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Brief 9: UNDP: Reviving a Practical Human Development Organization

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UNDP: Reviving a Practical Human Development Organization

by Craig N. Murphy and Stephen Browne

Constant reform has characterized the UN Development Programme (UNDP) throughout its existence, say the authors of two recent books on UNDP. Change bespeaks an organization ready to adapt but also fundamentally uncertain about its proper role. It teeters between two sets of tensions—as coordinator of and competitor within the UN development system, and as exerting priorities from the center while seeking to be flexible in its program countries. These tensions should be resolved, and enable UNDP to be the UN's sustainable human development organization.

"UNDP has continued to produce HDRs—global, regional and country—but it is no longer even cited as a theme in UNDP mast-heads."

The creation of UNDP was motivated by a post-war logic that developing countries needed multilateral technical assistance to fill the gaps in institutions and skills required by what was then an ill-defined development process. With the support of the United States, the Expanded Program of Technical Assistance (EPTA) was created in 1950 and a Special Fund was established in 1959 for pre-investment. When EPTA and the Special Fund were merged into UNDP in 1965, the UN development system had a consolidated source of resources to finance the technical assistance programs of the specialized agencies.

But UNDP and other organizations of the system soon discovered they could do without each other. UNDP continued to solicit funding from the same developed country donors, but instead of channeling all its funds through the agencies, it diversified its spending away from the UN system. In the early 1990s, UNDP rapidly withdrew most of its funding from UN organizations and specialized agencies, disrupting the system's flow of services and compromising its working relationship with former partners. A growing proportion of its core funds earmarked for individual developing countries became "nationally executed," creating its own Office for Project Execution. Non-core funds were increasingly devoted to its in-house programs, supporting large numbers of its own project staff, many with technical specializations identical to those in other UN organizations. UNDP became a microcosm of the system that it had originally been established to support. Predictably, the other UN organizations previously designated as executing agencies successfully mobilized additional funding from the same sources.

With no funding center, the atomized UN development effort, comprising some 30 different organizations, became disjointed. UN organizations used their financial autonomy to expand their field presence with their own representatives and offices, which now number over 1,000.[1] In the 1970s, by dint of its non-specialist mandate and widespread country presence, UNDP had a nominal coordinating role within countries when General Assembly resolution 32/197 designated UNDP resident representatives as "UN resident coordinators" responsible for orchestrating country teams of UN organizations. There was little program coherence; and UNDP's growing financial and operational autonomy led the rest of the system to question its credibility.

Human Development Paradigm

In 1990, UNDP published the first of its annual *Human Development Reports* (HDRs) providing an original UN development paradigm as a counterweight to the prevailing "Washington Consensus." UNDP also began to produce regional and country HDRs. Human development went beyond economic, social, environmental and other disciplinary facets of development, placing people and their well-being at the center. Human development thus encompassed the UN's entire agenda, especially when security was added to the mix in the 1994 HDR on "human security."[2] The regional and national HDRs allow local analysts to explore issues of particular interest to their part of the world. Reflecting on the Arab

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Spring, Fareed Zakaria called the first *Arab HDR* "the most influential book to be published since 9/11."[3]

Despite its alignment with UN values, however, human development never became the normative focus of UNDP's operations. UNDP was a doing, not a thinking, organization of 6,000 people. Human development was hived off organizationally and its practical implications were never clearly articulated. Given inter-organizational rivalries, human development was not embraced by most other UN organizations, although the World Bank uses the umbrella term "human development" to encompass education, health, and social protection.[4] UNDP has continued to produce HDRs—global, regional and country—but it is no longer even cited as a theme in UNDP mast-heads.

In 2000, the UN's largest summit to date, the Millennium Summit, concluded with the Millennium Declaration, from which were extracted eight Millennium Development Goals (MDGs). UNDP recognized the importance of the MDGs as the basis for a common UN development agenda, and in 2001 began producing country reports on their status. The MDGs have become yet another focus for UNDP. As UNDP's evaluations of national action relative to MDGs increased, the more bottom-up process of producing local HDRs declined (Figure 1).

Two Tensions Revisited

As a development organization in its own right seeking resources, UNDP created its own set of "focus areas." After "sustainable human development" others have followed, even though UNDP's traditional strength had been flexibility to the needs of individual countries. The resulting clash was between a centrally-driven and donor-inspired agenda of development priorities and UNDP's responsibilities to its clients.

Neither conflict has been satisfactorily resolved. As a "coordinator," UNDP has become the repository in recent years of new funds (including almost 50 "multi-partner trust funds") on behalf of the system. To head off obvious conflicts of interest, sister organizations have called for a "firewall" between UNDP's financial management and operational activities. UNDP's response, physically separate offices for UN trust funds, has only led to greater proliferation. However, these funds are usually channeled through UNDP country offices. In some countries, new posts of UNDP country directors exist so that the UNDP head is not also the UN resident coordinator. More coordinators are also being recruited from outside UNDP, and indeed outside the UN system. In an ongoing reform process begun in 2006, under the title "Delivering as One," UNDP has, through its chairing of the UN Development Group, tried to pursue greater programming convergence within the system in some 30 pilot countries. A 2012 evaluation reported mixed results and an increase in transaction costs.[6]

The tension between centrally and peripherally determined priorities results mainly from funding practices. UNDP's funds always have been "voluntary," and the organization depends on discretionary contributions for the permanent staff payroll and administrative costs. Core resources have stagnated in real terms and were slightly less than $1 billion in 2011, with almost all (99 percent) contributed by the 20 largest donors, from the OECD Development Assistance Committee (DAC). In addition, UNDP seeks "non-core" contributions that are usually earmarked by donors for specific purposes or destinations. These non-core resources are the large tail wagging the dog, now four times larger than the core resources in a total of close to $5 billion (see Figure 2). The same 20 DAC donors contributed more than $1.4 billion to UNDP in non-core funding, much of it ($1 billion) for crisis-stricken states. These donor countries generally

Figure 1: Number of Regional and National HDRs Produced[5]

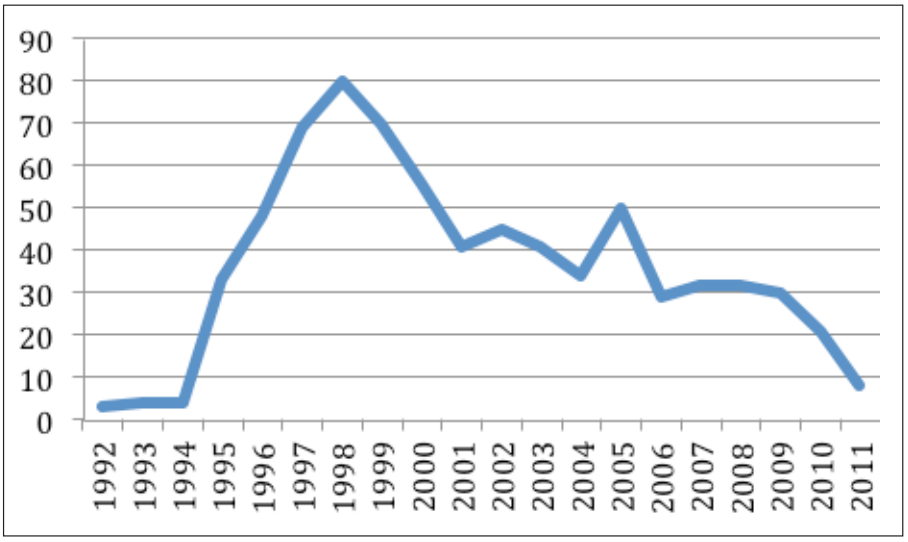
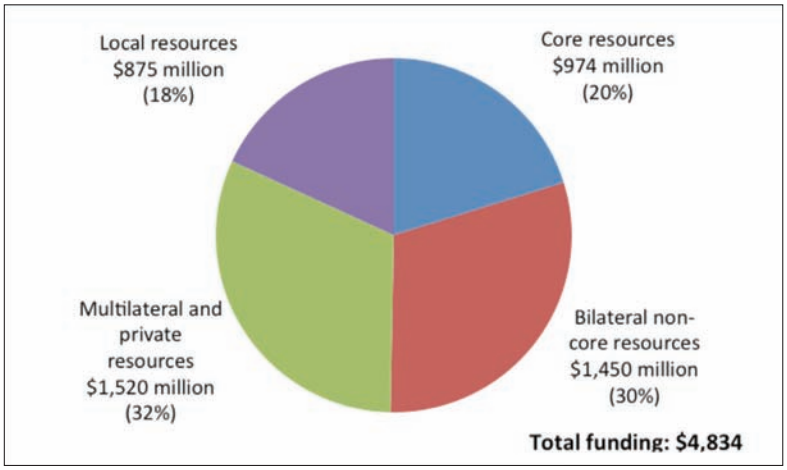


Figure 2: UNDP Sources of Funding, 2011[7]



dominate discussions in UNDP's main governance body, the Executive Board, and exert a strong influence on the organization's operational agenda. The secretariat has actively pursued additional non-core funding by presenting donors with programs likely to appeal to them, thus ensuring a growing bilateral orientation, and a top-down rather than a bottom-up approach to development.

Other major sources of non-core funding have altered UNDP's character further. Large contributions from other multilateral sources, in particular the European Commission and its agencies, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Global Environment Facility, have extended the principal-agent pathway of development assistance (bilateral-multilateral-multilateral-country) and expanded UNDP's role as implementing agency. Private funding now accounts for almost one-third of UNDP's budget. A further feature is the channeling of funds from emerging countries, particularly in Latin America, to pay for services provided by UNDP. These "local resources" (nearly $900 million in 2011) further "bilateralize" the organization.

Today's UNDP has a variable geometry: part UN fund, part development organization, part country coordinator, and part implementing agency. These various roles prevail at the convenience of the UN member states—acting variously as donors, beneficiaries, and commissioners of its services—and a growing number of multilateral and private funding sources that capitalize on its extensive field network and close relationships with governments.

The Future

UNDP has adopted several priority themes, or "focus areas," dictated by its funding prospects, which may override publicly proclaimed strategies. In the 1990s, *environment and energy* (now protecting the environment) was prompted by UNDP's desire to become a funding recipient (with the World Bank and the UN Environment Programme) of the Global Environment Facility (GEF). A 2008 evaluation determined that the impact of UNDP corporate plans and strategies were inconsequential for country programs, whereas "the availability of financial resources from GEF has had a far greater influence on the priority setting and choice of activities."[8] The availability of substantial funding for *post-conflict reconstruction* led UNDP to establish in 2000 an entire bureau to mobilize and disburse funds, although it overlaps with another focus area, *building democratic societies*, whose team is elsewhere in headquarters. *Fighting poverty* is another catchall priority, originally linked to the marginalized human development paradigm. Other priorities have included *growing national capacity*, *halting and reversing HIV/AIDS*, and *empowering women*. Today, all seven of these so-called priorities fall under a new rubric of "empowered lives, resilient nations." Invariably, the multiple reforms have centered on refashioning priorities with an eye to donor appeal. Changes are often more semantics than substance, however, because virtually any development domain can be included under poverty reduction and capacity development.

Continuing and substantial funding comes first. Yet a more important question is the desirability of the status quo. While UNDP fiddles, the system burns. UN development is being steadily marginalized by the emergence of other multilateral organizations and mechanisms, which forces UNDP to demonstrate its unique appeal. The system is also made more vulnerable by virtue of its atomization and incoherence.

One prominent example is the fragmentation in the discussions of the post-2015 development agenda and the Sustainable Development Goals (SDGs). Considering the wide array of institutions involved (including environment-focused organizations such as UNEP), the creation of the High-Level Political Forum on Sustainable Development might improve coordination of the sustainable development agenda (and the future monitoring and implementation of SDGs). The UNDP should be aware and be part of these conversations, and coordinate their efforts with old and newly established institutions in order to promote a more coherent, effective post-2015 development process.

The need for a more concerted approach has never been more acute, and two options are open to UNDP. One, it can continue to follow the money and rely on the mobilization of maximum funding from any source as the main criterion for success. UNDP will further broaden its operational reach and subordinate its mandate to those of its main benefactors, eager to capitalize on its global network of offices and its close relationships to

developing country governments. With funding tight, this option will prove attractive, especially because no UNDP administrator wants to preside over a significant funding decline. But this myopic option will lead to more incoherence and marginalization of the UN development system, and UNDP within it.

Two, a more visionary and ultimately more realistic option is to recognize the fundamentally changed development landscape and adapt. There is no longer a simple North and South, characterized by aid-givers and aid-receivers. Aid is in retreat. Many former developing countries are now major emerging economies helping to rebalance global power and influence; others are more than ever conscious that development is fuelled by non-traditional aid sources[9] and attach growing importance to foreign investment and export opportunities. The need for small-scale grants and technical assistance from the UN (which many consider a low priority[10]) is fast diminishing, especially when spread thinly over many countries, and this aid is now available from a multitude of alternative sources.

Moreover, UN development is often seen to be most effective when it is linked to the other pillars of the system, including peace-keeping, humanitarian assistance, rights and justice, implying that the organizations of the UN development system could most usefully be deployed in the most challenging environments. In the context of the post-MDG era, the world is seeking a UN system fit for purpose in "the world we want."[11] That system needs to be a reliable monitor of progress towards the new set of guideposts for development progress.

All three realities point to a re-orientation of UNDP, with implications for its substantive orientation, its funding role, and its country presence.

Substantive orientation: The human development paradigm was probably the UN's most innovative intellectual contribution to development.[12] It is more than ever appropriate as the intellectual rallying cry for a system attempting to stay relevant in complex development situations. Human development encompasses social development, sustainability, security, rights and justice. UNDP should remain the custodian and propagator at all levels of this comprehensive value-based UN paradigm, rather than competing with attractive-sounding slogans. Since the 1990s when UNDP was directed by the celebrated environmentalist Gus Speth, the organization has included a commitment to sustainability to its foci. Given the current debates about the post-MDG sustainable development goals Sustainable Human Development may be poised to become the unified paradigm of the UN system. The High-Level Political Forum has already embraced poverty eradication as the main theme in their first meeting, opening up opportunities for a permanent system-wide convergence of the sustainability and development paradigms.

Funding role: UNDP should be the custodian and manager of a "sustainable human development goals achievement fund" on behalf of the system. A partial model was provided by the Spanish Government's 2006 MDG Achievement Fund. The new achievement fund should be multi-donor and not conditional by destination and substance. It should gradually replace (by consolidation and attrition) all the nearly 50 multi-partner trust funds currently managed by UNDP on behalf of the system, and funds should be allocated by the UN Development Group to individual countries through UN resident coordinators according to needs determined by UN country teams in consultation with governments and other local development partners. In countries, funds would be allocated to different UN (and non-UN) organizations, according to the specific requirements of expertise, standard-setting, and other services.

Initially the achievement fund should be created in parallel with UNDP's other non-core funding but should become the sole source of UN technical assistance as the other funds are spent down. The focus of UNDP's expertise at headquarters and in its regional offices would align with its focus on governance and capacity building—rather than technical specializations that reside in other UN organizations. Expertise would support UNDP country offices in determining and monitoring local capacity requirements.

Country presence: UNDP's principal role in countries would be to support UN resident coordinators and country teams in monitoring and reporting on progress towards achieving the local targets for sustainable human development (as it has with the MDGs). This composition is hardly a radical change as UNDP's country staff are mainly non-specialist project managers with monitoring roles, and they already oversee the preparation of periodic Human Development and MDG monitoring. These reports would be combined, as was strongly recommended more than a decade ago.

UNDP should still manage the UN resident coordinator system, continuing to diversify recruitment across the system and outside it.

But there would need to be a staff rebalancing. Highest priority should be given to fragile and conflict-prone states where UNDP can combine its staff and financial resources with the peace-keeping, humanitarian, and human rights pillars of the UN system. In other least developed countries, UNDP could be expected to maintain a significant presence. But in the remaining 80 or so middle- and upper-income countries, offices could be closed or left in the hands of local liaison personnel. Elsewhere there would need to be more consolidation. Currently even the smallest UNDP offices are staffed with multiple layers in anachronistic hierarchies of representatives, deputies, assistants, junior professionals, and programme officers.

UNDP has been one of the most innovative UN organizations. Its energies need to be channelled away from the competitive quest for resources and towards helping to rebuild and re-fund a UN development system fit for contemporary purposes.

Acknowledgements

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Endnotes

[1] The FUNDS Project, "Fact Book of the UN Development System" (Geneva, 2010). This number corresponds to the country and regional offices of the UN development system. For the UN system as a whole (including humanitarian and peacekeeping operations), there are 1,404 country and regional offices.

[2] UNDP, *Human Development Report 1994: New Dimensions of Human Security* (New York: Oxford University Press for UNDP, 1994).

[3] Fareed Zakaria, "A Decade after 9/11: Enduring Lessons for the Arab World," CNN, September 12, 2011, http://globalpublicsquare.blogs.cnn.com/2011/09/12/a-decade-after-911-enduring-lessons-for-the-arab-world/.

[4] In 1995, the UN held two social development summits in Copenhagen (on poverty) and Beijing (on women), neither of which mentioned human development in their outcome statements. On the Bank's use of the concept see World Bank Human Development Network http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/EXTHDNETWORK/0,,menuPK:514432~pagePK:64158571~piPK:64158630~theSitePK:514426,00.html,

[5] See UNDP, Human Development Reports 1990-2011, available at http://hdr.undp.org/en/reports/.

[6] United Nations, Independent Evaluation of Delivering as One, http://www.un.org/en/ga/deliveringasone/pdf/mainreport.pdf (accessed 20 May 2013), Section 6, Lessons Learned.

[7] UNDP Annual Report, 2012.

[8] UNDP, *Evaluation of the Role and Contribution of UNDP in Environment and Energy* (New York: UNDP, 2008), 71.

[9] Romilly Greenhill, Annalisa Prizzon, Andrew Rogerson, *The Age of Choice: How Are Developing Countries Managing in the New Aid Landscape?* (London: Overseas Development Institute, 2013).

[10] Stephen Browne and Thomas G. Weiss, *Making Change Happen: Enhancing the UN's Contribution to Development* (New York: World Federation of UN Associations and FUNDS Project, 2012), 42.

[11] http://www.worldwewant2015.org/.

[12] Richard Jolly, Louis Emmerij, and Thomas G. Weiss, *UN Ideas That Changed the World* (Bloomington: Indiana University Press, 2009), chapter 11.

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