



A STUDY OF THE CAPACITY OF THE UNITED NATIONS DEVELOPMENT SYSTEM

Volume I

UNITED NATIONS
Geneva, 1969

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Geneva, 30 September 1969

Dear Mr. President,

When, at the Sixth Session, the Governing Council considered the proposal that I should be designated Commissioner to undertake a study of the capacity of the United Nations system to handle the resources made available by the United Nations Development Programme first, at their present level and, second, if doubled over the next five years, the Council expressed the wish that it should receive my Report "directly and in unexpurgated form".

I therefore now submit it to you for circulation to Members of the Council. Mr. Paul G. Hoffman will also be sending copies to Members of the Inter-Agency Consultative Board in order that their comments and viewpoints can be transmitted to the Council. Each member of the Panel of Consultants has received a copy and their observations will be sent to the Council directly.

A final memorandum to the Council may be necessary after the Inter-Agency Consultative Board and the Consultants have commented on the Report; if so, I will submit it in due course.

As it was the Administrator who commissioned me to undertake the Study, the Report is directed to him but, in view of the Council's express wish quoted above, I deem it desirable to write this letter to you, Sir, to draw attention to certain matters of concern to you and to the Council.

As you will be aware, a Commission on International Development, under the chairmanship of the Rt. Hon. Lester B. Pearson, carried out a broad survey of development assistance at the same time as this Study was being undertaken. Mr. Pearson, with characteristic consideration, arranged for a copy of his Commission's Report to be made available to the Study immediately it was finished. In very general terms, it can be said that the

His Excellency
Ambassador Agha Shahi
President
Governing Council of the United Nations Development Programme
United Nations, New York

Pearson Commission has surveyed the major problems of development co-operation, whilst the Capacity Study has examined the role of the United Nations development system in that process.

The Report of the Commission on International Development arrived only a few days before the completion of the Report of the Capacity Study which, simultaneously, had to take into account the conclusions of the final meeting of the Enlarged Committee for Programme and Co-ordination of ECOSOC. It can be said with confidence, however, that the conclusions of the Pearson Commission and those of the Capacity Study when surveying similar problems - and working independently of each other - appear to be basically the same.

The Commission on International Development has proposed that a conference should be held next year to discuss the creation of improved machinery for the co-ordination of development assistance. Such a conference would obviously have to take cognizance of the place and responsibilities of the United Nations development system, which is the central theme of the Capacity Study. I assume that governments will therefore decide how the greatest benefits could be derived from the work both of the Commission and the Study.

I wish to express my appreciation to all those concerned, particularly to Mr. Paul Hoffman, who made it possible for me to undertake the Study. From the outset, I have been conscious of my limitations in making this survey; no one is likely to be more critical of it than I am myself.

Despite its shortcomings, I should be content if the Study contributed to the solution of some of the major problems that now threaten the effectiveness of the United Nations system and, in turn, limit its capacity to co-operate with the developing Member States. It is important that the international organizations should function efficiently for the sake of all mankind; it is imperative that they should do so in meeting the commitments that they have now undertaken in co-operating with the less-privileged parts of the world. My only reason for accepting this task was the hope that the Study might ultimately help people in the developing countries. I believe that this work transcends any other human endeavour. If official reports were ever dedicated, this one would be dedicated to the peoples of the developing countries.

Yours sincerely,

R. S. A. Jackson

FOREWORD

In the middle of the Capacity Study, the Head of State in a developing country said to me: "By the time your Study is finished, you'll have had a unique opportunity to review the entire United Nations development system. When your Report is ready, write and tell me all about it for I want to help if I can." This is the letter I shall write. It could serve, I think, as a foreword to the Report.

Dear . . .

The Capacity Study is finished and a copy of the Report is enclosed. When last we met, you asked me to let you know what I felt at the end of it all. Here is the letter I promised.

We have diagnosed the patient's sickness and written a prescription. It remains to be seen whether he will take the medicine.

As you will recall, the Study dealt with the United Nations development system and its partnership in the field of technical co-operation with the developing Member States - the 'Third World'. It reflects twelve months of intensive work by half-a-dozen people who received exceptional support on all sides. Over 100 governments were consulted and gave us their views; each of the organizations which make up the United Nations system - there are about twenty of them - provided us with detailed information about all their activities, and many wise and experienced people, both inside and outside the system, gave us the benefit of their advice.

As you anticipated, by the time it was all over, I had had an extraordinary insight into the United Nations system. I wouldn't be human if I did not feel I had come full circle. I was at the centre of things at Lake Success about twenty years ago, and the roots of many of today's problems were apparent even then, but, significantly, governments were not prepared to deal with them effectively.

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At the end of the Study, I am left with several strong impressions. The first one is positive. I am convinced that technical co-operation and pre-investment are one of the most effective ways of assisting the developing countries in achieving economic and social progress. I believe the United Nations, despite its present limitations, has demonstrated conclusively that it is the ideal instrument for the job. Virtually every Member State agrees with this and many of them would be willing to contribute substantially more funds if the operation could be made really efficient. This function of development co-operation, by the way, is now by far the largest activity in the entire United Nations system. Thus, in surveying its development work, we were compelled to look at the mechanism as a whole.

It would be an impertinence, Sir, for me to suggest what needs to be done to develop your own country. You know that better than any man. But we would both agree that there is a tremendous job to be done, that decades of work lie ahead, and that your country, which we both love, is typical of about ninety other nations in the world, all of which will require technical co-operation for many years to come. Since the international system has shown that this is a field where it can operate effectively, the consideration of the three studies of this activity - the Pearson Commission, the Second Development Decade proposals and the Capacity Study - which are now available, provide governments with the basis for a full-scale review of their policies. This, in turn, would offer an unprecedented opportunity to revitalize the United Nations development system.

There is no doubt that this opportunity exists - but can the governments of the world grasp it? This is where my second and predominantly negative impression emerges and I am compelled to say: 'On the record of the last twenty years, probably not.' Only if you and a considerable number of Heads of State and governments combine can we get decisive action. It is not that large sums of money are involved - technical co-operation is probably the most economical of all methods of assisting development. The real reason is the great inertia of this elaborate administrative structure which no one, it seems, can change. Yet change is now imperative.

This is my greatest worry and it is shared by virtually every responsible man and woman I have met, both within and without the system. Governments created this machine - which over the years has grown into what is probably the most complex organization in the world. What is it exactly? Briefly, it is built up of the administrative structures of the United Nations and its component parts, such as UNDP, UNICEF, UNIDO and UNCTAD, etc., and of about a dozen Specialized Agencies. In theory, it is under the control of about thirty separate governing bodies; in the past, much of their work in dealing with administrative problems has been self-defeating. At the headquarters level, there is no real "Headpiece" - no central co-ordinating organization - which could exercise effective control. Below headquarters, the administrative tentacles thrust downwards into an extraordinary complex of regional and sub-regional offices, and finally extend into field offices in over ninety developing countries. This 'Machine' now has a marked identity of its own and its power is so great that the question must be asked 'Who controls this 'Machine'? ' So far, the evidence suggests that governments do not, and also that the machine is incapable of intelligently controlling itself. This is not because it lacks intelligent and capable officials, but because it is so organized that managerial direction is impossible. In other words, the machine as a whole has become unmanageable in the strictest use of the word. As a result, it is becoming slower and more unwieldy, like some prehistoric monster.

'What are the implications of all this?' you will ask. Before answering that question, one can say immediately that the political side of the United Nations - the General Assembly and the Security and Trusteeship Councils - is not unduly affected. Two great international institutions are also largely untouched because they are independent and well managed: the International Monetary Fund and the World Bank Group. The real threat from the machine is where it inhibits the development co-operation provided by the United Nations system. UNDP is the principal organization affected by this situation. As you know, UNDP does not operate itself, but relies on

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the Specialized Agencies for the execution of its projects. As a result, all of them are vitally affected though, fortunately, several of those with relatively small programmes are less constrained.

Thus, the answer to your question is that the developing countries aren't getting as good a technical assistance service as they should, that the future progress of the UN system is threatened, and, within that framework, thousands of capable men and women, who have dedicated their careers to the ideal of the United Nations, are increasingly frustrated.

'What prevents us from bringing the 'Machine' under control?' will be your next question. There is no perfect answer. In theory, complete control of the machine would require the consolidation of all the component parts - the United Nations and the Specialized Agencies - into a single organization, which is not within the realms of possibility. What could be done immediately, however, is to bring a very large part of it under reasonable control by introducing systematic procedures for the effective management of the predominant function of development co-operation. This would require a strong central co-ordinating organization. The Study describes how this could be done - essentially by restructuring UNDP - but the effects of the changes involved would be so substantial that they would be resisted in many quarters. Here, I shall give you only three examples. In doing so, I do not imply any deliberate obstruction but rather refer to those whose official positions require them to sustain the status quo.

First, many senior officials, whilst readily acknowledging that change is essential, would be impelled to resist it. They would do this on the understandable grounds that they are so heavily committed to the present operation that they could not physically find time to introduce a major reorganization. I sympathize, but it is a situation which cannot be accepted for progress would on these terms be impossible. It must never be forgotten, too, that UNDP is today financing a great part of the operations of the Specialized Agencies and they themselves could not make major changes - even if they were willing to do so - unless UNDP as the potential co-ordinating point took the lead. In a sense, it is possible to think of UNDP as a main gear wheel, with each of the Agencies as another important wheel, all of which must mesh

together if the mechanism is to function effectively and thus create a system. It follows logically that UNDP must be reinforced with whatever managerial manpower is needed to introduce the necessary changes.

Second, resistance to change will come from many of the Agencies. Supported by governments, most of them have now become the equivalent of principalities, free from any centralized control. Over the years, like all such institutions, they have learnt to safeguard and increase their powers, to preserve their independence, and to resist change. All these characteristics are reflected in their individual patterns of organization and administration and it is largely because of this that the machine is as it is. This would not matter so much if the Agencies had not become so greatly involved, in co-operation with UNDP, in the process of development. Lacking any central control, they have naturally advanced independent sectoral policies, often without due regard to the interests of either the developing countries or the UN system. The record shows conclusively that, while the Agencies may genuinely want to work together collectively (and in so doing help to bring the machine under control), they have been frequently prevented from doing so by forces outside their control.

You, Sir, know what your Cabinet would be like if you were not there to take charge of it. Today, the Agencies - which have so much to contribute - cannot give of their collective best because no individual and no organization is pulling them together. There can be no equivalent in the UN development system to a Head of Government, but a greatly strengthened UNDP, sensitive to the problems of the Agencies, could exercise a most beneficial and constructive influence throughout the entire UN development system.

And that brings me to the third and final example where change will be resisted. It will be in the Cabinets of individual Member States. Our enquiries revealed example after example where Departmental Ministers have advocated policies in the governing bodies of the particular Agency which concerned them (e. g. a Minister of Agriculture in FAO, or a Minister of Education in UNESCO) which were in direct conflict with his government's policies toward the UN system as a whole. It follows logically, Sir, that unless a majority of Heads of Government of Member States, assisted by

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their Ministers of Foreign Affairs and of Finance, are determined to establish policies deliberately designed to introduce the necessary changes into the present 'non-system' and to ensure that their Departmental Ministers adhered to those policies in the various governing bodies, then the present monster will continue to propagate, the UN system generally will deteriorate, and the economic and social development of the 'Third World' will be frustrated at the very time when a unique opportunity exists to expand it significantly.

Thus, the forces of inertia resisting change are very great and I have little optimism for the future unless the Cabinets of many of the Member States decide to treat this basic problem with the seriousness that it demands. I know that you and your Government will do so; I hope very much that many others do likewise.

In summary, what I have said is that the UN development system could do a remarkable job in co-operating with the Third World, but the prospects are not very promising unless the machine can be brought under control. Probably the best answer that one could hope for at the present time is for governments to transform UNDP into a strong and effective organization, and for UNDP, in turn, by the exercise of enlightened managerial and financial procedures, to secure the co-operation of the Agencies in bringing the machine under reasonable control and, by doing so, facilitating improved co-operation with the Third World.

Before I turn to broader issues, I should make three further comments. First, the machine can be reformed without any amendments to the Charter of the United Nations or to the constitutions of the Agencies. Of course, if governments decided they wanted stronger and more decisive action, then the thing to do would be to centralize the budgets of all the Specialized Agencies - except those of the IMF and IBRD - and bring them under effective co-ordinated control in ECOSOC. Then you really would see opposition to change! That battle was fought out when I was at Lake Success in the early days and the supporters of the sectoral approach won the day. Whether that victory was good for the United Nations as a whole is a matter for the historians, but I am positive that the progress of the Third World would be advanced if

financial power could be used intelligently so as to ensure collective action by the UN development system, especially in each of the developing Member States.

The second comment is prompted by the question that many thoughtful people have asked me: 'Is it worthwhile going to all this fuss and bother to try and reform the machine? IBRD is efficient; why not let UNDP go on as it is, even if its capacity diminishes as the machine grows more unwieldy, and let the Bank do the rest?' There are at least three reasons for rejecting this approach. The first is that it is in the interests of all Member States for the United Nations to carry on the technical co-operation work which it has pioneered and has shown can be handled successfully as an international operation. Hence, UNDP should be strengthened so that it can effectively accomplish its role and, simultaneously, help to bring the machine under reasonable control. Next, evidence presented to the Study indicates that the Third World would prefer to remain in effective partnership with UNDP as far as development co-operation is concerned for, much as it respects the World Bank Group (and rightly so), there are misgivings about its weighted voting and limited membership. Finally, although I obviously cannot speak for the President of the Bank, I have the impression that the Bank would prefer to see UNDP and the UN development system as a whole operating with efficiency and interlocking their operations in the field of pre-investment with the Bank Group.

Third and last comment. All concerned must realize that the job to be done by UNDP is essentially an operation in contrast to the usual function of a secretariat. Most governments have accepted this distinction in separating their nationalized industries from the permanent governmental service. They must now take another step forward and accept the need for the equivalent of an internationalized industry.

I can now imagine you saying: 'Look. You know the problems I have in governing this country. I agree with you fully that the future of the United Nations is of the highest importance. I agree that the development co-operation job has great possibilities: it could well offset the limitations of the political bodies in the United Nations. I agree that the 'Machine' is an

impediment both to UN and the Third World - but just what do you want my Government, and other governments, to do? ' And I think you would add: 'Remember Churchill?' 'Pray let me have on one sheet of paper . . . ' I do not know if I can do that, but I will keep it as short as possible. The matters I write about now, of course, represent my deepest impressions of all.

First, before thinking about the problem of the machine, I would ask governments to put both problems - the UN development system and the Third World - into a realistic perspective. Please reflect carefully on our experiences since the present UN system was established - a period during which so many members of the Third World achieved their independence. Next, take stock of the present. Consider what has been achieved. A very great deal. After that, think carefully about what needs to be done. Look forward with vision and determination toward the end of the century and map out a strategy for development that will seize people's imaginations and give hope to those who are in need, and inspiration to those who have the power to make great changes. Few Ministers will have time to read all this Report, but the perspective to which I have referred is surveyed in it, if they wish to consider the problem more deeply.

Second, in looking to the future, recognize the extraordinary advances in science and technology and the power they now give us to render world conditions more tolerable for all mankind.

Third, despite the present political difficulties, recognize that the impact of those technological changes must inevitably increase the interdependence of nations, and create both unprecedented opportunities and irresistible demands for development as hundreds of millions of people see for themselves that there is no reason to remain underprivileged.

Fourth, please grasp the opportunities opened up by this unique combination of circumstances and the existence of an institution such as the United Nations, and decide to equip it with an instrumentality

deliberately designed to co-operate with the Third World. Make certain that it is an organization that could really respond flexibly and quickly to the conditions of the future.

Fifth, governments have already laid down excellent principles in GA resolution 2188(XXI) that should govern this co-operation between the United Nations and the Third World. Now they should apply them in practice. What does that mean in terms of specific action?

Sixth, it means agreement that the United Nations should be equipped with a suitable operational organization - a proper 'Machine' - to do the job. The core of such an institution exists already in the United Nations Development Programme, but it would have to be given greater power and independence and reorganized substantially if it were to be transformed, as it should be, into the recognized central body for consolidating and expanding co-operation with all the developing Member States.

Seventh, continue to provide UNDP with the necessary financial resources while it is being restructured. Give it substantially more money if it demonstrates that it can deliver the goods to the Third World - as it should certainly be able to do. As soon as possible, channel the maximum of all money provided for development co-operation through the new organization so that it can achieve collective and co-ordinated action by the exercise of wise financial control. At the same time, ensure that the Head of the organization is fully accountable at all times for all funds entrusted to him.

Eighth, recognize that the Specialized Agencies have an exceptional contribution to make, but that their work in the field of development co-operation must be co-ordinated (through a modified UNDP) like any department in government. Ensure that the Agencies receive the financial support necessary for them to perform their constitutional functions.

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Ninth, and the decisive act. Above all, be certain that the new organization has the necessary manpower to surmount its present limitations and then to expand into an instrumentality commanding the powerful support of all Member States. This would demand managerial talent of a quality equivalent to that found in the greatest institutions and commercial enterprises. Hard to find? Of course, but that one act by governments would do more than anything else to consolidate the UN system and to assist the Third World.

'Well', you will say, 'You didn't quite get it on one sheet of paper, but what is the next step?' The answer here, of course, is that each government will need to consider individually its policies in relation to the many recommendations made in the Report. Hence, Secretaries of Cabinet should be directed to arrange for the Report to be studied thoroughly and subsequently to prepare submissions for the consideration of Cabinets. After that, government action should follow. But - even assuming that governments supported the main recommendations in the Report - it would be essential to ensure that their policies were followed consistently by their ministers in the governing councils of the UN bodies.

Governments now have the Study. They have Mr. Pearson's Report. They have the outline proposals for the Second Development Decade. As I have said, this offers them an unprecedented opportunity for reviewing their policies toward the developing countries, and for taking deliberate and sustained action to resolve what we all know in our hearts is the problem of our time. Yet, tragically, too many people - including too many leaders in the affluent states - now appear to believe that the plight of two-thirds of mankind can be safely swept under the political rug and left there.

However, the sheer force of political circumstances will compel governments to act sooner or later. The sooner they respond, the greater

will be the prospects for a better world. The longer they delay, the greater will be the dangers.

MIRV, the Multiple Independently Targeted Re-entry Vehicle, represents to me the ultimate folly (so far) in man's unceasing efforts to find security by means of weapons of destruction which science now makes obsolete overnight. The twentieth century, on its record so far, could well be called the 'Century of Destruction'. Never before has mankind destroyed so much of its inheritance so quickly. We still have time to do the most constructive job in the history of the world.

I have the honour to be, Sir,

Your Obedient Servant,

R. G. A. Jackson

Chapter One

THE COMMISSIONER'S REPORT

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Chapter One

THE COMMISSIONER'S REPORT

"Dos linajes sólo hay en el mundo, como decía
una abuela mia, que son el tener y el no tener." ^{1/}

- Miguel de Cervantes (1547-1616)

I. INTRODUCTION

1. When I was commissioned to undertake this Study, I was asked to assess, first, the capacity of the United Nations system to make effective use of the present resources of the United Nations Development Programme and, second, its capacity to handle a programme approximately double that of the present operation within the next five years. Detailed terms of reference will be found in Appendix One of Part V. As requested by the Governing Council, I have interpreted them liberally.

2. The same appendix describes the methodology used and the experience gained during the course of the Study, since the lessons learnt may be helpful to other inquiries of this kind. Very extensive consultations were held both inside and outside the system and the Study takes account of the thinking of many hundreds of people. My acknowledgements are recorded at the end of this chapter; responsibility for the content of the Report, however, rests only with myself.

3. The pattern of the Report conforms to the three-tiered approach originally adopted for the Study. The character and content of the programme in the past, the present, and the future are contained in Part II; procedures for planning and operating the programme follow in Part III; and organization and the administration of resources are dealt with in Part IV. Part V contains statistical and other reference material. Major recommendations are listed at the end of each chapter. A proposed timetable for their implementation follows the present chapter, which seeks chiefly to convey the general tenor of the Capacity Study findings, together with my personal conclusions.

^{1/} "There are but two families in the world, as my grandmother used to say, the Haves and the Have-nots."

4. I have also sought to follow the second injunction of the Governing Council that the views expressed should be outspoken and independent and that the Report should not adhere to normal UN forms of language. In doing so I have been aware of the danger that some judgements may therefore seem harsh, particularly since a Study which seeks to recommend far-reaching improvements must inevitably pay most attention to the things that went wrong. Let me therefore declare from the outset my unshaken belief that multilateral development co-operation through the UN system can be made to work effectively on behalf of its developing Member States. The very considerable achievements of UNDP and the Specialized Agencies, despite the structural obstacles which they inherited, prove this to be so. At the same time, they fall short of what could be achieved with existing resources and what must be achieved in the future if those resources are to be effectively increased and the challenge of the developing world – which is also probably the major challenge to the UN system – is to be effectively met. All of the recommendations in this Report are directed toward the positive end of responding to that dual challenge. If the will exists, it can be done.

5. Some other fundamental considerations should be kept in mind when considering this Report.

First, the United Nations Development Programme represents a truly co-operative and universal enterprise between the Member States and the United Nations system;

Second, the only justification for its existence, and for the use of its funds by the UN development system, is to help stimulate the process of development in the developing Member States;

Third, the contribution of those States to the programme is appreciably greater than that of the UN development system;

Fourth, the basic objective of the Report is to assist the developing Member States, while ensuring the fullest respect for their national sovereignty; and

Fifth, the Report also aspires to improve and consolidate the function of development co-operation within the UN system; and by so doing, to further the fundamental purposes of the Charter of the United Nations.

II. GENERAL CONSIDERATIONS

6. One of the first hurdles to be surmounted was how to define "capacity" in the context of the Study. A thorough analysis of the term was therefore made. Its results are given in schematic form in Part V 1/ and provided the framework for the examination of the present and future capacity of the system in Chapter Three.

7. A basic conclusion was that capacity is indivisible. One cannot measure in isolation the capacity, say, of the United Nations Development Programme and the Specialized Agencies for undertaking a specific project. Their capacity must also be related to the capacity of the country to absorb the project. Furthermore, the concept cannot be considered solely in terms of quantity for quality is usually even more important. The Study accordingly adopted a pragmatic approach and, wherever possible, considered capacity in terms of achieving effective development.

8. The Study had also to decide the fundamental objectives of the United Nations development system; 2/ in short, its capacity to do what? Here, the Study decided that General Assembly resolution 2188(XXI) enunciates principles which provide admirable objectives for the system as a whole. 3/ All Member States could well adopt them as articles of faith. Here they are:

- "(i) The maximum concentration of resources, at present and increasing levels, on programmes of direct relevance to Member States;
- (ii) A flexible, prompt and effective response to the specific needs of individual countries and regions, as determined by them, within the limits of available resources;

1/ Appendix One, Terms of Reference and Methodology, Section II.

2/ In the terminology used by the Capacity Study, the UN development system covers the organs of the United Nations (including UNICEF and WFP) and the professional and technical secretariats which serve them and the Specialized Agencies concerned in the promotion of economic and social development. Where the IBRD and IMF are included, this is specifically indicated. -Because the inherent indivisibility of capacity has been accentuated in the case of UNDP by the practice of operating indirectly through other arms of the UN development system, it would have been impossible to carry out the Study by examining UNDP only. For this reason, all the various components and inter-relationships of the UN development system had to be considered as a whole.

3/ The terms of this resolution specifically cover both the operational and non-operational activities of the system. In the Study, they have naturally been taken as referring to the former.

- (iii) The minimum burden on the administrative resources of Member States and of members of the United Nations family of organizations.
- (iv) The evolution of an integrated system of long-term planning on a programme basis;
- (v) The institution of systematic procedures for evaluating the effectiveness of operational and research activities.

9. It soon became clear to me that the Study would need to take cognizance of not one but two vast and inter-related questions. The first of these relates to the UN system, whose development function now far surpasses any other activity. Over the last twenty years, this system has evolved into what may well be the most complicated organization in the world, ^{1/} and action to rationalize it would now be essential even if it had not now become involved with the problems of the developing countries.

10. Then there are the problems of the developing countries, which thrust themselves upon the world's attention at a time when the UN system was itself evolving. Nothing could be more in keeping with the Charter of the United Nations and the constitutions of the Specialized Agencies than for them to co-operate with the developing countries. As they did so, the two problems interlocked still further with one another, thus underlining the indivisibility of capacity. For the UN development system, the inherent difficulties of organization and administration have become even more acute because the original structure had not been designed to undertake development operations on anything like the present scale. Accordingly, the Study first consulted all developing countries in order to ensure that it was well informed about their problems in relation to the system. It then directed its main efforts to framing proposals for the transformation of the present UN development system into an instrument more closely adapted to the demands made upon it.

11. Consideration of these questions led to the formulation of another general proposition: the acute need for a sense of perspective, not only on the part of the Study but also on that of the UN development system and its Member States. There is no sign of the demands on the system being exhausted. Moreover, the needs are constantly changing and the system and the methods have not always changed sufficiently with them. Everything points to the conclusion that development co-operation, and

^{1/} A view endorsed by the Vice-Chairman of what is probably the largest commercial enterprise in the world.

particularly multilateral development co-operation, will be required for many years to come and that the claims on it will be increasingly varied as countries progress. The Study has therefore constantly tried to keep this longer perspective within its sights. To do otherwise would have led to limited recommendations which would soon have outlived their usefulness. In the words of the Commission on International Development, what is needed is "a strategy for the strengthening of international co-operation for development". ^{1/} Among other priority measures required for the fulfilment of that strategy the Commission urges the need to strengthen the multilateral aid system: "The international organizations must be put in a position to provide more leadership and direction and to make development assistance into a genuinely international effort." ^{2/} I believe that the recommendations made by the Capacity Study could contribute to the attainment of that end.

^{1/} Partners in Development, Report of the Commission on International Development, p. 14.

^{2/} Ibid, p. 21.

III. THE FINDINGS OF THE REPORT

A. The First Twenty-Five Years (The Past)

12. The study of capacity means looking back as well as forward. Many impediments are deeply rooted in the UN development system and are unlikely to be removed unless their origins are fully understood. For that reason the Study has surveyed the operation from its inception. ^{1/} What constraints and difficulties are revealed? First, there have been the growing pains of new nations and new international organizations. These were inevitable but should be transient. In the case of the UN system, however, they have been sharpened by the addition of a new dynamic - development co-operation - into a structure not designed for that purpose. Second, there is the sectoral autonomy of the Specialized Agencies and the consequent handicaps when they seek to operate collectively. That is understandable and capable of redress if firm measures are taken by governments. Up to now, however, it has been exacerbated by the blurring of the lines of demarcation between existing organizations and the proliferation of new bodies. Third, the scope of the co-operation offered by the UN development system has been curtailed by the reluctance of governments to endow it with capital for the developing countries. That, too, was understandable, but unhappily shortsighted, given the magnitude of the challenge. It is not irrevocable.

13. Very much more important than the liabilities are the assets. During the last quarter of a century, the greatest peaceful transfers of political power in history have taken place. Science and technology have revealed limitless opportunities for progress. The UN system has taken its first groping steps along the road to world order. Almost unnoticed, it has moved into action - a development of profound significance - and in so doing it has demonstrated its aptness for co-operating with the Third World. Lacking both capital resources and an organization specifically designed for the purpose, it has yet improvised a major international service, that of technical co-operation and pre-investment. In this process, the UN system and the developing countries have laid the foundations of a vital and universal partnership. The stakes for all concerned are great. For the developing

^{1/} Chapter Two.

countries, this form of co-operation could have immense implications for their future development. For the United Nations, the operation could mean a decisive move toward a peaceful and creative world and the consolidation of genuinely united action among all nations. Today, that partnership is not fully effective.

14. The last two decades have major lessons for all of us. First, those who know most about development now know how much they don't know. At least, most people now realize that there is no such thing as "instant development". Second, each country's problems demand individual understanding and response. The decisive battles for development will only be won in those countries – not in the remote headquarters of international organizations. Third, many of the developing countries have made appreciably more progress with their planning and programming machinery than international organizations readily recognize. Finally, within the UN system, there has been a long and unresolved struggle between those who advocated centralized direction of economic and social policies and operations, and those who favoured their decentralization among the Agencies. At present the balance of advantage leans strongly toward the latter position. This is perfectly compatible with the constitutional instruments, but not necessarily compatible at all times with the needs of the Third World.

B. Constraints on Capacity (The Present)

15. It is against this background that the present and future capacity of the system must be assessed and the major constraints identified.^{1/} The task is not easy. One difficulty, that of definition, has already been mentioned. A second is the dearth of reliable facts and figures. In many cases, records apparently do not exist. In others, they are incomplete or contradictory. This unsatisfactory state of affairs was probably inevitable, the price paid for the very rapid expansion of the United Nations Development Programme. But it is a major drain on capacity. No one today in the UN development system is fully informed about all aspects of the present operation;^{2/}

^{1/} Chapter Three

^{2/} This lack of information is also causing increasing concern to governments, vide recent reports made by the Comptroller-General of the United States. The recommendations made in this Study for systematic programming and for the collection, etc., of information, if introduced, would ensure that governments, as well as the system itself, were always well informed about all programmes and projects financed through UNDP.

the efficiency of management in many key positions suffers accordingly. Clearly, this situation cannot be allowed to continue.

16. A more immediate consequence for the Study is that the judgements expressed in the Report cannot always rest on established data. ^{1/} Where figures are used, they may not conform exactly to the information available from every conceivable source within the UN development system because of the variations already noted. However, the Study has cross-checked all such disparities and is satisfied that any margin of error is small enough to preclude distortion. Wherever subjective opinions are quoted, they reflect the views of a substantial body of experienced people. I am confident, therefore, that the picture presented conforms broadly to the reality of the situation.

17. When considering that picture, however, it is essential to keep the positive achievements of the United Nations Development Programme constantly in mind. Not only does it exist as an active programme, it operates in a hundred countries, brings help of the most varied kinds to the solution of an astonishing range of problems – in fact is the embodiment of the United Nations to villagers and townspeople, as much as to senior civil servants and ministers. It demonstrates – and universally – that the UN system can, and does act.

18. I have never forgotten this, but naturally my concern has been primarily with the impediments to the effectiveness of the present operation.

19. The two chief criticisms levelled at the United Nations Development Programme are that it is slow and is not yet making the best use of its resources. On the evidence before the Study, both are justified. On the positive side, it is encouraging that many officials within the system recognize these shortcomings and want to correct them. However, their efforts are often frustrated by the pressures on their time and by the intractability of the organizational structures.

20. While judgements are difficult, it is possible to identify the general picture in quantitative terms – referring primarily to performance in the Special Fund component by UNDP itself and the four principal Executing Agencies (UN, ILO, FAO and

^{1/} Even if these existed, there would still be great difficulty in making any "scientific" judgements about capacity.

UNESCO) which are responsible for about 80 per cent of the operation. Here, it can be shown that the operation has become slower as it increased in size and that, despite many efforts to speed up procedures, the time involved in each of the various stages of a Special Fund project is too long in relation to the urgency of development needs. Thus, the total genesis of a Special Fund project from the time it is first discussed until the moment that it starts operations as an approved project may take up to three or four years, or even more. In part, this long interval is conditioned by an excessively long pipeline which would now appear to contain some 1200 new or second-phase projects. More delays occur at the execution phase. On average, about half the operational projects are running behind schedule, for reasons partly attributable to the UN development system and partly to the recipient governments. Most completed projects run six to eight months beyond their scheduled termination and, in financial terms, the delivery of the programme as a whole is about a year behind schedule. Moreover, many second-phase projects, at present accounting for approximately one in three of the new projects, may not respond to any long-term plan but may be necessitated by the failure of the first project to meet its objectives. Up to the present, final reports have not been delivered, on average, until nearly two years after completion of the project. ^{1/} This situation must not be allowed to persist lest it reach a point where a government might have to wait for the better part of a decade after officially submitting a request for a five-year pre-investment project in order to learn its results. Moreover, while quantitative results in terms of actual investment must be handled with care, the figures so far available give no cause for complacency.

21. From a qualitative point of view, there is general agreement on a number of general aspects. As regards the character and content of the programme, for instance, the basic nature of "technical assistance" has changed very little over the years, and probably too much has been expected of it. There is widespread criticism that those concerned with the operation are all too often ignorant of the subtleties of the development process, and insensitive to the needs of the developing countries. This has led to a "donor bias" - i.e., the initiative has come from an Agency and not from the country itself, and a failure to recognize the need for a comprehensive

^{1/} Drastically revised procedures were introduced in mid-1969 to remedy this, but it is too early to say whether they will be effective.

approach to development problems. Another general stricture is that insufficient emphasis has been placed on training. At the same time, the number of institutes is almost certainly excessive, having been started without due regard for local manpower requirements and employment prospects or for the alternative possibilities of multi-national institutes. Surveys, too, have been conceived on an excessively long-term basis, without sufficient attention to the resource position of the country.

22. This leads to a general conclusion about the content of the present programme: there is, in my judgement, about 20 per cent of "deadwood" in the present operation - projects that are not worthwhile if subjected to the acid test: "Is it essential for our development?" In a programme costing some US\$180 million a year in project costs, they represent an expenditure of roughly US\$36 million. Obviously, it will not be easy politically to eliminate these, but it is clearly in the interests both of the developing countries and of the UN development system to do so, in order to get the maximum use from available resources. Even 50 per cent success would permit US\$18 million per year to be directed to better use.

23. The root cause of these deficiencies can be identified by an analysis of the constraints at each of the various phases of the programme:

- (a) Programming and project formulation. The present programming procedures of the UN development system do not adequately reflect the real needs of the developing countries nor is there any form of integrated approach to the problems of each country. All too often, projects are the results of Agencies' "salesmanship" rather than a response to priority needs ^{1/} and this is encouraged by the "project-by-project" approach

^{1/} These views are shared by the Commission on International Development also: "The proliferation of U. N. agencies has often resulted in dispersed and unrelated efforts at the level of the recipient countries where there is an urgent need for coordination. The main responsibility for this must rest with recipient governments, but their task is impossible if donors cannot ensure greater coordination among their own agencies. This applies to bilateral aid-givers as well as the United Nations, but the latter seems in particular need of better coordination, continuity, and concentration in priority areas. Above all, U. N. agencies should resist the temptation to "sell" lower priority programs in particular sectors." op. cit. p. 216.

adopted for the Special Fund component. The consequence is "scatterization" of effort, less than effective impact, and a tendency to the self-perpetuation of projects.

- (b) Execution. Difficulties here stem largely from the heavy operational burdens which have devolved so suddenly on the Specialized Agencies and which surpass the present capacity of several of the larger ones. This leads not only to delays in delivery but also to a decline in quality, especially as regards project personnel who are often not suited or prepared for assignments which exact so much more than technical expertise.
- (c) Evaluation. Quantitatively, so much evaluation is now being attempted that it almost amounts to international hypochondria. It is a definite brake on the capacity of the system. Qualitatively, the position is the more disturbing for very few people have the necessary experience and understanding to undertake this exacting function successfully.
- (d) Follow-up. What should be the most important phase of the programme is often its weakest link, and insufficient attention is paid to it as an integral phase in the whole process of development.

24. From an organizational point of view, impediments to capacity exist at three levels. First, at the level of headquarters there is no central administrative machinery designed for the specific function of co-operating with the developing countries. The structures of most of the Agencies reflect their original constitutional functions and many are clearly still experiencing difficulties in equipping themselves with an operational staff. Key officials in the headquarters of UNDP and some of the Agencies with the largest programmes state that the size and complexity of the present operation exceeds their capacity to work effectively. I agree.

25. At the field level, capacity suffers because the UN development system is not represented in an integrated fashion. Virtually everyone wants the Resident Representative to have greater powers, but far more would need to be done to give him the necessary authority to operate effectively. The sectoral interests of some Agencies are projected through a pattern of field representation that is not conducive to the best interests either of the country's development or of the UN development system, but which merely adds to diffuseness and bewilders the government.

26. Organization at the regional level is now so convoluted that the UN development system will need to use it with great care if the capacity of the present operation is not to be prejudiced. A short study of Appendix Three in Part V and its accompanying chart is sufficient to demonstrate the administrative jungle that governments and the UN development system have created for themselves at that level.

27. All that has been said about capacity so far relates essentially to the UN development system since the primary purpose of the Study is to make suggestions for improving it. As to the recipient governments, the main problems clearly relate to absorptive capacity. Where bottlenecks to any country's ability to use more development co-operation are identified, they should not be regarded as a limiting factor. Rather, it should be a primary objective for the UN development system – always acting in conformity with the government's expressed wishes – to help to break them.

28. What, then, is the capacity of the present system and what are the prospects for the future? Obviously, no precise judgement can be expressed but I have no doubt about my general conclusion. I am convinced that the capacity of the present operation is over-extended in certain critical areas. ^{1/} I would list the major constraints as follows, noting that not all of them are exclusively the responsibility of the UN development system:

The inability, as yet, to develop fully effective techniques for transferring knowledge and experience.

The slow application of science and technology to major problems.

The difficulty of attracting manpower of the quality and experience which the operation demands.

The absence of an effective system for the control of the resources entrusted to it.

The lack of an organization specifically designed to co-operate with the developing countries.

The diffusion of responsibility throughout the system.

The general reluctance of the Agencies (with one or two significant exceptions) to contract outside the system.

^{1/} The Commission on International Development, referring to UNDP and the Specialized Agencies, states that "Their operating capacity now ... seems strained to the limit", op. cit. p. 216.

29. The constraints on capacity described here are serious and must give cause for concern. They should not give cause for despair. To the contrary. The present overstrain of the operation is a clear indication of the intensity of the needs to which it is responding. The United Nations should do everything in its power both to respond to those growing demands and to eliminate inefficiencies. Today's problems should under no circumstances be permitted to cloud either the achievements of the past, or the challenging opportunities that now exist for the future.

30. A final point bearing on capacity is based on my personal experience. For many years, I have looked for the "brain" which guides the policies and operations of the UN development system. The search has been in vain. Here and there throughout the system there are offices and units collecting the information available, but there is no group (or "Brains Trust") which is constantly monitoring the present operation, learning from experience, grasping at all that science and technology has to offer, launching new ideas and methods, challenging established practices, and provoking thought inside and outside the system. Deprived of such a vital stimulus, it is obvious that the best use cannot be made of the resources available to the operation.

31. The General Headquarters of the military commands of the Great Powers control resources, use science and technology, and achieve results (in the negative sense of developing weapons of destruction) on a scale immeasurably greater than any other organization in the world. The best commanded and best organized armies win wars. These military principles apply also to the constructive task of development. No General Headquarters could function without its intelligence (information) staff and its planning staff, for these form the military brain. Yet the UN development system has tried to wage a war on want for many years with very little organized "brain" to guide it. Its absence may well be the greatest constraint of all on capacity. Without it, the future evolution of the UN development system could easily repeat the history of the dinosaur.

C. The Next Twenty-Five Years (The Future)

32. Since we can now look back for a quarter of a century, it is not unreasonable to endeavour to look forward for a similar period. There can be no doubt that intelligent planning for the future, based on a realistic time scale, would greatly benefit the developing countries and simultaneously make possible the best use of resources. Certain problems – the food requirements of the world, its population, are obvious

examples – can be projected for at least a generation with reasonable certainty. Others are less predictable, but there is no doubt that we are as well equipped to look forward to the end of the century as the founders of the UN system a generation ago. If they had sufficient faith to plan that far ahead – and more – we can do no less. 1/

33. If the governments of the Member States will accept two fundamental facts, the next twenty-five years could be richly rewarding for both the developing countries and the UN system.

First, many of the developing countries will continue to need technical co-operation for at least that period.

Second, Member States themselves must assume an important part of the responsibility for that co-operation by fashioning a suitable United Nations instrument to do the job.

If a time horizon of another twenty-five years is accepted, then virtually all the present problems confronting the United Nations development system - of procedures, organization and manpower - could be resolved.

34. Those concerned with the preparations for the Second Development Decade have also been applying their minds to the future. In the short- to medium-term, the next Decade is an appropriate period during which the present concept of development co-operation could be broadened and made responsive to ever-changing political, economic and social conditions. It is reassuring to find in the preparatory work for the Second Development Decade a continuing theme that international development is made up of the aggregates of individual national goals – an attitude completely endorsed by the Study, for it reaffirms the "country approach".

35. But the future should also be seen in the more immediate light of tomorrow. Few factors worry me so much as the lack of urgency which often permeates development work. "Time is now our most precious commodity", wrote one Resident Representative. It is not on the side of the developing countries.

36. What should be done? One must continue to hope that one day the rich nations (preoccupied as they are with their own national problems) will do more to co-operate with the developing countries, by way of capital transfers, debt relief and enlightened

1/ Chapter Four.

trade policies. ^{1/} Meanwhile, effective technical co-operation, given the unremitting support of these nations, could undoubtedly help the developing countries enormously and the UN system ought to be ideally suited for that task. In the future, technical co-operation will need to become much more flexible and much more readily available. It will need to be receptive at all times to advances in science and technology and the means by which they could be adapted for developing countries. Above all, it will need to concentrate on the training and well-being of human beings – the ultimate objective of all development. At the same time, one of the first principles of development must never be forgotten: technical assistance can only be effective where there is a will to develop.

37. Belatedly, there is some recognition of the desirability of directing more funds for development co-operation through multilateral channels. It is explicit, for example, in the Program Presentation (for 1970) to the Congress of the United States by the Agency for International Development, and is reinforced by the recommendations of the Pearson Commission. ^{2/} Personal discussions with representatives of many of the main donor countries have confirmed that further substantial funds would be channelled through the United Nations Development Programme if its ability to handle increased resources effectively could be established.

38. In the village world of tomorrow, it will be more important than ever to comprehend the specific problems of each country and its people. Otherwise, it will manifestly be impossible to increase genuine understanding between Member States.

^{1/} The great problems involved with trade and financial transfers are not matters for this Report, but the Study has naturally taken them fully into account when considering how the UN system could best co-operate with the developing Member States, for technical co-operation could clearly assist both processes in many ways. It is gratifying to note that the Commission on International Development makes strong recommendations on both subjects (op. cit. pp. 14-22).

^{2/} Report of the Commission on International Development, op. cit. p. 21. The recommendation states specifically that "... the share of multilateral aid should be raised from its present level of 10 per cent of total official development assistance to a minimum of 20 per cent by 1975. If official aid increases to 0.70 per cent of GNP in that time, this target for aid would involve, on the average, channeling less than one-third of the additional aid through multilateral agencies. Thus it does not amount to a displacement of bilateral aid, though it would result in a fivefold increase in multilateral flows during this period."

Again, national sovereignty must remain a decisive factor until such time as individual countries in their own wisdom are prepared to yield part of it to some larger concept.

39. At the same time, the country approach must be effectively reticulated into the global and regional objectives for many fields of human endeavour, evolved by the Agencies under the impulse of Member Governments: for example, FAO's Indicative World Food Plan for Agricultural Development; the World Employment Programme of ILO; the Indicative World Programme of Education prepared by UNESCO; the Malaria Eradication Programme of WHO; and the World Weather Watch of WMO. And so the story could go on. The resources of the sea, the exploration of outer space, protein research, all have their implications, direct and indirect, for both the developing countries and the Specialized Agencies. These endless opportunities for co-operation between all countries and the international system will most effectively be translated into action when they are fully accepted by each Member State and woven into national development plans. Moreover, I hope that all those concerned with development planning anywhere in the world in the future will never forget the plight of refugees. More imaginative planning – in the widest sense – could undoubtedly help to absorb many of these unfortunate human beings and give them new life.

40. Just as there are less fortunate people in the world, so there are less fortunate countries. Special measures should therefore be taken to help those developing countries whose need for co-operation is greatest.

41. In its efforts to look toward the end of this century, the Study asked everyone, both inside and outside the system, to advance unorthodox and heretical proposals for new actions. The response was disappointing. This is hard to understand, for surely many elements of the astonishing advances of science and technology in the last few decades should be capable of application to the problems of the developing countries. It is difficult to escape the conclusion that those who command this kind of knowledge are unaware of the need, while those who stand in need have no access to the knowledge. A bridge is needed here, which UNDP is well-placed to help construct.

42. This again points up the essential need for UN to have a "brain" with time and talent to consider such matters. If the past is any guide, science and technology are going to change themselves - and the life of mankind - faster and more dramatically than ever before. The world is very ill-equipped to cope with this revolution. These changes must create new problems for the UN system - but the problems will be nothing compared to the opportunities.

43. How, then, would one wish to view the future? Above all, with imagination and with confidence and with determination - no matter how difficult the circumstances. Secondly, one would wish to see a greater association of the young with the process of development. What next? Agreement by all Member States that it is worthwhile to look forward to the end of the century and to create an effective United Nations development organization, specifically equipped to co-operate with the developing countries. And after that? The use of the new machinery to consolidate and expand the existing partnership, to apply fully the resources of science and technology and, in so doing, among many other things, to correlate national development objectives with regional and world plans.

IV. THE CROSSROADS

44. And so we come to the crossroads. Two ways lie ahead. One is a familiar, well-beaten track - the ad hoc "tinkering" methods of the past. The other beckons on to new horizons.

45. In the past, governments have consistently postponed making major political decisions bearing on the organization of the UN system. Even the fundamental problem of overlapping responsibilities has not been faced squarely, let alone resolved.

46. It is not only governments which have side-stepped difficult issues. On their part, the Specialized Agencies have also resisted change, for perfectly understandable reasons. Today, there is agreement on all sides that changes must be far-reaching if the UN development system is to expand effectively and the Third World is to receive the service to which it is entitled.

47. Which road will governments take? In this choice lies the crux of the matter.

48. If governments continue to "tinker", then an objective judgement of the present capacity of the UN development system would limit the operation financed by UNDP to about US\$200-250 million annually. The analysis of capacity (Chapter Three) and personal observation over many years indicate that this amount of money is, if anything, somewhat more than the "system" can handle effectively ^{1/} with its present procedures and administrative structures. If governments are willing to provide additional funds for development co-operation, but are not willing to take action to reorganize the present "non-system", or consider the remedies presented in this Report as impossible to apply, then, in the interests of the developing Member States, any further funds should flow through other channels.

49. This is an intolerable prospect for the United Nations and for the developing countries. Member Governments must therefore be prepared to grasp the political nettles and adopt clear-cut policies which would realize the objectives to which they have subscribed by supporting GA resolution 2188(XXI). Amongst many important

^{1/} It is imperative to remember always that effective capacity is not simply limited to spending money (quantity) but necessitates the spending of it well (quality).

changes, this would require the transformation of UNDP into an effective operational organization as the centre of the United Nations development system. All the elements are there. What is needed is decision - and then action.

50. It is imperative, however, that the decision about UNDP's role in the future should be based on a proper functional analysis for it must affect the entire UN system. In particular, the respective roles of UNDP and the World Bank Group will need to be clearly defined. This is essential in their own interests, for the UN system as a whole and, in particular, for the developing countries.

51. UNDP performs a dual service. The first - technical co-operation - is of long standing and one in which it is pre-eminent (although there is still room for improvement). The importance and scope of this work is out of all proportion to its cost, which is very modest, for it serves all governments in their efforts to equip their countries with the skills, the knowledge and the receptivity to new methods and ideas without which development, however well endowed, will not take root.

52. The second service - "pre-investment" 1/ - is different in purpose, since it aims specifically at opening the way to investment, but is also of the greatest concern to the developing countries. In addition, it is of special interest to the World Bank Group and to the sources of capital. These two separate but interdependent facets of UNDP's operations must always be kept in mind when considering its partnership with the Bank.

53. The role of the World Bank Group is essentially in the field of capital investment, but the President has recently emphasized the Bank's broad responsibilities in the field of development. 2/ Four themes are of particular relevance to UNDP:

First, rapid expansion. The President has stated "... I believe that globally the Bank Group should during the next five years lend twice as much as during the past five years." 3/ Figures speak for themselves. IBRD and IDA loans and credits have already risen from US\$954 million in 1968 to US\$1,784 million in 1969. The Group's budget was US\$34 million in 1968. In 1969,

1/ Defined in its narrowest sense of projects designed to attract investment.

2/ "... The World Bank is not only a financial institution - it is a Development Agency." Address to the Bond Club of New York, 14 May 1969.

3/ Extract from his statement to the Board of Governors, 3 September 1968.

it was US\$45 million. It will be US\$61 million in 1971.

Second, new attachments. The Bank, with its great financial resources, has a magnetic attraction for Specialized Agencies seeking to expand. Already strong direct links have been developed between IBRD and FAO and also UNESCO.

Third, country programming. The President has decided to introduce country programming, an innovation in keeping with his other enlightened policies. He was good enough to describe his policies to me and the essential parts are reproduced in Chapter Five. 1/ Naturally, I agree with the President's policy for it fits in with the line of thought pursued by the Capacity Study from the outset. One of the main tenets of this Report is that the UN development system, under the leadership of UNDP, should programme its technical co-operation and pre-investment services at the country level. The Commission on International Development, too, identified this procedure as one of the keys to the successful administration of multi- and bilateral assistance. 2/ The Commission has also emphasized the need for IBRD and IMF, "in countries where both operate, (to) adopt procedures for preparing unified country assessments . . . ". 3/ For the sake of the developing countries, it is essential that UNDP, as the leader of the UN development system at the country level, should also be a partner in any "unified country" approach.

Fourth, possible organizational change. If the recommendations 4/ made by the Commission on International Development were accepted, the role of IDA would change significantly, and the respective responsibilities of UNDP and IDA would require precise definition.

54. Taken together, these developments all point in one direction. Thus, if the supply of pre-investment studies is inadequate in relation to the Bank's rate of expansion, it will have no alternative but to prepare them itself. Again, IBRD's arrangements with FAO and UNESCO constitute a new pre-investment axis, even

1/ Footnote to para. 58.

2/ Op. cit. p. 70.

3/ Op. cit. p. 220.

4/ Op. cit. pp. 222-227.

though much of their work may be based on UNDP-financed projects. So, too, with programming. If UNDP does not take the lead in integrated programming at the country level of pre-investment needs to be met from the concerted resources of the UN development system, then the Bank will once again have no option but to do so, in support of its own investment programming.

55. The relationship between UNDP and the World Bank Group in the fields of pre-investment and investment must therefore be of crucial importance. It must be understood - and clearly understood - by all concerned. In my judgement, there is a proper role for each of these organizations. The World Bank Group should be the chief arm of the UN system in the field of capital investment, while UNDP should perform the same function for basic technical co-operation and pre-investment. However, as I have indicated, a number of forces, now converging on both organizations - not all of which are under their control - could produce a very different balance between them. There is, therefore, a very real danger that the centre of gravity for pre-investment work could be pulled away from UNDP to IBRD. If this happened, the result would be a negation of one of the basic functions for which UNDP was specifically created: to fill the "pre-investment gap". If governments do not give UNDP all the resources it needs to play its full role. then, in plain language, it must become, by sheer force of circumstances, a junior partner of the World Bank in that field. Is this the wish of governments?

56. For myself, I believe categorically that UNDP could be transformed by governments into an efficient medium for providing both technical co-operation on a substantial scale and pre-investment projects in numbers and of a standard suitable for the Bank's requirements. Of course, neither UNDP nor the UN development system is exclusive: the latter cannot provide all the pre-investment studies needed by the developing countries, and the Bank cannot provide all the capital they need. It is self-evident, however, that UNDP's operations must expand at about the same rate as those of the Bank.

57. The relationship between UNDP and the World Bank Group is not the whole of the problem, however. Nor is it, in essence, a new problem. It is yet another, and more striking, manifestation of the two basic and inter-related issues which I described at the beginning of this chapter - the pressing needs of the developing

countries on the one hand and, on the other, the inherent inconsistencies and structural deficiencies of the UN system.

58. So we come back to the crossroads. "Whither the United Nations development system? " "Whither UNDP? "

59. Permit me to hammer home what may be the most important fact represented by the existence of this Report. If it is basically on the right lines - and I hope profoundly that it is - then, with the Report of the Commission on International Development and the documentation prepared for the Second Development Decade, governments now have the best opportunity since the present UN machinery was established to examine it as a whole, to eliminate its obsolete parts and so prepare it for the future.

60. This Study describes how UNDP could be organized and equipped to travel along a new highway in the future and to undertake effectively a much larger and more responsible task. It must be emphasized that the major recommendations made by the Study are the minimum I consider essential to bring system and order into UN's development co-operation work and to permit it to expand steadily. As all the major recommendations are inter-related, picking and choosing individual proposals would represent nothing more than a reversion to "tinkering", with predictable results.

61. Governments will naturally wish to know what is entailed if they decide to take the new road signposted by the Study. The first essential is to recognize that, above all else, the United Nations Development Programme must be conceived as an operation. This entails the adoption of measures designed to ensure an integrated managerial approach toward development co-operation at all levels of the UN development system, and at all phases of the operation, in order to achieve optimum results for the benefit of developing countries and maximum use of resources. Briefly stated, these measures should include:

First, the introduction of a programming method which would enable all inputs from the UN development system to be programmed comprehensively at one time in a programme corresponding to the needs and the duration of each country's national development plan.

Second, effective and prompt execution of approved projects, having recourse, as necessary, to all available methods and resources within and without the system.

Third, controlled evaluation, designed to maintain the accountability of the Administrator of UNDP for the use of all resources contributed to UNDP, to measure results, to judge the effectiveness of the methods used, and to draw conclusions which may be applied with benefit to future operations.

Fourth, effective follow-up conceived as an integral part of each project from the outset.

Fifth, the introduction of an efficient information system.

Sixth, organizational reforms at the country, regional and headquarters level designed to integrate the components of the UN development system more closely. These should combine greater control at the centre with maximum decentralization to the field level, where the authority of the Resident Representative should be greatly strengthened.

Seventh, proper staffing of the operation at all levels, involving far-reaching measures to attract and retain the best qualified people available.

Eighth, a financial framework designed to ensure the smooth running of the operation, through which the maximum possible amount of funds entrusted to the UN development system for development co-operation should be channelled, the head of the central organization being held personally accountable for their use.

Ninth, maximum use of all modern managerial and administrative aids and techniques to ensure an effective, expeditious and economical operation.

Tenth, maximum flexibility on the part of governments and the system alike to permit adaptability to changing circumstances and a speedy and effective response to new challenges and opportunities as they arise.

These might be called the Ten Precepts. Chapters Five to Ten of the Report outline in detail how they could be put into effect.

62. But let no one have any illusions about the future. It will be tough and difficult for all concerned. If governments shirk the basic issues, the present UN development system will remain plagued with all its bureaucratic impediments and may well become less effective. The developing countries will suffer. The reputation and development of both UN and the Agencies will be damaged at the very time that a unique opportunity exists to strengthen them as never before.

V. A PLAN OF ACTION

63. The Ten Precepts define what has to be done. In essence, they cover the remaining two tiers of the Study. Thus, the initial Precepts relate to procedures for planning and operating the programme, while the others deal with its organization, administration, and financing. The Tenth and last Precept adds the indispensable element of imagination and vision which must animate all the rest.

A. Procedures for planning and operating the programme

64. These proposed new procedures contain two major innovations: the design for an integrated programming system, the UN Development Co-operation Cycle, and the conceptual design for an information system.

(1) The UN Development Co-operation Cycle

65. The UN Development Co-operation Cycle 1/ gathers together in one comprehensive and integrated pattern all the interdependent processes which together constitute the development co-operation activities of the UN development system. The proposals for the Development Co-operation Cycle represent the thinking of some of the most experienced people, both inside and outside the system, and have been worked out in detail to test their validity although, obviously, they do not attempt to deal with every conceivable situation. Properly applied, the procedures recommended would lead to the evolution of a system within which each part interlocks. Only in this way can an effective and lasting solution be found. 2/

1/ Chapter Five.

2/ At present, many efforts are being made by the External Auditors, ACABQ, ACC and its sub-committees, JIU, etc., to resolve individual problems, most of which are directly related to each other, e. g. evaluation and the use of computers, common budgetary practices, and overheads. It is significant that much of this work arises from operations financed by UNDP. An effective co-ordinating organization, controlling the maximum of funds made available for development co-operation, should be able to take the initiative in resolving the majority of these problems, in co-operation with all other component parts of the system, and thus substantially reduce the work of the extraordinary number of committees and sub-committees which are now involved with them.

66. The proposed system rests on two main pillars. First, programming procedures flowing from the country level – the decisive area of action. Second, the integrated programming of all inputs from the various components of the UN development system – UNDP, UNICEF, WFP, Agency programmes financed by Agencies' own resources, and the like – so that they complement one another, fit into the development plans or objectives of the recipient country and bear adequate rapport to the inputs from other sources, particularly those of a capital nature. The role of IBRD, as the arm of the UN system responsible for capital investment, is therefore of the highest importance.

67. The Cycle comprises five phases:

- Phase I The Country Programme and Annual Review
- Phase II Formulation and Appraisal of Projects
- Phase III Implementation
- Phase IV Evaluation
- Phase V Follow-up

68. Phase I – The Country Programme. The country programme for UNDP development co-operation would be prepared by the government and the Resident Representative, the latter drawing on assistance from other components of the UN development system as necessary. It would be based on a thorough review of the economic situation, of the needs emerging from the national development plan – indeed, it should be prepared at the same time – and the likely provision of assistance from other sources. I hope that all other UN sources providing development co-operation inputs would also agree to participate, i.e., UNICEF, WFP and Agencies with programmes of their own, so that the country programme would cover the whole gamut of UN technical co-operation and pre-investment assistance. IBRD should also be closely associated with the process. The country programme would be drawn up within an indicative planning figure, or "order of magnitude", ^{1/} communicated by the Administrator and covering the whole period of the national development plan.¹ The country programme would also be projected for the duration of the plan and would consist of agreed objectives, supported by a slate of projects worked out in greater or less detail. It would be submitted to the Governing Council for approval.

^{1/} See para. 130 below for further details.

69. It is possible that a few countries might not wish to participate in a programming system of this kind. Assuming, however, that the majority are in favour, then the introduction of the scheme should not be held up.

70. Annual Review. Every year within the plan period a smaller exercise would be undertaken to review the progress of the country programme, project future plans in more detail and make any necessary adjustments to resolve difficulties.

71. Phase II – Formulation and Appraisal of Projects. This decisive process would also be undertaken at the country level, with maximum participation by the prospective Executing Agency or agent, and preferably of the project manager himself in the case of larger projects. Each project description must include a network analysis. Projects would be approved by the Administrator provided they were in conformity with the objectives of the country programme agreed by the Governing Council, but he should delegate authority for approving smaller projects, within a specified financial limit, to the Resident Representative.

72. Phase III – Implementation. Two major changes are envisaged here. First, the Administrator must be held directly accountable to the Governing Council for all the resources made available to UNDP; this means that he must take a more direct role in the critical phase of implementation than hitherto. Second, in order to obviate the delays and other deficiencies observed in the past and to lighten the load on Agencies in cases where they are clearly over-burdened operationally, much greater recourse must be had to contracting projects outside the system, a practice for which legislative authority already exists. Where the Administrator deemed this to be necessary, he could specify that the Agency must subcontract on his behalf when assigning a project to it for execution, or he could do so directly himself. This would, in effect, mean that the Agencies no longer had the virtual monopoly of execution that has been theirs in the past. They should, however, continue to be used to the maximum possible, consonant with efficiency.

73. Phase IV – Evaluation. This can be divided into two aspects: operational control and assessment of results. The first, which is a continuous process, would be facilitated by the network analysis provided for each project, and special responsibility would fall to the Resident Representative, who would need to be provided with the necessary staff. The second, which may be a mid-term or an ex post facto operation, would be carried out mainly by a special Inspection and Evaluation unit in

headquarters. In both these ways the Administrator would be kept accurately informed about all operations. Many other authorities need to evaluate projects. In order to co-ordinate and rationalize these efforts, however, all such evaluations should be the subject of prior consultations with the Administrator and the government concerned. This would in no way affect the constitutional rights of those (e.g., governments) who are required to carry out this function but co-operation is obviously essential. Evaluation should be undertaken only by experienced and qualified officials.

74. Phase V - Follow-up. This is of vital importance: it demonstrates success or failure. Governmental responsibility is clear, but within the UN development system its location is not well defined. In accordance with the principle of the accountability of the Administrator of UNDP, responsibility for follow-up, within the system, must be placed squarely on UNDP. The action required must be foreseen when the project is formulated and kept in mind throughout its lifetime, particularly at the Annual Review.

75. After the five phases had been completed, the wheel would come full circle. In the year that each country prepared its new development plan, all development objectives would be reviewed again and a new country programme would be drawn up. Where no national plan is prepared this would occur every five years.

76. The proposals advanced for the Development Co-operation Cycle would have many consequences. For the developing countries, it would yield significant advantages by giving each one of them a comprehensive view of the total co-operation it might expect from the UN development system during the whole period of its national development plan, thus enabling it to plan the use of its own resources more efficiently. If a government so wished, this process might extend to bilateral programmes also. ^{1/}

77. For the developed countries, the new procedures should give a much clearer picture of the use of resources, facilitate the forward planning of contributions, and offer opportunities, subject to the wishes of the host government concerned, for harmonizing multilateral and bilateral programmes.

^{1/} In several cases, the basic objectives of programming might be achieved by using either the consortia or consultative groups established by the IBRD.

78. For the Governing Council, the main change would be that it would approve a number of country programmes at each session instead of individual projects. However, the Council would be kept constantly informed of projects authorized by the Administrator within each approved programme, and in practical terms its control and authority would be considerably strengthened by the wider vision of the programme as a whole which the new system would give.

79. For UNDP, great changes would be involved. Responsibility for the operation as a whole and for the funds to finance it, would be clearly assigned to the Administrator; the present diffusion of responsibility would be eliminated. UNDP should accordingly take the initiative in co-ordinating action within the UN development system wherever it was clearly the major element. For this purpose, it would need to divest itself of its previous understandable tendency to be "headquarters-oriented" and delegate much more authority to the country level. This would be one of the greatest tests of management.

80. On the other hand, the role of the Specialized Agencies would not be modified so significantly as might at first seem apparent. They would still execute the majority of the projects financed in their respective sectors by UNDP. Changes would be introduced only in cases where an Agency was clearly already overburdened. Those Agencies which still have a reserve of operational capacity would in no way be affected. Even for those Agencies that were affected, the level of operational activity entrusted to them would not change absolutely; it would simply grow at a relatively slower pace than hitherto in relation to the overall increase in UNDP resources. This should give them a breathing space in which to adapt themselves to a higher level of activity in the future. It should also permit a better balance between their operational and their constitutional functions. In all cases the participation of the Agencies in the preparation of country programmes would be of great importance, particularly those Agencies operating their own technical assistance programmes.

(2) Information systems concept for UN development co-operation

81. During the course of the Study, the Governing Council approved at its Seventh Session, a proposal advanced by the Administrator ^{1/} that "... in view of the close

^{1/} UNDP, Question of Data Storage and Retrieval, Progress Report by the Administrator (doc. DP/L. 99).

relationship that any information system should have to an overall system for development planning and management, the (information) study would be carried out as an extension of the Capacity Study." It was agreed that, in the short time available, the most practical course of action was to prepare a "conceptual design of an information storage and retrieval system to which the United Nations organizations would find it possible to subscribe." This has been incorporated as Chapter Six of the Study because it interlocks so closely with the concept of the UN Development Co-operation Cycle. Since specialized terms had to be used, that chapter differs somewhat in style from the rest of the Report.

82. The decisive importance of this conceptual design – and the need to turn it into reality – needs no emphasis. Throughout the Study, one leading theme has been the imperative requirement for accurate and timely information, the lack of which constitutes a grave handicap to effective operations and an obstacle to the expansion of capacity. Often the information required is known to one or other parts of the UN development system but is not readily available, either because communication facilities are inadequate, or because it is "hoarded" by the Agency concerned.

83. The conceptual design is intended to utilize existing facilities within the UN system wherever possible and to take advantage of work already under way. It provides for an early practical start within the present UNDP structure. Later, within the framework of the recommended UN Development Co-operation Cycle and the recommended organizational structure, it would lead to the gradual development of a highly integrated system covering three major types of information:

- (a) Technical and Scientific;
- (b) Economic and Social;
- (c) Operational and Administrative.

84. The first two of them are of interest to governments, Agencies and UNDP alike. It is proposed that technical and scientific information should be dealt with by a co-operative effort between decentralized computer-assisted facilities in the Specialized Agencies, the Dag Hammarskjöld Library, and a network of National Documentation Centres. The second type would be mainly collected at the country level. The sub-system for operational and administrative information is designed specially for UNDP but could be extended to cover all operations within the UN development system. It is essential to the efficient administration and accurate costing of the UNDP operation.

85. Much of the information would shortly, or eventually, be processed by computers. With the resources available, no attempt was made to prepare a detailed computer feasibility study, particularly since evidence from Agency personnel confirmed the report of the UN Board of Auditors and the Study's own view that the UN system now has excess capacity. Indeed, the cost of existing computer facilities and the extent of their use, is already giving concern both to governments and to certain Agencies. The immediate requirement is to make the best use of existing computer capability within the UN system and to equip the International Computer Centre so that it can meet UNDP's information needs. UNDP's links to this terminal would be conditioned by their respective geographical locations in the future.

86. Several Agencies are now individually and co-operatively expanding and improving their information systems and early decision and action should therefore be taken by UNDP on the Study's recommendations. The design has implications for the ultimate development of a highly integrated system throughout the entire UN group of organizations. The implementation of the recommendations would thus be greatly facilitated if early agreement could be reached between the heads of all the component parts of the UN system on the principles and policies that should govern such a system. I hope that ACC and governments will take the necessary action without delay. However, implementation of the recommendations should certainly not be held up while these principles and policies are being defined.

B. The organization, administration and financing of the system

87. The third and last tier of the Study comprises four main aspects: the organizational structure; the mobilization of human resources; the financial framework; and the use of other ancillary resources and facilities. They will be dealt with in turn.

(1) Organization

88. I need hardly emphasize the importance of organization. As requested by the Governing Council, "several models" of possible organizational arrangements have been considered.^{1/} However, if the lines of action proposed in this Report are endorsed, then the recommended model virtually selects itself. This is shown graphically in the chart reproduced here.

89. If one were starting afresh but with the benefit of hindsight, no doubt a precisely articulated organization would be sought, comprising a dynamic executive aided by a compact headquarters staff, vigorously directing an operation in partnership with individual States and decentralized administratively to the country level. An International Development Authority would be the ideal answer under ideal conditions,^{2/} the Agencies being fully used for scientific and technical advice. Ideal conditions, alas, do not exist.

90. Alternative models must therefore be considered. One model eliminates UNDP. The Study rejects this entirely. Another transfers its pre-investment functions – but not those of technical co-operation – to IBRD, or more specifically, IDA. The Study rejects this possibility for the time being. Yet another possibility was to "tinker" with the existing structure by concentrating on procedural improvements only. For the reasons stated earlier, the Study rejected this out of hand.

91. Another model provides for a collective "Headpiece" composed of the leaders of the present international organizations. This variant was given very serious consider-

^{1/} Chapter Seven, para. 31 onwards.

^{2/} This is as good a place as any to dispose of the canard that, for some mysterious reason, an international organization cannot operate as quickly as a national system. This is nonsense. At the height of its operations, UNRRA – still the largest economic and social operation ever tackled by the UN – was moving supplies on a scale and at a rate unsurpassed by any military organization in World War Two, as well as dealing with over eight million displaced persons. This is a lasting memorial to the vision and leadership of Governor Herbert H. Lehman.

ation and was rejected with regret, but experience has shown that present circumstances and attitudes are not conducive to effective collective direction. A study of the records over the last twenty-odd years reveals the limitations in this respect. 1/ These would inevitably hamper the administration of an organization which must demand, above all, the swift and decisive action essential for operational control. First, very real political pressures now surround many of the Agencies. Their good intentions are not in doubt but in practice it is almost impossible for them to subordinate sectoral interests to a collective policy. Their position is rather like that of individual government departments with the added complication that the UN system does not possess a Prime Minister (in the governmental sense). Second, some twenty Heads of Agencies would be involved in such a "Headpiece" and this would clearly be unwieldy. Proposals to limit the number evoked a strong reaction from several of these who would have been excluded. Third, all the Heads of Agencies are under such pressure of work that it would be exceedingly difficult to get them all together at the times which would best suit an operational organization; without their personal presence, the "Headpiece" would be much less effective. The recommended model, however, does provide several vitally important areas for collective partnership which will be described later. 2/

92. The recommended model described by the Study takes into account past experience, present performance and possible future demands. I believe that, in present circumstances, the organizational structure proposed is the one most likely to respond to the objectives of GA resolution 2188(XXI). It is based on the principle that, even if the ideal is not feasible, it is sensible to work as closely as possible toward it. Following the common-sense precept of not "throwing out the baby with the bath water", it utilizes all that is good in the existing machinery.

93. UNDP is the obvious, and indeed, the only foundation on which to build the new organization because:

1/ That the problem is not new is evident from the following extract from a letter dated 25 May 1948 from Lord Boyd Orr, when Director-General of FAO, to the Commissioner, then Assistant Secretary-General for Co-ordination in the United Nations: "I earnestly hope that you will be . . . able to do what I have been clamouring for in the last two years - bring the heads of the Specialized Agencies together, and try to get a co-ordinated drive."

2/ See paras. 97, 99 and 101.

First, it controls the largest part of the funds made available to the UN system for technical co-operation and pre-investment;

Second, it is the natural focal point for co-ordinating development co-operation within the UN system; and

Third, it alone has a world-wide administrative network.

The new structure is designed to secure the shortest line of authority between the Governing Council, on the one hand, and the governments of individual developing countries, on the other, through the medium of the Administrator and the Resident Representatives. In that sense, one should think of the future UNDP as a bridge designed on the cleanest of functional lines.

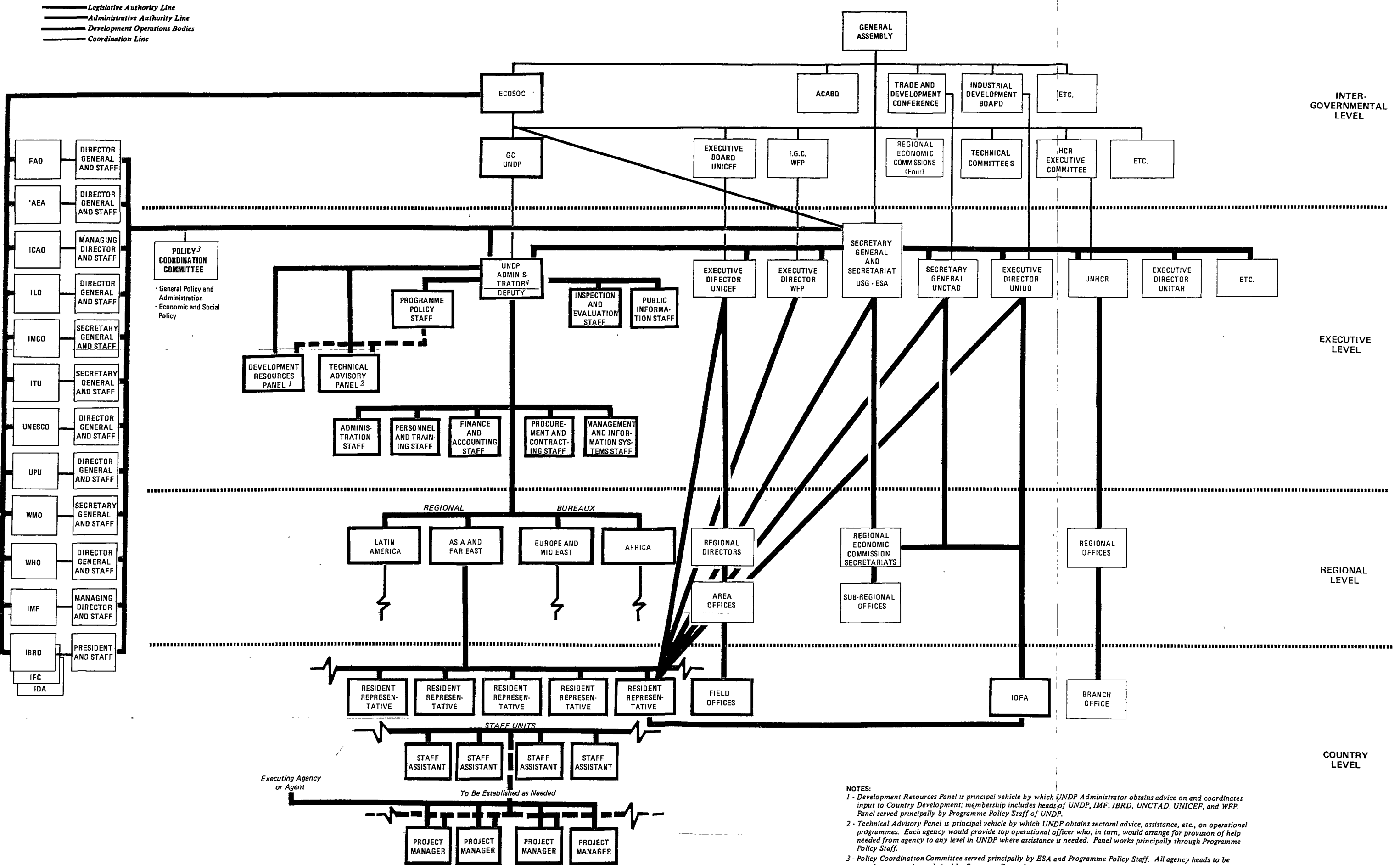
94. The role of UNDP will therefore be crucial. Unless it can be made to operate effectively as the hub of the UN development system, then none of the other component parts dependent upon it – particularly the Agencies – will be able to function efficiently, no matter what individual improvements are introduced.

95. It cannot be stressed too strongly that the first need is for UNDP to decentralize the maximum of functions to the country level and to delegate the maximum of authority with a view to getting action – and getting it quickly. The staff in the Resident Representative's office would need to be strengthened, particularly as regards the provision of technical advice. This could be done through arrangements with the Specialized Agencies for the full- or part-time secondment of personnel, or by recruitment from outside the system.

96. Separate representation of Agencies at the country level should be restricted to cases where their non-UNDP activities are large enough to require it, and should be financed entirely from the Agency's regular budget. UNDP must not be put into the position of financing – either directly or indirectly – Agency representation which does not coincide with its own needs.

97. At headquarters, the core of the operation would be four Regional Bureaux, forming a direct link between the Administrator and his Resident Representatives. The Programme Policy staff represent the critically important "brain": few appointments in the entire system would be as important as the head of this office. A Technical Advisory Panel, composed of officers appointed and paid by the Agencies, would provide sectoral advice on the various phases of the operation and would work hand in glove with the Programme Policy staff. An unprecedented opportunity would then

RECOMMENDED STRUCTURE FOR UN DEVELOPMENT COOPERATION



NOTES:

1 - Development Resources Panel is principal vehicle by which UNDP Administrator obtains advice on and coordinates input to Country Development; membership includes heads of UNDP, IMF, IBRD, UNCTAD, UNICEF, and WFP. Panel served principally by Programme Policy Staff of UNDP.

2 - Technical Advisory Panel is principal vehicle by which UNDP obtains sectoral advice, assistance, etc., on operational programmes. Each agency would provide top operational officer who, in turn, would arrange for provision of help needed from agency to any level in UNDP where assistance is needed. Panel works principally through Programme Policy Staff.

3 - Policy Coordination Committee served principally by ESA and Programme Policy Staff. All agency heads to be members, committee chaired by Secretary-General.

4 - Administrator also responsible for administering Capital Development Fund

exist for the knowledge and experience of the Agencies to be fed into UNDP, enabling collective policies and proposals to be put to the Administrator. Collective action would also be greatly strengthened by the constant flow of data from the information system, to be set up by the proposed Management and Information Systems staff. Other units which would play a key role in the introduction of some of the new features recommended by the Study are the Personnel and Training staff, which would be responsible, among other things, for establishing a career UN Development Service; ^{1/} the Contracting and Procurement staff ^{2/} which is essential in relation to the new contractual relations for implementation; and the Inspection and Evaluation unit.

98. The Study has proceeded cautiously with recommendations for new arrangements at the regional level, because of the complexity of the present situation, already described. Drastic rationalization of the existing confused pattern of regional representation is imperative, and that lies outside the competence of the Study. It is strongly recommended that ECOSOC should commission an investigation to examine how this might be done. This does not mean that no progress can be made in the interim. The recommended model already provides for certain points of interchange, such as the appointment of UNDP liaison officers to the Commissions, and is designed to provide for extensive administrative decentralization to the regional level later, if rationalization takes place. Thus, the Regional Bureaux could then be located in their respective continents, at the site of the Regional Economic Commissions, and might eventually be fused with them. More immediately, the most important contribution made by the Commissions and the regional offices would be mainly in programming and project formulation and general support of country programme activities. Direct operational responsibilities should be restricted to a few well-defined cases in fields where they have special interest and experience.

99. Before dealing with inter-Agency relationships at the highest level, I wish to stress three points about the Specialized Agencies. First, it is in the interests of UNDP, and of the world at large, to strengthen the Agencies in the discharge of their constitutional responsibilities and to assist them to become recognized world authorities in their various fields. Second, the Agencies should be used to a maximum in all phases of the operation financed by UNDP, provided that they can

^{1/} See para. 111.

^{2/} The IBRD has indicated that it would be ready to help in setting up this unit.

participate efficiently. Great opportunities will exist to consolidate the partnership between UNDP and the Agencies, particularly at the country level and by day-to-day partnership at headquarters through the Technical Advisory Panel. Third, Heads of Agencies will obviously examine with care – as many of them have done already – how far their organizations benefit when they become involved in the actual execution of projects. Should any Agency continue to assume unlimited responsibilities for executive functions, it would simply become a large-scale contractor.

100. The co-ordination of economic and social development policies at the highest level within the system is naturally related to the problem of collective leadership. I am convinced that more could be achieved, and at less cost of the time of overworked Heads of Agencies, by discontinuing IACB ^{1/} and creating, in a reformed ACC, a more effective forum for the discussion of economic and social policies at the highest level. ACC might be renamed the Policy Co-ordination Committee and divided into two panels, one dealing with general policies of the UN system, and administrative aspects of the inter-Agency relationship – the Policy and Administration Co-ordination Panel – while the other would be concerned with the co-ordination and discussion of general economic and social questions, with particular reference to development – the Economic and Social Policy Co-ordination Panel. The servicing of these bodies would be of critical importance. ESA would have the primary responsibility in the case of the Economic and Social Policy Co-ordination Panel, but the Programme Policy staff of UNDP should also make an important contribution.

101. The recommended closer relationship between UNDP and the components of the UN system which provide other resources for development co-operation, or have responsibility for non-sectoral policies affecting development, is reflected in the proposed organization by a Development Resources Panel. This body would meet with the Administrator as necessary in order to harmonize policies and the use of inputs. WFP and UNICEF would naturally be members, and so too would the IMF,^{2/} IBRD,

^{1/} Operational aspects of the present work of IACB would be taken care of by the Technical Advisory Panel.

^{2/} There are relatively few references to the IMF in the Study, but its operations, of course, exercise a profound influence on development in the widest sense. I hope that UNDP-IMF relations become much stronger: the more closely the IMF, the World Bank Group, and UNDP (as the co-ordinating body for the UN development system) could work together at the country level, the more effective would be the contribution of the United Nations to the developing Member States. (See also para. 53).

UNCTAD and ESA. Consideration should also be given to the possibility of integrating the field networks of UNICEF and UNDP. Effective co-operation with the inputs represented by the regular programmes of WHO and UN should be secured through their participation in the country programming procedure.

102. The UN itself is in a special position. Certain operational functions of ESA might be transferred at an appropriate time to other parts of the system so that the Department could concentrate on its primary function of evolving economic and social policy for the system as a whole, and its specialized fields of economic planning, finance, statistics, and public administration. It would thus collaborate very closely with the Programme Policy staff of UNDP and would perform a vital servicing role for the reformed ACC.

103. The final level is naturally that of governments. Here, the role of ECOSOC must remain paramount and should be progressively strengthened. It is essential for it to be effectively serviced. Again, as the new organization evolved and its links with UNICEF and WFP became closer, consideration should be given to the amalgamation of their governing bodies.

104. Because of their constitutional responsibilities, the External Auditors, ACABQ, and JIU could all influence the effectiveness of the new organization. The Governing Council should consider carefully what additional checks are indispensable in addition to those provided by the new procedures for programming, evaluation, and the handling of information, in order to verify that the organization is efficiently managed. Care should be taken to ensure that such inquiries do not hinder the implementation of the procedural and administrative changes recommended here or interfere with the "operational" methods essential for the provision of successful development co-operation.

105. The functions of the External Auditors are essential and there is evidence on all sides of their understanding and progressive attitude toward the problems of organization and management which now plague the system. Their relationship to the restructured organization should remain unchanged.

106. ACABQ was created over twenty years ago and has to grapple with an extraordinary range of administrative and budgetary problems embracing most of the United Nations system. Because of the special circumstances surrounding UNDP, the Governing Council might consider whether the service now provided by ACABQ

could not be strengthened by the creation of a very small group, reporting directly to the Council, each member of which should have had successful experience both in the field of administration and development.

107. In the case of JIU ^{1/} the interests of Member States, particularly the developing countries, might be better served by dividing the present unit and seconding two or three members permanently to serve the Governing Council.

108. Another alternative would be to create a single group – not exceeding four or five members – who could provide for the Council (and the governments of all Member States) the services now performed both by ACABQ and the JIU as they affect UNDP. In the future, it will be essential for UNDP, because of its operational responsibilities, to be subject only to advice and constructive criticism of the highest standard. This is stated as a principle; it has no implications in relation to the advice given or to criticisms made of UNDP in the past.

109. As indicated in the detailed time-table suggested later in this volume, implementation of these various recommendations for reorganization is envisaged in two phases, the first ending in 1972 and the second in 1975. Progress should be reviewed in both years. The 1975 review would be of particular importance, coinciding with the mid-point of the Second Development Decade and the target date proposed by the Commission on International Development for the attainment of increased flows of aid, including that through multilateral channels. If the recommendations have been efficiently implemented, there is every reason to believe that, by that time, the capacity of UNDP and of the UN development system would be considerably expanded. However, its results gave little hope of effective expansion of capacity by the date required, governments would need to consider seriously the possibility of limiting the operational activities of UNDP and of the UN development system generally to a level within their proven capacity. If such a point were reached, it might well be necessary, in the interest of the developing countries, to contemplate drastic measures, such as the transfer of UNDP's pre-investment functions (but not those of technical co-operation) to IBRD, or more specifically, IDA. But such a momentous

^{1/} In the first two years of its work, the JIU estimated that 75-80 per cent of its time was spent on investigations of operations financed by UNDP.

decision should certainly not be considered before UNDP and the UN development system have been given the fullest opportunities, including the necessary policy directives and resources, to prove that they can effectively carry out a substantially larger programme over the next five years.

(2) Human resources

110. Nothing is more important than human resources in determining the capacity of the United Nations development system. To bring about successful development, neither procedures nor organizational structures will suffice without the insight and inspiration which a dedicated staff alone can give.

111. As an essentially operational process, UN development co-operation entails serious executive responsibilities for its staff and a particular range of specialized talents and experience. Thus, looking toward another quarter of a century of development co-operation, it obviously becomes indispensable to create a career service for the permanent staff engaged in planning and administering the programme – a United Nations Development Service. 1/ This should be a prestige corps, based solely on merit and ready to serve anywhere at any time. 2/

112. This Service should have the following characteristics:

- Its geographical distribution should be as wide as possible, but Article 101 of the Charter, which states that "the paramount consideration . . . shall be the necessity of securing the highest standards of efficiency, competence and integrity . . ." should be applied rigidly in order to ensure maximum service to the developing countries;
- The staff should be small in numbers and of the highest quality;
- They should be trained in all aspects of development, special emphasis being placed on management and "operational-mindedness";

1/ This is in keeping with the recommendation of the Commission on International Development for the creation of "national and international corps of technical assistance personnel with adequate career opportunities" (op. cit. p. 190, recommendation 19).

2/ The parallel with naval service is exact. Sailors are expected to serve at sea and to spend a minimum of time in Admiralties. The staff of the UN Development Service should see their careers primarily in the field; at present too many people return to headquarters and stay there.

- Conditions of service should be comparable, wherever necessary, to those offered by employers outside the UN system and make provision for peripatetic living conditions;^{1/}
- Ideally, there should be a clean break with the salary structure of the United Nations, but, should this not be possible, the latter should be applied with much greater flexibility;
- The new Service should have its own Appointment and Promotion Board;
- Capable and qualified people within the Service should have the opportunity of rising to the top posts if they are fitted for them. Outside recruitment for such posts should therefore be kept to a minimum.

113. Carefully selective recruitment at entry level should ensure effective geographical distribution at a relatively early stage, but provision would have to be made for some recruitment at middle and higher levels until first-entry staff could fill all positions; this should be mainly from other components of the UN development system. Training would be a vital element. A Staff College should be established, possibly in co-operation with UNITAR, and sabbatical leave should be given for study purposes.

114. The position of the Administrator of the United Nations Development Programme should be endowed with increased authority and should be analogous to that of the President of the IBRD and the Managing Director of the IMF. His appointment should be made by the General Assembly on the recommendation of the Secretary-General.^{2/}

115. Throughout the Study, the decisive importance of the role of Resident Representative, and of the quality of men and women filling these posts, has been emphasized.

^{1/} It is hoped that one basic policy would be that where official circumstances separate families, children (usually at school in other countries) should be reunited with their parents for all holidays – a policy now adopted by some governments and a great number of firms.

^{2/} This comment is obviously impersonal. It has no reference to the present Administrator who has made an unparalleled contribution to the success of the operation. The importance of the appointment is directly related to the image of the operation: see para. 149 et seq.

They should be recruited into the new Development Service 1/ and given real authority. The highest posts throughout the organization should always be open to them since first-class staff would be unlikely to join the new Service, or to remain with it, unless they had the opportunity to reach the top. Political patronage is incompatible with development and must be eliminated. Only very exceptionally should any Resident Representative be appointed from outside the Service. As in **some Foreign Services**, a margin of 10 per cent over established posts should be **provided in order** to provide for advanced training, illness, family problems, etc.

116. Any of the present Resident Representatives unable to provide the standard of service required in the new organization should be released, compensation being awarded. The present average age of Resident Representatives is unduly high for an operation 2/ and younger people should be brought forward quickly.

117. Present conditions of service for Resident Representatives are inadequate and must be improved without delay. The greatest need is for suitable housing, properly equipped. When necessary, housing should be purchased by UNDP. 3/ This has been talked about for years but nothing has been done.

118. The UNDP will always need good consultants and should build up a "stable" of advisers who have proved their suitability. They should always be of high calibre. The quality of their work can contribute greatly to (or detract from) the image of the operation.

1/ Another canard can be disposed of here - the suggestion that 90 first-class men and women could not today be found to fill the posts of Resident Representative. There are nearly 20,000 people now employed in the UN system. From personal experience, I am convinced that the necessary number could be found. Those who fear to make the necessary changes will do so at the expense both of the developing countries and the United Nations.

2/ The present average age is 55; only seven are under 45 years of age.

3/ It is difficult to envisage how this could represent anything else but a good investment. One Embassy in the Middle East, bought in the 1840's for approximately US\$24,000, is today valued at US\$25,000,000.

119. I turn now to the manpower required to execute projects – the specialized project personnel. The quality of personnel will always determine the success of operations and the recruitment, briefing, and use of "experts" – not always a happy description – must remain a matter of immense importance.

120. There can be no doubt about the genuine difficulties that exist in recruiting suitable project personnel for the UN development system. The general position appears to be improving slowly, according to the Agencies, but governments continue to be seriously exercised about it. More frequent contracting of projects outside the system would ease the burden of direct recruitment and also provide co-operation to the developing countries more rapidly. The Study advances other suggestions in Chapter Eight which might lead to further improvement.

121. Much greater use should be made of associated staff, i.e., associate project personnel and volunteers. I warmly endorse the recent resolution of ECOSOC 1/ recommending early study of the possibility of setting up an international volunteer corps.

122. Counterpart staff are of major importance to the operation, but they are frequently difficult to provide, both in quality and in numbers. Nevertheless, it is in the interest of the developing countries to make available the best national staff in order to ensure the success of each project. The Report advances some ideas for their training, assignment and retention.

123. Training lies at the heart of technical co-operation. It is difficult to evaluate training programmes so far carried out by the UN development system, but evidence suggests that many objectives have not been fully achieved, either quantitatively or qualitatively. Greater imagination, more research, stronger emphasis on educational planning, in the widest sense of the word, receptivity to new ideas and techniques, and a readiness to experiment, will all be essential in the future.

1/ ECOSOC resolution 1444(XLVIII). This has also received support from the Commission on International Development (op. cit. p. 190, recommendation 20).

(3) The financial framework

124. The "power of the purse" is a vital factor in the management of any system. Only by the proper control of funds made available for development co-operation can the optimum use of resources be achieved. ^{1/} Chapter Nine deals with these matters.

125. The fact that UNDP now controls the greatest proportion of these funds is one of the main reasons for advocating its evolution as the central co-ordinating organization. Suggestions have already been made for a closer relationship with UNICEF and WFP, both in the field and with the governing bodies. Until this can be brought about, maximum synchronization of the programming of these inputs should be achieved in each country where they operate.

126. As to trust funds, the arrangements recently introduced for the Population Trust Fund fit in well with the general approach of the Study. The administration of any future funds of this nature should follow the same pattern.

127. In conformity with its philosophy of mobilizing the maximum of financial resources, the Study does not recommend any immediate change in the handling of funds provided from regular assessed budgets for sectoral programmes of assistance, such as those carried out by WHO and UN. Governments may feel, however, that there would be advantage in stabilizing them at present levels.

128. In the long run, the more all these separate funds can gradually be merged into one central fund under enlightened management, the greater will be the opportunities to achieve the objectives laid down in GA resolution 2188(XXI).

^{1/} This principle is of cardinal importance. A difference in attitudes appears to exist. Dr. R. M. Macy of the JIU recommends effective control by UNDP of its funds (doc. JIU/REP/68/2 of 24 August 1968). The Committee for Programme and Co-ordination (doc. E/4716, E/AC.51/36 of 30 June 1969) "... especially welcomed the Inspector's recommendations on ... control of funds for Special Fund projects". ACC, however, considered that this important function could not be separated from the technical responsibilities of the Executing Agency, and that the Executing Agency must therefore continue to be responsible for all project operations, including the control of funds (doc. E/4698/Add. 1 of 13 June 1969).

129. The Study's recommendations would require a complete merger of Technical Assistance and Special Fund accounts into a single fund. This should cause no major difficulty.

130. The financial system is designed to provide a suitable framework for the UN Development Co-operation Cycle, combined with improved financial control. On the basis of realistic estimates of future resources, the Governing Council would approve global indicative planning figures for five years, distributing resources between:

- global programmes
- regional and sub-regional programmes
- country programmes
- a contingency reserve

The amount allotted for country programmes would form the basis for making projections of indicative planning figures or "orders of magnitude" for individual countries, which would be adjusted to the length of their national development plans or for five years where no plan is prepared. This would not be a country target, nor would it constitute a financial commitment, but would serve as a guide for planning purposes only. Global and country "orders of magnitude" and global allocation ceilings ^{1/}would be annually projected one year further ahead, and programmes would be adjusted accordingly. Governments will note that the proposed procedures are similar in nature to the new policies recently approved by the Governing Council for the TA component.

131. In keeping with the basic objective of seeking to obtain the greatest possible return from all resources available to UNDP, it would be necessary to bring the financing of the SF component into line with that for the TA component. Transitional measures are proposed to avoid any distortion arising from the application of this recommendation, if the Governing Council agreed to accept it.

132. The budgetary system is of great importance. At present such terms as "project costs", "programme support costs" and "general administrative costs" are not defined clearly. The system proposed by the Study would distinguish between them by dividing them into three separate budgets: individual project budgets, approved by the Administrator; a programme support services budget, approved by the Governing Council each year; and a general administrative services budget, also

^{1/} For detailed procedures, see Chapter Nine, paras. 24-30.

approved annually by the Governing Council. In this way, governments would have a more realistic picture of the cost of particular services.

133. The treatment of overhead costs is a highly technical and complex problem which has caused – and continues to cause – much difficulty both for UNDP and the Agencies, and also for governments. The Study agrees with Mr. Maurice Bertrand of the JIU ^{1/} that some form of cost accounting system must be evolved as soon as possible. It is imperative to ascertain the "cost" of the operation and of individual projects with reasonable accuracy. Otherwise, it will never be possible to determine whether resources have been used effectively or to introduce real competition into the execution phase by eventually requiring Agencies to tender in much the same way as an efficient contractor outside the system. The Study proposes a first step in this direction by:

- (a) calculating in project budgets all costs of the project, including items for administrative and technical backstopping by the Executing Agency and retroactive reimbursement of project formulation costs;
- (b) paying for consultancy services of Agencies in the more general field of programming by entering into arrangements similar to those now existing between the IBRD and FAO and UNESCO. The costs of this would be charged to the programme support budget.

134. Another important problem arises over common budgetary and accounting practices. The Study strongly endorses the recommendation in Mr. McCandless' report for ACABQ that Agencies could and should start producing compatible budget presentations. The new programming procedures proposed by the Study for UNDP should facilitate this evolution. The Study also concurs with the recommendations in Mr. Bertrand's latest report for programme budgets. All these moves point to the introduction of common principles of accounting. This development is of extreme importance to UNDP, and must become still more so with any substantial increase of funds.

^{1/} Cf. Report on the Overhead Costs of Extra-Budgetary Programmes and on Methods of Measuring Performance and Costs (doc. JIU/REP/69/2).

135. Government resources committed to a project to which UNDP support is being given need to be identified and managed in conjunction with the UNDP contribution. The obligations falling on recipient governments must be administered more flexibly. ^{1/} Project budgets must take into account, in a common-sense way, the actual economic and financial conditions existing in a particular country, but phased in such a way that the government is ready to take over full responsibility for the project when the UNDP contribution comes to an end. It is proposed that the Governing Council would prescribe a standard formula but would authorize the Administrator to approve variations from the "normal" formula whereby governments with greater ability to pay would provide more than the norm, while those with relatively less ability to pay would provide less.

136. Under the system proposed, the Governing Council would retain responsibility for all decisions of financial policy and would be kept fully informed on financial aspects of the programme through regular reports. Financial decisions on operational matters would be taken by the Administrator within the overall authority granted him by the Council. Some of his powers relating to the approval of individual projects should be delegated to the directors of Regional Bureaux and to Resident Representatives.

137. Governments will naturally wish to know the cost of implementing the Study's recommendations, and this is dealt with in Chapter Nine. ^{2/} In over-simplified terms, it appears that the annual cost of delivering a programme at the 1968 level would remain the same (US\$49 million) but that UNDP's budget would rise by about US\$7 million, with a corresponding saving in the regular budgets of the Agencies. This result was arrived at after detailed analyses and without fiddling any figures. However, I personally doubt whether a proportionate reduction in the Agency budgets would, in fact, be made, and, although crystal gazing is a dangerous past-time, my own judgement is that governments would have to pay about US\$3-4 million more as the price for introducing system and order into the organizations. But "cost" and "price" are misleading words; it is impossible to estimate the "cost" of waste and efficiency

^{1/} Again, there is agreement with the recommendations of the Commission on International Development (op. cit. p. 177).

^{2/} Paras. 94-100.

in the present operation, nor the value of doing a much better job in the developing countries in the future. Of one thing I am convinced, however, and that is that an additional expenditure of this order (assuming that the operation as a whole was being efficiently managed) would be the best investment that today could be made in the United Nations.

(4) Other resources and facilities

138. A final chapter 1/ deals with material resources and facilities that also directly affect capacity, namely, the provision of equipment; communications; common premises at the country level; and common services both at headquarters and in the field.

139. On equipment, some specific recommendations are made for improved selection, delivery and standardization. An aspect which provokes widely varying reactions, but which I believe to be well worth further consideration, is the possibility of setting up a centralized purchasing system, such as is successfully operated by UNICEF and some governments, at least for certain standard items. It is therefore recommended that UNDP should set up a small task force of specialists to examine this question.

140. Communications throughout the system are not satisfactory. The UN system itself is not alone responsible but several major improvements could be made. In the past, advanced methods of communication have frequently been rejected on grounds of cost, but the unrecorded costs arising from poor communications may themselves be very heavy indeed. They lead to serious delays relating to projects now involving a total combined expenditure of some US\$1,700 million. No large-scale commercial organization would hesitate to invest heavily in first-class communications. UNDP should accordingly arrange with UN, ITU, and UPU for an expert group to investigate this problem, and be prepared to invest money, as a genuine economy, in establishing an effective service.

141. The advantages of common premises at the field level have long been vaunted, but, despite many proposals and discussions, the situation is still highly unsatisfactory. Progress on this front would undoubtedly do much more to achieve effective field co-ordination and co-operation between UNDP and the Agencies than all the principles and guidelines that either ACC or this Study are ever likely to produce.

1/ Chapter Ten.

Anyone with experience of the Fighting Services knows the difficulty of getting them together if they are accommodated in separate offices: "If you have to put on your cap, you don't go to see your opposite number." It is therefore appropriate that Malta, with its unique experience of a Combined War Headquarters, should recently have presented new proposals to ECPC, suggesting ways and means of providing a single building in every developing country for all the representatives of the UN system who are pledged to combine their resources to fight another kind of war. The Maltese proposals provide a good foundation on which further action should be taken as soon as possible.

142. It is obvious that capacity could be increased and money saved if the various parts of the UN system made a determined effort to introduce common services to the maximum both at headquarters and field levels, particularly as regards the purchase of common user items, such as vehicles and office equipment and supplies and the adoption of standard forms for similar functions. A compact general services unit servicing the UN system as a whole would probably soon pay for itself many times over. The task force examining centralized purchasing of equipment should also look into the possibility of creating such a unit.

VII. INTANGIBLES AND IMPONDERABLES

143. At the end of this intensive survey, I have been left with the strong impression that a number of intangible and imponderable factors bear directly on the capacity of the present development programme. They do not fit into the main framework of the Report, which deals with specifics, but I consider them important enough to merit special mention here.

144. Age. Today, the UN system seems to be a disproportionately old and bureaucratic organization. Many governments, steeped in much longer traditions, are far more progressive and ready to respond to modern conditions. One reason advanced for this is the lack of enlightened personnel policies; another is the uneven quality of staff management demanded by such a complex group of organizations. Whatever the reasons, a sense of urgency - which must be a vital factor in any development programme - is lacking in many parts of the system. The age of officials alone does not explain the situation. Some of the oldest are youngest in spirit; some of the youngest are most conservative and unadventurous.

145. Negativism. The UN system has more than its fair share of "experts" in the art of describing how things cannot be done. There is some relationship between the impression of disproportionate age and this attitude of negativism. Certainly, both conditions undoubtedly exist and affect capacity adversely. They provide strong reasons for keeping a restructured UNDP as free as possible of the bureaucratic undergrowth which now strangles action.

146. Stress. Virtually all of the outstanding people involved in the present UN development operation are now subject to stress - a clear indication of the over-extended capacity of the present "non-system". Many of them admit that they are unable to give of their best under present conditions. This means that the finest and most experienced minds of men and women who really understand development - and there are very few of them either within the system or outside - have little or no time to think about its future orientation. Thus, a vicious circle is created. Because the condition is not remedied by the application of foresight and imagination, it becomes progressively more acute. The only solution is the introduction of effective management procedures which would smooth the flow of work and introduce the right degrees of decentralization and delegation.

147. Geographical location. Many governments and key officials within the system raised the question of the best site for the restructured organization. The proximity of UNDP in relation to its main executive arms clearly has a direct and important bearing on capacity. ^{1/} There are three obvious possibilities - the present site in New York, or new locations in Washington or Geneva. Of these, Geneva offers certain distinct advantages if efficiency is the criterion. In Geneva, UNDP would have immediate or easy access to the majority of the Executing Agencies: FAO, UNESCO, ILO, WHO, UNIDO, UNCTAD, WMO, IMCO, ITU, IAEA and UPU. Among other obvious advantages, this would greatly facilitate the functioning of the proposed Technical Advisory Panel.

148. The argument that a move from New York would adversely affect the attitude of the United States Government, at present the chief contributor to the operation, is challenged by many who believe that that Government, and Congress in particular, would be more favourably impressed by an international operation that, whatever its location, could be shown to be effective and achieving positive results. The argument that separation from UN Headquarters would be a handicap is at least balanced by the advantage of proximity to eleven other components of the UN development system in Europe, as well as the possibility that elements of the Department of Economic and Social Affairs might move to Geneva in 1972. Lastly, it is held that the overall cost of the headquarters would be less in Geneva than New York. These factors do not give the whole of the equation, but they indicate that the problem merits very serious examination.

149. The image. This is perhaps the greatest intangible and imponderable of all. In few areas of action are governments so sensitive to public opinion as that which is generally referred to as "foreign aid". UNDP, in particular, and the UN development system generally, are completely dependent on government support. Thus, their public "image" is of immense importance. Capacity is directly related to public opinion.

150. At present, UNDP appears to have good government support, but its image is naturally affected by the performance of the Agencies, some of whose reputations seem to be more controversial. UNDP itself is not yet well known to the general public.

^{1/} See Chapter Three, para. 24.

151. The image of UNDP is influenced by at least three major factors:

First, results speak for themselves. The best reputation and the best image will come from an operation which can be seen to be effective, both in terms of content and of administration.

Second, the image of UN as a whole. The political limitations of UN are not fully appreciated by the world at large, and uninformed criticism of UN can rub off on UNDP. Conversely, a successful UNDP can greatly help the image of UN.

Third, the success, or otherwise, of bilateral programmes. Governments have constantly impressed on the Commissioner that UNDP's performance must affect public opinion and support for "aid" generally; they also recognize that the results of their own operations can directly affect UNDP. The advantage of securing maximum co-operation between multilateral and bilateral programmes is obvious.

152. What should be done to increase public support? In the negative sense, the first requirement is to eliminate justified causes for criticism. That means the attainment of appreciably higher standards of administration, and the elimination of "deadwood" in the present programme. It also means that a large number of officials in key positions in the UN development system must become much more conscious of the degree to which the programme depends on public support.

153. Positively, public support will come for a programme which can be seen to be successful. Hence, the image. Good projects, well executed and achieving positive results, will speak for themselves, but intelligent publicity can increase their impact still further. Outstandingly good management must also contribute to the brightness of the image. The quality of staff - particularly Resident Representatives and senior consultants - is equally important.

154. The name of the organization and the titles of its Head and local officials all make an impression on the public. "Authority" or "Agency" might be a better description of UNDP rather than "Programme". "Administrator" and "Director-General" are a matter of choice. It is unlikely that "Resident Representative" can be improved upon.

155. Evaluation is not always balanced; almost invariably criticism far outweighs praise for a job well done. The present spate of uncontrolled and unco-ordinated evaluations, not always carried out by capable people, could, if taken to an extreme, greatly damage the image of UNDP and the UN development system, destroy public confidence, and endanger the most promising enterprise of the United Nations. Need more be said? Both governments and the system itself will do a vast disservice if they neglect this obvious threat to the capacity of the entire system.

156. In looking into the future, the real value of technical co-operation provided by the UN system must never be underestimated. At present, there is a dangerous tendency - which can affect the image - to measure its effectiveness by the relatively modest sums of money involved. This is a dangerous over-simplification, for development co-operation, because of its multiplier effect, can undoubtedly yield a very high dividend indeed in relation to the funds employed.

VIII. THE LONGER PROSPECT

157. At the beginning of this Report, I stressed the need to see the problems with which we are dealing in a longer perspective, to set them in the framework of our time. As the work has progressed, so has this conviction deepened. Again, many authorities, both inside and outside the system, have asked me to record some of the ideas about the future advanced during the course of our work, and I now do so, thus observing the Governing Council's injunction to me to be bold and imaginative.

158. The adoption of the procedural innovations proposed by the Study - in the UN Development Co-operation Cycle, the Information System, the UN Development Service and the financial framework - would equip UNDP with a series of complementary and flexible instruments which could easily be adapted to the particular needs of individual countries and to changing circumstances - local as well as world-wide - over a good many years to come. The organizational structure which they are to serve was conceived in the same dynamic mould, not as a terminal but rather as a staging-post in the progress toward a challenging future. Accordingly, it is framed in such a way that it could, if governments wished, progressively be made over to become the focus of a true development system, in which ECOSOC would increasingly command a unity of purpose in all theatres of economic and social policy, dispersed at present throughout many different international organizations. The Commission on International Development has stressed the imperative need for such a co-ordinating force on the international development scene. There is every reason why ECOSOC, appropriately reconstituted and equipped, should come to play this role. Many would say that this was the hope with which it was constituted originally. It would, in effect, become a one-world parliament, pledged to a unified and universal attack on poverty, hunger, disease and ignorance and to the corporate achievement of economic and social progress. The Specialized Agencies would continue to exist as technical bodies, each pre-eminent in its own sector but their policies, as well as those of UNCTAD and UNIDO, would come for review and approval to ECOSOC.

159. The same process of consolidation should occur pari passu at the secretariat level. The staffs of UNDP, WFP and UNICEF might, like their governing bodies, be amalgamated. Indeed, in time, if the economic and social

responsibilities of the UN development system grew so large as to impose an intolerable burden on the Secretary-General, in addition to his onerous political duties, these activities, as well as the operational programmes, might come to be co-ordinated by a Director-General having a standing in his field comparable to that of the Secretary-General in the political world. Operational activities would be strongly centralized, possibly under the authority of a Programme Committee responding to ECOSOC. It would then be logical to amalgamate the co-ordination of the economic and social policies of the UN system with the management of its operational activities by combining the residual part of ESA and UNDP. They would together serve as the secretariat for the enlarged ECOSOC in all its general economic and social responsibilities. Similarly, at the regional level, the Regional Economic Commissions would be incorporated into the structure and their secretariats merged with those of the Regional Bureaux of UNDP.

160. In short, the model recommended by the Study would open a door which might, in time, lead to the development of something very near to the ideal organization that the Study has discarded as unattainable at the present moment.

161. It is a challenging prospect. But there is nothing in the accumulated experience of the last twenty-five years to show that the challenge cannot be met. Rather, the will has not been strong enough.

162. It could also be an ominous prospect if, in a year in which the first moon landing has shown the feats of which man is capable when his resolution is unswerving, Member Governments and the UN system were to shirk this portentous issue. I was much impressed to hear these sentiments echoed by two distinguished delegates. At the summer session of ECOSOC, Ambassador Hernán Santa Cruz said:

"The landing on the Moon was the result of a combination of technical skill with a firm political will, massive financial support and excellent organization. Development is more important than the conquest of space and should be tackled with at least equal determination."

And, at the opening of the Ninth Session of the Trade and Development Board of UNCTAD in August, its President, Mr. K. B. Asante of Ghana, movingly translated

Cervantes into the twentieth century:

"Our world is polarized into the haves and have-nots. It would be wonderful if Neil Armstrong spoke for all mankind when he said on landing on the moon 'one small step for man; one giant step for mankind'. Though I was excited and sat with my eyes glued to television until the early hours of the morning, I did not feel he spoke for me. I do not belong to that part of mankind. But I and countless others want to belong to one mankind."

163. It is sobering to think, in these times of rapid change and new discoveries, how little changed are the everyday miseries of much of mankind in the world today from those of the sixteenth century. There is one significant difference, however. Cervantes could not change his world. We can.

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PLAN OF IMPLEMENTATION

The acceptance by governments of the recommendations of the Capacity Study will raise the question of implementation. A series of actions would be required by the governing organs of the UN and by the Administrator of UNDP to get the new system started. Where relevant, corresponding action might also be taken by the Specialized Agencies and by other components of the UN system.

The plan of implementation could comprise two phases involving the following actions:

A. PHASE I: FIRST QUARTER OF 1970 - END 1971

During the first phase it would be necessary:

- (a) to take action to provide a legislative framework for the new system envisaged by the Capacity Study;
- (b) to prepare its actual application in practice.

A series of decisions would have to be taken, as appropriate, by the General Assembly of the United Nations, by the Economic and Social Council, and by the Governing Council of the UNDP; measures would have to be implemented by the Administrator of UNDP.

(1) Policy decisions to be taken by governmental bodies

- (a) Directives related to major procedures of UNDCC.
- (b) Merger of the TA and SF components.
- (c) The principle of the accountability of the Administrator for all phases of UNDP operations.
- (d) New financial regulations. These regulations should bring into force the proposed financial and budgetary system of UNDP based on indicative planning figures, global allocation ceilings, working capital and reserve fund, project budgets, budgets for programme support and for general administration services. The regulations should also reflect the principle that while the Governing Council

approves programmes, the Administrator approves individual projects and allocates funds for execution. The regulations should establish the Administrator's right to re-delegate authority to approve certain projects to Regional Bureaux and to the Resident Representatives. Finally, the regulations should establish the Administrator as custodian of UNDP funds. The financial regulations should be prepared in time to be considered by the Governing Council as soon as possible, preferably at the Council's session in January 1971 but certainly not later than at the session in June 1971.

- (e) Decision to enable UNDP to develop an independent personnel administration.
- (f) Subsequent consideration of staff rules. Since the preparation of these staff rules will take some time, it may not be possible for the Governing Council to consider them before its session in June 1971.
- (g) Consideration of the establishment of a United Nations Development Service and of a Staff College.
- (h) Reconstruction of ACC and discontinuance of IACB.
- (i) Creation of a Development Resources Panel.
- (j) Creation of a Technical Assistance Panel.
- (k) Decision to initiate an enquiry into the regional structures of the United Nations and the Specialized Agencies.
- (l) Decisions to initiate enquiries into centralized purchasing of equipment, improvement of the communications system, and common premises and services.

All decisions requiring approval by the General Assembly of the United Nations should be considered by the Governing Council of UNDP early in 1970, and by ECOSOC at its summer session, to permit an enabling resolution of the General Assembly to come into effect by the end of that year.

(2) Operational decisions to be taken by the Governing Council

The Governing Council would have to take during 1971 another series of decisions designed to prepare actual operations under the proposed system to begin in 1972. These would relate to:

- (a) the apportionment (global, regional, country and reserve) of anticipated resources for planning purposes for a five-year period;
- (b) the indicative planning figures for individual countries;
- (c) the global allocation ceilings covering a period of five years;
- (d) the "normal" formula for sharing project costs between UNDP and governments, and guiding principles designed to assist the Administrator in the application of any variations from the "normal" formula;
- (e) the budgets for programme support and general administrative services for the year 1972;
- (f) consideration of a certain number of country programmes and other programmes (regional or global), prepared earlier than 1971 on the basis of indicative figures previously approved by the Council.

It would be highly desirable to apply the new programming procedures in some countries at an earlier date, particularly in those which would begin the implementation of new development plans in 1971. In order to achieve this, the Governing Council might authorize the Administrator to take appropriate steps.

(3) Measures to be taken by the Administrator of UNDP

The Administrator, immediately after the Governing Council has met in the first quarter of 1970, should prepare proposals for consideration by the appropriate governing bodies covering items enumerated in (1) and (2) above.

For the actual operation of the system, the Administration would need to take action following decisions by the governing bodies, and, in particular, the following measures:

- (a) reorganization of the headquarters secretariat of UNDP using mostly existing staff, and where necessary, by recruitment of new staff or arranging secondment of Agencies' staff; also the implementation of certain elements of the new management information system;
- (b) preparation of country programming in selected countries;
- (c) negotiation of agreements with Agencies;
- (d) organization of the work of the Development Resources Panel and of the Technical Assistance Panel;

- (e) preparation of recommendations to the Governing Council for implementation of the findings of the enquiries into centralized purchasing of equipment, improvement of the communications system, and common premises and services, as soon as these are available.

B. PHASE II: 1972 - 1975

The measures to be taken during the second phase relate either to the actual operation of the UN Development Co-operation Cycle or to the implementation in depth of other recommendations, mainly of an organizational nature.

Depending on circumstances, some of these steps could be either prepared or even implemented concurrently with Phase I. Other steps will recur annually or require more time, and for this reason Phase II has been conceived as one which might well cover a period of approximately four years.

(1) Action to be taken by appropriate governmental organs

- (a) A review of the progress achieved in the implementation of Phase I of the Capacity Study recommendations, as approved by the governing bodies, to be undertaken by the Governing Council in 1972.
- (b) Consideration of a merger of the governing bodies of WFP and of UNICEF with the Governing Council of UNDP.
- (c) Transfer of certain operational responsibilities of ESA to appropriate Specialized Agencies or to subsidiary bodies of the United Nations.
- (d) Consideration of the findings of the enquiry into the regional structures of the United Nations and of the Specialized Agencies.
- (e) Approval of country programmes and other programmes (regional or global) which have been prepared,
 - (i) during 1971 (this could be done toward the end of 1971);
 - (ii) ensuing years.

- (f) Annual revision of
 - (i) the apportionment of anticipated resources for planning purposes;
 - (ii) country and other indicative planning figures;
 - (iii) global allocation ceilings.
- (g) A review in depth of the progress of implementation of Capacity Study recommendations, to be conducted by the Governing Council toward the end of Phase II, i. e. in the course of the year 1975.

(2) Action to be taken by the Administrator

- (a) Continuation of the reorganization of the Headquarters of UNDP and its field offices in the light of the recommendations of the Capacity Study (including the experimental transfer of the Regional Bureau for Latin America to the site of ECLA), with particular emphasis on the further development of a personnel system centred on the United Nations Development Service and on the establishment of a Staff College.
- (b) Progressive development of the various information systems.
- (c) Consolidation of UNDCC procedures.

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ACKNOWLEDGEMENTS

"Comme quelqu'un pourrait dire de moi que j'ai seulement fait
ici un amas de fleurs étrangères, n'y ayant fourni du mien que
le filet à les lier."

Montaigne

As the reader will at once perceive, the Capacity Study is not the work of one man, although the responsibility is solely mine. It is a synthesis of judgements, experience and information which has come from all corners of the developing world, as well as from many sources in the developed countries. To record my gratitude adequately for all this help, which has been given to me not simply in the last eighteen months but constantly over the past three decades, is manifestly impossible. Thus my first obligation must be to all those of many nations - and of the United Nations - who over the years have enlightened me about the real nature of the development problem and the measures that would help to bring it under control.

There are also major obligations, incurred in the course of the Study, which must be acknowledged as having provided the impulse for what has been done, as well as its justification. First and foremost come all those governments, in fact, the United Nations, who made the United Nations Development Programme possible. Chief among them are the current Members of the Governing Council of the UNDP, whose advice and encouragement has been a constant support.

By a wise decision of the Governing Council I received invaluable help from a Panel of Consultants specially appointed for the breadth of their experience and knowledge of the problems of the developing countries and of the character of the United Nations Development Programme. They are:

H.E. Mr. Bunchana Atthakor Minister of Economic Affairs	Thailand
H.E. Dr. Ali Attiga Former Minister for Economy and Trade	Libya
H.E. Mr. Mamadou Aw Former Minister for Planning, Equipment and Industry	Mali

Mr. David Bell Executive Vice President The Ford Foundation	USA
Mr. Ernst Michanek Director-General Swedish International Development Authority	Sweden
Dr. Manuel Perez-Guerrero Permanent Representative of Venezuela to the UN (until his appointment as Secretary-General of UNCTAD)	Venezuela
Dr. Raúl Saez Executive Vice President National Enterprise of Power	Chile
Dr. Janos Szita Deputy Minister Secretariat for International Economic Relations of the Council of Ministers	Hungary
H. E. Mr. Aleksei V. Zakharov Deputy Permanent Representative of the USSR to the UN	USSR

Many governments responded at length to requests for their views on topics of major importance to the Capacity Study. I am very conscious of the work that this involved and most grateful for the valuable assistance thus given me.

A special word of thanks is due to the Government of Switzerland which was host to the Capacity Study, and in particular to the Permanent Observer of Switzerland to the United Nations Office at Geneva who was at all times most helpful in the solution of administrative and logistical problems.

Among all the preoccupations of his high office the Secretary-General has never failed to have time and interest for the progress of the Study. To him I wish to express my deep appreciation for his unfailing support and advice and for providing the services of members of the UN Secretariat.

The Study could not have been launched without the statesmanlike vision of Paul G. Hoffman, the Administrator. Not only did he take the initiative of proposing the Study, but he has at all times given access to his staff and to all UNDP records, and has personally followed the progress of the work with close but always objective interest. The debt owed to him for the outstanding achievement of giving scale and scope to the Programme was already great; it is now many times enlarged.

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From his vantage point in the UN system as Under-Secretary-General for Economic and Social Affairs, Mr. Philippe de Seynes has an unrivalled knowledge of the problems the UNDP has to tackle. This he has been generous enough to share with me most freely and frankly.

To the Directors-General of the Specialized Agencies and to the President of the IBRD, to the Managing Director of the IMF, as well as to the Director-General of IAEA, to the Secretary-General of UNCTAD and to the Executive Director of UNIDO, my special thanks are due, both for their warm personal support, and for the willingness and candour with which our many inquiries were answered. I am also indebted to many of them for making members of their staff available to participate in the Advisory Group and in other more specialized aspects of the Study.

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A number of senior officials of the United Nations and of some Specialized Agencies served in their personal capacities as members of an Advisory Group to the Study. I would like to record my great appreciation of the frank and sincere participation of the following officials, to most of whom my obligation extends over many years:

Dr. A. Bellerive

WHO - Director, Division of
Co-ordination and Evaluation

Mr. F. Blanchard

ILO - Deputy Director-General

Mr. M. Cohen

UNDP - Assistant Administrator and
Director, Bureau of Operations and
Programming

Mr. R. Demuth

IBRD - Director, Development Services
Department

Mr. A. de Silva (succeeded by Mr. J. Fobes)	UNESCO - Director, Liaison Office with the UN, New York
Mr. J.E. Fobes	UNESCO - Assistant Director-General for Administration
Miss J. Henderson	UN - Associate Commissioner for Technical Co-operation
Mr. P.M. Henry	UNDP - Assistant Administrator and Associate Director, Bureau of Operations and Programming
Mr. M.L. Hoffman	IBRD - Associate Director, Development Services Department
Mr. J.P. Huyser	FAO - Director, Area Services Division
Miss G. McKitterick	UNESCO - Chief, Division of Relations with UNDP
Mr. J.P. Martin	UN - Director of UNESOB
Miss B. Newton	WHO - Chief, Administrative Co-ordination
Mr. E. Ward	UNIDO - Deputy Director, Department of Technical Assistance

To the Rt. Hon. Lester B. Pearson, the Chairman of the Commission on International Development, and to the Executive Director, Mr. Edward K. Hamilton, I am obliged for a ready and open co-operation covering the many areas of joint interest.

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Mr. J.P. Bannier, Chairman, ACABQ
 Mr. W.F. McCandless, Special Consultant to ACABQ
 Mr. M. Henderson, Chairman of the Panel of External Auditors
 Mr. R. Heurtematte, formerly Associate Administrator, UNDP
 Mr. W.R. Leonard, Special Adviser, UNITAR
 Dr. Raúl Prebisch, former Secretary-General, UNCTAD
 Mr. J. Tinbergen, Chairman, Committee for Development Planning.

The location of the Capacity Study in Europe meant that the UNDP Representative in Europe, Mr. R.P. Etchats, and his Administrative Officer, Miss Mary King, and the Head of the UN Information Centre in London, Mr. George Ivan Smith, and Mrs. Norma Walker, Administrative Officer, UNDP, were constantly involved in our affairs. They gave us much devoted and thoughtful help.

The Study also depended for many services on the United Nations Office at Geneva which dealt with all our financial, administrative and related matters and undertook the considerable volume of translation and reproduction work involved. Accordingly, I wish to express my thanks to the Head of that Office, Mr. V. Winspeare-Guicciardi, and the staff of the services concerned.

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Throughout this undertaking, I have been assisted by a small staff whose devotion to the cause of the United Nations and exceptionally hard work has made this Study possible. I have been happy to work with them and, under pressure, their response was unsurpassed. Their knowledge, experience and complete independence of mind have been invaluable to me: Karol Krackiewicz, Margaret J. Anstee, Léonce Bloch and Marc Nerfin were with me throughout the Study, and so, too, for all practical purposes were Bruce Rohrbacher and Sixten Heppling. We were loyally and unfailingly supported by a dedicated office staff: Elisabeth Cavillier, Barbara Webb, Lois Falconer, Bérénice Mack and Serge Berclaz.

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Now that we have come to the end of our work, I wish to express special thanks to a landlord who never charged us rent. But the Director-General of WHO did much more than that. He also arranged for his staff to provide us with services of many kinds, and equipment, which have facilitated the Capacity Study's work in every way.

My warmest thanks are due to him and to the many members of his staff who ensured that all our wants were promptly met.

Last but not least, my gratitude is expressed to a feline friend, Thomas, who arrived unannounced from the Jura, settled down happily amongst the papers, and did his best to prevent this Report from being written by firmly sitting on it. I can only hope this is not a precedent.

Trélex, Switzerland

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