.cfm; and George Russell, “Report Shows U.N. Development Program Violated U.N. Law, Routinely Passed on Millions to North Korean Regime,” Fox News, June 11, 2008, at www.foxnews.com/story/0,2933,365676,00.html (accessed January 22, 2009).

21. Brett D. Schaefer, “The U.N. Must Stop Enabling the Burmese Regime,” Heritage Foundation *WebMemo*, no. 1710 (November 27, 2007), at www.heritage.org/Research/AsiaandthePacific/wm1710.cfm.

lions in profits from aid intended to benefit victims of Cyclone Nargis by forcing the UNDP to pay an overvalued exchange rate.²² In these cases and others, the UNDP has resisted U.S. efforts to investigate UNDP activities and practices. Even though the United States sits on the UNDP's executive board and provides millions of dollars to the organization annually, the organization refuses to permit the United States unfettered access to its internal documents and audits.

United Nations Children's Fund

According to its mission statement, UNICEF (formerly known as the U.N. International Children's Emergency Fund) is "mandated by the U.N. General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential."²³ Regrettably, the organization is guided in this endeavor by the Convention on the Rights of the Child, a flawed document that the United States never ratified because of its exaggerated and imbalanced emphasis on the rights of children and governments over the rights of parents and because of its incompatibility with the U.S. federal system of government.²⁴

Like the UNDP and the other U.N. development agencies, UNICEF is awash in cash, expecting to receive more than \$10 billion for 2008–2009. Regular resource income (the money provided without strings or earmarks from member governments) totals \$3 billion, a 50 percent increase over the previous two-year budget. The two-year budget for administration and management is more than \$900 million. The ACABQ notes with concern that while regular resources account for only 30 percent of UNICEF's resources, they pay for more than 73 percent of support costs.

UNICEF has almost three thousand employees, of whom more than 30 percent work in New York City. The ACABQ also notes an alarming tendency toward grade creep in UNICEF's workforce, with the number of senior level (P-5 rank and above) jobs increasing by about 12 percent in just two years.

As with the UNDP, determining what UNICEF actually does with its extravagant resources is extremely difficult based on documentation provided to member states and the public. The ACABQ notes that it wants UNICEF "to present the biennial support budget in a clear manner and with the necessary degree of detail that would allow thorough analysis and scrutiny."²⁵ Yet not even the United States may be in a position to provide such scrutiny, because only one State Department employee follows UNICEF full-time, despite the annual U.S. contribution of \$120 million to the organization.

The United Nations Population Fund

UNFPA's mission statement epitomizes both the blurred focus and the mission creep that leads to so much duplication and overlap in the U.N. development system:

UNFPA . . . is an international development agency that promotes the right of every woman, man and child to enjoy a life of health and equal opportunity. UNFPA supports countries in using population data for policies and programmes to reduce poverty and to ensure that every pregnancy is wanted, every birth is safe, every young person is free of HIV/AIDS, and every girl and woman is treated with dignity and respect.²⁶

In just two sentences, UNFPA injects itself into the work of the Human Rights Council and the U.N. High Commissioner for Human Rights ("promotes the right" and "equal opportunity"), the World Health Organization ("enjoy a life of health"), the Statistical Commission ("using population data"), UNDP ("to reduce poverty"), UNICEF and

22. George Russell, "U.S. Asked U.N. about Exchange Rate Issues in Burma Year before Latest Scandal," Fox News, August 1, 2008, at www.foxnews.com/story/0,2933,396143,00.html (accessed January 22, 2009).

23. U.N. Children's Fund, "UNICEF's Mission Statement," at www.unicef.org/about/who/index_mission.html (accessed January 22, 2009).

24. For an overview of problems with the Convention on the Rights of the Child, see chapter 6, "The Quest for Happiness," by Susan Yoshihara, and Patrick F. Fagan, "How U.N. Conventions on Women's and Children's Rights Undermine Family, Religion, and Sovereignty," Heritage Foundation *Background*, no. 1407 (February 5, 2001), at www.heritage.org/Research/InternationalOrganizations/BG1407.cfm.

25. U.N. Economic and Social Council, "United Nations Children's Fund Support Budget for the Biennium 2008–2009," E/ICEF/2008/AB/L.2, January 4, 2008, at documents-dds-ny.un.org/doc/UNDOC/LTD/N08/201/96/pdf/N0820196.pdf (accessed January 22, 2009).

26. U.N. Population Fund, "Mission Statement," at www.unfpa.org/about/mission.htm (accessed January 22, 2009).

WHO again (“every birth is safe” and “every young person is free of HIV/AIDS”), and the Commission on the Status of Women (“every girl and woman is treated with dignity and respect”). The only phrase in the entire mission statement that reflects a unique and specific mandate is “to ensure that every pregnancy is wanted.” Of course, this unique mandate may have been submerged in so much extraneous and duplicative rhetoric because it is so heavily charged with religious and social controversy related to birth control and abortion.

With an income of more than \$750 million in 2007, UNFPA closed the year “in robust financial health.”²⁷ Despite this total and a 24.2 percent increase from 2006, the agency claims on the first page of its Statistical and Financial Review for 2007 that “increased and predictable core resources are necessary to enable UNFPA to deliver its programs.”²⁸ This appeal seems even stranger in light of the same report’s calculation that UNFPA spent only \$396.3 million on programs in recipient countries and regions. Support costs in 2007 exceeded \$100 million, consuming more than 26 percent of regular resource expenditures.

UNFPA employs more than 1,110 people, including 201 who work in New York City. As with UNICEF, grade creep is a serious problem. UNFPA proposes in its 2008–2009 budget to reclassify 135 of its posts, increasing 113 (84 percent) of them in rank and salary.²⁹

Like those of other U.N. development funds and programs, UNFPA budget presentations lack transparency and detail. According to the ACABQ,

[UNFPA’s budget] presentation, as it is currently formulated, continues to be too general and does not provide distinct information on links with specific programmes of work or activities. In addition, it does not allow assessment of cost effectiveness and the degree of achievement of expected results.³⁰

The United States did not contribute to UNFPA for several years because of congressional restrictions on funding U.N. agencies that support the practice of coercive abortion. The Obama administration reinterpreted those restrictions and resumed funding in 2009.

The World Food Program

While all the major U.N. development agencies also engage in emergency relief activities, the WFP could be considered a relief agency that also undertakes development programs. According to the WFP, its development aid “temporarily frees the poor of the need to provide food for their families, giving them time and resources to invest in lasting assets such as better houses, clinics and schools, new agricultural skills and technology and, ultimately, a better future.”³¹

Much of the WFP’s income comes in response to specific appeals related to particular emergency situations. As of September 30, 2007, 76 percent of the \$1.9 billion that it had received that year was for emergency response, and only 12 percent was for development activities.³² The total 2006–2007 biennial budget was almost \$6 billion, of which about \$500 million was budgeted for development programs and about \$375 million for program support and administrative expenses.³³

27. U.N. Development Program and U.N. Population Fund, Executive Board, “United Nations Population Fund: Statistical and Financial Review, 2007,” DP/FPA/2008/5 (part 1, add.1), May 1, 2008, at documents-dds-ny.un.org/doc/UNDOC/GEN/N08/326/13/pdf/N0832613.pdf (accessed January 22, 2009).

28. U.N. Development Program and U.N. Population Fund, Executive Board, “United Nations Population Fund: Statistical and Financial Review, 2007.”

29. U.N. Development Program and U.N. Population Fund, Executive Board, “United Nations Population Fund, Estimates for the Biennial Support Budget for 2008–2009,” DP/FPA/2008/2, December 26, 2007, at documents-dds-ny.un.org/doc/UNDOC/GEN/N07/659/86/pdf/N0765986.pdf (accessed January 22, 2009).

30. U.N. Development Program and U.N. Population Fund, Executive Board, “United Nations Population Fund, Estimates for the Biennial Support Budget for 2008–2009.”

31. World Food Program, “Food Aid: Deterrent Against Poverty,” at www.wfp.org/operations/introduction/development_projects.asp?section=5&sub_section=1 (accessed January 22, 2009).

32. World Food Program, “Annual Report for 2007 to ECOSOC and FAO Council,” WFP/EB.1/2008/4, January 4, 2008, at one.wfp.org/eb/docs/2008/wfp147092~1.pdf (accessed May 14, 2009).

The majority of the WFP's staff of about 9,000 is involved directly in the delivery of food. About 1,300 are engaged in program support and administration, including about 600 who are based in Rome.

Other Major U.N. Development Agencies

In addition to the core UNDG members, several other major U.N. specialized agencies have significant functions that are developmental.

International Labor Organization

The creation of jobs, real opportunities for individuals to earn income to support themselves and their families, is rarely on the agenda of U.N. development agencies. When employment is discussed, the ILO tends to concentrate on regulating employment, not increasing it. The ILO has promulgated an amazingly long list of 187 conventions dealing with labor standards.³⁴ The negotiation of many of these involved hairsplitting battles among developed-country delegates, with each country trying to enshrine its own particular vision of sound labor policy in international law. Meanwhile, delegates from developing countries, who had neither the governmental institutional capability nor the political will to implement even the most basic worker's rights, watched in bemusement, intent only on ensuring that the conventions included sufficient escape clauses and did not create any follow-up or enforcement mechanisms.

The United States, which has a highly developed structure of labor laws that protect workers and regulate employment conditions, has chosen to ratify only 14 of the 187 conventions,³⁵ viewing most as too rigid, incompatible with the U.S. federal regulatory regime, simply unnecessary, or irrelevant. The United States became so dissatisfied with the ILO process, which can be highly politicized, that it withdrew from the ILO from 1977 to 1980. In announcing the U.S. intent to withdraw, U.S. secretary of state Henry Kissinger said that the ILO members had allowed workers' and employers' groups in the ILO's unique tripartite governing system to fall under the domination of governments, had shown an "appallingly selective" concern for human rights, had disregarded "due process" in condemning member states "which happen to be the political target of the moment," and had increasingly politicized the organization.

The ILO's shortcomings are particularly disappointing given that a key goal of development is to create jobs. When people have the opportunity to work or work more productively, they can buy the things they need and want. This is the essence of development. Romantics deride the quest for material things, and on one level they are right. A life without art, poetry, music, or religion can be barren indeed, but a life without food and shelter is no life at all. The pathway from destitution to wholesome life is through a job, and the money that a job earns is the means to obtain the goods and services that support life in a dignified and fully adult manner.

Of course, money is only a medium of exchange, valuable for buying goods and services. When people work for money, they are really working for food, clothing, and shelter.

Development agencies could, of course, simply give people these commodities. Although few aid advocates would explicitly champion this idea today, this is the logical extension of an aid-focused development process. As evident in U.N. documents and deliberations, much of the aid that is being advocated is really for the provision by governments of food, clothing, shelter, or health care. These things are not treated as products that individuals would purchase out of the fruits of their own labor, but as rights to be provided by the state. It is a socialist autocrat's vision of the world and plays right into the hands of the dictators and presidents-for-life of poor countries.

However, the poor people themselves are treated like children, kept in a childlike dependent state. People who depend on the state for food, clothing, shelter, and health care have little scope for independence. They have little

33. World Food Program, "Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)," WFP/EB.1/2007/6(A,B,C)/2, February 16, 2007, at www.wfp.org/eb/docs/2007/wfp116672~1.pdf (accessed January 22, 2009).

34. International Labor Organization, "Official Titles of the Conventions Adopted by the International Labour Conference," 2006, at www.ilo.org/ilolex/english/conventions.pdf (accessed January 22, 2009).

35. International Labor Organization, ILOLEX, Database of International Labour Standards, at www.ilo.org/ilolex/english/newratframeE.htm (accessed January 22, 2009).

choice and are therefore scarcely free. Capitalism is the form of economic organization that provides choice and is ultimately the backbone of a free society.

The United Nations Educational, Scientific and Cultural Organization

UNESCO is charged with the development of education, science, and culture. The United States has also withdrawn from this U.N. body and subsequently rejoined it. As might be expected in areas as politically sensitive as education and culture, UNESCO debates are highly charged and rarely productive. In science, the value that it once added in areas like oceanography by facilitating the interaction of scientists with their colleagues from other nations has been eroded by the dramatic advances in communications technology that allow real-time connectivity between scientists anywhere in the world.

The Convention on the Protection and Promotion of the Diversity of Cultural Expressions, one of UNESCO's recent big ideas, typifies how elites and special interest groups can pervert the very meaning of words and concepts in a U.N. agency in their quest to impose their views on others. The convention, adopted over opposition from the United States and a handful of other nations, is deeply flawed in its conception of culture as embodying only the dominant culture of a given country or region. Individual diversity—for example, a citizen of Quebec embracing the English language—is seen as a threat to cultural diversity rather than as an example of it. Indeed, the convention espouses an ideology of cultural rigidity and conformity that is the antithesis of the cultural mixing and evolution that characterizes the United States, the most diverse country in the world.

At its heart, the convention on cultural diversity is about preserving the status quo. Indeed, one of its major goals is to provide excuses for countries to “protect” their citizens from imports of foreign cultural products and ideas. This is a far cry from the “free exchange of ideas and knowledge” called for in the UNESCO constitution.³⁶

The Food and Agriculture Organization

FAO, another mammoth U.N. agency, is charged with helping to develop agricultural systems and increasing agricultural production and productivity. Like UNESCO, its core functions of data sharing, provision of expertise, and policy coordination are largely nugatory in the modern interconnected world. On the other hand, one core FAO function, the setting of food safety and plant health standards by the Codex Alimentarius and the International Plant Protection Convention, has become increasingly relevant and important as international trade in food has expanded.

The World Health Organization

WHO is yet another large specialized U.N. agency with a mandate for development, in its case “the attainment by all peoples of the highest possible level of health.”³⁷ With a budget of more than \$4.2 billion for 2008–2009, WHO has had success in coordinating worldwide campaigns to eradicate smallpox and polio. It has tackled high-profile health issues such as tobacco control and HIV/AIDS with less success. Indeed, the United Nations Joint Program on HIV/AIDS (UNAIDS) was established as a separate agency to coordinate international aid flows in support of AIDS prevention and treatment programs.

As detailed in the chapter by Roger Bate and Karen Porter, WHO is an organization with a noble purpose, but it lacks focus. Presumably, so noble a cause as advancing health would promote professionalism and international comity, yet WHO has often been paralyzed by politics, with debates over Taiwan, Palestine, and abortion distracting it from the pursuit of better health.

The Perennial Problem of Palestine

The issue of Palestine provides a particularly vivid example of the inherent limitations of organizations such as the United Nations. No issue receives more attention in debates and programs, yet no issue has proven more intrac-

36. Constitution of the United Nations Educational, Scientific and Cultural Organization, November 16, 1945, preamble, at portal.unesco.org/en/ev.php-URL_ID=15244 (accessed January 22, 2009).

37. Constitution of the World Health Organization, art. 1, at www.who.int/governance/eb/who_constitution_en.pdf (accessed December 3, 2008).

table. That the two sides claim historical and religious rights to the same land is a difficult problem, to be sure, yet other such issues have been resolved justly through dialogue, understanding, reconciliation, and goodwill. Not so with the issue of Palestine. More than any other international question, it is associated with the U.N., in part because modern-day Israel was created by a U.N. resolution that partitioned the land. The U.N. Security Council has passed some 250 resolutions or statements on Israel, Palestine, and related subjects, far more than on any other issue.

Every U.N. agency features the Palestinian issue prominently on its agenda. For governing bodies and deliberative councils that have little real practical work to do, it is an almost irresistible issue. It provides opportunities for political posturing at its worst, and it is easily understood by diplomats who may have little relevant substantive expertise. When presented in simplistic terms with the U.N.'s traditional anti-Israel bias, the Palestinian issue has good guys and bad guys as clearly defined groups. It does not affect the daily lives or national interests of most U.N. members, so it is a "safe" issue for the vast majority of delegates, who suffer no consequences if their debates or votes sow conflict rather than concord. It is also a perfect foil for expressing religious rivalries, conflicts between races and ethnicities, and even Cold War rivalries.

The issue of Palestine, more than any other at the U.N., serves as a litmus test of countries' identities. They can, merely by castigating Israel (and often the United States), confirm their identities as radical and revolutionary states and express their sympathies with the downtrodden. Of course, none of it is real, except for the Israelis and the Palestinians who suffer from the absence of peace. For the rest, it is a morality play. The parts are easily understood and played, and the U.N. provides the perfect stage. Regrettably, the show seems to go on without end, and people's lives are being lost in the process.

Is "One UN" the Answer?

Faced with the myriad U.N. development agencies and programs with intersecting and overlapping mandates, some donors and recipients have called for simplifying and rationalizing the U.N. presence in developing countries through the principle of "One UN," which would involve consolidating offices, management, and even programming and budgeting processes for development activities. Under the One UN concept, the UNDP resident coordinator would head a country team of officials from all U.N. agencies that would collectively decide program priorities and implementation strategies. Interaction with recipient governments would be through one point of contact, and donors could contribute to a pool of resources that would be shared by all agencies.

In theory, One UN could provide greater efficiency and simplicity. In practice, it raises significant issues of accountability, overcentralization, and the elimination of competition. For these reasons, the United States and a number of other governments, both donors and aid recipients, have not embraced the idea. A number of U.N. agencies have expressed concern at their loss of autonomy and the UNDP's increasing power and influence. The One UN idea is currently being studied in eight pilot countries: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay, and Vietnam. Regrettably, both donors and U.N. agencies have tended to pump extra resources into the countries being studied, and it is not clear that the pilot programs are truly testing the long-term viability of the concept.

The Way Forward

Despite the lofty rhetoric that accompanies U.N. debates and activities on development, the system really does not matter much to most U.N. members. The symbolic gestures and political posturing that dominate the debates may be far more important to them than the lack of developmental results. The revolutionary upheaval needed to make the system truly effective would require changes in economic philosophy, U.N. funding and voting patterns, and hiring and management practices. For most U.N. members, the pain of such changes far outweighs the benefits, particularly when development progress has been strong anyway in recent years as a result of trade liberalization and globalization.

If the U.N. membership is to focus on reforms that would improve the effectiveness of its development efforts, it needs to start by recognizing the following development facts of life:

- Development is more of an individual process than a societal process. A country's development is the sum and result of the individual development efforts of each of its citizens.
- Aid to individuals can support their personal development and, by extension, the development of societies.
- Governments that provide an honest and stable economic environment, economically useful public goods such as roads, and fair access to justice help their economies to develop and their citizens to prosper. Aid to such governments for such purposes can promote development.
- Corrupt and repressive governments stifle development. Aid to such governments hurts rather than helps development.

U.N. agencies that honor these principles when devising their programs have a chance to promote development. There is no real way of determining how useful such aid is in developing societies overall, but one could have a high degree of confidence that the aid was at least doing no harm and almost certainly helping some individuals.

The largest U.N. agencies have great difficulty in operating in accordance with these principles, which conflict with time-honored U.N. shibboleths. For example, the principle of universality dictates that aid should flow to all U.N. members, irrespective of the nature of their governments. Aid programs are as likely, perhaps more likely, to be driven by donor interests, specialists, experts, and consultants as by the needs of the developing country. The general assumption is that developing countries need everything and are thus likely to accept anything that comes along, even if they do not regard it as what they need most. U.N. programs add breadth to developing countries' development agendas, but may distract them from higher priorities or even encourage different priorities from those they favored.

Any aid program not focused explicitly on helping poor people in underdeveloped countries work more productively and compete more effectively within the globalized capitalist system is likely to be of symbolic value at best and counterproductive at worst. This reality suggests several specific recommendations:

U.N. discussions need to be refocused away from sterile exchanges about aid levels and toward a more honest discussion of policies that either promote or hinder development

Nothing has poisoned the U.N.'s work on development more than the debate over foreign aid. It is corrupting in profound ways. It makes beggars out of the developing countries and their U.N. delegates, and it reinforces the image of the citizens of developing countries as children, incapable of providing for themselves or promoting their own development. It encourages a paternalistic, "we know better" attitude on the part of donors and raises expectations of quick fixes. Interestingly, money is often the easiest thing to find in the U.N. development system, but fundamentally changing laws and traditional practices, eliminating corruption, and overthrowing established elite privileges can take decades and generations.

The focus on aid also destroys the concept of accountability of donors and recipients. One of the most perverse features of today's aid flows is the inverse relationship between aid and economic performance. Development assistance flows mostly toward failed states because they are in the greatest need. Yet the aid itself allows wretched governments to continue their failed policies and kleptocratic practices. Donors run a real risk that their charitable impulses will turn them into enablers for dictators and despots. Even humanitarian aid, the noblest assistance flows in the international system, invites corruption by both donors and recipients. U.S. commodity donations to the World Food Program at least indirectly support governments in failed states and may be the most important factor in keeping despotic regimes in power in Burma, North Korea, and Sudan.

The United States should continue to resist efforts to focus the development debate on the level of assistance, such as the call for developed nations to provide a mythical 0.7 percent of GDP for development assistance. Instead, the United States should focus the debate on how poor nations can adopt policies that increase their chances for development. This means limiting the size and scope of government, constraining corruption, creating an economic environment conducive to entrepreneurship, and strengthening the judicial system and legal framework to make it more reliable, transparent, and impartial.

The U.N. needs to abandon its sixty-year fascination with socialism

One U.S. failure at the U.N. has been its reluctance to robustly defend the U.S. economic system, namely, capitalism. In 2002, when the State Department sent me to New York to participate in a debate on financing for development, I spoke of the need for developing countries to embrace capitalism wholeheartedly. The room erupted in a clamor at my mere use of the word. Capitalism has somehow become discredited at the U.N., even though it is the basis of U.S. prosperity, not to mention the prosperity of most of the world. Even the U.S. ambassador at the time was taken aback, summoning me to his office to explain myself and my “confrontational” approach. His concerns and criticisms notwithstanding, I managed to keep my job and was rewarded with the opportunity to engage in months of hard-nosed wrangling, mostly late at night in the U.N. basement, to reach a consensus.

Surprisingly, the reaction from a number of developing-country delegates was more welcoming. A few, including the delegate from Egypt, recognized the potential benefits to the poor of a stronger embrace of the free-market system that was working so well for so many, and he welcomed even more so the chance for a debate in which the United States and others would talk about the world of commerce as it really works rather than the utopian visions that are all too often promoted in the halls of diplomacy. Out of these debates emerged the Monterrey Consensus, an agreement that for the first time in U.N. history put the official transfer of government resources (foreign aid) in its proper context as a supporting element in the development process and as a small part of much larger international flows of capital, most of which result from trade and investment decisions in the private sector.³⁸

Real-world experience of the past six decades provides conclusive evidence that market-based economic policies, bolstered by a sound rule of law, offer the surest path toward development. The world economic system is and will remain a market-based capitalist system. All U.N. development agencies should, as a primary goal, assist member governments in crafting economic policies likely to best enable the entrepreneurial abilities of their individual citizens. Most poor U.N. member states need help in clearly defining a limited role for government, encouraging political and economic empowerment of their poorer citizens, and enforcing the rule of law, property rights, and private contracts in a fair and impartial manner.

The United States should resist the “One UN” effort and similar proposals to consolidate U.N. development efforts under one authority

A U.N. development system that truly promotes development is likely to have the characteristics of a market itself. Economic efficiency requires competition, and the U.N. would similarly benefit from competition. Centralization should be resisted because it creates too much power and bureaucracy. Large agencies such as the UNDP, which have developed monstrous bureaucratic structures and budgetary and programming systems that defy analysis, should be split up. A clear line needs to be drawn between humanitarian relief and development assistance. Agencies that have strong roles in both areas should focus on one or the other.

UNICEF and the World Food Program should drop their development activities and focus solely on relief. The UNDP and UNFPA should be active only in countries where the security environment is stable and where the governments are committed to market-based capitalist economic policies, respect for human rights, and fair and dependable enforcement of the rule of law. The currently popular One UN idea should be rigorously evaluated and pursued only in those countries where it has clear advantages over a more competitive process, perhaps in the poorest and least capable countries or in the context of a humanitarian intervention, where domestic governance is poor or nonexistent.

The United States should promote smaller, more focused U.N. agencies that have more freedom of action and are more likely to avoid negative results

U.N. development agencies that are smaller in size often provide greater developmental impact or at least a more transparent purpose and mode of action that makes measuring their impact easier. They also deliver far more useful information and service for each development dollar than their larger counterparts.

38. United Nations, *Monterrey Consensus on Financing for Development*, 2003, at www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf (accessed January 28, 2009).

For instance, the U.N. Capital Development Fund (UNCDF), a semi-independent part of the UNDP, had a budget of only \$28 million in 2007. With an innovative program of microfinance focusing on the local and enterprise level rather than the national level, UNCDF supports about three thousand investments in twenty-eight low-income countries. Similarly, the International Trade Center (ITC), a Geneva-based organization loosely affiliated with the United Nations Conference on Trade and Development (UNCTAD) and the WTO, has a staff of 236 and a total budget of about \$60 million. This budget funded more than 3,500 specific interventions, many at the level of individual companies. More than 30 percent of the interventions reported positive results. This is not quite a grade of A+, but in the development world where macroeconomic measures generally show no results or even negative effects from aid, a 30 percent success rate is almost miraculous. Based on its own report, the ITC understands that development is about creating productive and competitive enterprises.³⁹ Such a focus on helping businesses is almost unique in the U.N. system, where private enterprise is often treated as the enemy rather than as a favored and essential client.

The United Nations Development Fund for Women (UNIFEM) provides a contrasting case study of how increasing size can lead to a loss of focus and the diminution of developmental impact. According to the 2004 report of a U.N. advisory panel charged with making an overall assessment of UNIFEM, the organization evolved between 1984 and 1996:

UNIFEM moved, during this period, from an emphasis on direct support to women, mainly in rural areas and with a focus on productive activities and revolving loan funds, into the human development and human rights arenas, with a growing emphasis on policy and advocacy. It experienced an accelerating pace of change, partly due to the rapid succession of global conferences, especially the Beijing Conference, as well as in response to broader interests and activities of women's governmental and non-governmental organizations.⁴⁰

In practical terms, this means that UNIFEM has evolved away from supporting individual development projects that directly assist poor women toward emphasizing “upstream” activities directed at government policy change, coordination, and planning. Even within the same organizational structure, the diminishing impact as size increases is evident.

A comparison of two specific programs, a UNIFEM project approved in 2006 and a program of the newer, but smaller and less “evolved” U.N. Trust Fund to End Violence against Women that UNIFEM administers, is instructive. The UNIFEM project provided \$3.3 million for “building capacity and improving accountability for gender equality in development, peace and security. Against the background of the Paris Declaration on Aid Effectiveness, this joint program with the European Commission and the International Labour Organization aims to support advocacy and action to step up investments in gender equality as key to the effectiveness of development assistance.”⁴¹ The U.N. Trust Fund to End Violence against Women project provided \$200,000 to a Nepalese nongovernmental organization “using a flagship women’s radio programme to empower women to end stigma, violence and discrimination.”⁴²

The larger project talks about building capacity, presumably government capacity, to do an activity rather than actually financing the activity itself. Its overarching goal is gender equality, an admirable goal but scarcely more than a slogan. It talks about improving accountability, but shares responsibility for the program with the European Com-

39. Businesses trade, not countries. Making trade work for development and poverty reduction means creating an enabling business environment and helping companies access the resources they need to become internationally competitive. Small and medium enterprises (SMEs) are the engines of export growth for developing countries. Harnessing the untapped potential of these enterprises is a key policy objective for governments and the mission of the International Trade Centre (ITC).” International Trade Center, “Leveraging ITC Skills for SME Export Success,” at www.intracen.org/docman/JAG_11230.pdf (accessed January 22, 2009).

40. Advisory Panel to the Consultative Committee, “Organizational Assessment: UNIFEM Past, Present and Future,” U.N. Development Fund for Women, December 1, 2004, par. 24, in U.N. General Assembly and U.N. Economic and Social Council, “Letter Dated 23 November 2004 from the Permanent Representatives of Canada, Jordan, Mexico, the Niger and Slovenia to the United Nations Addressed to the Secretary-General,” A/60/62, January 31, 2005, p. 10, at documents-dds-ny.un.org/doc/UNDOC/GEN/N05/224/73/pdf/N0522473.pdf (accessed January 22, 2009).

41. U.N. Development Fund for Women, *UNIFEM Annual Report 2006–2007*, 2007, at www.unifem.org/attachments/products/AnnualReport2006_2007_eng.pdf (accessed January 22, 2009).

42. U.N. Development Fund for Women, *Annual Report 2006–2007*.

mission and the ILO. The project aims to “support” (step 1) “advocacy” (step 2) “to step up investments” (step 3) “in gender equality as key” (step 4) “to the effectiveness of development assistance” (the ultimate goal). How much “effectiveness of development assistance” this \$3.3 million will buy is unclear, as is who will be responsible for each of the steps toward that end.

By contrast, the U.N. Trust Fund project is smaller and clear. A specifically identified NGO will do the project, which is producing a radio program. The program will happen or it will not. Of course, whether the program empowers women “to end stigma, violence and discrimination” is a judgment call, but at least U.N. members will know exactly who did what with the money that was provided.

U.N. programs should have discrete and identifiable funding streams

Funds contributed to U.N. development efforts should be squarely under the authority and oversight of the donor and recipient countries. Other countries should refrain from involving themselves in governance debates or decisions. A U.N. development system that functions like a giant bazaar, with both donors and recipients purchasing development services of one kind or another, is likely to add the most value to the process. Donors should consider providing money directly to poor country governments or even directly to the poor citizens of underdeveloped countries, so that those governments and citizens can become the consumers and purchasers of U.N. development services. Such a process in which the purchasers and the consumers are the same is the most likely to encourage accountability. The current system in which the rich pay, but the poor consume, provides almost no accountability. Only activities capable of being monitored and evaluated should be approved.

In addition to promoting these changes, the United States should be more selective in its participation in U.N. development bodies and ensure that it devotes appropriate staff resources to oversee the agencies in which it participates. The U.S. government, which has a large bilateral aid program and diplomatic representation in almost every country in the world, gains little from participating in U.N. aid agencies and should consider withdrawing from many of them. U.N. development activities may be appropriate for smaller donors who lack such infrastructure, but they add little value for the United States.

Conclusion

The current U.N. development system promises too much and demands too little of its member governments. Its autocracy, secrecy, bureaucracy, and self-aggrandizement reflect the worst of its members. U.N. rhetoric that promises, as does one of the Millennium Development Goals, to halve poverty in fifteen years is seductive nonsense. The goal may be realistic, but it will not be achieved because of U.N. development programs. While the U.N. development goals are noble, they ignore the fact that development is ultimately a process of individual change that governments can, at best, facilitate. If it is achieved, it will be through the efforts of the poor, the entrepreneurs, the businessmen, and other private actors.

The solution is more openness, more competition, and an insistence by those members that know better—especially the United States, the U.N.’s most powerful member—that the U.N. reflect and promote the values on which their own societies, economies, and governments are based. A U.N. system that aspires to revolutionary change for the poor would dedicate itself unambiguously to those revolutionary doctrines of democracy and capitalism that have altered the course of civilization and brought freedom and prosperity to billions. A U.N. system that demands that its member governments uphold the U.N. Charter’s call for justice, human rights, and an end to war will take the most important steps toward fostering development. U.N. programs that explain and defend the capitalist market system and extend its reach into the poorest areas of the world will do even more.



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