



Making Globalization Work for All

UNITED NATIONS DEVELOPMENT PROGRAMME ANNUAL REPORT 2007

Contents

- 1 Foreword: Reform, Renewal and Results
- 2 Inclusive Globalization
- 6 UNDP and a Reforming UN: Coordinated Support for Development
- 12 UNDP Programmes: Foundations for Strong and Equitable Societies
- 13 Poverty reduction: Mapping the road to pro-poor growth and human development
- 20 Democratic Governance: Fostering broad and meaningful participation
- 28 Crisis Prevention and Recovery: Managing threats, returning to stability
- 33 Environment and Energy: Balancing access and security
- 37 Operating as an Effective and Accountable Development Partner
- 42 UNDP Resources

Front cover: In Ghana, women sand wood for garden furniture that will be exported. Through their livelihoods, they are connected to the growing global economy.

Reform, Renewal and Results

As we review the activities of the UN Development Programme (UNDP) over the last year, it's clear we face a double challenge. First, there is the overall coherence and "delivering as one" agenda, which is critical for the entire UN development system. As chair of the UN Development Group, the UNDP Administrator has a special role, working together with UN colleagues, in moving forward with reform. As we put in place the measures needed to enhance the efficiency and effectiveness of the UN system at the country level, the idea is not to merge the various mandates or organizations, but rather to build on their skills and expertise so that the UN delivers in a more coherent way and is more effective in building the links between what happens at the country level with the global policy debate.

The second challenge we face relates to UNDP itself. UNDP is a key partner in building capacity for human development focused around four areas: poverty reduction, democratic governance, crisis prevention and recovery, and environment and energy. As set out in UNDP's Strategic Plan 2008-2011, we need to continue to deliver in these areas on the ground, providing knowledge, policy advice, advocacy and technical support to programme countries on the basis of accumulated good practice and our comparative advantage. It is important that while doing this, UNDP also gradually withdraws from sectoral and sub-sectoral activities that should be done by those with a specific mandate. Hence, far from perpetuating what can be perceived as a conflict of interest, a strategic and policy-orientated

organization focused on our core mandate, and a Resident Coordinator system that embraces the whole UN system would be fully complementary and allow the UN to play its role as a leading development partner to countries. A renewed, well-managed and well-resourced UNDP—as recognized by the High-Level Panel on UN System-wide Coherence—would, therefore, be an indispensable support both to the Resident Coordinator system and to the UN development system as a whole.

UNDP's core strength lies in this dual role. For that reason, our work will increasingly be strategic, integrative and directed at addressing inter-sectoral linkages, focusing on our core



mandate which is to work with developing countries in the process of capacity development aimed at building strong national institutions and a governance framework that accelerates development and benefits all citizens.

At the mid-point towards the 2015 deadline for achieving the Millennium Development Goals (MDGs), UNDP has a crucial role to play in the UN development system in working with developing countries to support their efforts to tackle poverty and advance pro-poor, inclusive growth and human development for all.

Kemal Derviş
UNDP Administrator

UNDP Administrator Kemal Derviş (right) meets with Victor Mena (left), the president of an indigenous peoples rights association, at a coffee plantation in Costa Rica.

Inclusive Globalization

The global economy has been especially strong in recent years, with average worldwide per capita income growing as rapidly as ever before. There have also been significant improvements in global health and other broad measures of well-being, including life expectancy.

“Globalization has fundamentally altered the world economy, creating winners and losers. Reducing inequalities, both within and between countries, and building a more inclusive globalization is the most important development challenge of our time.”

—Kemal Derviş, UNDP Administrator

One group of developing countries, representing a large share of world population, has been at the forefront of global growth; their economies are growing faster than those of developed countries. These nations are accessing global markets for goods, capital and technology; they are trading more and more

with each other as well as with rich nations. They are also starting to catch up with the wealthiest countries in terms of human development. Millions of their citizens are being lifted out of poverty every year, with life expectancy, child mortality and literacy converging on developed country levels.

Another group of developing countries—greater in number, if smaller in population—are being left behind, and are today further away economically from the richest countries than ever before. Some countries have also seen a sharp drop in life expectancy, in many cases as a result of HIV and AIDS. The poorer countries also tend to be the ones most vulnerable to the effects of climate change and least prepared to mitigate its impact.

The gap between rich and poor citizens, within both developed and developing nations, is also growing. The richest two percent of the world’s adult population now owns more than half of global household wealth. The bottom half of adults own barely one percent. So the gains from global growth are being highly unequally distributed.

What does this imply for those at the bottom? In 2007, over a billion people had almost no income (the equivalent of a dollar a day or less for each). They typically spent more than half of what they did earn on food for their families, leaving even less for shelter, water, education and health care. Most of these people pooled their incomes through work that was insecure, underpaid and at times unsafe.

In the latter decades of the 20th century, there was a widely held view that a rising tide

of global economic integration would lift all boats. Some developing countries have indeed been lifted up and are now sailing ahead so fast that they are starting to catch up with developed countries. But many other poor nations have been left behind by the tide, and are not yet able to navigate global seas. A similar thing is happening within most countries: the benefits of growth are not reaching large parts of the population.

Addressing these inequalities is our era's most important development challenge, and underscores why inclusive development is central to the mission of the UN and UNDP. In cooperation with other UN agencies, UNDP draws together governments, international organizations, the private sector and civil society groups behind efforts to establish the public policies and institutions that nations need to reduce development disparities. UNDP is a trusted multilateral partner, working with 166 countries to help them build capacity for inclusive development and fulfill the promises of the global economy.

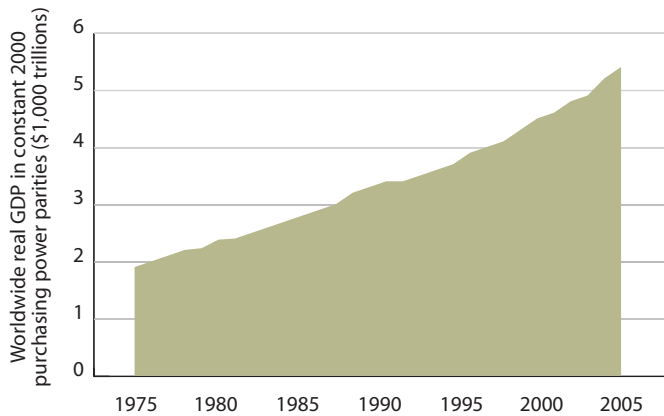
Why disparities matter

The reasons for addressing widening disparities among people have become startlingly clear, even beyond widely accepted notions of justice and human rights. For one thing, the wider the gaps grow, the more difficult they become to close. Ample evidence suggests, for example, that high levels of inequity reduce the rate at which even rapid economic growth translates into poverty reduction. By one estimate, it now takes three times as much economic growth to achieve the same rate of poverty reduction observed before 1990 in a typical middle-income country.

Disparities also introduce inefficiencies in economic systems, depriving national and global economies of the full range of benefits from economic integration. People can't tap investments in education and skills, for example. Governments can't draw upon the tax and other revenues that come from productive populations. And should a farmer cut down the trees in a rainforest simply because he has no other means of livelihood, the long-term contribution to climate change will be felt in that country and beyond.

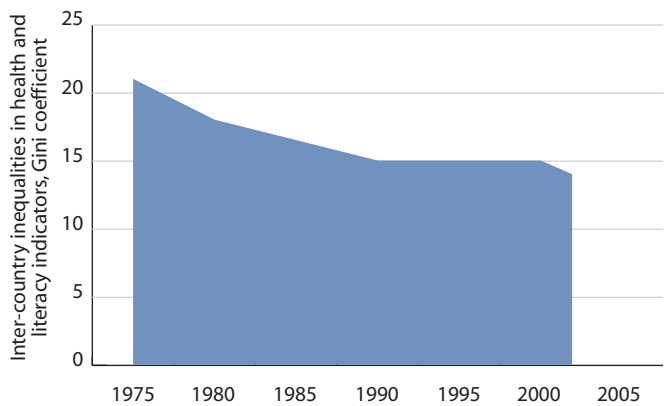
A mixed picture of global progress

Economies are growing...



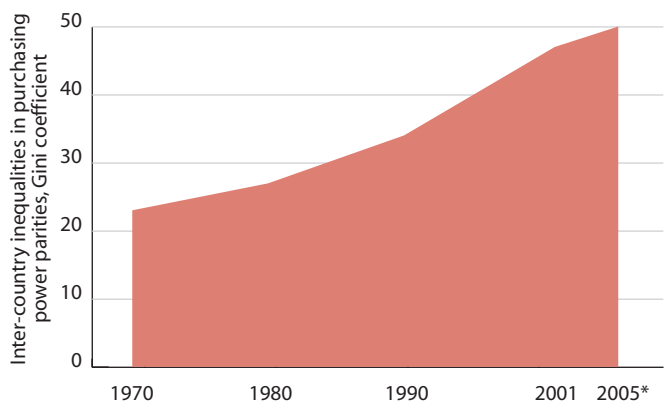
Source: The World Bank, *World Development Indicators 2006*

Human development gaps are shrinking...



Source: UNDP calculations based on The World Bank and UNDP data

But economic inequalities are widening.



*Figures for 2005 based on a different dataset than ratios for previous years

Source: Angus Maddison, *The World Economy: Historical Statistics 2003*; The World Bank, *World Development Indicators 2006*

In Mumbai, India, a poor woman's home and a gleaming new building demonstrate the increasingly stark contrast between the lives of the rich and poor.



One of the most important global disparities relates to the lack of decent work available and low incomes. According to the International Labour Organization (ILO), about 200 million people don't have any form of work. Many millions more, including some who are reasonably educated, face inadequate employment. The boom in the global economy has not strongly been translated into decent new jobs: for every percentage point of global growth, formal sector employment has risen only by 0.3 percent.

Another priority is women's empowerment and women's rights. Discrimination against women is a fault line running through every society in the world today, varying only by degree. Women are consistently paid less than men, have a weaker political voice, often have access to fewer educational opportunities, and generally benefit least from the use of natural resources. While 200 million women entered the global workforce in the decade before 2003, 60 percent of the one billion poorest people are women. Women perform 60 percent of under-protected and underpaid

informal jobs, despite lower overall employment rates.

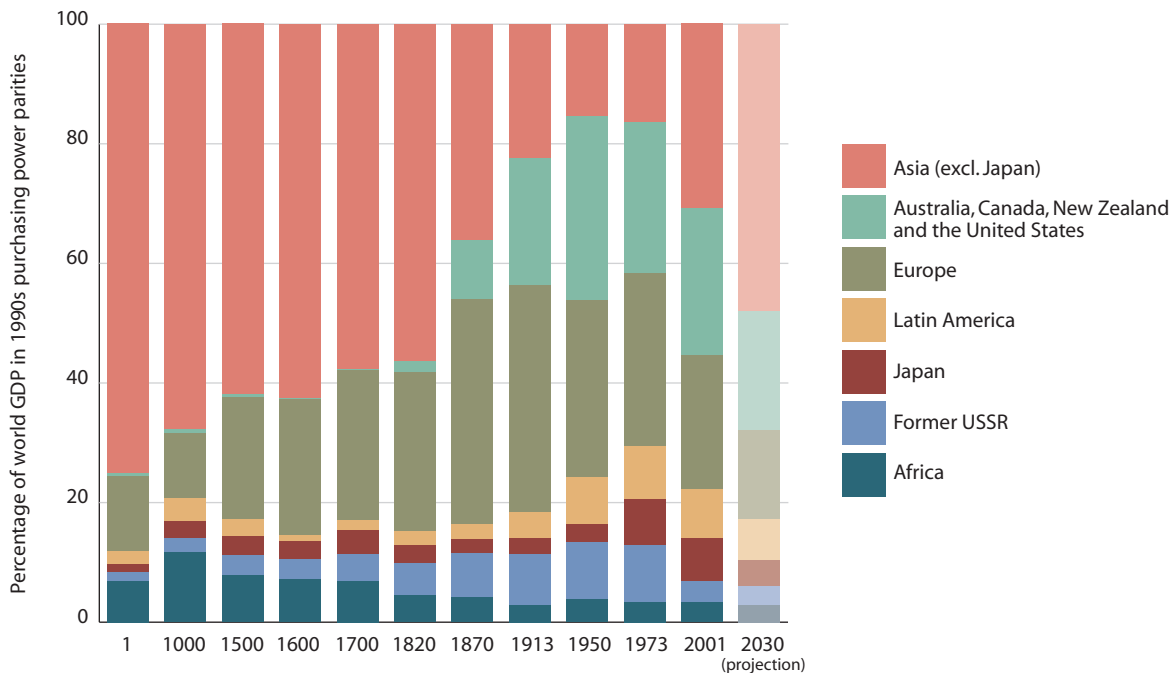
Today's disparities are also closely linked to the human impact on the environment. It is the poor who frequently end up with poor quality land, water, fuel and other natural resources, which in turn limit their productivity. In trying to make a living, they may further degrade their immediate environment, leading to a vicious cycle. On the other side are the wealthiest people and countries, who are the greatest consumers of natural resources, and also have much greater power to shelter themselves from environmental impacts such as pollution, scarcity and climate change.

What we need to do

Fulfilling the promises of an integrated and more secure world requires the political will—and concerted national and international action—to reduce these disparities. This is not primarily about charity, but about helping people develop capacities and

Asia on the rise

Until 200 years ago, Asia was the dominant world economic power. Today, rapid economic growth rates are helping the region regain its former position, although development progress varies widely among and within countries in Asia.



Source: Angus Maddison, *The World Economy: Historical Statistics 2003*

opportunities to improve their own lives and communities in a lasting way.

There is no single recipe for success: each country needs to identify priorities and solutions appropriate to the national context. But there are some basic ingredients. Nations need institutions capable of providing sound economic governance. Democratic participation can ensure that economic decision-making and other public policies take into account the realities of people's lives at all levels of society (not just the rich and powerful). The international community can assist national efforts (including through South-South cooperation) and promote inclusive trends in global trade and investment.

The UN system, grounded in the universal values inscribed in the UN Charter, supports collective efforts in nearly every developing country. UN research, drawing on data and analysis from around the world, can define problems and identify opportunities. UN advocacy and coordination can bring people and institutions together to solve them. Collectively, the different arms of the system

have supported countries at all stages of development, from middle-income states to the least developed countries (LDCs), and across all the major sectors, from agriculture and environment to health, education and employment.

UNDP helps integrate and coordinate UN resources so that they are readily accessible, while offering its own programmes in areas where it has recognized expertise. As a trusted development partner, UNDP works towards a world where peace and prosperity are not restricted to a few but available to all. ■

UNDP and a Reforming UN: Coordinated Support for Development

Just over 60 years ago, the UN was created out of the hope that certain universal principles could guide everyone—peace, human rights, and shared prosperity and freedom. Despite the challenges it has faced since then, the UN today remains an embodiment of these principles, with a long record of translating them into people’s lives.

“The imperative of efficiency, transparency and accountability lies at the heart of Member States’ demands for United Nations reform, and forms a cornerstone of my own priorities for the Organization.”

—UN Secretary-General Ban Ki-moon

Owned by all countries, the UN enjoys a unique political legitimacy. It helps shape global agendas, but also responds to the specific needs of individual countries. UN development agencies have strong mandates and a wealth of skills and knowledge, honed by decades of on-the-ground work in developing countries.

Every day, in every region of the world, UN organizations, including UNDP, work in partnership with governments and their citizens to advance human development.

Through these collaborations, the UN has brought the world close to the eradication of polio and assisted millions of refugees. It has carved unprecedented space to advocate for women’s equality and empowerment. It has supported the foundations of democracy, from brokering peace talks to assisting elections, even in the most troubled places.

With its affiliated economists and advisors, the UN has promoted a now widely accepted retooling of economic practice to include the basic dimensions of human well-being. It has demonstrated the increasingly critical link between economic and environmental sustainability.

Most recently, the UN has helped galvanize the world around the eight MDGs, the first common global agenda for human development.

All of these attributes are critical in the era of globalization, where common responses to shared problems are increasingly important. Countries trust the UN as a central partner in identifying gaps, assisting national capacities to reduce them, advocating international standards especially for the marginalized, and brokering mutual cooperation between nations.

But in stretching to respond to the many critical problems of a complex world, often operating in dangerous situations and isolated places from which others shy away, the UN has become fragmented in its efforts. With numerous divisions and agencies working on all aspects of development, in addition to its political role, the UN has not always effectively marshaled the full strength of its resources.

Duplication and overlap have reduced efficiency and increased administrative costs.

Continued efforts to better coordinate the different parts of the UN system will allow diverse sources of expertise to flourish, while reducing duplication. Closer integration will ensure that different initiatives build on each other to maximize resources and results. Standardized and modern business practices will increase transparency, streamline operations and channel the targeted use of funds.

With these goals in mind, UNDP chairs the UN Development Group, a body of the major UN agencies, funds and departments working on development issues. It also houses the UN Resident Coordinator system for managing UN country teams. It has encouraged the harmonization of UN activities nationally and globally, modeled partnerships that marry the strengths of different but complementary agencies, spearheaded the creation of common UN development assistance strategies and administered multi-donor trust funds in post-crisis situations.

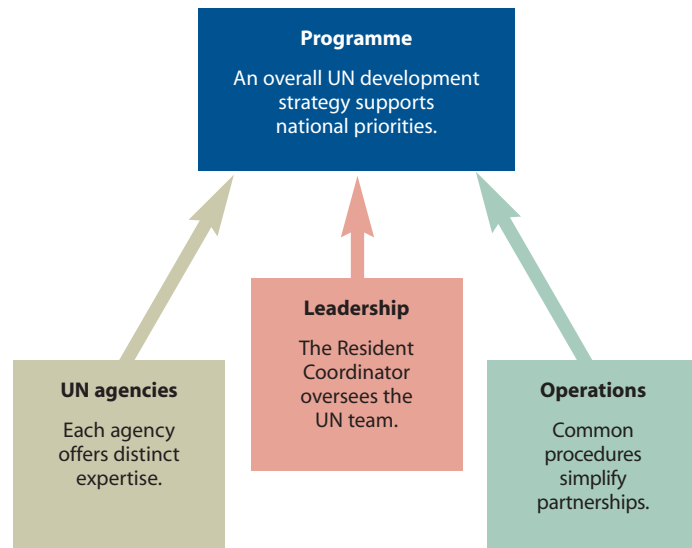
Over the past several years, the global community has put in place a platform for achieving a more cohesive UN. This has been carefully built through recommendations from the Millennium Declaration, the 2005 World Summit to assess progress on the MDGs and other development goals, the resolutions of the UN General Assembly, the Paris Declaration on Aid Effectiveness, and most recently, the recommendations of the High-Level Panel on UN System-wide Coherence.

The platform starts with the MDGs as a common international agenda, with the expectation that national plans to achieve the goals will be developed and supported. The guiding principle is that development strategies must be nationally driven, backed by harmonized international assistance rather than a welter of individual interests. Partnerships—among governments, the UN, other international institutions, private enterprise and civil society—can unleash new resources and capacities for development.

The UN has embarked on a number of initiatives to increase coordination and efficiency in support of all of these objectives, with UNDP an important source for helping this process move forward. In 2006, when the UN Secretary-General convened the High-Level Panel on UN System-wide Coherence, the

How the UN will work as one

By combining their strengths, UN agencies can work together to make a greater difference in people's lives. Joint UN operations will vary by country, but the basic concept involves unified programmes, leadership and operations.



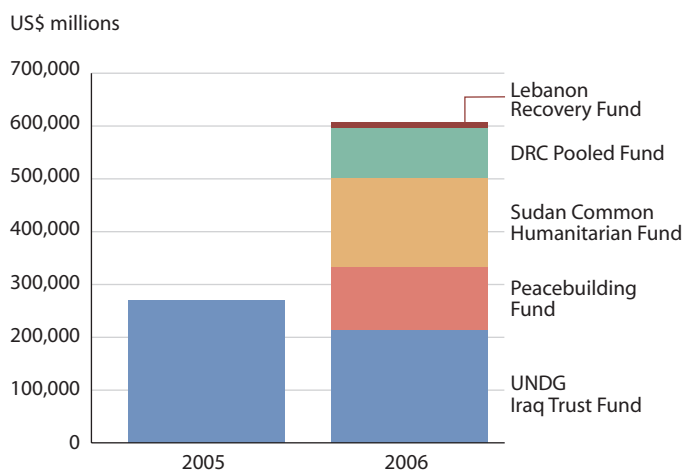
UNDP Administrator was asked to serve as an ex-officio member, offering input to the deliberations of representatives from 13 countries. The Panel's final report, *Delivering as One*, proposed a framework for unified UN operations. It called for a well-governed, well-funded UN equipped to meet the changing needs of countries, especially through strategic support for national development plans. The report proposed consolidating most UN country activities under one strategic programme, one budgetary framework, one strong country team leader and one office where possible.

Eight countries have now agreed to pilot unified UN activities: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Viet Nam. Grappling with a variety of issues and at different stages of development, the eight countries will explore configurations for consolidation based on national needs. Their experiences will eventually help in establishing unified operations in other countries. All pilots will evolve in step with the requirements of national governments, without disrupting the delivery of existing services.

Viet Nam moved forward with reform in 2007, building on efforts that began in 2005. Six UN organizations in Hanoi have

The growth of development collaboration

UNDP administers an increasing number of multi-donor trust funds that pool resources and ease administrative burdens in countries recovering from conflict.



Source: Division for Resources Mobilization/UNDP

agreed on a common plan for the period 2006–2010. It groups the activities of individual agencies under five strategic outcomes linked to Viet Nam’s national Socio-Economic Development Plan. Attached to the One Plan is the One Budget, covering total resource requirements. For joint mobilization and allocation of non-core resources, a One Plan Fund has been established, where final decisions rest with the UN Resident Coordinator. Steps are also being taken to bring project management guidelines into closer alignment with the systems of the Vietnamese Government.

In the other pilots, UN agencies, consulting closely with governments, other donors and civil society, are moving toward common financial systems and unified strategic programmes as well.

UNDP: A catalyst for change

As part of ongoing UN reform, UNDP has been actively engaged in stepping up closer coordination as a chance to significantly reduce the administrative burdens on developing countries, especially those with already over-stretched capacities.

Post-conflict countries have an especially strong need for cooperation, because their capacities to absorb and manage what can be a flood of new resources are the weakest. A recent review of the funds by the World Bank

and several bilateral donors concluded that a single mechanism for managing resources allows for faster implementation of activities, the collection of information on which interventions are most successful, and consistent and comprehensive financial reporting to donors. In countries including the Democratic Republic of the Congo, Iraq and Sudan, UNDP is playing a leading role in administering multi-donor trust funds that pool billions of dollars in contributions to humanitarian relief and development. A review of UNDP’s administration of the UNDG Iraq Trust Fund by PricewaterhouseCoopers concluded that UNDP had gone above and beyond its compliance requirements in terms of public transparency and reporting.

At the end of 2006, UNDP began administering the UN’s new global Peacebuilding Fund. As a global fund, it has the flexibility to offer resources to individual countries when other funding mechanisms may not be readily available. Mandated to strengthen essential services and capacities to maintain peace in post-conflict countries, the fund had already attracted an infusion of US\$136 million from 28 donor governments by early 2007, and begun disbursing support for better public administration, the rule of law and youth employment in Burundi and Sierra Leone.

Non-conflict countries can also reap the benefits of greater UN coordination. Working together, UN country teams can help them orchestrate the full range of policies and programmes—social, political, economic and environmental—they need to foster inclusive development and reach the MDGs. In many countries, UNDP already has a long history of working with governments on activities that connect different social and economic sectors: the design of national development policies, the measurement of the MDGs, and the cultivation of economic and governance capacities. Through its coordination role, and given its strength and outreach as the UN’s largest development agency, UNDP can serve as a bridge between the UN system and overall national development strategies, including by drawing attention to proven expertise in other agencies.

For instance, in Yemen, the Government turned to the UN system for assistance with an MDG assessment. Under the leadership

Spain contributes to UN reform and the MDGs

In early 2007, the Government of Spain made the largest single contribution ever to the UN development system, committing \$700 million to set up the UNDP-Spain MDG Achievement Fund.

The move signaled Spain's commitment to multilateral cooperation and the future of the UN at the country level. The MDG Fund supports programmes in a number of countries jointly implemented by UN country teams. It emphasizes high-impact development policies, the scaling up of proven strategies and innovations in development practices.

The fund brings together knowledge and skills from across the UN system in the service of national strategies. It targets issues fundamental to the accomplishment of the MDGs and other internationally agreed development goals, including gender equality, culture and development, economic governance, youth employment and social integration, migration and the environment.

Spain has steadily increased its multilateral development assistance in recent years, giving the UN particular priority and integrating the Millennium Declaration into its own national policy. "(W)e are working together with an effective instrument, the United Nations system, and in particular UNDP," says Spanish Secretary of State for International Cooperation Leire Pajín Iraola. "Only through a common effort—that of multilateral institutions, led by the UN, together with bilateral donors—will it be possible to realize the noble obligation assumed by all of us in 2000, the Millennium Development Goals."



Spanish Secretary of State for International Cooperation Leire Pajín Iraola (left) and UNDP Administrator Kemal Derviş (right) sign an agreement for a new fund affirming the benefits of multi-lateral cooperation.

of the Resident Coordinator, the UN agencies in Yemen worked closely together on a comprehensive programme of support. The UN and other development partners steered the process through thematic working groups, some of which had been created for Yemen's poverty reduction strategy paper. Each UN agency offered specialized skills—UNDP and the ILO on economic growth; UNDP on the environment, decentralization and gender; the UN Population Fund and the World Health Organization (WHO) on health and population; and the Food and Agriculture Organization (FAO) and World Food Programme on food security. Yemen's latest national development strategy, which began in 2006, draws extensively upon the results of the assessment. It integrates all key issues related to achieving the MDGs, and contains precise targets and specific actions on priorities such as economic growth, access to safe drinking water and girls' education. Yemen is now using the assessment for talks on membership with the Gulf Cooperation Council. Along with a public investment plan supported by UNDP, the assessment also became the basis for a council-sponsored



donor conference in late 2006 that raised almost \$5 billion for Yemen's national development strategy.

Other forms of collaboration coalesce around specific development issues. By 2006, joint UN teams on AIDS had been established in about 60 countries, managed by UN Resident Coordinators. In Lesotho, one

The Government of Yemen has drawn on the combined expertise of the UN country team to devise its latest national development strategy, which includes girls' education as a priority.

of the countries most affected by HIV and AIDS, a joint UN team on AIDS has merged technical and financial resources to help the Government establish a National AIDS Commission and a National AIDS Strategic Plan to tackle the epidemic; it addresses issues from education to drug access. Standardized



Rwanda holds a world record in the number of women in Parliaments: nearly 50 percent. In February 2007, Rwanda hosted 400 delegates for a Women Parliamentarians International Conference on "Gender, Nation Building and the Role of Parliaments." Rwandan women parliamentarians here interact with Gertrude Mongella (second from left), President of the Pan-African Parliament. Rwanda is one of eight countries piloting unified UN activities.

indicators measure progress, and a unified database system captures variations in prevalence rates and other critical data. This tool supports the consistent and routine sharing of information among the commission, the Ministry of Health and Social Welfare, and international development partners such as the UN, the US Government and the World Bank. The UN system has aligned its own menu of joint programmes behind the national strategy.

At the start of 2007, UNDP joined the UN Environment Programme (UNEP) in launching the Poverty and Environment Facility in Nairobi, Kenya. Building on a successful earlier joint initiative, it will support developing countries in integrating sound environmental management into poverty reduction and growth policies. The Climate Partnership, another collaborative venture, will assist seven African nations as they begin to "climate proof" their economies, including through better navigation of the international system of emissions credits. The countries include the Democratic Republic of the Congo, Ethiopia, Kenya, Mauritius, Mozambique, Tanzania and Zambia.

In countries such as Rwanda, UNDP and UNEP are already helping to develop national capacities for assessing economic and environmental connections, and integrating these into national poverty reduction strategies. The two agencies have brought together officials from the realms of finance, agriculture, the environment, infrastructure and local governance to work on stronger, more consistent policies. Joint support in 2006 assisted the Ministry of Finance and Economic Planning in moving in this direction by calculating, for the first time, the economic costs of environmental degradation. Falling water supplies, for example, have caused energy shortfalls, which in turn reduce prospects for livelihoods.

To strengthen UN and civil society partnerships, given the critical inputs civil society organizations can make to UN programmes, in 2006, UNDP continued leading the appointment of civil society focal points on a number of UN country teams. In 2007, UNDP began leading the establishment of a global UN Civil Society Trust Fund, on behalf of the UN Development Group. This fund, established by the then Secretary-General in response to the 2004 report of the Panel of Eminent Persons on UN-Civil Society relations led by former president of Brazil, Fernando Henrique Cardoso, will advance UN coordination by providing seed money to UN country teams pursuing innovative initiatives with civil society organizations.

Responding to UN General Assembly recommendations, UNDP continues to work with other UN agencies and within its own programmes to champion a UN-wide focus on national capacity development as the key for countries to manage their own sustainable and equitable development paths, including through South-South cooperation. UNDP is also supporting better networking of the UN's rich reserves of development policy knowledge. This should ensure that UN expertise flows more readily into development partnerships, as UNDP can already affirm through the recognized value of its in-house knowledge networks. In many respects, UNDP has used its own operations, which have rapidly evolved in recent years, to demonstrate what can be achieved by updating and innovating UN practices in response to changing needs. ■

The MDGs: A common global agenda

In 2007, the world is halfway between the 2000 agreement on the MDGs and their 2015 endpoint. As a global commitment to achieving the basics of development, the goals provide a natural platform for coordinated development strategies, and a guiding framework for the programmes of

UN agencies, including UNDP. While the MDGs are technically within reach, uneven growth rates and development disparities mean progress varies by goal and region. The charts below show current trends on some of the targets that guide achievement of the goals.

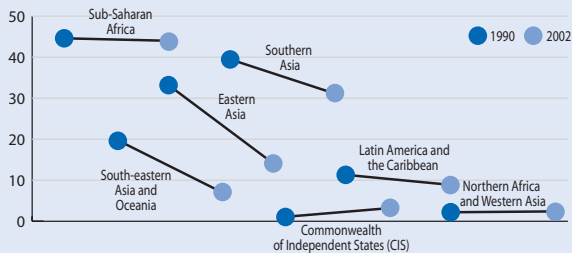
Goal 1: Eradicate extreme poverty and hunger



Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day

Population below \$1 purchasing power parity (PPP) per day

Percentage of population living below a \$1 per day ^{1/}, ^{2/}



^{1/} High-income economies, as defined by The World Bank, are excluded.
^{2/} Estimates by the World Bank in May 2006.

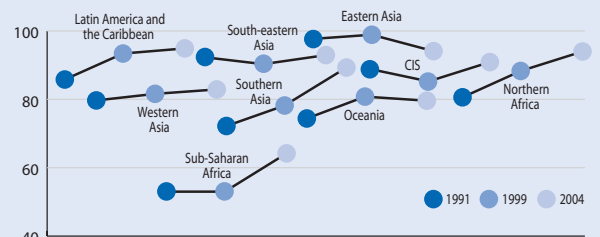
Goal 2: Achieve universal primary education



Target 3: Ensure that, by 2015, boys and girls everywhere will be able to complete a full course of primary schooling

Net enrolment ratio in primary education

Primary-level enrollees per 100 children of enrolment age ^{1/}



^{1/} The net enrolment ratios in primary education correspond to school years ending in the years displayed

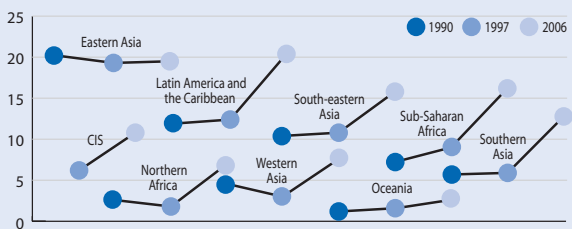
Goal 3: Promote gender equality and empower women



Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

Proportion of seats held by women in national parliament

Percentage of parliamentary seats occupied by women (Single or Lower House only)



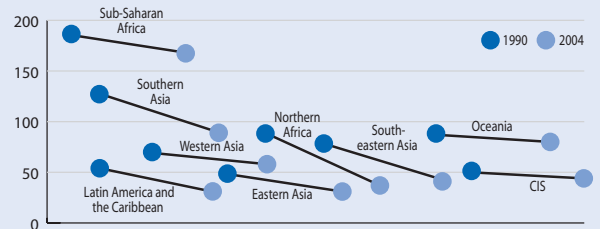
Goal 4: Reduce child mortality



Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Under-five mortality rate

Deaths per 1000 live births



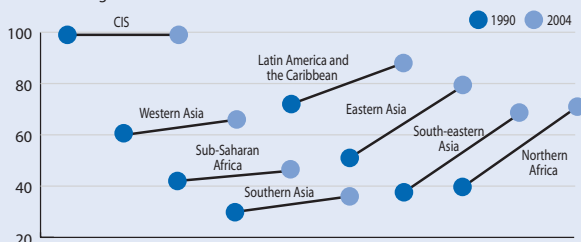
Goal 5: Improve maternal health



Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

Proportion of births attended by skilled health personnel

Percentage of deliveries

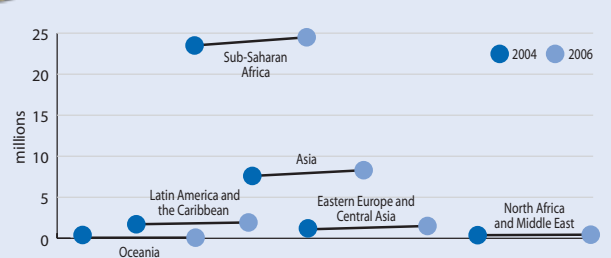


Goal 6: Combat HIV/AIDS, malaria and other diseases



Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Regional distribution of adults and children living with HIV and AIDS (estimates)



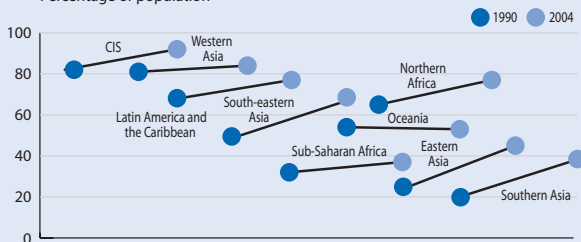
Goal 7: Ensure environmental sustainability



Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Proportion of population with access to improved sanitation

Percentage of population



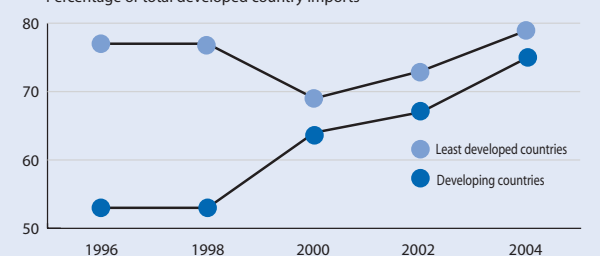
Goal 8: Develop a global partnership for development



Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty

Percentage of total developed country imports



Sources: Goals 1, 2, 3, 4, 5, 7 and 8: *The Millennium Development Goals Report, Statistical Annex 2006*, UN. Goal 6: *Report on the Global AIDS Epidemic, A UNAIDS 10th Anniversary Special Edition*, UNAIDS.

UNDP Programmes: Foundations for Strong and Equitable Societies

Supporting its UN coordination role, UNDP implements programmes mainly in four interrelated development areas where it has extensive expertise:

- *Poverty reduction* programmes emphasize equitable growth, inclusive globalization and the achievement of the MDGs. The *HIV and AIDS* practice aims to curb the epidemic through targeted actions in national poverty reduction strategies and increased services.
- *Democratic governance* programmes help strengthen governing institutions and increase civic participation.
- *Crisis prevention and recovery* programmes support risk reduction and aid in restoring the foundations of development.
- *Environment and energy* programmes help integrate natural resource issues into development strategies.

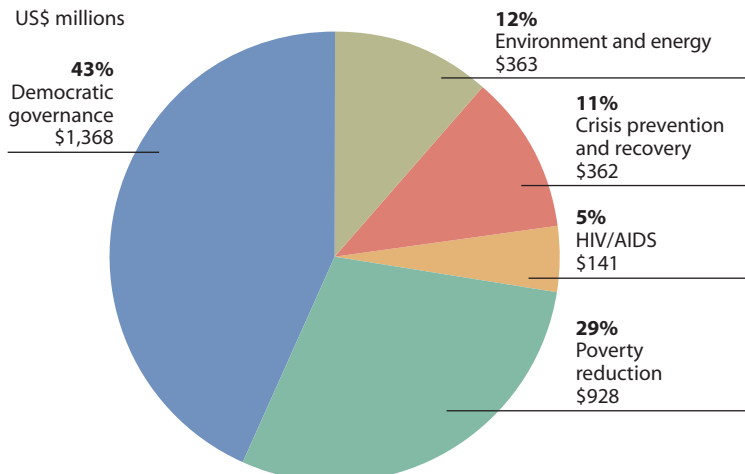
Across all of its activities, UNDP looks for ways to foster inclusion and reduce the disparities that hinder equitable development. UNDP's respect for national priorities, and history of working closely with governments, civil society and other partners, gives it the credibility and know-how to nurture development strategies that are embedded in public acceptance and responsive to national needs. UNDP also helps countries enlarge national capacities for responsive governance and balanced economic management, and to maintain focus on the MDGs. These elements create the basic framework that countries require to jumpstart progress.

Partnerships generate resources and collective commitment to solving difficult challenges. Through its worldwide networks, UNDP connects countries—north and south alike—to comprehensive global knowledge and expertise. Drawing on these networks, UNDP offers the skills and flexibility to tailor programmes to specific development needs, from the LDCs to middle-income countries, often by facilitating exchanges between developing countries facing similar concerns.

As part of the UN reform process, UNDP is fine-tuning its activities globally and within countries to ensure that it does not duplicate the expertise offered by other parts of the UN system. UNDP support is focused on responding to country needs, including by directing requests to other parts of the system as appropriate. ■

UNDP programme expenditures 2006

US\$ millions



Source: Operations Support Group/UNDP

Poverty Reduction: Mapping the road to pro-poor growth and human development

Poor countries and people face daunting challenges, but their constraints have been defined and are to a great extent solvable. With national commitment and the support of the international community, they can achieve more equitable economic growth and achieve the human development goals broadly articulated in the MDGs.

Many developing countries, and particularly the LDCs, suffer from a lack of integration with the rest of the world that might otherwise help them progress. Over

80 percent of foreign direct investments in developing countries flows into about 12 better performing nations. Developing country economies heavily dependent on agricultural exports struggle with high tariffs that still protect rich countries. While more than half the people in high-income nations have access to the Internet, a basic tool of globalization, only eight of every 1,000 people in the LDCs enjoy the same access.

UNDP: Targeted plans and resources

UNDP's poverty reduction programmes are oriented around assisting developing countries strengthen capacities for designing and implementing strategies to achieve equitable growth and human development. Through services such as policy analysis, costing assessments and support to enlarge institutional capacities, UNDP supports countries to put in place national and local plans with targeted actions and resources. To make these sustainable and inclusive, UNDP works closely with national partners to uncover and address the sources of persistent social and economic disparities, especially one of the most endemic—discrimination against women. Broad-based participation in

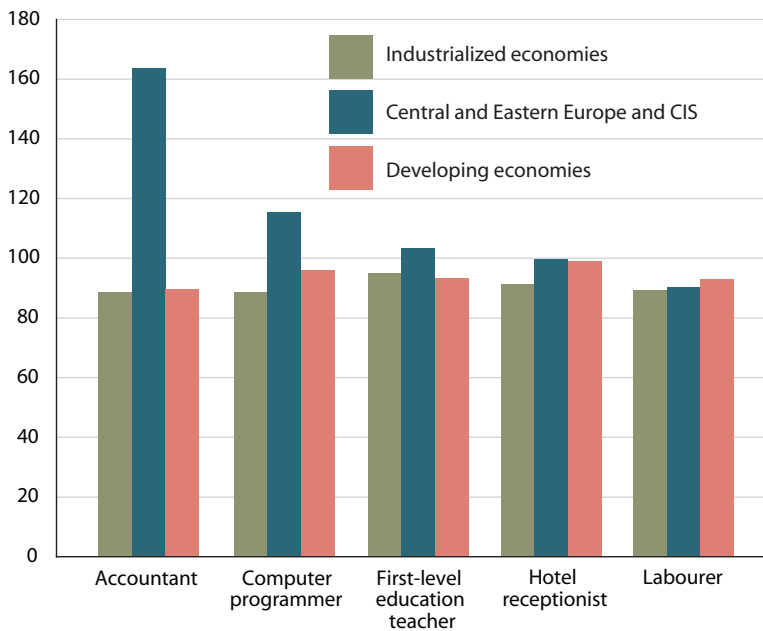


In early 2007, UN Secretary-General Ban Ki-moon (inset, left) visited the crowded Kibera slum in Nairobi, Kenya. The slum, which lacks many basic public services, borders a lushly manicured golf course.

The women's wage gap

Across jobs in every region, women still earn less than men—except in the once centrally planned economies of Central and Eastern Europe and the CIS. Wage gaps are greatest among the most and least skilled workers.

Figures represent the percentage of male wages



Note: Average in this chart denotes a basic average of the countries with available data.

Source: ILO, *Key Indicators of the Labour Market*, 4th Edition (Geneva, 2005), tables 16a and 16b.

formulating development solutions includes reaching out to civil society, the private sector and other stakeholders.

Some specific areas of focus at UNDP involve linking poverty reduction with employment generation, the wider availability of financial services and access to modern technology. UNDP also assists countries on increasing their regional and global economic integration, such as through developing stronger capacities to negotiate trade regulations and manage development financing.

For instance, in Lesotho, UNDP supported a national process of consultation that brought together government officials and civil society groups around the formulation of the national poverty reduction strategy, including to discuss the integration of women's rights and empowerment. The strategy now includes actions to reduce women's vulnerabilities to HIV and AIDS, and to close gender gaps in education.

Malawi's declining soil fertility, dependence on rain, and recurrent droughts and floods associated with global warming

contribute to high rates of poverty. They also imperil food security and reinforce chronic malnutrition. In 2005, the Government proposed an input scheme of heavy subsidies for seed and fertilizer so that poor households would have the means to improve their livelihoods and food intake. An early supporter of the plan, UNDP helped the Government to bring together a range of other international development partners to provide concerted assistance. It aided the mobilization of additional resources and assisted with a national public information campaign for farmers, local officials and private sector suppliers about the scheme. In 2006 and 2007, along with ample rainfall, the input programme helped Malawi achieve record maize harvests, even as neighbouring countries continued to face shortfalls. UNDP is now working with the Government and other development partners to build on these gains by linking increased food security to economic growth, better nutrition and a reduction in Malawi's vulnerability to climate change, such as through water harvesting and crop diversification.

In 2006, a regional initiative in Eastern Europe and the Commonwealth of Independent States helped those countries share knowledge about successful economic transition strategies. In Georgia, UNDP was instrumental in supporting the Government in developing policies explicitly linking economic growth and business development with employment generation. UNDP also helped the Department of Statistics develop capacities to measure Georgia's substantial informal economy, as a step towards integrating this sector in overall economic planning. A partnership with the Ministry of Education has focused on connecting vocational training with the needs of the private sector. Other forms of assistance have aided the reform of public administration to update management practices, fight corruption and improve communication with the public.

To support the political and economic decentralization unfolding in many countries, UNDP also works directly within sub-national regions and local communities to introduce economic development strategies with proven track records, or to pilot new approaches likely to qualify for replication elsewhere. In Tajikistan, UNDP has been

active for nearly a decade in providing micro-finance funds in 100 rural municipalities. These have proven an essential lifeline for people struggling to support themselves and their families in the wake of the collapse of the Soviet Union and the disastrous social and economic consequences of Tajikistan's civil war. Almost 80,000 families have been able to lift themselves out of poverty by using loans for breeding livestock, cultivating vegetables and running sewing shops. Profits from the micro-finance funds support community development priorities such as systems for clean drinking water and the renovation of schools or health clinics. A similar project in neighbouring Kyrgyzstan has supported the formation of nearly 2,000 local self-help groups that pool collective savings and provide their own loans.

UNDP continues its concerted efforts to engage the private sector as the essential engine of dynamic and inclusive economies; UNDP worked with the private sector in 103 countries in 2006, 50 percent more than three years ago. UNDP plays a key role in bringing businesses into the Global Compact, launched by the UN in 2000 to involve businesses in solving the challenges of globalization. Over 3,000 companies from 100 countries now participate in the Compact, making it the world's largest voluntary corporate citizenship initiative. Within individual countries, UNDP brings together different branches of the UN with business and political leaders to look at innovative business practices that benefit commerce and human development at large.

In Moldova, as a result of signing the Global Compact, a group of leading companies formed a network in 2006 to promote corporate social responsibility, including through the adoption of principles protecting labour rights and the environment. Global Compact signatories in Trinidad and Tobago are collaborating on coordinating different corporate social responsibility initiatives, including by linking them more concretely to national development goals.

UNDP also works directly with national and multinational companies to reduce poverty and extend services to underdeveloped areas. In Kenya, under the aegis of its global Growing Sustainable Business initiative, UNDP has established 10 partnership



projects to help improve businesses and livelihoods. One project works with Kevian, a juice manufacturer. Until recently, it imported all the concentrates for its mango juice from abroad. Kenya is an ample producer of mangoes, but many rot on the ground due to poor harvesting and marketing systems. The Growing Sustainable Business initiative has worked with local farmers on improved harvesting, marketing and pest management procedures, and linked them to Kevian. The farmers have an opportunity to improve their livelihoods; Kevian benefits from greater flexibility in its supplies and protection from foreign exchange rate fluctuations. Combined, Kenya's 10 Growing Sustainable Business initiative projects are expected to generate over \$70 million in additional revenues and create thousands of jobs, reaching an estimated 42,000 beneficiaries.

A partnership with ANZ Bank in Fiji has brought the first modern banking services to rural areas. By some estimates, 70 percent of

At the Kevian factory in Kenya, an employee tests mango juice. UNDP is helping the company strengthen links with local suppliers, a step towards improved livelihoods.

In Fiji, ANZ Bank and UNDP have extended modern banking services to under-served rural communities through innovative mobile banking units.



people in the Pacific region have no access to banks. Through mobile banking units that travel to 250 designated rural villages, over 60,000 accounts had been established by the end of 2006, two years into the project. Customers can open checking and savings accounts, and once they've saved for six

months can qualify for credit services. UNDP has now replicated the programme in the Solomon Islands and Tonga.

UNDP's renowned series of national, sub-national and regional human development reports continued breaking new ground in 2006. Since the reports emphasize broad consultations to gather an array of perspectives, they often reveal development gaps that may have been poorly understood or overlooked. A report on the Asia-Pacific region, *Trade on Human Terms: Transforming Trade for Human Development in Asia and the Pacific*, flagged the fact that Asia's embrace of freer trade has failed to automatically generate enough jobs for poorer citizens—the phenomenon of “jobless growth.” It presented eight recommendations, including for more equitable tax regimes, recalibrated interest rates to combat jobless growth, and slower but more productive negotiations on multi-lateral trade agreements. The report attracted extensive media coverage throughout the region and beyond, inspired public debate, and grabbed the attention of national policy makers, who requested translations in local languages so they could use it as an informational tool to guide policymaking.

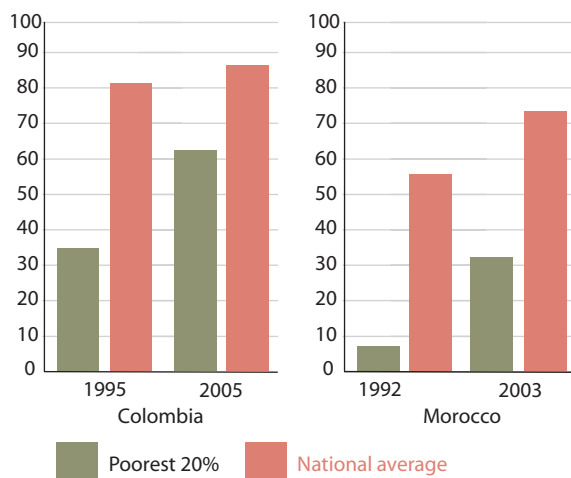
In Nigeria, UNDP partnered with Shell Petroleum Development Company on a report about the oil-rich but troubled Niger Delta. Prepared through extensive consultations within the region and launched by the then Nigerian President Olusegun Obasanjo at a forum to discuss the region's future, the report bluntly assessed the large development deficits in the region. It proposed a seven-point agenda for action, stressing peace and reconciliation, better governance and sustainable development. UNDP is now using the report as a basis for additional work with Shell and Norway's Oil-for-Development Programme. These collaborations include initiatives to expand youth employment and to assist local governments in better managing oil revenues for local development.

Chile's 2006 human development report concluded that the widespread use of modern technology will not automatically improve human development unless it fosters social inclusion, including through equitable access. The Government subsequently reformulated its strategy for the development of an

Pro-poor policies make a difference

With targeted development strategies, Colombia and Morocco have extended sanitation services to poorer members of society.

Access to sanitation (%)



Source: Human Development Report 2006

UNCDF: Broadening the reach of financial services

The UN Capital Development Fund (UNCDF), under the administration of UNDP, works with LDCs on programmes to improve local development, including through access to basic financial services. Worldwide, up to two billion people are excluded from access to formal financial products and services, which hinder progress in everything from building a home to getting an education. The situation is particularly dire in sub-Saharan Africa, where more than 90 percent of people cannot get a loan or use a bank.

Building Inclusive Financial Sectors in Africa is a joint UNCDF-UNDP programme. Active in 10 countries, it finds ways to provide sustainable access to financial services for poor and low-income people. It also supports the generation of employment and economic growth, including by encouraging small enterprises.

The first country to use the programme has been Sierra Leone, where with the additional involvement of KfW and Cordaid, a \$12.5 million initiative was launched. The programme has invested in a series of financial service providers, under the guidance of a joint investment committee comprising the programme partners as well as the Bank of Sierra Leone and the Sierra Leone Ministry of Development. By 2006, nine new micro-finance institutions were serving nearly 43,000 clients. Five of the institutions had become self-sufficient. One had branched out into a series of different towns. Another had started negotiations with a major international investor. The success of the project has attracted an additional \$3.9 million in funding for continued expansion.

UNCDF is currently conducting financial sector assessments in 22 countries to assist in developing national policies that promote inclusive financial mechanisms. The fund will use these policies to guide additional investments, targeting the provision of financial services to at least 3.5 million Africans by 2010. Half the beneficiaries will be women, and the great majority will come from the rural poor.

In 2006, UNCDF and UNDP jointly organized the UN Conference on Financial Inclusion in Africa. Delegates from 53 countries agreed to develop a network of governments, central banks, financial service providers, development agencies and others to mobilize resources for extending financial services to all Africans.

information society to expand technology education in schools and to promote the use of technology among small businesses. SUBTEL, the Government's telecommunications office, has integrated the report into its short and long-term work plans. This includes a strategic decision to focus less on opening new public telecentres and more on improving existing ones through stronger links to the communities in which they are located. Municipalities have used the report to frame local digital strategies that aim to increase the reach of telecommunications services and boost public participation through new municipal websites.

UNDP's ongoing support for public policy research includes the International Poverty Centre in Brazil. The centre is a joint venture with the Institute for Applied Economic Research, a leading economic policy organi-

zation affiliated with the Brazilian Government. A hub for the exchange and generation of the latest ideas on policies and practices related to poverty, especially from developing countries, the centre offers lectures and fellowships, and produces research papers by top development practitioners and scholars.

For countries facing gaps in their own research capacities, UNDP's detailed mapping and analysis support serves as a critical interim resource. In some cases, such as the national human development reports, UNDP fosters national partnerships that through the process of drafting the reports help expand capabilities as people work together and learn from each other. In the end, all of UNDP's research work serves one purpose: to help countries expand capacities for development that is inclusive, and that advances people's options to create better lives. ■

HIV and AIDS: Curbing an epidemic

Poverty broadens the spread of HIV. Poorer people generally have less access to information about preventing exposure to the virus and fewer treatment options once infected. HIV in turn impoverishes families and communities through illness and loss of family breadwinners and caregivers. Poorer countries struggle with overburdened health care systems, and limited resources for prevention and treatment. These problems are exacerbated by economic fallout from HIV and AIDS, including reduced productivity and labour shortages.

Through its HIV and AIDS practice, UNDP helps countries integrate responses to the epidemic across the different sectors of national development plans, supports strong public service capacities, and mobilizes governments and civil society groups behind responses to the epidemic. It is a founding member of UNAIDS, the joint UN programme that coordinates the efforts and resources of 10 agencies making distinct contributions to stopping the epidemic.

With the World Bank, for example, UNDP and UNAIDS have joined forces behind a programme to help countries prioritize AIDS in national poverty reduction strategies, including by accounting for the epidemic in macroeconomic and sectoral policies. Throughout 2006, the programme helped several countries make strategic changes. Zambia expanded activities to address HIV beyond the health sector, allocating new resources to the transport, tourism, mining and agriculture budgets. In Rwanda and Senegal, representatives from the national AIDS commissions participated in drafting poverty reduction strategy papers, offering insights drawn from extensive experience in managing the epidemic. Ghana issued District Development Planning Guidelines requiring all sectors to integrate actions on AIDS in their medium-term development plans. Tanzania has invited civil society groups to participate in public expenditure reviews on AIDS resources, and created a forum for civil society and the Government to work together on monitoring the implementation of poverty plans.

In Ecuador, UNDP has partnered with UNAIDS and the Spanish Agency for International Cooperation to help the central Government develop a new, more far-reaching National Strategic HIV/AIDS Plan, launched in 2007. Preparing the plan brought together representatives from many quarters, including the prison system, the National Children's Council, universities and businesses. Grounded in analysis that recognizes the epidemic is more than a health concern, the plan elaborates new actions on multiple fronts, from general prevention to specific interventions targeted to high-risk groups. Parallel work with the UN Development Fund for Women (UNIFEM) has used the training of government officials and members of civil society to raise the profile of gender-related vulnerability to AIDS, given the sharp increase in prevalence rates among low-risk heterosexual women. UNDP has also helped Ecuador's major municipalities—Quito and Guayaquil—create the first municipal AIDS policies, which led to the establishment of testing and counselling services. In 2006, work began to extend similar strategies to 39 local and three provincial governments covering half of Ecuador's population.

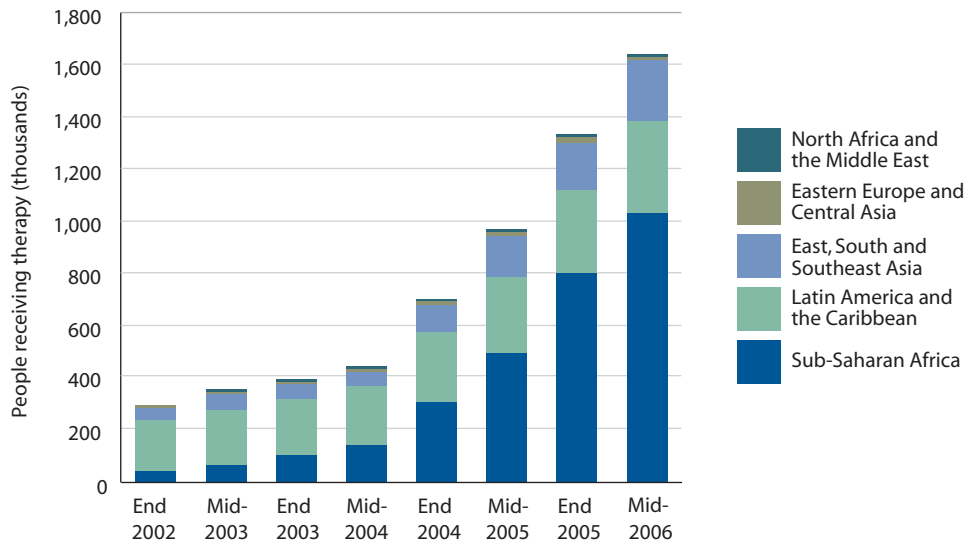
UNDP plays a major role in helping national partners develop their ability to make full use of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria, an international funding mechanism that assists countries in significantly scaling up their resources to fight these diseases. UNDP has successfully developed the capacities of national entities to take on the principal recipient role of the grants in Argentina, Benin, Burkina Faso, El Salvador and Haiti. By the end of 2006, UNDP was managing 58 Global Fund grants in 24 countries, disbursing \$155 million for the year. In the Democratic Republic of the Congo, for example, UNDP has administered three grants resulting in new prevention strategies, education and counselling for one million people, and better monitoring of blood transfusion processes.

In collaboration with the UN Children's Fund (UNICEF), UNAIDS and WHO in Angola, UNDP has overseen a Global Fund grant that has helped the Ministry of Health improve its technical skills, financial and management capacities, and systems for monitoring and evaluation. The grant has

Expanded HIV treatment

In three years, concerted efforts have tripled the number of people in low and middle-income countries receiving antiretroviral therapy, saving up to 350,000 lives.

Number of people on antiretroviral therapy in low- and middle-income countries, 2002-2006



Source: WHO/UNAIDS 2006

resulted in the development of a sentinel surveillance system, and the opening of 17 voluntary counselling and testing centres around the country. Nine hospitals now help mothers prevent transmission of HIV to their children, and more than 3,000 medical and paramedical personnel have been trained on AIDS care. By early 2007, over 7,000 Angolans were receiving antiretroviral drugs.

In Burkina Faso, UNDP works through its own HIV and AIDS programme to support PAMAC, the French acronym for a national network linking community groups of people living with HIV and AIDS. PAMAC, which works under the guidance of the national AIDS council, channels UNDP technical and financial resources into helping local groups manage programmes in their communities. By 2006, PAMAC was backing 142 community organizations and had trained 403 of their representatives in techniques related to voluntary counselling and testing, access to communal care, prevention and organizational management. The project as a whole benefits 350,000 people through increased access to information and testing services. It offers regular support to over 20,000 people who have developed AIDS, including home and hospital care, workshops on treatment options, and legal services.

Beyond national AIDS strategies and services, a priority for UNDP is assisting governments in negotiating the complexities of international trade agreements and intellectual property rights covering anti-retroviral medications. Late in 2006, UNDP led a consortium of regional and international organizations—including UNAIDS, the Caribbean Community, the Pan American Health Organization and the Commonwealth Secretariat—to convene a workshop on these issues for 12 Caribbean countries that face some of the world's highest HIV prevalence rates. Government and civil society representatives reviewed national patent laws, and discussed trade rules and the balance between patent protections and access to medicine. They agreed on a series of recommendations, including for improved communications between trade and public health officials, and for increased investments in local research and development. UNDP is now assisting Barbados on its compulsory license, which broadens access to patented products for the greater public good, and is helping Haiti and St. Lucia review national patent laws. These are crucial steps towards ensuring that medicine reaches people who need it most. ■

Democratic Governance: Fostering broad and meaningful participation

Significant strides have been made towards a more democratic world. Still, far too many democracy deficits remain. These occur whenever too much power is concentrated in too few hands, or when basic public services fail to function or reach people in outlying areas. They arise when certain groups are denied access to the political process because they cannot vote or join political parties, or when the law is not consistently applied, impunity prevails, and access to justice is denied.

When democracy deficits persist, they weaken societies by reinforcing inequities. So while it is essential to help countries put the basic mechanisms of democracy in place, such as elections, it is equally critical to support their capacity to make participation meaningful, in ways that touch the lives of citizens at large.

UNDP: More representative institutions

UNDP's support for democratic governance is grounded in principles that reflect the organization's core values, beginning with the basic purpose of human development being to enlarge people's choices. Democratic governance expands people's choices and aims at people controlling their own destinies.

To deliver the power of its potential to its people, a democracy needs institutions that work, such as a civil service that pays a decent wage; a justice system that operates independently; a parliament that stands up when those in power step out of line; power, water

and other utilities that deliver services efficiently to all and a free media that gives citizens the information they need to decide how to cast their next vote. Building a strong democracy requires institutions that function. Institutions cannot be developed overnight and need to be built into each country's development strategy.

Reaching the MDGs requires political will. Achieving the goals by 2015 is not just about technical choices. It also, and perhaps primarily, depends on whether the poor have political power and a voice in the political decisions that affect them.

UNDP has become one of the world's leading providers of services to bolster democratic governance because it has proven it can deliver on the ground, often under extraordinarily difficult circumstances, in every region. It works with countries to strengthen the core democratic institutions of central, regional and local governments. It widens the channels for interaction between people and the state, including elections, political parties, civil society movements and the media. It helps develop the capacities of governance institutions to be more responsive to constituents, which improves accountability and representation. These contributions further the fair and consistent implementation of laws, and the equitable provision of public services.

UNDP places a special emphasis on governance capacities related to economic management because such management, informed by publicly agreed priorities, is essential for sustainable and equitable economic development. Moreover, UNDP supports democratic governance processes to help ensure they are grounded in internationally-recognized principles, including human rights.

UNDP supports an election somewhere in the world on average every two weeks. In much of its elections work, UNDP cooperates closely with the UN Department of Political Affairs, to bring together political and operational expertise.

For instance, in the 2006 election in the Democratic Republic of the Congo (DRC), UNDP worked closely with the UN Mission in the DRC to support the newly created Independent Electoral Commission. Together, they steered the largest and most



During the run-up to the DRC's 2006 election, a training session honed the skills of people managing polling stations.

complex UN electoral assistance mission ever undertaken, a \$432 million joint effort funded by the Government, along with the European Commission and other donors. The election, with an 80 percent participation rate, was a major accomplishment in a country where up to four million people have died from the consequences of civil war, and democratic elections had not been held in more than 40 years. UNDP and the UN Mission provided vital technical and logistical support that helped the Guyana Elections Commission design and distribute 30 million ballot papers, and train 264,000 electoral workers. UNDP is providing support to this new democracy to develop the capacities to deliver basic social services to its constituents.

Preparing for an election can require months or years, and involves working on aspects from constitutional amendments to security preparations. Supporting Guyana in its efforts to hold a successful 2006 election began with a UNDP strategy first developed in 2002. The strategy targeted both the “soft-

ware” and “hardware” of an election—in this case, social cohesion and electoral mechanics, respectively. Guyana has experienced violent elections since 1992, typically sparked by accusations of vote rigging, and drawing on deep distrust among different communities. The tension has dragged down Guyana’s potentially vibrant economy, keeping a full third of Guyanese in poverty. UNDP drew together national and international partners and other UN agencies around a programme working on multiple fronts. Civil society groups and political parties participated in monitoring constitutional reforms and political agreements, as the slow pace of reforms had been a major point of contention. Through a collaboration with Guyana’s Ethnic Relations Commission, 5,000 citizens joined local and regional dialogues on the historical causes of conflict and ways to promote harmony. These led up to a national conference on conflict resolution. Journalists committed to more balanced political reporting by signing a media code of conduct. With UNDP support, the Elections Commission

procured electoral materials, tested the voters list and revised the system for reporting on results. This multi-pronged effort paid off during the vote. Media coverage improved and civil society groups delivered an outpouring of peace messages. For the first time in memory, the election was free of violence, and political opponents readily accepted the outcome.



People in Guyana turned out for a 2006 poll that was the first in memory without violence. For several years in advance, UNDP convened different groups to encourage consensus and transparency.

A successful experience in Benin used elections as an opening to improve the ethics and transparency of political parties. Leading up to the 2006 elections, UNDP worked with a spectrum of political party leaders, private sector representatives and civil society groups on developing a code of conduct with 12 basic ethical principles. All 26 presidential candidates and the leaders of

the 10 main political parties eventually signed on to the code. Some even began using it as part of their campaigns. The elections went peacefully, and the exercise was repeated for the 2007 legislative elections, becoming an opportunity for political parties and candidates to promote understanding of democracy again by promising their constituents they would uphold the code.

Globally, women's lack of participation in politics remains one of the most significant democracy deficits. UNDP stands firmly behind the expansion of women's participation as voters, candidates and political leaders. In 2006, it assisted Kuwait as women for the first time ever participated in parliamentary elections. Before and during the poll, UNDP partnered with civil society organizations to help prepare women running as candidates and to disseminate information about voting so that all women who wanted to vote could do so. Billboards, posters on buses and advertisements on television urged women to let their voices be heard. A leading expert on Islamic law came from Morocco to hold a series of seminars on Islam and women's political participation. In the end, no women candidates won seats in the new Parliament, but 35 percent of eligible women voted, a participation rate higher than in some long-established democracies.

In Mauritania, UNDP worked with three other UN agencies to foster national discussion on implementing quotas for women in politics, given a low participation rate of only 3.5 percent in Parliament and local town councils. The project prepared a study on the legal issues of quotas, trained potential women candidates, and with non-governmental organizations (NGOs) carried out a public awareness campaign on women's political rights. After the Mauritanian Government adopted a 20 percent quota for electoral ballots in 2005, the 2006 elections brought about a transformation: 30 percent of elected local officials and 17 percent of parliamentarians are now women.

UNDP strongly advocates the need for statistical systems to disaggregate data by gender. Development policies can affect men and women differently, with women often coming out on the short end due to discrimination. Without data disaggregated by gender, these differences cannot be recognized



Long-term assistance has supported Timor-Leste's Parliament in expanding its capacities to enact legislation and approve the national budget. International expert advisors provided by UNDP have aided with organizational restructuring and helped develop management skills.

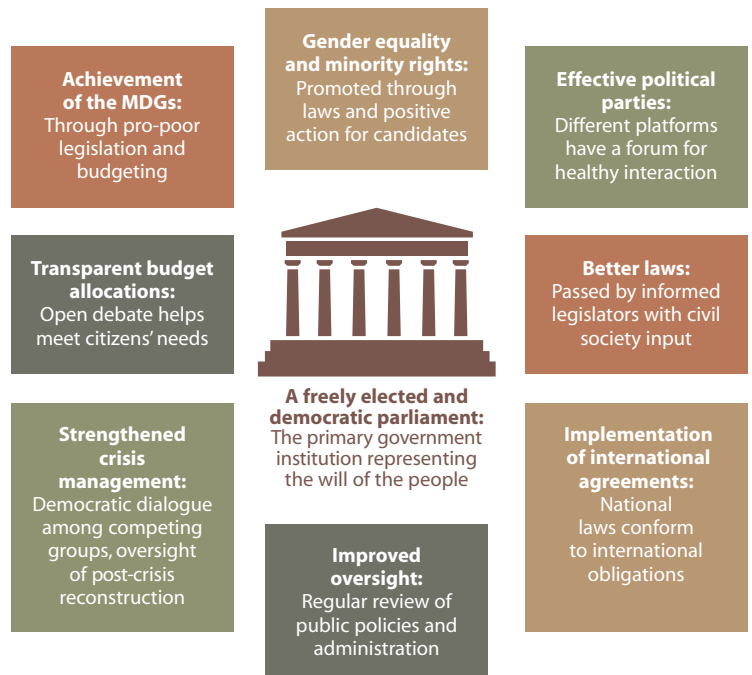
or addressed. In Tunisia, UNDP has worked with national policy makers to develop specific indicators for measuring the impact of public policies on gender equality; these have been adopted by the Prime Minister's Office; the Ministry of Women, Family, Children and Elders; and the National Council for Statistics. In Cambodia, new indicators used by donors and the Government guide policies related to domestic violence, girls' education and maternal and child mortality. Much of UNDP's work on governance indicators has been supported by its Oslo Governance Centre, which partners with leading thinkers from top research and policy institutions from around the world.

UNDP supports one in four parliaments globally. Parliamentarians can be powerful agents of change, particularly during and after times of crisis. Whether they are asking the tough questions, overseeing how resources are spent, or ensuring a newly-elected government lives up to its promises, they are key to making democratic governance deliver. For instance, the training and technical analysis UNDP has provided to the Parliament of Benin is helping improve oversight of the executive branch, ensure on-time budget approvals and speed the passage of legislation.

Training for women parliamentarians in the United Arab Emirates has increased their capacity to lobby and frame legislation, and

A pivotal point for democracy

In strengthening the capacities of national parliaments to be representative and accountable, UNDP supports countries progress on a range of other issues.



led to specific policies benefiting women, including provisions for increased paid maternity leave, the introduction of paternity leave and compulsory nurseries within federal buildings. In Sri Lanka, where Parliament has only 13 women out of 225 members, UNDP first backed the formation of a

In 2006, women participated in Kuwait's parliamentary elections for the first time. UNDP helped prepare women candidates and voters.



women's caucus, and then in 2006 sent 11 members of the caucus on a study tour to South Africa, where women have become a powerful political force. The Sri Lankan legislators learned about methods South African women have used to gain political influence, including positive action quotas. They returned home determined to begin advocating for new legislation to improve women's participation. Through a collaboration with the Ministry of Women's Empowerment and Child Development, the caucus is already supporting steps to improve women's leadership skills and to raise awareness, including within political parties, of women's political rights.

Healthy democracies require fair and efficient public administrations. Support for public sector reform remains another major component of UNDP's democratic governance portfolio, spanning civil service reform, policy development, sound statistical methods, improved social service delivery and well-functioning justice systems. In Liberia, for example, UNDP helped shepherd a peaceful election in 2005, following 14 years of war, and is now assisting with the rebuild-

ing of its shattered public institutions. With UNDP support, the Government is revising the mandates of its 20 ministries. It is revamping its civil service regulations, creating a code of conduct for public servants and overhauling financial management procedures. An assessment of local governments, which are often on the frontline of public social service delivery, has produced recommendations geared toward defining their role in Liberia's recovery and re-development. Already, in each of Liberia's 15 counties, newly created District Development Committees supported by officials from the UN Country Team have been trained on skills related to basic social mobilization, conflict identification and resolution, and project management. They are now consulting with local community members to identify priority development projects. Other assistance is aiding the Ministry of Justice in raising the prosecution rates for sexual and gender-based crimes, including rape.

An important aspect of UNDP's work in public sector reform involves capacity assessments, which identify gaps and priorities for improvement. In Afghanistan, the

Government conducted a comprehensive review of capacities across its ministries, departments and agencies, producing a baseline assessment. UNDP is now supporting the Afghan Civil Service Commission in training officials to strengthen core governance functions. Complementary initiatives focus on developing the capacities of provincial and district administrations to improve public service delivery.

Governance that is transparent and accountable helps to ensure that development aid is channeled most effectively to those most in need. Whether it's working with governments to stop the mismanagement of funds from natural resources like oil or helping legislators write effective laws to prevent mismanagement in the first place, UNDP is at the heart of global efforts to fight for transparency.

A 2006 UNDP report on corruption measurement in Latin America, done in partnership with Transparency International, offered more than 100 different tools for 17 countries. The report team worked closely with national partners to map the specifics of corruption patterns in each country and design indicators accordingly.

In Serbia, UNDP was able to provide assistance in the drafting and implementation of the Strategy on Public Administration, and in particular the new Civil Service Law, which promotes accountability and transparency in recruitment and promotion procedures, and discourages nepotism and corruption. Moreover, the project provided for the first time an assessment of the Prosecutor's Office and the Anti-Corruption Agency, with recommendations and a work plan to improve the efficiency of these

UNIFEM: Ending violence against women

Administered by UNDP, UNIFEM is the UN's fund for promoting gender equality and women's rights. Its programmes aim to reduce feminized poverty, end violence against women, reverse HIV and AIDS among women and girls, and achieve equality in democratic governance.

The UNIFEM-managed UN Trust Fund to End Violence against Women marked its 10th anniversary in 2007. The Trust Fund invests in practical steps to stop the global epidemic of violence against women. It brings together 16 UN partners, eight international and regional organizations, and a wide range of women's groups and donors.

Violence against women has traditionally been ignored, even though it affects a large percentage of women in every society—up to a third on average. Trust Fund grants have helped fuel an upsurge in activism to address the problem. For example, while only 45 countries had laws against domestic violence four years ago, today 89 states have some form of legislative provision, including 60 nations with specific domestic violence laws.

Since it began, the Trust Fund has awarded over \$13 million to more than 230 initiatives in 100 countries. Grants support innovative efforts by women activists, lawyers, researchers and public policy makers who stand a good chance of catalysing broader changes. Projects help revise laws and policies, and then assist in implementation that fully protects women's rights. Other priorities include improving women's access to justice, advocating changes in public attitudes, strengthening social services, and initiating research that brings to light the true dimensions of violence against women.

Trust Fund grantees have worked to prevent human trafficking in the Ukraine, advocated for the improvement of domestic violence complaint centres and shelters in 13 Chinese provinces, and helped the Government of Laos draft and pass its first domestic violence law. They have put a spotlight on the so-called honour killings of Palestinian women and supported female ex-combatants in Rwanda in learning ways to manage trauma. Around the world, projects have trained judges and law enforcement personnel, and linked activists against violence with groups working on poverty, conflict, and HIV and AIDS, given the connections between all of these issues.

UNDP's comprehensive support for security sector reform in Kosovo includes addressing local capacity to develop and maintain crime databases. Women officers comprise a significant number of the graduates from the training programme.



institutions, which are in the process of being implemented.

One example is in Mauritius, where UNDP has helped developed a National Human Rights Strategy and translated it into a national action plan. This has helped incorporate key international human rights instruments into domestic law, strengthening reporting to UN treaty bodies and implementing follow-up mechanisms to their recommendations. Moreover, the project allowed the Ministry of Justice and Human Rights to coordinate an ambitious consultative process which, beyond the immediate output of generating a draft National Human Rights Strategy for Mauritius, opened up a unique space of policy dialogue and cooperation among state and non-state human rights actors. It also reinforced UNDP's position as a partnership broker and trusted convener of complex multi-stakeholders processes in areas—democratic governance, and political, social, economic and cultural rights—that had not been at the centre of its local development agenda for quite a while.

In all of its activities, UNDP emphasizes partnerships with civil society organizations. In China, UNDP has partnered with the European Union to support the central Govern-

ment's new emphasis on civil society participation in the formulation of policies, programmes and laws. The programme includes analytical work on the contributions of civil society to China's development, local and national consultations on laws governing these groups, pilot projects of innovative registration procedures for organizations, and pilot partnerships between the Government and civil society. Training is helping civil society representatives increase their organizational and communications skills. In 2007, UNDP began assisting several groups in expanding legal aid services in 15 provinces and strengthening women's participation in local governance.

UNDP supports a free and informed media. Informing voters and monitoring corruption and the abuse of power, a free press is crucial to make democracy deliver for the poor. In the run-up to elections in post-conflict countries such as Liberia and Sierra Leone, UNDP enhances the know-how of local journalists to help them report independently and constructively on the democratic process.

One example of UNDP's work in economic governance is in Ecuador, where UNDP has collaborated with UNICEF and UNIFEM to sponsor the National Fiscal

Policy Observatory, which independently monitors fiscal policies and trends in public finances. Comprising 20 civil society representatives with diverse political perspectives and economic expertise, the observatory emphasizes accountability in the use of public funds, and has helped the central Government make public accounts transparent and available for public scrutiny. Regular macro-economic analysis, policy recommendations and monthly bulletins assessing social spending provide an invaluable resource for the public sector, trade unions, universities, and political and economic organizations. National newspapers and 30 national radio stations routinely cover observatory reports, which have also been picked up by major international investment banks such as JPMorgan and UBS. Now funded with additional support from the World Bank and the German Technical Cooperation (GTZ), the observatory has most recently been involved in assessing fiscal policies for poverty reduction. A report on the issue was distributed to all candidates and political parties involved in the 2006 elections. It has since become the basis for ongoing debates among political organizations, civil society groups, the media and private sector interests about the protection of social investments and the need for fiscal discipline.

UNDP's democratic governance work in individual countries both contributes to and benefits from UNDP knowledge networks. In 2006, in partnership with six leading providers of electoral assistance, UNDP launched the ACE Electoral Knowledge Network (www.aceproject.org). A comparative data service covers 11 aspects of elections and 180 countries, while an electoral advice option fields questions on subjects from photographs on ballot papers to compulsory voting.

A new network, iKnow Politics (www.iknowpolitics.org), debuted in 2007, becoming the first virtual network linking women in politics throughout the world. Designed by women in politics, the network features an online library and a virtual forum where women can exchange ideas and advice about strengthening women's political participation. It stems from a partnership between UNDP, UNIFEM and three other international organizations closely involved with democratic governance. ■



In 2007, iKnow Politics became the first virtual global network linking women in politics.

Crisis Prevention and Recovery: Managing threats, returning to stability

The risk of suffering from crisis, whether through violent conflict or natural disaster, is not equally shared. Economic and political disparities, as well as other forms of exclusion based on factors such as gender, often determine who is most vulnerable. They dictate who is likely to survive and who has the best chance of recovery when a crisis occurs. UNDP helps countries manage the risks of crisis, reduce root inequities that contribute to them, and re-establish basic economic and governance functions in the aftermath.

Of the 118 conflicts in 80 locations since 1989, most have been internal conflicts in poor countries. About half of these have resumed in the first five years after the signing of peace accords. In terms of natural catastrophes, since 1975 the number has shot up from under 100 per year to 395 in 2006. Climate change is likely to drive these figures higher. The 10 nations hardest hit by natural disasters in 2006, in the number of people killed or otherwise affected, were all developing countries.

Crisis imposes extra burdens when countries are poorly equipped to deal with it. Forty percent of the least developed countries struggle to address the needs of internally displaced people, for example. Many will remain shut out from education, productive employment and constructive political engagement, for years. When crisis persists, economies shrink, political systems weaken and public trust disappears. Valuable resources drain away.

UNDP: Platforms for development

Within the UN system, crisis-related interventions range from peacekeeping missions to the care of refugees. UNDP plays a specific role in coordinating the UN's risk reduction initiatives and early recovery efforts, contributing in particular its expertise in poverty reduction and democratic governance.

Before full-scale crises erupt, UNDP works with national and international partners to expand knowledge and capacities for risk management. Greater understanding of the underlying causes of crisis helps in crafting more targeted risk reduction and development policies. Enhanced negotiation and consensus-building skills can make political systems more inclusive and responsive to a variety of public concerns—and thus more legitimate in the eyes of a cross-section of people.

When a crisis does strike, restoring basic governance functions is essential to supplying the basic services people need to return to normalcy, from policing to health care. UNDP bolsters steps to improve livelihoods and restore security. Helping to repair damaged social relationships fosters the social cohesion needed to rebuild and, in the case of conflict, sustain peace. Post-crisis situations also offer important opportunities to increase women's participation in building stable and fully democratic societies. Across all aspects of crisis prevention and recovery, UNDP's Eight-Point Agenda for Women's Empowerment and Gender Equality includes steps to empower women.

UNDP contributes to consolidating peace, and putting countries back on the path to development, in all of the major post-conflict situations in the world today. After conflict exploded in Lebanon in mid-2006, the Government turned to UNDP to bolster the capacities of the Cabinet-level High Relief Committee, and to help the Prime Minister's Office immediately create a data management system and a daily situation report to guide the response to the crisis. UNDP policy advisers assisted the Government in shaping an Early Recovery Plan, which attracted more than \$900 million at a donor conference in Stockholm held two weeks after the end of hostilities. Other input went into a medium-term reform package with a strong focus on

social equity and inclusion and framed by the MDGs. This effort was aligned with the drafting of Lebanon's request for international aid, which helped net \$7.6 billion. UNDP now serves as the administrator of the UN Development Group Multi-Donor Trust Fund created to channel donor contributions, and has assisted the Prime Minister's Office to devise a Development Aid Database to manage new resources.

UNDP's early recovery initiatives in Lebanon included procuring and delivering local relief supplies, in partnership with national civil society groups. Funds were disbursed for clearing rubble, rehabilitating basic infrastructure and reactivating the services of over 200 municipalities. After the bombing of the Jiyeh Power Plant spilled thousands of tons of oil along the coastline, UNDP worked with the Ministry of Environment to assess the damage and lead a comprehensive clean-up operation. It also helped thousands of fishermen replace damaged nets and rebuild their fish markets, staples of their livelihoods.

Countries that have suffered from years of conflict face special challenges. On top of the destruction of infrastructure and sometimes dramatic backtracking on human development, many struggle with limited resources and minimal capacities to begin moving forward. Development is particularly critical in these situations, however, because when people do not see improvements in their lives, the chance of a return to chaos is high. In 2006, UNDP was active in the 10 states of South Sudan, providing assistance to help re-establish the rudimentary elements of public administration and the rule of law. State and local governments lacked even basic skills to plan and effectively manage resources offered by international and national sources. In nine states, UNDP trained state and local administrators and NGOs on how to identify development priorities and devise plans to work on them. A Governors Forum has been created and has become the main platform for dialogue between the states and the central Government of South Sudan. Other forms of training have honed the skills of judges, lawyers and the police, and judicial officials in six southern states now gather in UNDP-assisted forums to strategize on key law and order issues. Across Sudan, UNDP manages the country's largest community recovery



initiative. Funded by the European Commission, it involves the coordination of 48 NGOs and serves 800,000 Sudanese. The project restores a sense of normalcy and hope through the provision of water points, healthcare units, schools, sanitation systems and livelihood opportunities. In Darfur, UNDP has helped establish seven legal aid centres, where paralegals raise awareness on the rule of law and human rights, and provide pro bono legal aid and mediation services, including by reaching out to poor and internally displaced persons. The legal aid centres refer the most serious issues to Darfuri lawyers, who have taken on hundreds of cases.

Economic recovery is particularly important to post-conflict stability. In Afghanistan, UNDP has delivered close to \$1 billion of assistance since the 2001 Bonn Agreement. Much of this has gone into helping set up the Afghan Interim Authority, resuscitate the national civil service, conduct three elections and establish the National Assembly. A number of current programmes focus on support for sustainable economic development, with significant contributions from the Government of Japan. One collaborative venture with the Ministry of Urban Development, the Ministry of Agriculture and local authorities builds on the joint strengths of UNDP, FAO and the UN Mine Action Centre for Afghanistan. Linking rural and urban development in three provinces, the project is improving urban infrastructure, rehabilitating roads and repairing irrigation systems, often by employing people from economically vulnerable groups such as ex-combatants and women. By early

In the immediate aftermath of Lebanon's 2006 crisis, UNDP stepped forward to help the Ministry of Environment clean up a massive coastal oil spill caused by bombing.

2007, 91,000 days of labour had been logged. Over 2,000 farmers were using new seeds, equipment and livestock to increase agricultural production. The project had established 650 nurseries for fruit trees and 600 greenhouses. Mine removal, done through trained Afghan NGOs, had freed land for cultivation and improved access to markets.

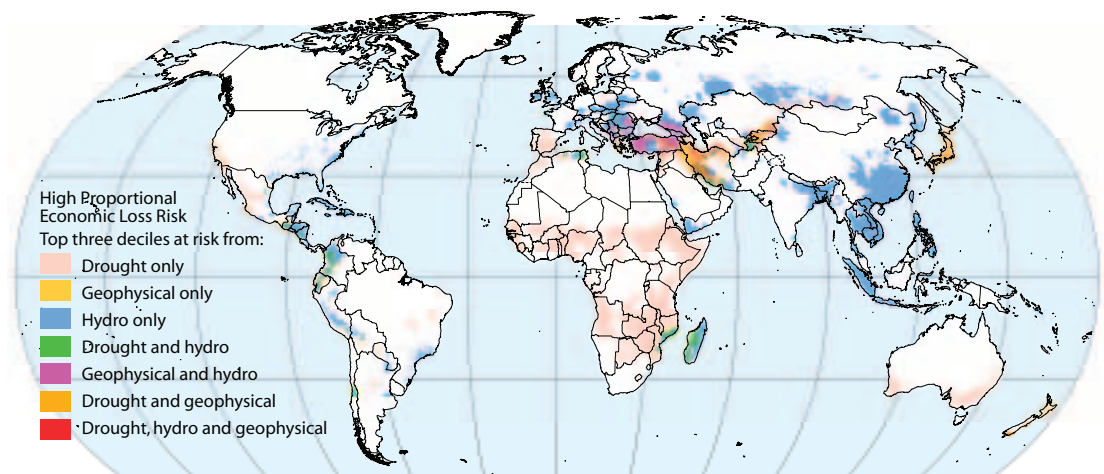
While the situation in Iraq remains complex, UNDP continues to back development efforts throughout much of the country. To coordinate the efforts of UN agencies involved in reconstruction, it administers the \$1 billion UN Development Group Iraq Trust Fund. UNDP also plays a leading role in assistance for governance and poverty reduction. It helped the Ministry of Planning and Development Cooperation establish an Aid Coordination Unit and a donor assistance database currently recording \$15 billion worth of grants, the largest such database in the world. Training has provided the Ministry of Municipalities and Public Works with modern management skills, and local governments with the capacity to plan and provide services. To fill gaps in public sector institutions, collaboration with the International Organization for Migration has brought qualified Iraqi expatriates back on short- and long-term assignments. UNDP is helping the Ministry of Municipalities and Public Works to rehabilitate key water and sanitation facilities, including a water treatment plant that serves a million Baghdad residents. Partnerships with

donors and the Ministry of Electricity are revamping major power stations and electrical distribution networks, and helping to strengthen related institutions. The Iraq Reconstruction and Employment Programme provided short-term jobs to some 123,000 workers employed in small-scale projects to offer basic services, reclaim agricultural land and clean up public spaces in towns and villages.

A crisis, even with a hugely disruptive impact, can open space for introducing new ways to work. Because UNDP is involved at the earliest stages, it can help countries grasp these opportunities. In Sri Lanka, UNDP's Strong Places and Aid Watch initiatives started as a response to the 2004 tsunami, but have become models for participatory and accountable local development planning. Together, the two projects cover 13 districts and 1,100 villages. They have helped enlarge the capacities of local communities to ensure that humanitarian support responds to local priorities. Community members have learned basic strategies for monitoring the activities of humanitarian groups in their localities and negotiating with government agencies to fulfill unmet needs, including through meeting with representatives of the national Human Rights Commission and the Task Force for Rebuilding the Nation after the Tsunami. Small grants have helped strengthen local recovery initiatives by community groups, while community resource centres provide services such as job training and health

The risks of disasters

Countries with large populations or a high percentage of GDP concentrated in areas prone to natural disasters may face threats to development from repeated economic and humanitarian losses.



Note: Economic loss risks measured as a proportion of GDP per unit area.
Source: *Natural Disaster Hotspots: A Global Risk Analysis-Synthesis Report 2005*



The Maldives, hit hard by the tsunami, is using UNDP assistance to "build back better," including through comprehensive community disaster preparedness planning. Residents of Felidhoo Island have decided to construct their houses higher off the ground.

education, along with information on basic human rights and entitlements. The project has greatly improved communications channels between communities and their governments, and has resulted in agreement on new local development priorities. One example is an emphasis on diversified livelihoods. Before the tsunami, many communities were heavily dependent on a single natural resource, only to see it swept away by the waves.

In Pakistan, UNDP continues helping to restore and improve local government capabilities destroyed by the massive 2005 earthquake. In the Northwest Frontier Province, where some local government officials have been operating out of tents, the project has brought in prefabricated offices that can be easily installed and used. They come complete with furniture and a computer. Training is helping local officials develop technology skills, and improve their capacities to plan and manage ongoing recovery efforts. An initiative to recover lost public records has paid particular attention to those related to land use, an essential livelihood asset for rural people. Work with land revenue officials emphasizes the need to maintain high standards of transparency and accountability.

Recent decades have singled out certain regions and countries as particularly prone to natural disasters. UNDP maintains its active

support for preparedness planning that reduces risks to lives and long-term damages to development. After a hurricane and a volcanic eruption hit El Salvador in late 2005, UNDP coordinated the recovery efforts of national partners, UN agencies and NGOs to deliver immediate assistance to 14,000 people in 22 communities, helping them to rebuild homes and livelihoods. In 2006, UNDP worked directly with nine of the most affected municipalities to create preparedness plans for future disasters, including through training 500 village leaders on how to develop and maintain the plans. Additional resources and technical assistance supported the central Government in establishing a monitoring and alert system.

The Maldives, despite its vulnerability to flooding, had never faced a disaster on the scale of the 2004 tsunami, which caused massive destruction on many of the country's islands. There was little capacity to predict or respond to this catastrophe. UNDP assisted with reconstruction efforts, but almost from the start has also helped the Maldives put in place a comprehensive system for disaster risk management. By 2007, a National Disaster Management Act had been drafted, a step towards establishing a national disaster management authority. UNDP had helped prepare the first geographic profile of risks on different islands, and was assisting with the installation

UN Volunteers: Civic engagement in action

The United Nations Volunteer (UNV) programme promotes civic engagement through volunteerism around the world. It serves as a valuable and unique part of the UNDP global development network, as well as a strategic resource supporting development work across the UN system.

In 2006, the programme worked with 23 UN partners in 144 countries and engaged more than 7,500 skilled professionals as volunteers. UNV's activities in financial terms reached a record high of \$180 million. More than two-thirds of the volunteers came from developing countries, with around 40 percent serving within their own countries. An additional 2,100 volunteers signed up through UNV's rapidly expanding Online Volunteering programme, which helps more than 900 registered development organizations obtain expertise and support online.

In advocating volunteerism for development, UNV works on the conviction that voluntary action by millions of people is a potentially powerful but vastly under-used resource. Voluntary action is a principal manifestation of trust and solidarity within and among communities that can move disadvantaged people towards active involvement in their own development. In 2006, UNV supported a number of initiatives offering new opportunities to marginalized groups, including women, youth and the poor. Building on long standing local traditions of volunteerism in Burkina Faso, Ethiopia and Niger, for example, UNV and its partners encouraged youth to contribute to local development efforts related to achieving the MDGs.

Other UNV efforts in 2006 focused on working within local communities to develop MDG strategies. In Mali, Pakistan, Senegal and Uganda, the programme supported the creation of national volunteer schemes.

Through UNV, a global exchange of volunteers helps foster the exchange of knowledge and experiences. In 2006, over 2,600 UNV volunteers played crucial roles supporting 15 UN peace operations and a number of post-conflict elections. For the elections in the Democratic Republic of the Congo, UNV mobilized 800 volunteers from 91 nationalities in support of the elections and peacekeeping, providing administrative and financial support and civic and electoral education. Half of the volunteers came from neighbouring countries and many contributed local and regional African expertise, which built confidence among local voters eager, yet hesitant to participate in the democratic process after many years of civil strife.

Through its advocacy of volunteerism for development, the integration of volunteerism into development planning, and the mobilization of volunteers nationally and internationally, UNV is pursuing distinctive contributions to effective development.

of a sophisticated early warning system. One national and five regional emergency operations centres were operating, while 13 islands had developed community disaster management plans incorporating local threats and priorities.

Indonesia has also suffered greatly from natural disasters in recent years. They have killed nearly 180,000 Indonesians since the end of 2004, with accompanying economic losses of more than \$14 billion. UNDP has partnered with the National Development Planning Agency and the National Coordination Body for Disaster Management to create the National Action Plan for Disaster Risk Reduction. For the first time, the Government has shifted its disaster

management orientation from responding after the fact to endorsing preventative measures. The new plan is designed to coordinate disaster management actions and improve the use of resources. To implement it, the legislature passed a bill in 2007 to form a National Disaster Management Agency. Through close cooperation with other UN agencies and NGOs, UNDP has also worked with local communities in some of the most disaster prone areas of Indonesia to enact early warning systems, devise evacuation plans, and conduct simulated earthquake and tsunami exercises. People will always be vulnerable to crisis, but as Indonesia has recognized, an equitable approach to social policy implies they also have the right to be prepared. ■

Environment and Energy: Balancing access and security

The poor are disproportionately affected by environmental degradation and lack of access to clean, affordable energy services. The UN is at the forefront of efforts to advance the environmental agenda in development, recognizing that issues such as climate change, loss of biodiversity and ozone layer depletion cannot be addressed by countries acting alone.

Environmental degradation and scarce resources both push people into poverty and keep them there, reinforcing inequities. Today, soil erosion, floods, droughts and pollution threatens the livelihoods of 2.6 billion people. Over a billion people today don't have clean water. Each year, sub-Saharan Africa loses more in productivity through poor water management than it gains through development aid and debt relief: a staggering \$30 billion.

Looking ahead it is clear that climate change will have especially dramatic effects on poor countries, both because of geography and because low income makes adaptation more difficult. Geography renders many developing countries vulnerable to climate change. Located in tropical areas or on small islands, they are exposed to climate extremes, large variability in rainfall, rises in sea level, and high temperatures. Since many developing countries rely on agriculture as their main source of subsistence, they have limited flexibility to switch to less climate-sensitive activities such as manufacturing and services. For some countries—in Africa and the Caribbean, and on coasts in South Asia and Southeast Asia—these threats are not looming in the distant future but in the next few decades.

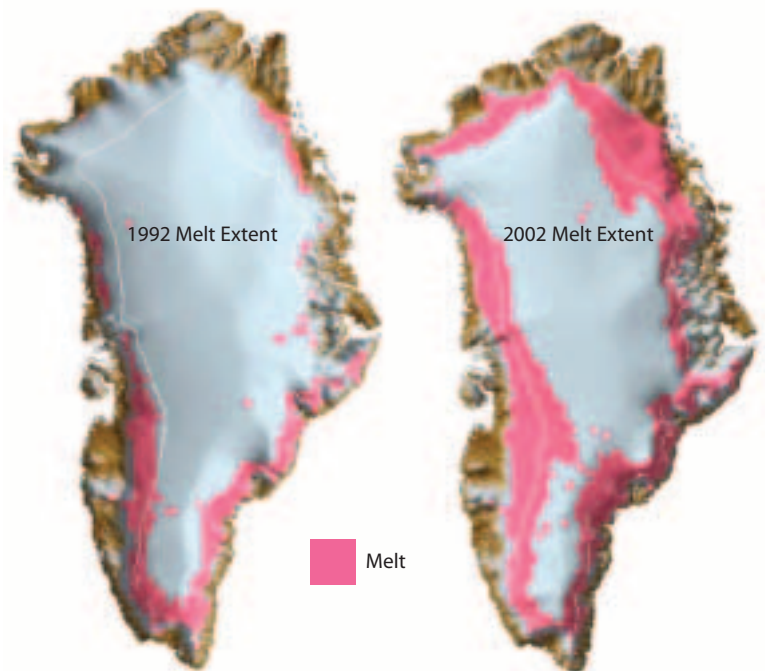
UNDP: Integrated policies

UNDP manages the UN system's largest portfolio of operational environment and energy projects, increasingly in collaboration with UNEP's technical expertise and advocacy efforts. It brings its expertise in poverty reduction and governance to bear in helping countries design and manage public policies that make the stewardship of environmental resources an integral part of human development.

One major challenge for developing countries is integrating environmental issues into national and local development plans. UNDP supports national partners assess new policy options, broaden institutional capacities, expand energy and other services to reach excluded groups, and marshal financial resources. Assistance also goes towards preparing for potential risks from climate change. On the local level, UNDP aids communities in determining how to extend energy services and better manage environmental resources, particularly in connection with improved livelihoods.

In assisting countries work on environmental policies, UNDP emphasizes tailoring

A warming Greenland signals climate change



Source: Konrad Steffen and Russell Huff, CIRES, University of Colorado at Boulder, Colorado

UNDP supports China's plan to dramatically increase its use of renewable energy systems, such as this wind turbine in Xinjiang.



MDG targets and measuring progress towards the targets and goals, along with an overall orientation around equity and human development. By 2006, with UNDP support, 85 countries had tailored MDG targets on environmental sustainability; over 150 have assessed and reported on the global targets, including those related to water, sanitation and urban housing. Many countries have woven environmental targets into national development plans, and a few have incorporated new environmental measures into national budgets. Cambodia, for example has set targets of doubling the area of fish sanctuaries and reducing household fuel wood dependency by almost half. Similar UNDP-assisted efforts have gone into energy policies. Albania has adopted a target of universal electricity availability through increased power generation from renewable energy sources, and reduced transmission and distribution losses.

UNDP expertise has supported the Economic Community of West African States, a regional grouping of 15 countries, adopt an ambitious regional energy programme, with a target of quadrupling modern energy services in rural and urban areas by 2015. Burkina Faso, a Community member,

has used UNDP assistance to prioritize energy in its poverty reduction strategy and national budget. UNDP has also worked with rural authorities on providing energy services to generate growth in local economies.

In China, years of rapid growth have lifted around 400 million people out of poverty, but have also pressured the environment. Environmental degradation is now contributing to the growing gap between those riding the crest of China's new prosperity and those left behind. UNDP works closely with the Government on devising appropriate environmental and energy policies that support poverty reduction over the long term, as well as implementing programmes that immediately address some of the worst disparities.

The Green Poverty Reduction in China project, for example, helps reduce poverty and provide clean sources of energy in three provinces, Yunan, Guizhou and Sichuan. The project is piloting a strategy of providing poor farmers with agricultural technologies to produce high-yield but environmentally sustainable crops of *Jatropha curcas* trees, a species that normally grows wild and naturally prevents desertification. There is a growing market, domestically and internationally, for

the biofuel that can be made from these trees. To tap this potential, the project simultaneously assists farmers with establishing effective marketing mechanisms and supply links to manufacturers. It is also working with officials on policies to catalyse these initial efforts, such as subsidies for environmentally sustainable farming. Green Poverty Reduction in China should come to full fruition in 2009, with expectations that it will reach 200,000 farmers and produce an annual increase in income of at least 15 percent for half of those. The Government already plans to use the lessons learned from this experience to scale it up from its current 6,000 acres to nearly 3 million acres by 2009.

UNDP has also established a partnership with Arcelor Mittal, the world's largest steel company, to reduce China's greenhouse gas emissions. One project supports the development and enforcement of energy conservation policies, and assists Chinese steel, petrochemical and building materials companies in adopting more energy efficient production methods—many of which have been pioneered by Arcelor Mittal.

Some cases of resource disparities are best solved through methods that encourage public participation in decisions governing their use. This deepens the quality of democracy by brokering broader consensus on resource allocations, which also tend to end up more evenly distributed. In Crimea, an autonomous republic in Ukraine, UNDP has supported community projects that not only supply water, but also help reduce tensions among different ethnic groups. Following the dissolution of the Soviet Union, a quarter million people who had once been deported from Crimea returned. Disputes have often flared over scarce natural resources, with equitable access to safe water, one of several particularly contentious issues. Throughout rural Crimea, UNDP has helped convene more than 500 ethnically mixed community self-help groups to begin working with local authorities on determining development priorities, calculating costs and implementing projects, thus increasing the sense of local participation and cooperation. The groups have raised funds to improve water systems, and by 2006, an extra 150,000 people had safe drinking water. Residents now closely supervise the management of water supply systems and have

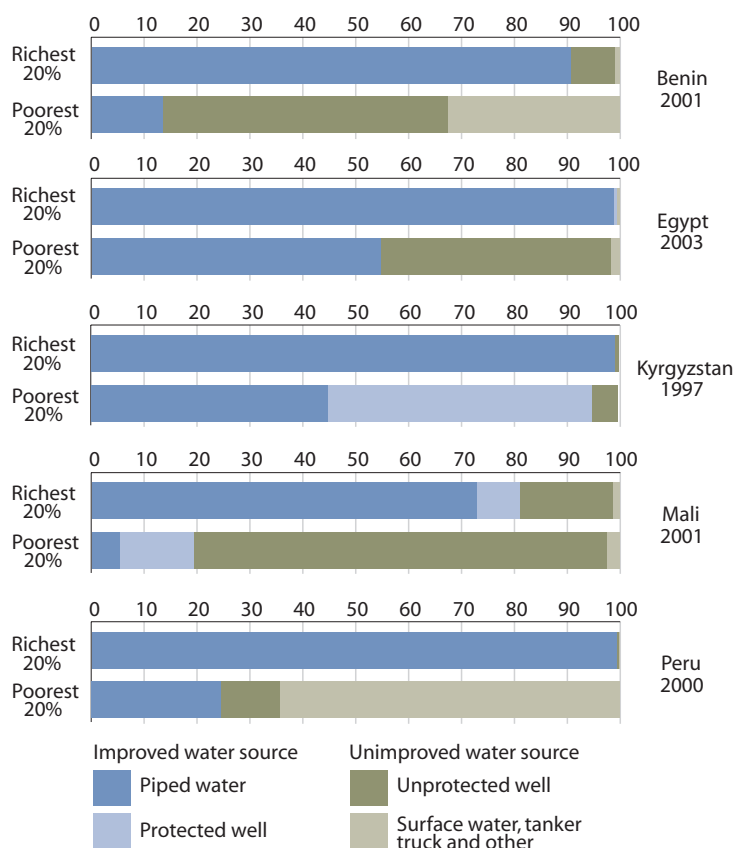
established community funds for maintenance and repair. For 2007, communities and the Government raised \$4.3 million for new projects, and the Government requested UNDP's support in adjusting legal and institutional frameworks in order to replicate this service delivery model across Crimea.

UNDP drew unprecedented attention to the global crisis in water and sanitation through the publication of its 2006 *Human Development Report, Beyond scarcity: Power, poverty and the global water crisis*. Through examples from developing countries, the report tracked how a lack of access to water and inadequate sanitation services translate into effects on lives and livelihoods. Greater access to water and sanitation leads to improved health and education, and supports progress on gender equality. The report recommended that all countries should make access to clean water a human right, and called for a global action plan. Subsequently, various countries

The water divide

Poorer people consistently have less access to quality water than wealthier households.

Access to water by wealth quintile (%)



Source: Human Development Report 2006

intensified their efforts to ensure access to clean water. The United Kingdom officially recognized water as a human right, while the Netherlands committed itself to playing a leading role in making water a human right. Japan plans to host a 47-country summit to address water issues in Asia and the Pacific. The theme of the *2007 Human Development Report* is climate change.

The year 2007 marks the 20th anniversary of the Montreal Protocol on Substances that Deplete the Ozone Layer. With the support of the Multilateral Fund of the Protocol, the Global Environment Facility (GEF) and bilateral donors, over the last 15 years UNDP has leveraged \$496 million for providing policy advice, technical assistance and technology transfer to help countries reduce the use of ozone-depleting substances. Through a broad range of partnerships, including small- and medium-sized enterprises, farmers and health-care practitioners, UNDP has balanced the protection of the ozone layer with economic considerations to maintain local competitiveness, protect existing jobs and create new forms of employment.

UNDP, along with UNEP and the World Bank, is one of the three implementing agencies of the GEF, the world's largest fund for protecting the environment. In 2006, the GEF received its fourth replenishment of \$3 billion from 32 donor countries. Covering the 2006-2010 period, the funds will go towards projects related to biodiversity, climate change, international waters, land degradation, persistent organic pollutants and ozone layer depletion.

UNDP-GEF projects help develop national capacities for environmental protection and sustainable development, often linked to poverty reduction and the generation of livelihoods. UNDP-GEF manages five corporate programmes on behalf of the GEF partnership: the Small Grants Programme, the GEF National Dialogue Initiative, the Climate Change National Communications Support Programme, the Support Programme for National Capacity Self-Assessments and the Country Support Programme for GEF Focal Points.

Large- and medium-sized projects, given impetus by GEF seed funding, can attract additional investments by other partners. In 2006, the GEF Council approved \$203

million in grants for UNDP projects. UNDP leveraged an additional \$500 million in project co-financing from governments and other partners. For example, a project to promote environmentally friendly ways of cultivating coffee combines just under \$12 million of GEF financing with over \$70 million mainly from the private sector. Coffee is the world's largest commodity crop, but traditional, environmentally sustainable cultivation methods are quickly being lost. The UNDP-GEF initiative works with coffee companies worldwide and major producers in South and Central America on pilot activities. It aims to increase the annual volume of coffee grown with sustainable practices, as certified by the Rainforest Alliance, a project partner, from 30,000 metric tons to 500,000 metric tons, or 10 percent of the total global market. McDonald's has already agreed to sell only certified coffee in its UK restaurants, with plans to extend that practice to all European outlets in 2007. Kraft, one of the world's largest coffee roasters, has increased its purchase of certified coffee from five million pounds to 29 million pounds over the last two years.

The UNDP-managed GEF Small Grants Programme has funded more than 8,400 projects by non-governmental and community organizations around the world. The projects benefit the environment, enhance local livelihoods and produce social benefits. In the booming industrial city of Pune, India, a local NGO used a \$15,000 GEF grant to organize the Pune Traffic and Transportation Forum and advocate for better management of traffic-clogged streets. In partnership with the city administration, the group cited experiences from Singapore, Bogota, Londa and Curitiba to persuade city officials that better transport planning could increase traffic flow, improve road safety, reduce pollution, and increase the mobility of the poor and disadvantaged. As a result, the 2006 municipal budget contains provisions for a multi-million dollar express bus system, an upgraded bicycle network and the creation of footpaths on all public roads. The Pune project is a classic example of how a small amount of seed funding, properly placed, can make a big impact. UNDP's access to knowledge and expertise from across developing and developed countries helps people grasp opportunities like these. ■

Operating as an Effective and Accountable Development Partner

National and international development partners have entrusted UNDP with sharply increased resources in recent years. UNDP now spends over \$5 billion a year on its own programmes and operations, and manages an additional billion each year for coordinated UN system activities. To continually earn the trust and confidence that this implies, UNDP refines its development interventions through rigorous analysis, shared knowledge and consultation with partners. A strong operational backbone, oriented around results-based planning and employing international management standards, helps maximize development effectiveness. Since 2003, total expenditures in nominal terms have increased by 60 percent, while management costs have been contained to a 25 percent rise. The organization is committed to maintaining its gains in efficiency and cost-effectiveness.

For the past five years, UNDP has taken many steps to fine-tune a business model that emphasizes partnership, advocacy, shared knowledge and capacity development. The organization is the leading UN advocate for the MDGs and a provider of support to countries in accomplishing them, including through its knowledge networks. UNDP not only works in close concert with its own partners—from UN agencies to national institutions to the private sector—but also actively brokers partnerships among those with a collective interest in inclusive human development.

There is now greater UN coordination and more targeted services. In 2007, through

drafting its 2008-2011 Strategic Plan and the discussions of its Executive Board, UNDP continued in this direction, while embarking on a clearer alignment of its programmes and operations with the organization's two overarching roles: as coordinator of UN development activities and as the provider of direct development assistance in the major UNDP programme areas. The two core roles provide the framework for the Strategic Plan. Anchored in the principles of the Millennium Declaration, the plan responds to key challenges at the heart of development: achieving the MDGs, scaling up crisis prevention and recovery, developing national capacities and institutions that govern long-term progress on development, and targeting quality interventions that multiply results far beyond the original investments.

To tackle these challenges, particularly to reduce significant development disparities, the Strategic Plan envisions a UNDP that, in all its activities, helps optimize the development effectiveness of the UN system. UNDP can do this by leveraging its considerable experiences and assets behind UN coordination, and by continuing to contribute development services in areas of strong in-house expertise not already supported by other UN agencies.

Common systems

In 2006 and 2007, even as the preparation of the Strategic Plan began, UNDP kicked off a series of initiatives to strengthen its



A clearer division of responsibilities between UNDP Administrator Kemal Derviş (left) and Associate Administrator Ad Melkert (right) supports UNDP's coordination and operational roles.

coordination role and improve its internal management. One important step involved a reconfiguration of management structures at the global and national levels. A clearer division of responsibilities between the UNDP Administrator and the Associate Administrator means that the former focuses on strategic policy guidance and overall coordination of development in the UN system, including by chairing the UN Development Group. The Associate Administrator oversees the daily operations and management of UNDP programmes.

Reflecting this structure, within countries the lines of responsibility between the UN Resident Coordinator and UNDP have been further clarified. This ensures that while the UN Resident Coordinator system remains funded and managed by UNDP, it is dedicated to the impartial coordination of country teams of UN agencies and to promoting synergies in UN operations. UNDP country offices work as part of the teams, contributing programmes that draw on UNDP expertise, support national priorities and fit within the overall framework of the UN development plan in a given country.

To strengthen the position of Resident Coordinators as joint UN entities, candidates are now appointed through an inter-agency process and assessed. In 2006, the UN Development Group conducted a 20-country pilot of a two-way system of performance

evaluation between the coordinators and the managers of individual agencies. The system assesses factors such as communications skills, team leadership and team commitment, and has now been expanded to 100 countries. In 2007, in addition to induction training meant to cultivate a common understanding of the Resident Coordinator system, Resident Coordinators began participating in in-service briefings on emerging global trends. These provide an opportunity to share knowledge and draw connections to national issues. Since the UN is essentially creating a new model for its operations, other training focuses on accountability, leadership and assessment.

A priority for the UN Development Group agencies has been to articulate a common strategy for capacity development that supports national development plans. In 2006, the group agreed on joint guidance for UN country teams that will help national partners assess capacity strengths and weaknesses, and map out how the UN can help fill the gaps.

A second agreement harmonized the transfer of funds from the core UN Development Group agencies to national recipients, a process that had previously been fraught with many different and complex requirements. This simplifies procedures for national partners, and puts in place systems for assessing and managing risk. The UN Development Group also agreed in 2006 on principles for a harmonized cost recovery rate for joint programmes and multi-donor trust funds, a step towards streamlining implementation.

Managing for results

Within its own house, UNDP has developed an organizational culture oriented around producing results, as has been widely recognized by national partners, donors and other international institutions. The Strategic Plan builds upon this achievement while making a substantial advancement in a critical area: better measurement and evaluation of results. The plan proactively links programme activities with a set of strategic outcomes that reflect the core of UNDP's development support. Country offices will use these outcomes to align

their programmes with the Strategic Plan, while having some flexibility based on national circumstances.

Through the focused and accessible production of performance data based on the strategic outcomes, the plan will help capture immediate outcomes so that all development partners can scrutinize the quality of UNDP's contributions. At the same time, through a central emphasis on capacity development, the plan recognizes that the growth in capacities, although at times harder to pin down, will sustain these outcomes and continue producing others over the long term.

In the Strategic Plan and elsewhere in its operations, UNDP has made a strong commitment to increased accountability and transparency, essential elements for the responsible stewardship of its resources. As a decentralized organization embracing an array of cultures, with current operations in 166 countries and staff from 152 nations and territories, UNDP faces unique management challenges. Some of these relate to performance expectations, so in 2006 the organization began putting in place a new management accountability framework. It draws tighter links between planned results and the responsibility of individual managers for delivering on them. A revised legal framework covers non-compliance with ethical and professional standards. To uncover any potential conflicts of interest, senior staff, and those in procurement and investment functions are now required to file financial disclosure statements. An internal online Executive Snapshot platform presents comprehensive and instantly available information on any UNDP office in the world, including data on expenditures, programme delivery rates and staffing.

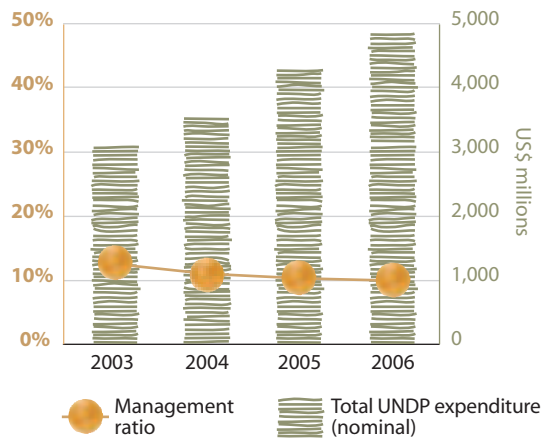
Additional resources have gone into internal audit and investigative functions. Internal audit reporting now includes new elements to improve the analysis and monitoring of significant and recurring issues, while a quality assurance unit at headquarters analyses systemic concerns rising from audit recommendations. Web-based dashboards track follow up, ensuring that responsible managers and offices or units take action. UNDP is now developing an Enterprise Risk Management

system, which consolidates existing risk management policies and procedures into one systematic framework for monitoring and managing risks. The initiative will also respond to recommendations from UNDP partners and audits, and will positively affect how the organization operates, makes decisions and proactively manages its activities.

Other developments during the year included the introduction of a risk-based system for planning internal audits. A risk-based methodology to assess complaints resulted in more timely and effective responses to cases requiring full investigation, and a doubling in the number of cases closed within the year. The strengthening of regional audit offices based in Bratislava

Containing costs

UNDP management expenditures have fallen as a percentage of overall expenditures, freeing additional funds for programmes.



Source: Bureau of Management/UNDP

and Beirut is allowing a more thorough and tailored response to country offices in each region. Globally, UNDP is moving with the rest of the UN system towards implementing the International Public Sector Accounting Standards.

Evaluation has now been built into all aspects of UNDP's programming, and is conducted in accordance with a new corporate evaluation policy approved in 2006. A total of 231 evaluations were carried out that year. Baseline criteria assess performance related to advancing human development and human rights, supporting UN system

coordination, engaging in global partnerships, encouraging national ownership and managing for results. The organization's online information management system, the Evaluation Resource Centre, was revamped to provide timely access to data on evaluation planning, management response and follow up, with reports from 2002 onwards.

New operational efficiencies have been introduced through a centralized procurement system. Atlas, UNDP's resource management platform, now permits the instantaneous collection of data on all procurement services globally. Substantial cost savings have come from streamlining UNDP's payroll process so that all staff are paid on the same schedule. Staff from UN Volunteers were integrated into Atlas for the first time, paving the way for the integrated

human resources management of all staff from UNDP and its affiliated funds.

A particular priority at UNDP has been improving the organizational track record on gender balance, both internally and in external programmes. Steady progress was made in 2006 on appointing more women to senior posts; they now comprise a third of Resident Representatives, the leaders of UNDP country offices, up from a quarter two years ago. Five of the nine managers in the second highest tier of the organization's global administration are women. A gender committee reports to the UNDP Administrator on gender issues across the organization, and the staff capacity of the global gender programming unit has increased. A next step will be expanding the Atlas system to precisely identify the whole

Retooling offices for maximum performance

For several years, UNDP's country offices have gone through several iterations of re-engineering their business processes, aiming for greater flexibility, quicker responses to partners, and above all, high-impact performance. These change management exercises have comprehensively assessed all aspects of an office, from managerial practices to the alignment of programmes and staff competencies. They are now beginning to pay off.

A particular management challenge for UNDP offices in post-conflict and transition countries involves scaling up capacities quickly enough to manage large shifts in resources. These often flow in after a peace agreement or to support initial steps to consolidate peace, such as elections.

In 2006, the UNDP office in the Democratic Republic of the Congo helped lead the UN's largest ever elections project, seen as key to stabilizing not only that country, but the west and central African region. Only four years ago, the office managed a budget of \$8 million. By 2006, the figure had shot up to \$241 million. Well-organized management structures allowed the office to keep up. Efficiencies in managing programmes and funds meant a doubling in the ratio of programme expenditures over available income. At the same time, programme expenditures per staff post rose steadily, from \$1.85 million in 2005 to \$2.5 million in 2006. The bottom line: the office was able to do more programming with a lower ratio of staff and reduced operational costs.

A change management process in the office began in 2002 and continued into 2005 as the office began gearing up for the elections. It looked at the office culture, promoting a shift towards innovation and strategic thinking, along with a major emphasis on sharing knowledge and collaboration. Staff expertise and business processes were closely aligned with evolving programme requirements linked to overarching national objectives. New sub-offices in different regions decentralized operations, bringing them close to the people who most directly benefit, while maintaining overall programme coherence. A pro-business approach encouraged cost-effective private sector partnerships for goods and services. With the election a success, the emphasis within the country and UNDP will shift again towards other post-conflict priorities, such as developing the capacities of the new government. In making itself more nimble and adaptable, UNDP will be prepared for the challenges ahead.



UNDP has greatly expanded its staff training, including by using cutting-edge technology. Managers participated in a discussion to extend UNDP's Virtual Development Academy's online courses to civil servants in developing countries

range of UNDP's investments in women's development and rights.

Within the UN system, UNDP is unique in conducting annual global surveys of its staff, a practice that began in 1999. Over the years, participation has soared, and marks have significantly and steadily improved on issues such as the performance of management, staff morale and the resolution of grievances. In 2007, UNDP began summarizing the survey and making it available to the public through the UNDP website.

UNDP continually invests in the professionalism of its staff—71 percent now participate in UNDP's global knowledge networks, online communities that facilitate collaboration and the exchange of information on subjects narrow and broad, from particular details of how to implement UN reform initiatives to the MDGs. Eighty percent have said the networks benefit their professional development and the productivity of their office. Over 2,000

UNDP staff members have been certified in project management, procurement, human resources and finance.

In 2007, after a global search, UNDP chose suppliers for training and certification assessments related to project management and business process design. These services will be available to most UNDP offices, helping to standardize and boost the effectiveness of its staff training, as well as to some counterpart government institutions. UNDP also began an initiative to identify highly experienced staff who could be quickly deployed in the immediate aftermath of crises, ensuring the organization can maximize its response and have the right people in place in situations where they are needed most. ■

UNDP Resources

Contributions to the organization's regular (core) resources grew for the sixth consecutive year, albeit at slower pace. The \$922 million gross regular income received by UNDP in 2006 represents a modest increase over 2005, but clearly falls short of the interim target (\$1 billion) set by the Multi-Year Funding Framework (MYFF 2004-2007) for the year. The achievement of the overall MYFF funding target—\$1.1 billion in 2007—will require continued and enhanced support

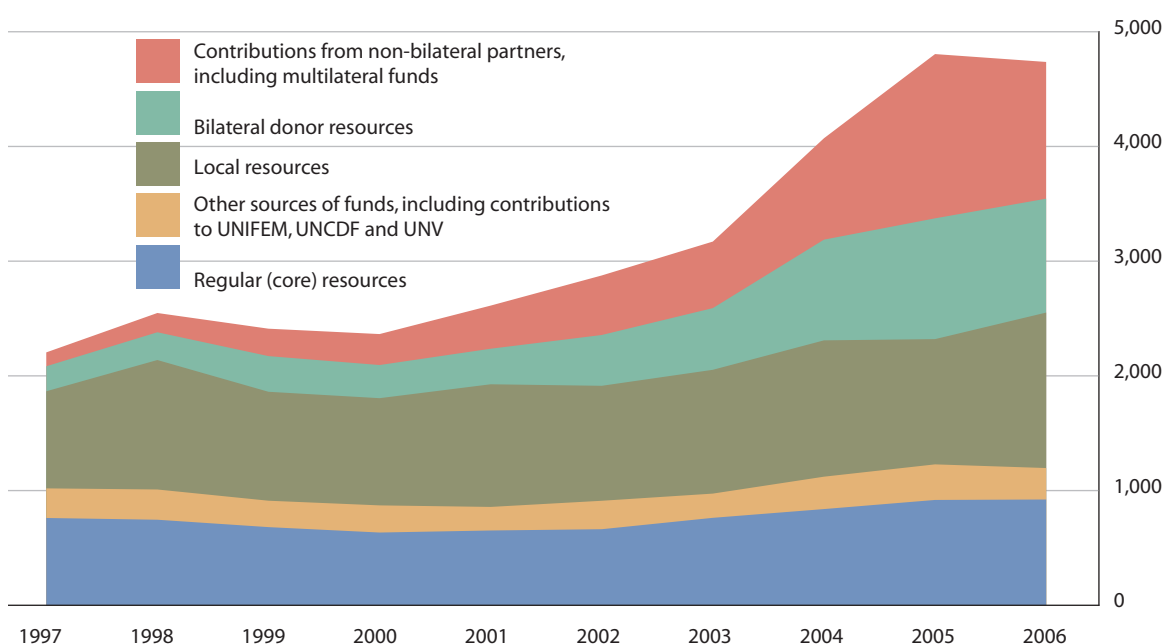
during the final year of the current cycle. It is encouraging that a growing number of donor governments have adhered to multi-year funding commitments, thus helping to increase the predictability of UNDP's regular funding base.

Expressed in current dollar terms, core income has increased by 10 percent between 2004 and 2007. Yet when corrected for both inflation and the performance of the US dollar *vis-à-vis* other currencies, adjusted core income grew by less than 5 percent during this period. UNDP's funding base remains particularly exposed to exchange rate volatility.

In 2006, combined earmarked (non-core) contributions to UNDP totaled \$3.8 billion, remaining at the same level as in 2005. Between 2005 and 2006, resources channeled through UNDP by programme country governments in support of their own development priorities grew from \$1.1 billion to \$1.36 billion. During the same period, non-core contributions from members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development decreased slightly from \$1.05 billion to \$1.03 billion. Contributions

Contributions to UNDP, 1997-2006 (preliminary)

US\$ millions



Source: Division for Resources Mobilization/UNDP

Gross income received in 2006* (preliminary)

Ranked by top contributors to regular resources**

US\$ millions

Donors	Regular resources	Co-financing
The Netherlands	113.8	58.3
Sweden	109.0	116.9
Norway	108.0	79.2
United States	105.2	127.8
United Kingdom	91.0	199.7
Japan	75.0	154.0
Denmark	61.3	19.1
Canada	49.6	65.9
Switzerland	41.6	15.2
Germany	33.6	31.5
France	31.1	21.1
Spain	28.6***	32.9
Ireland	20.0	11.8
Finland	18.7	10.3
Belgium	17.9	24.5
New Zealand	5.5	5.3
Austria	5.3	6.0
Australia	5.3	28.9
India	5.0	1.0
China	3.0	23.3
Saudi Arabia	2.0	10.4
Portugal	1.8	1.7
Luxembourg	1.7	3.9
Republic of Korea	1.0	4.7
Mexico	1.0	6.5

* As of 25 May 2007

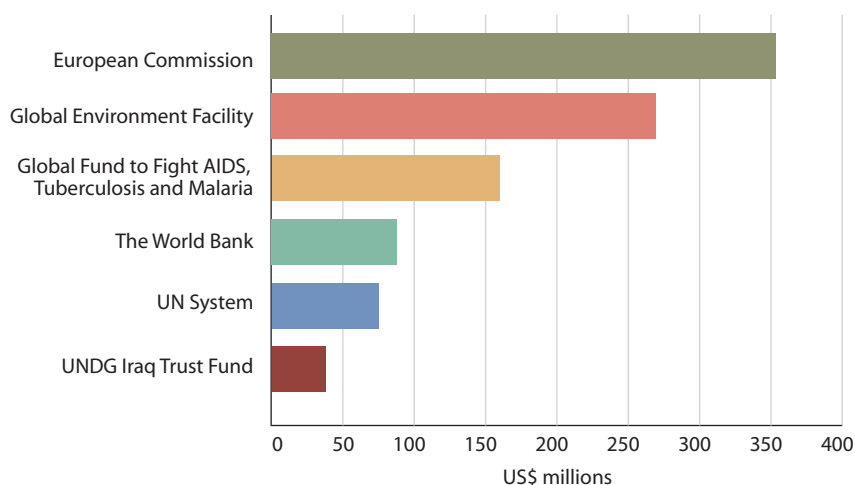
** All donors to regular resources contributing \$1 million or more

*** Includes €15 million for 2006, received in January 2007

from non-bilateral partners declined from \$1.43 billion to \$1.2 billion. Notwithstanding a combined net decrease in non-core funding, UNDP continues to be called upon to support governments to obtain, direct and manage different types of funding in accordance with national priorities.

Earmarked resources represent an important complement to the regular resource base of UNDP. The ratio of earmarked to non-earmarked regular resources remains imbalanced, however. The ability of UNDP to fulfil its mandate and deliver effective capacity building support for development critically depends upon a level of core funding that enables UNDP to pursue flexible, integrated management approaches focussed on long-term development effectiveness and sustainability. ■

UNDP support to non-bilateral aid delivery: Top contributors to "other resources"



Source: Division for Resources Mobilization/UNDP

Acronyms

DRC	Democratic Republic of the Congo
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GEF	Global Environment Facility
ILO	International Labour Organization
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MYFF	Multi-Year Funding Framework
NGOs	Non-Governmental Organizations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNV	United Nations Volunteers
WHO	World Health Organization

For further information, contact your local UNDP office or:

United Nations
Development Programme
Office of Communications
One United Nations Plaza
New York, NY 10017, USA
Tel: (212) 906-5300
Fax: (212) 906-5364

UNDP Tokyo Office
UN House 8F
Jingumae 5-53-70
Shibuya-ku, Tokyo 150-0001
Japan
Tel: (813) 5467 4751
Fax: (813) 5467 4753

UNDP Regional Service
Centre for Eastern and
Southern Africa
7 Naivasha Road Sunninghill
PO Box X4
Johannesburg
South Africa 2157
Tel: (27-11) 603 5000
Fax: (27-11) 258 8511

United Nations
Development Programme
European Office
Palais des Nations
CH-1211 Genève 10
Switzerland
Tel: (41-22) 917 8542
Fax: (41-22) 917 8001

UNDP Liaison Office
Washington, DC
1775 K Street, NW, Suite 420
Washington, DC 20006, USA
Tel: (202) 331 9130
Fax: (202) 331 9363

UNDP Pacific Centre
c/o UNDP
Private Mail Bag
Suva, Fiji
Tel: (679) 330 0399
Fax: (679) 330 1976

UNDP Office in Brussels
United Nations Office/UNDP
14 Rue Montoyer
1000 Bruxelles, Belgium
Tel: (32-2) 505 4620
Fax: (32-2) 505 4729

UNDP Regional Centre
Europe and the Commonwealth
of Independent States
Grosslingova 35
Bratislava 811 09
Slovak Republic
Tel: (421-2) 59337 111
Fax: (421-2) 59337 450

UNDP Regional Centre in Colombo
23 Independence Avenue,
Colombo 7, Sri Lanka
Tel: (94-11) 4526 400
Fax: (94-11) 4526 410

UNDP Nordic Office
Midtermolen 3
PO Box 2530
DK-2100 Copenhagen O
Denmark
Tel: (45-35) 46 71 50
Fax: (45-35) 46 70 95

UNDP Regional Centre in Bangkok
United Nations Service Building
3rd Floor, Rajdamnern Nok Avenue
Bangkok 10200, Thailand
Tel: (66) 2288 1234, (66) 2288 2129
Fax: (66) 2288 3032, (66) 2288 0556

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**United Nations
Development Programme
One United Nations Plaza
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