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* The collection of data required to present the Executive Board with the most current information has delayed submission of the present document.

I. Background

1. In January 2000, under the leadership of the current Administrator, UNDP started implementing a far-reaching internal reform. Outlined in the “The Way Forward: The Administrator’s Business Plans 2000-2003” (DP/2000/8), the proposals presented to the Executive Board during the first regular session 2000 outlined five pillars for UNDP reform:

- (a) Policy
- (b) Partnerships
- (c) People
- (d) Performance
- (e) Resources

2. The Business Plans were predicated on getting our own house in order as a necessary precursor to strengthening the UNDP contribution to reforms in the wider United Nations system, through its role as funder and manager of the resident coordinator system at the country level, and as chair of the United Nations Development Group (UNDG).

Vision for the organization

3. The Business Plans outlined a vision for the organization that would maximize its role as country platform for the United Nations and leverage the value of its global country office network.

4. Building on the country demand generated by the first multi-year funding framework (MYFF), 1999-2003, the Plans proposed a strengthened focus on areas where UNDP had a tangible comparative advantage, with capacity building and policy advice as entry points.

5. The Plans emphasized linkages between projects and policy, with a strong focus on upstream policy grounded in strategic programmatic interventions, and partnerships through which UNDP could maximize its catalytic brokerage role and achieve greater development effectiveness.

6. The Plans called for networks for learning and sharing best practices organization wide, accompanied by commitment to performance and results.

7. The reform package indicated that the UNDP transformation would be achieved through changes in leadership style, accountability, culture, performance and innovative partnerships. The Administrator summarized his vision as follows:

Yesterday	► Tomorrow
Project driven	► Policy driven
Process oriented	► Results oriented
Low-level specialized expertise	► Clear competency profile
Low knowledge-based capacity/ networked capacity	► Innovation and information technology
Risk-averse	► Risk taking
Introverted, skeptical of partnerships	► Outward-looking, partnerships oriented
Bureaucratic culture	► Merit-reward and initiative-driven culture
Cumbersome decision-making	► Flexible, real-time decision-making
Weak management accountability	► Responsive leadership management

8. This new vision for UNDP – not just as provider of traditional project support, but as advice and advocacy agency for poverty reduction and spearhead of United Nations reform at the country level – was endorsed by at a ministerial meeting on UNDP held immediately after the Millennium Summit in September 2000.

II. Results

9. Some of the results achieved over the life of the Business Plans are illustrative of the deep-seated transformation that has taken place in the organization. Results are reported against each of the five pillars and the projected outcomes of the original Business Plans.

A. Policy

10. The central policy aim was to strengthen the position of UNDP as a crucial partner to programme countries in overcoming their development challenges through swift, high-quality support in proven areas.

Outcomes

(a) UNDP as a stronger global advocate for human development

The Millennium Development Goals (MDGs) are at the heart of the vision for the UNDG and the role of UNDP

11. As chair of UNDG, the Administrator is responsible for coordinating implementation of the MDGs throughout the United Nations system and heading the preparation of a core United Nations strategy.

12. UNDP worked to operationalize this strategy through the Millennium Support Programme. The programme links global and country campaigning for the MDGs with research that contributes to country-level engagement in the policy, institutional and financial reforms needed to achieve them. National MDG reporting, led by United Nations country teams, provides the empirical data needed to put achievement of the MDGs at the centre of national debate worldwide.

13. One hundred MDG country reports should have been completed by mid-2004 (second and third annual reports, in some cases). These, combined with the testing of MDG research findings in selected countries, will make an important contribution to national policy debates.

14. The new integrated common country assessment (CCA) and United Nations development assistance framework (UNDAF) guidelines place the MDGs at the centre of United Nations system work at the country level.

15. UNDP has played a leading role in discussions with other development actors to strengthen linkages between the MDGs and poverty reduction strategy papers (PRSPs), resulting in a joint statement between UNDG, the World Bank and the International Monetary Fund on the relationship between the two instruments and their respective roles.

16. The advocacy work of UNDP has long been identified with the Human Development Report. This has been complemented by regional and national human development reports, now widely recognized for their contribution the debate on a

multitude of development issues. Ninety-plus national human development reports each year constitute an important vehicle for local stakeholders to use the impartial UNDP platform to address policy challenges.

17. The Arab Human Development Reports 2002 and 2003, prepared by leading Arab academics to assess governance, knowledge and empowerment challenges, have generated public policy debate across the region and beyond.

18. The Commission on the Private Sector and Development was convened by the Secretary-General to examine how to unleash the potential of the private sector and entrepreneurship in developing countries, and how to engage the private sector to meet that challenge. The report of the Commission, published in March 2004 under the auspices of UNDP, goes a long way towards answering those questions.

19. The Administrator of UNDP recently launched a major report on democracy in Latin America. The report found that Latin America has made tremendous headway in consolidating democracy but needs to invigorate it further in the civil and social spheres. Of serious concern was the fact that more than half of the people polled for the report would support an authoritarian regime if it could resolve their economic problems.

20. The UNDP 'Global Report on Reducing Disaster Risk' introduced a disaster risk index for more than 200 countries and territories demonstrating that disaster risk is an unresolved development problem: only 11 per cent of the people exposed to natural disasters live in low human development countries, but they account for 53 per cent of deaths.

(b) Substantive capacity is aligned with areas of concentrated demand

21. The MYFF 2004-2007 groups the work of UNDP around five strategic areas within the MDG framework and reduces by 25 per cent the number of service lines in which UNDP is involved. Policy expertise is aligned with the MYFF themes.

22. As a result of the reforms, UNDP withdrew its programmes and technical capacity in non-priority sectors – education, fishing and forestry, for example – identifying relevant partners to ensure a smooth transition.

23. UNDP refined its niche in areas such as HIV/AIDS and crisis prevention and recovery to complement the work of its United Nations partners.

24. The current MYFF (DP/2003/32), approved by the Executive Board at its second regular session, 2003, organizes UNDP policy and programmatic work to (a) achieve the MDGs and reduce human poverty; (b) foster democratic governance; (c) manage energy and the environment for sustainable development; (d) support crisis prevention and recovery; and (e) respond to HIV/AIDS. The governance "lens", composed of public policy, participation and institutional strengthening, focuses the service lines across these themes. Information and communications technology (ICT) is now being mainstreamed into all areas of UNDP work, with particular attention to the South-South dimension. Gender mainstreaming is similarly reflected throughout all programmes, again with the South-South dimension in the foreground.

25. UNDP country offices are assisted by well over 100 field-based policy specialists. Fifty are funded through the Global Cooperation Framework while the remainder support the work of the Global Environment Facility (GEF), the Montreal Protocol programme, Capacity 21, the Drylands Development Centre in Nairobi, the

Oslo Governance Centre and the International Centre for Poverty Reduction Policies in Rio de Janeiro.

26. The Drylands Development Centre and the thematic facilities in Oslo and Rio de Janeiro have considerably boosted UNDP capacity, including for partnerships.

27. Resources disbursed in 2000-2002, reflected in the MYFF integrated resources table, were directed as follows: democratic governance – 42 per cent; poverty reduction – 26 per cent; energy and the environment – 15 per cent; and special development situations – 15 per cent.

(c) Strengthened capacity and profile of services

28. Resident representatives are now equipped to respond more swiftly and comprehensively to programme country partner needs for support, through their ability to draw directly on experts in their region and to access advice, best practice and global partners.

29. Development policy staffing has been radically restructured with more than 80 per cent of staff newly recruited – against post descriptions adjusted to focus on applied development policy support.

30. More than two thirds of the international policy experts are located in nine subregional resource facilities (SURFs), reporting directly to resident representatives and regional bureaux, inter alia, thus emphasizing responsiveness to country demand.

31. The SURFs are being integrated with the regional programme teams to maximize leverage of in-house expertise. Each team is responsible for building partnerships within the United Nations family and with external institutions to provide access to leading-edge development thinking. For example, staff in the governance practice area have relationships with the Inter-Parliamentary Union, the Association of Western European Parliamentarians for Africa, the International Institute for Democracy and Electoral Assistance, the National Democratic Institute, the BBC World Service Trust, the Southern African Development Community parliamentary forum and the American Bar Association, among others.

32. The Administrator has offered UNDG access to the UNDP networks, including SURFs, as vehicles for delivery of their knowledge and technical assistance services.

(d) Networked, field-based capacity

UNDP has strong, flexible networks of knowledge and partners

33. The knowledge management architecture was piloted for democratic governance in 2003 and is being consolidated for all practice areas. Staff members are held accountable in their annual performance assessments for their contributions to knowledge networking and organizational learning. Practice networks exist for more than 30 major themes, twelve of which relate to development policy. They have a total membership in excess of 5,400, of which 4,600 are UNDP staff; external partnerships are being extended.

34. The majority of UNDP staff now form part of a global community of development practice, with field-level practice feeding into corporate policy, including through guidance notes that build on organizational best practices.

35. A critical challenge is to capture and codify the information and knowledge gained so as to have a tangible positive impact on the work of UNDP.

B. Partnerships

36. UNDP is becoming a highly networked organization, creating new development opportunities through strategic partnerships. Once perceived as an 'add-on', partnerships are now integral to the way UNDP does business and are monitored and evaluated accordingly.

Outcomes

(a) Key strategic partnerships identified and developed

37. UNDP is recognized by 88 per cent of its constituents as a valued partner, according to the independent partnership survey that captures views from governments, United Nations organizations, bilateral donors and civil society on the image and perceptions of UNDP, our ability to partner, organizational effectiveness and responsiveness.

38. At the request of the Secretary-General, UNDP serves as a country platform for coalitions for change. From having a risk-averse culture, UNDP has evolved into an opportunity-driven organization with an array of public and non-state partnerships.

Key strategic partnerships developed over the period of the Business Plans include:

39. **Executive Board.** The legitimacy accorded to UNDP by its inter-governmental character is an indispensable source of authority and relevance. Close, constructive partnership with the Executive Board contributed to the successful implementation of the Business Plans. Joint sessions of the Boards of UNDP/UNFPA, UNICEF and WFP have enriched the intergovernmental process for reform of the funds and programmes.

40. **Programme country governments.** The vote of confidence of governments expressed in the independent partnership survey represents possibly the most crucial measure of success of the Business Plans. Ninety-six per cent of governments cited UNDP as a valued partner. The declaration at the Summit of the African Union in July 2003, "calling upon donor countries to increase their financial support to UNDP", demonstrates the importance that African leaders attach to our role.

41. **The United Nations.** UNDP has embraced its leadership role within UNDG as central to the advancement of the reform agenda of the Secretary-General. During the life of the Business Plans, at the request of the individual agencies, UNDG membership of was expanded to 20, plus five observers. Key deliverables spearheaded through UNDG include the UNDAF outcome matrix, joint programming, reporting and financial instruments, and the establishment of United Nations houses in 58 countries.

42. UNDP is committed to advancing the reform agenda of the Secretary-General for greater efficiency at the country level, including through its observer status in the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and the potential it offers to bring the internal United Nations and external donor harmonization processes closer together in support of national ownership.

43. **United Nations Capital Development Fund.** Through its actions in the areas of local governance and microfinance, the United Nations Capital Development Fund (UNCDF) brings the MDGs to life in many LDCs. Despite the financial challenges the Fund faces in reaching its Executive Board target of \$30 million annually in contributions, the impact of UNCDF extends far beyond its individual projects. As mentioned in its 2003 results-oriented annual report, 79 per cent of its projects have achieved significant impact in the development and approval of national decentralization policies for the effective financing and provision of infrastructure and services by rural authorities. In 14 of the 19 countries where UNCDF projects have attempted policy influence, UNCDF pilots have been replicated by larger development partners.

44. **United Nations Development Fund for Women.** The United Nations Development Fund for Women (UNIFEM), working in close association with UNDP and national and international partners, played a key role in ensuring that women's participation was enshrined in the new constitution of Afghanistan. Around the world, UNIFEM supports women's political participation, promotes women's human rights and strengthens their economic security. The flagship publication *Progress of the World's Women, Gender Equality and the Millennium Development Goals*, issued early in 2003, assessed improvements in women's empowerment in the context of the MDGs. A new web portal, MDGender.net, provides resources and tools to enlarge understanding of gender equality across all the goals. The partnership with UNIFEM is constantly being reinforced and strengthened.

45. **United Nations Volunteers.** There is increasing recognition that voluntary action will be key to achieving the MDGs. Ten million volunteers, for example, supported the immunization of 550 million children as part of the global polio eradication initiative. The value of their contribution was estimated at \$10 billion, well beyond the reach of governments or international organizations. UNV, which is administered by UNDP, continues to widen the range of opportunities for people to contribute. In 2003, with more than 5,600 volunteers representing 165 nationalities carrying out over 5,800 assignments in 150 countries, and by year's end more than 12,000 people from over 180 countries had registered online to contribute their skills from home. Together with UNDP and national authorities in Bolivia, UNV brought together over 1,200 university volunteers to assist local communities with poverty reduction activities. Supporting domestic volunteers, UNV worked with emerging national organizations to strengthen management and administrative practices, campaigning and outreach.

46. **The World Bank.** UNDP, in its role as chair of the UNDG, has advocated for the poverty reduction strategy process at corporate headquarters levels and through its leadership of the United Nations country teams. This has led to the harmonization of programming frameworks, including alignment of the UNDAFs with PRSPs and national poverty strategies. UNDP results reporting indicates that some 43 countries support the implementation of PRSPs. The representation by the President of the World Bank to UNDP resident coordinators, at their global meeting in October 2003, of inter-institutional cooperation in the field as "a policy, not an option", demonstrates the progress made in the UNDP-World Bank relationship since the implementation of the Business Plans.

47. **The European Commission.** UNDP led the preparation of a coordinated United Nations response by the Secretary-General to the May 2001 communiqué of the European Commission on "Building Effective Partnerships with the United Nations in the fields of Development and Humanitarian Affairs", designed to shape

a more strategic partnership between the Commission and United Nations funds and programmes. UNDP has been designated a strategic partner by the Commission, and a memorandum of understanding reflecting this strategic partnership will likely be signed in 2004.

48. **Non-state actors.** In line with the reforms of the Secretary-General, UNDP has sought to broaden country-level coalitions for the MDGs. Specifically in the case of the business sector, UNDP played a central role in taking the Global Compact of the Secretary-General to the country level. From a starting point of limited engagement in 1999, today more than half of UNDP country offices report results in cooperation with the business sector, including engagement in national policy dialogue, concrete cooperation in country partnerships for economic development and governance, brokerage of public-private partnerships, and engagement of international business networks in advocacy for the MDGs.

49. Progress in the engagement of UNDP with civil society, a critical element to achieving the MDGs, is evidenced by the positive response of civil society organization (CSO) partners to the implementation of progressive policies with respect to indigenous peoples and information disclosure, and by CSO responses to the independent partnership survey.

50. In 2003, 85 per cent of civil society respondents considered UNDP a valued partner and 56 per cent of all partners recognized the leadership role of UNDP in strengthening participatory processes and relationships with civil society. UNDP also works with more than 30 foundations across all continents. In 2003 UNDP launched its CSO Champions Initiative with a view to strengthening CSO partnerships.

Strategic partnerships are contributing systematically to development outcomes

51. Instruments used to monitor the integration of partnerships into the work of UNDP include annual reporting against the MYFF on the contribution of partnerships to development results, supported by evaluation tools – the assessment of development results in particular – that capture the UNDP contribution to development effectiveness.

52. To promote and reward an outward-looking, client-focused culture, organizational unit and individual performance plans measure and hold staff accountable for their contributions to networking and partnership development. The results of the independent partnership survey feed directly into assessments of country office and management performance.

Success of partnerships in increasing resources for programme countries.

53. During the period of the Business Plans, UNDP mobilized progressively more resources from an expanding range of partners. Partners come to the organization to facilitate effective delivery and capacity building in-country, testifying to UNDP success in this field.

54. Non-core partnerships are a concrete indicator of the relevance of UNDP support. UNDP works with governments on the effective mobilization and management of resources from a wide range of institutions, not only with bilateral donor governments but also with the World Bank and regional development banks, and with the Global Fund to Fight AIDS, Tuberculosis and Malaria.

C. People

55. Steps were taken to align the staff profile with the evolving needs of UNDP by creating conditions that would attract, develop and motivate talented people to excel.

Outcomes

56. A reprofiling exercise across the organization in 2001-2003 resulted in matching staff to functions and reinvigorating the workforce. Jobs and functions were redefined in all country offices and headquarters bureaux, and staff were recruited who fit the new profiles, while those with a proven performance record were retained.

57. UNDP aligned competencies with needs at every level, requiring staff to apply for the 'reprofiled' positions. The exercise led to a 25 per cent reduction in headquarters staff, including considerable decentralization to the field. This created space for new positions in critical areas such as HIV/AIDS and crisis prevention. The reprofiling led to a 22 per cent reduction in core country office staff, which was used to bring a new generation of policy specialists and national staff into the country offices.

58. The attrition rate of the international professional workforce in UNDP since 1999 has been estimated at 33 per cent, and its average age has declined. For the same period, about 45 per cent of all D-1s and 51 per cent of all D-2s are newly appointed.

59. Despite the profound changes, staff confidence in the future of the organization improved significantly: the 2003 global staff survey indicated that 75 per cent of staff are optimistic about the future of UNDP, up 10 percentage points from 2001.

Attracting, developing and retaining talent

60. UNDP has brought new staff into the organization as a result of the reforms. Over 200 new national officers were recruited as a consequence of the reprofiling process.

61. In addition to the recruitment of 132 new policy specialists over the life of the Business Plans, the Leadership in Development (LEAD) programme was launched in 2000, providing an institutionalized system of bringing new management blood into UNDP. Fifty-three people have been brought in through the LEAD programme thus far.

62. The opening up of international positions to national staff has expanded career opportunities while building towards more representative management. Recruitment strategies target improved gender balance (in line with the gender policy adopted in 2003) and a broader range of nationalities in the international ranks.

63. The Virtual Development Academy (VDA), a distance-learning programme linked to a respected university, is a key element of the Business Plans. The VDA offers selected staff a one-year curriculum of online courses in priority areas.

64. The most profound element of the reforms may be the resident coordinator assessment system, a competency-based independent assessment used to evaluate both new candidates and current and former resident representatives. The

assessment has raised the performance ‘bar’ significantly, setting a new standard for the United Nations system as a whole.

65. At the deputy resident representative and middle-management levels, the same competency-based system has been applied to a management development centre, initiated in 2004, for the coaching of middle-management staff.

Personal development and performance

66. The annual global staff survey for 2003 reflected staff satisfaction with the organization; 79 per cent responded favourably, compared with 68 per cent in 2001. Pride in working for UNDP was up 4 per cent from 2001, at over 90 per cent. The trend to encourage initiative, decision-making and responsibility was endorsed; 64 per cent responded positively, further to average annual increases of some 4 per cent each year since 1999.

67. Eighty per cent of staff expressed confidence in their resident representative and supervisors; 80 per cent agreed that the overall goals of UNDP and the goals of the work units were clearly defined, and 86 per cent saw a clear link between them.

68. The global staff survey has won credibility as a process for communicating concerns and effecting change; 76 per cent of staff believe management will respond to survey findings, compared with 58 per cent in 2000.

Looking ahead

69. UNDP will focus increasingly on strategic advice, client services and business performance. The outposted business advisory services will be enhanced, and future regional centres will be staffed with human resource professionals. The 2004 human resources strategy will contain a summary of products and services that will form the basis of a comprehensive strategy in 2005. Planned products and services include an exit questionnaire; a corporate orientation programme for new staff; and development of a talent pool to improve gender and diversity in the UNDP workforce.

D. Performance

70. UNDP has developed a strong culture of accountability for results. Performance is systematically measured and improved and resources are managed strategically.

Outcomes

71. The leadership role of UNDP in results-based management (RBM) was recognized by the Executive Board (decision 2002/8) and by an independent donor evaluation that revealed ownership of RBM across the organization, noting that “UNDP probably leads the field in institutionalizing RBM and evaluation within the system and beyond”.

72. In 2000, country programmes included 13 or 14 intended outcomes per office. By the middle of 2002, over 40 country programmes supported an average of eight or nine mutually agreed outcomes. This reflects an increasing concentration of efforts in rigorously selected areas consistent with corporate priorities.

Efficiency gains achieved in headquarters and country operations

73. A 2003 survey asked country offices to rate the quality of products and services offered by headquarters. 68 per cent rated the overall quality favourably, slightly down from last year (69 per cent) but much better than two years ago (51 per cent).

74. The 2004 introduction of the Enterprise Resource Planning system, a joint project with UNOPS, UNICEF and UNFPA known internally as Atlas, is expected to accelerate the empowerment process and increase efficiency. The system will facilitate planning, coordination and decision-making by providing immediate information about financial and human resources.

United Nations services: progress on common services

75. UNDG launched the common services pilot programme at the end of 2001, and from there the working group on common premises and services developed a new common services programme for implementation on a global scale with a regional approach. Programme interventions will respond to country-specific needs ranging from policy guidance to missions and interventions by technical or common services experts.

Stakeholders understand UNDP goals and results

76. There has been a demonstrable trend of improvement in UNDP organizational performance. Project effectiveness rose from 56 per cent to 84 per cent in 1999-2002 compared with 1992-1998, while sustainability rose from 48 per cent to 61 per cent. Over the same period, there was an increase in the proportion of projects having a positive impact on target groups from 70 per cent to 93 per cent.

77. In the 2003 partnership survey, 88 per cent of respondents among the 1,200 partners surveyed indicated that they valued UNDP as a partner, and 78 per cent were satisfied with the functioning of the resident coordinator system in their country. Seventy-six per cent of respondents identified UNDP with the MDGs, and 71 per cent with poverty eradication. Nearly 70 per cent indicated that UNDP had improved over the past two years in terms of efficiency and significant results.

78. The partnership survey highlighted areas where UNDP needed to improve its performance and capacities. UNDP was not seen as strong in the area of energy and the environment. Several partners indicated that UNDP should strengthen its relationships with civil society organizations and the private sector, and indicated that, despite a slight improvement recently, our financial and substantial reporting was only poor to average.

E. Resources

79. Our goals are (a) to achieve the resource target established in the MYFF; and (b) to improve cost-effectiveness throughout the organization.

Outcomes

80. **MYFF targets to be achieved.** 2003 was the fourth consecutive year in which overall resources increased since the start of the Business Plans, with a total provisional income of \$3.2 billion. Some \$1.8 billion came from bilateral donors and the European Commission – including nearly \$770 million in core resources –

and approximately \$1.1 billion from the budgets of governments to support development activities in their own countries.

**Table 1. Gross income received in 2003
(preliminary)**

(millions of United States dollars)

Ranked by top 24 contributors to core resources

Donors	Core resources	Co-financing
United States	103.72	80.341
Norway	91.64	55.86
Japan	86.77	88.29
Netherlands	85.88	44.95
Sweden	62.44	43.08
United Kingdom	60.44	87.79
Denmark	55.72	12.93
Switzerland	38.52	8.48
Canada	38.22	29.60
Germany	28.28	12.63
France	18.28	2.61
Italy	16.27	27.60
Finland	14.53	3.47
Ireland	13.97	3.57
Belgium	12.94	6.17
Spain	6.85	2.74
Austria	5.37	-----
Australia	4.67	13.81
India	4.63	0.6
New Zealand	3.43	1.5
China	3.10	29.04
Saudi Arabia	2.00	7.71
Portugal	1.60	0.31
Cuba	1.35	0.12

Notes: (a) Contributions for Portugal include amounts from previous year.

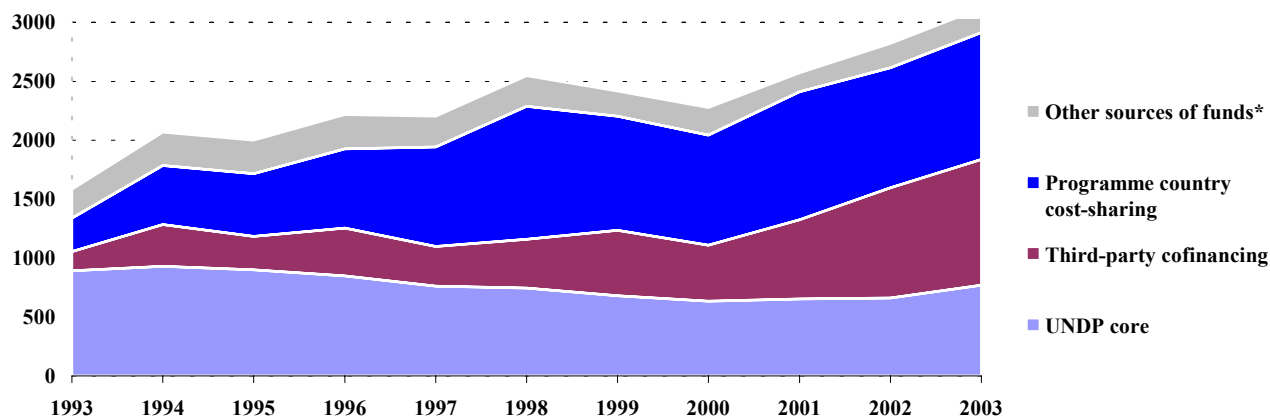
(b) In addition to its core contributions, the European Commission is a major source of non-core funding for UNDP.

81. An evaluation of the earmarked component of UNDP resources, 'Evaluation of non-core resources', carried out in 2001, concluded that the MYFF had facilitated the alignment of resources with the substantive focus of the organization.

82. Core (or 'regular') resources constitute the bedrock of UNDP work. Resident representatives, and the country governments they serve, point to numerous cases where insufficient core resource availability has inhibited progress in central and often sensitive development challenges.

83. Progress made in 2001 with the turnaround in the core resource trend, after a seven-year decline, was sustained through 2003, when core income levels represented a \$120 million increase over their historical low in 2000. Yet UNDP is far from achieving its \$1.1 billion target, or indeed the targets cited for the middle years even of the first MYFF.

Figure 1. Actual and projected resources, 1993-2003



*Includes income from administered funds, extra-budgetary, miscellaneous and management service agreements.

84. For the first time in the recent history of UNDP, there is a movement among donors to put the issue of a critical mass of core funding for the United Nations in development on political agendas in the international arena, ensuring consideration of overall funding for the international development architecture. The restructuring of UNDP must go hand in hand with a rebuilding of its funding base if we are to maintain and build upon the successes of the Business Plans.

III. Measuring results at the country level

A. Democratic governance

85. The two most widely practiced areas of democratic governance work supported by UNDP at the country level are *decentralized local governance* and *public administration reform*, with outcomes reported in 90 and 80 countries respectively. Among recent trends observed is the rapid growth in decentralization and local governance programme interventions. An increasing number of programmes responding to civic education and local media add further complexity to the capacity development challenges faced by administrative bodies.

86. The major lessons learned in this area involved garnering good practice and advancing more rapidly to support integrated decentralization, local governance and public administration reform. Good examples are emerging in countries such as the Lao People's Democratic Republic and Mozambique.

87. The area of *electoral assistance* is a starting point from which UNDP can move to support a broader governance programme. The challenge is to effect a better balance between short-term, event-specific election support projects and longer-term, development-oriented support to electoral systems. While some

countries, such as Bangladesh, take a development-related approach, most UNDP projects in this sphere are of less than one year's duration.

88. In support to *parliamentary development*, a number of programmes have strengthened rules of procedure, administrative structures, information bases, and training of elected members and staff. Several programmes – in Benin, for example – have worked to strengthen parliamentary oversight capacity, but fewer have focused on improving the quality of the representational function. The challenge is to craft parliamentary support programmes that strengthen the institution's various functions, provide balanced institutional capacity and promote the role of the legislative body in democratic development.

89. Support to *justice and human rights* has been among the fastest growing areas of the governance goal. The first generation of such programmes has focused on strengthening the capacity and functioning of the formal justice sector (courts, prosecutors, justice ministries and police). While these have largely achieved intended results, the next step is to link support to improved access to justice for the poor.

90. 'E-governance' is a rapidly emerging cross-practice area between *ICT for development* and *democratic governance*. UNDP supports several such programmes, their focus ranging from increased transparency and accountability of national and local government to the participation of civil society in governance issues. Despite country demand, UNDP interventions have been restricted in scope and size by limited resources in an area that offers promising opportunities for South-South cooperation.

91. Demand has increased for UNDP to assist countries in *multi-stakeholder dialogues on governance priorities* and to support national capacities for independent media and information. There are approximately 30 countries with outcomes in this area, ranging from civic dialogue programmes in Latin America to independent media development support in countries such as the Gambia and Kazakhstan. The imminent challenge is to establish standards for good practice and results measurement as soon as possible.

92. With respect to *advocacy and policy dialogue*, UNDP reports positive trends. The Human Development Report 2002, *Deepening Democracy in a Fragmented World*, advocated the UNDP democratic governance agenda, advancing awareness of the challenges of fostering democratic governance with a human development focus. The Arab Human Development Report 2002 made a similarly important contribution to debate in the region.

B. Poverty reduction

93. UNDP has progressed from implementing scattered, local poverty reduction projects to supporting national poverty reduction frameworks. The PRSPs have given additional impetus to this transformation.

94. The 1999 results-oriented annual report (ROAR) revealed that the bulk of UNDP support to poverty reduction was targeted at the community level. 'Downstream' expenditures were twice as high as 'upstream' expenditures, with little evidence of their changing at the policy-making level. While UNDP poverty reduction support has achieved greater focus and strategic coherence, we must now consolidate gains, streamline activities and hone the poverty focus.

95. UNDP support to *national poverty reduction strategies* is a growing area of involvement, with a sharp focus on poverty monitoring and participation. More needs to be done to strengthen government capacity to develop pro-poor policies and budgets. While trends in poverty are being monitored in the PRSPs, UNDP can provide added value by ensuring ample, consistent advice on resource and policy implications. Building on the global and national human development reports, UNDP offers feasible policy options and alternative views on human development and poverty reduction. We must now translate these into proactive support to PRSP policy formulation and implementation.

96. While UNDP support has been effective in paving the way for CSOs to participate extensively in the PRSP process, it has been less effective helping their voices to influence the national agenda. We must provide practical advice on viable economic and social policy choices. Several success stories point the way: in one country in southern Africa, UNDP has supported a coalition of CSOs to prepare position papers on a wide range of poverty issues to influence the content of the PRSPs.

97. The expanding role of UNDP at the country level in furthering the MDG agenda through national goal setting as well as building capacity for monitoring, reporting and advocacy is reflected in the rapid increase in MDG-linked outcomes. In striving to build national ownership of, and broader participation in, the MDG campaign, UNDP is putting renewed emphasis on partnering with CSOs on MDG monitoring, reporting and advocacy. The challenges now are to further cement the relationship between PRSPs and the MDGs, and to meet the deadline of producing MDG reports in every country by the end of 2004.

98. While country offices report numerous small-scale interventions for generating self-employment, UNDP has not moved far enough upstream on employment issues to strengthen the strategic links between employment generation and poverty reduction. These experiences can in turn inform consistent national policy advice.

99. In order to increase the *access of the poor to productive assets and resources*, UNDP, in collaboration with UNCDF, has been moving upstream to influence national legal and regulatory frameworks and develop national strategies for sustainable financial services for the poor.

100. In the area of *aid, trade and debt relief*, through a series of high-profile publications on globalization and participation in initiatives such as the Integrated Framework, UNDP has positioned itself as a prominent advocate for making aid, trade and debt relief work for the poor. Country ROARs show, however, that these initiatives have yet to be translated into national and regional programmes. This represents a significant opportunity for UNDP in the next MYFF period.

C. HIV/AIDS

101. The number of country offices reporting HIV/AIDS activities has increased rapidly. Results have been achieved in developing leadership skills and capacity for advocating, planning, managing and implementing HIV/AIDS response at the national and local levels. Given the limited availability of resources, the main challenge for UNDP is to increase synergies between activities to scale up for society-wide impact.

102. *Leadership development programmes* have been implemented in 19 countries, with requests received from over 40 more. Six countries in the Caribbean have participated in a regional leadership development programme. These programmes have generated strong partnerships at the country level, where they have supported a broad range of actors and sectors (including government, civil society, the private sector and the United Nations system) working together for optimum results. The programmes have energized the response to the epidemic and strengthened the capacity of leaders and institutions to respond to HIV/AIDS in a strategic, coordinated manner. To document the success of the work comprehensively, at the country level, remains a challenge. In Ukraine, the programme generated partnerships among participants from several ministries, civil society and the private sector. The participants went on to implement multiple breakthrough initiatives, including the first-ever testing campaign for men who have sex with men; the first live theatre produced by former intravenous drug users; a multi-media government campaign on HIV/AIDS, and the first home-based care project for people in the final stages of AIDS. In Senegal, 180 participants from Government, civil society and the private sector participated in the programmes. The level of personal commitment was reflected in the fact that 65 per cent of participants from sector ministries went for HIV/AIDS testing after attending the leadership workshops.

103. *Community capacity enhancement initiatives* have been implemented in nine countries, mainly in Africa and Asia, to strengthen the response of community-based organizations (CBOs) to HIV/AIDS. Through a process of community dialogue, the initiatives have strengthened community capacity for action and social change and have linked communities to national processes and responses. In Cambodia, the initiative has addressed discrimination and domestic violence within communities and helped to link community action with national strategic planning and implementation at the local level. In Ethiopia, with financial support from the Government, the programme is being expanded to an additional 100 *woredas* (districts). The programme resulted in shifts in behaviour to control the spread of HIV/AIDS, including the commitment by communities to stop practices such as female genital mutilation. The current challenge is to expand the programme to cover all regions, with good opportunities for South- South collaboration.

104. UNDP *development planning* activities have introduced innovative approaches to strengthen governance, development planning and systems to respond comprehensively to HIV/AIDS across sectors, and at the national, sub-national and community levels. UNDP supports national strategic planning and implementation, addressing the gender dimensions of the epidemic in development plans and processes. The 'City Responses to HIV/AIDS' project was established in eight countries (Brazil, Cambodia, Côte d'Ivoire, India, Lebanon, Malawi, Senegal and Trinidad and Tobago) in collaboration with the United Nations Human Settlements Programme (UN-Habitat) and the Urban Management Programme. In partnership with relevant stakeholders and municipal governments, the project is facilitating the development and strengthening of local responses to the epidemic and helping to align city plans with national HIV/AIDS strategies, while taking into account local conditions that create vulnerability to HIV infection.

105. UNDP is working with *artists and the media* in a number of countries, including Botswana, Ethiopia, Ghana, India, Lesotho, Malaysia, Nepal, South Africa and Swaziland, to generate a society-wide, gender-sensitive response that is respectful of the rights of people living with HIV/AIDS. The HIV/AIDS regional programme in the Arab States has motivated key media and entertainment

personalities to respond to HIV/AIDS, helping to break the silence surrounding the epidemic. South African participants in an arts and media workshop organized the country's first-ever HIV/AIDS arts, film and media festival in Johannesburg, in October 2003. The festival is expected to be an annual event. Collaboration between the media and the regional programme on HIV/AIDS and development in South and Northeast Asia resulted in a written commitment by editors in the region, which stated, "the media's resolve and response to address the epidemic must be commensurate with the challenges presented by the epidemic".

106. At the core of the United Nations programmatic response to the human resource capacity challenge brought about by the HIV/AIDS epidemic is the Southern Africa Capacity Initiative (SACI) – a collaborative effort led by UNDP. The aim of this initiative is to address the challenges that Southern African countries face in the loss of their most productive people, who are vital to both the survival and the future development of their countries. SACI works to accelerate capacity development by synergizing the efforts of nine countries in the Southern African Development Community with the highest prevalence rates to stem the loss of capacity for planning and managing key sectors, and to reorganize the manner in which services are delivered. Microsoft is a key partner in the initiative, developing ways to help governments use ICT to upgrade services, including distance learning and telemedicine. The initiative will also draw on the skills of national and international United Nations Volunteers. UNDP is also working closely with other United Nations organizations, as well as national, private sector and civil society partners in each of the affected countries to ensure that our work is complementary to the broader efforts to respond to the HIV/AIDS crisis in the region.

D. Energy and environment

107. UNDP supports poverty reduction and sustainable development by working on environment and natural resources issues. The link between them – including water, energy, agriculture and biodiversity – and national efforts towards economic growth and human well-being were at the center of global discourse at the World Summit on Sustainable Development in 2002. UNDP addresses these issues in the context of support for national sustainable development planning. While non-core funding from global trust funds such as the GEF and the Multilateral Fund for the Montreal Protocol continue to predominate, significant alignment has been achieved on many thematic issues among core and non-core programme resources.

108. Capacity development to support *national and local sustainable development strategies* is an area of UNDP activity involving development frameworks and policies linked to environmental and human welfare. Country-level efforts include decentralization and governance issues critical to the sustainable use of natural resources, pollution reduction and the generation of livelihoods. The UNDP role of facilitating cross-sectoral and multi-stakeholder dialogue gives it a unique niche in development support.

109. *Water governance* issues involving access to water resources and related services are increasing in importance. UNDP supports effective systems of water governance to ensure both ecological integrity and access to adequate safe water resources and services by poor people, in Honduras, for example. Further efforts are needed to strengthen water oversight institutions, legislation and policies, and community engagement for improved water management, water supply and

sanitation services. UNDP works on trans-boundary water issues, including coastal zone management, but reporting in this area has lagged in some cases due to the multi-country nature of the programmes.

110. In the areas of *access to energy services* and *combating climate change*, UNDP is addressing both poverty and environmental concerns through its energy portfolio. With GEF funding, significant strides are being made in renewable energy, energy efficiency and clean energy technologies, as well as reporting on implementation of the United Nations Framework Convention on Climate Change, in over 70 per cent of country operations. The predominance of GEF programme funding in this area has in some regions – particularly in Africa – limited programme development to addressing local poverty linkages. Further efforts are needed to link regular resources to GEF programme development.

111. In support of *agriculture and drylands management*, UNDP is working on local and national planning and management frameworks to address legal, institutional and capacity needs, especially in least-developed countries. These efforts focus on preservation of the local resource base, agricultural viability and human vulnerability to desertification. The Drylands Development Centre provides technical assistance, especially in Africa. In many countries, the challenges related to land tenure, access to common lands and the legal status of rural populations require linkages with governance programme development.

112. In the area of *biodiversity*, UNDP supports country efforts to maintain biodiversity and the ecosystem services they deliver, with a special emphasis on local community efforts to conserve biological resources. The importance of biodiversity as a prerequisite for food security, human health and local economic opportunity is a salient feature of UNDP efforts in more than 90 per cent of programme countries. The UNDP-GEF Small Grants Programme works extensively in this area, helping local communities create environmentally sustainable livelihoods through projects such as assisting the Masai in East Africa to develop ecotourism opportunities that alleviate poverty while maintaining biological diversity.

113. The *Global Environment Facility* recently expanded its mandate to include land degradation and persistent organic pollutants, and the GEF Council approved additional implementing agencies to participate in programme development, resulting in greater competition for resources. While the volume of additional resources is significant, greater efforts are needed to reflect GEF programme outcomes in country-level reporting, and to combine regular resources in programme development if additional GEF funding is to be mobilized. Integrated programmes, addressing local poverty issues and global environment benefits, are called for in this area.

114. With respect to *ozone layer protection*, the Montreal Protocol programme is moving away from individual projects towards multi-year, compliance-driven, performance-based national and sectoral programmes requiring extensive policy and institutional support. Reimbursement of support costs to implementing agencies, including UNDP, has been reduced, while delivery demands have increased. Though Montreal Protocol programmes are operational in 68 countries and are a significant source of programme resources, they appear to have been under-reported in ROAR submissions.

115. The imminent challenge will be to link these efforts to the achievement of *all* the MDGs. Energy services and access to natural resources are essential in

addressing poverty, hunger, health and the situation of women. Strengthening the linkages between environment, poverty and governance programme development are central to the task.

E. Crisis prevention and recovery

116. Nearly half of UNDP programme countries are afflicted by situations of crisis or are in some stage of post-crisis recovery. UNDP is increasingly regarded as a critical partner of the humanitarian and political arms of the United Nations, in particular for its role in helping to bridge the gap between humanitarian and reconstruction work in post-crisis countries.

117. During its first regular session in 2001, the Executive Board affirmed the UNDP role in crisis prevention and recovery as expressed in the Business Plans (DP/2001/4). Today, the theme is central to the corporate agenda as reflected in the current MYFF. The Board decided to strengthen the Bureau for Crisis Prevention and Recovery with 15 additional core posts, and to increase TRAC-1.1.3 crisis funding from 5 per cent to 7.2 per cent of the UNDP core budget.

118. In 2001, the Secretary-General requested the Administrator, as chair of the UNDG, to lead the initial recovery effort in Afghanistan. UNDP provided immediate start-up assistance to the Interim Authority, co-led the initial needs-assessment process with the development banks and, with the United Nations Office for the Coordination of Humanitarian Affairs, organized the United Nations-wide immediate and transitional assistance programme for the Afghan people.

119. Afghanistan provided UNDP, and the broader United Nations system, with concrete experience in putting the recommendations of the Brahimi Report into practice, aligning resources, people and actions behind a common nation-building strategy.

120. Building on the experience in Afghanistan, UNDP, on behalf of the UNDG, was charged with leading the Iraq reconstruction process up to the Madrid Conference. With UNDG and the World Bank, UNDP coordinated the *needs assessment* and led discussions on the establishment of the United Nations/World Bank International Reconstruction Fund Facility for Iraq. UNDP and its UNDG partners agreed on a pass-through mechanism within this facility that represents a breakthrough in United Nations coordination. A third example of effective collaboration on needs assessments is Liberia. The international reconstruction conference for Liberia drew representatives from 96 countries pledging \$520 million for 2004-2005.

121. Collaboration must, of course, go beyond the assessment stage. Recognizing this imperative, UNDP, the World Bank and the Office of the United Nations High Commissioner for Refugees (UNHCR) re-launched the *Brookings process* to address critical gaps in repatriation, reintegration, rehabilitation and reconstruction.

122. *Explosive remnants of war* and small arms constitute a major threat to security and development in post-crisis countries. In 2003 alone, UNDP supported the collection and destruction of 123,730 weapons and 170 tons of ammunition, including one million small-arms cartridges. With respect to landmines, UNDP advocates for the inclusion of mine action considerations into the development plans and multi-year strategies of mine-affected countries, donors and aid agencies. In

Cambodia, for example, mine action was integrated into the national poverty reduction strategy and the Government decided to adopt mine action as a specific national MDG.

123. *Conflict prevention* is a key priority for UNDP. Under UNDP chairmanship, the United Nations framework team for coordination on early warning and preventive action worked with Guyana, Laos, Ghana, Haiti and Central Asia to address tensions and promote peace and development. To prevent escalation of the economic crisis in Guinea Bissau, for example, UNDP launched a special initiative under the thematic trust fund for crisis prevention and recovery, enabling the Government to address a precarious shortfall in its emergency budget.

IV. The challenges ahead

124. It is impossible to discuss the challenges ahead without seeing them in the context of the new security environment that the organization must now confront and the constraints it imposes on many aspects of our programmes. We are in the process of rethinking the way we work not only as UNDP, but as part of the entire United Nations system, and this process will be a dynamic and evolving one for the foreseeable future.

125. Against that backdrop, analysis of the 2000-2003 MYFF and the formulation of the 2004-2007 MYFF process has identified a number of key challenges for the organization over the coming years:

- (a) *Improve conceptual clarity and sharpen strategic focus* still further by aligning results, organizational capacities and resources, and reflect the MDGs;
- (b) Commit the full extent of UNDP capacities and resources to *strengthen the coherence and effectiveness of the United Nations system* at the country level;
- (c) *Move results orientation to the next stage* by encouraging knowledge sharing and substantive skills development. UNDP needs to strengthen its substantive knowledge base as it increasingly moves towards policy advisory services and capacity development; and
- (d) *Consolidate reform* into a coherent, integrated framework to improve performance; advance the UNDP mission; promote partnerships; and expand the external support base for the organization.

126. An important conceptual advance in the new MYFF is the introduction of *core results*, identified by UNDP policy specialists from an empirical analysis of good practice and lessons learned over several decades of development cooperation. They represent outcomes, for each service line, that country programmes should be striving to achieve. They also embody the distinct nature of UNDP as provider of development services and coordinator of partner contributions. The introduction of core results is a real step forward for the organization. It will facilitate measurement of UNDP performance and make it more transparent in the years to come.