

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered within the hourglass, showing the Americas on the left and Europe/Africa on the right. The hourglass has a thin white outline.

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*U.N. Development Program: Background and Issues for  
Congress*

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**Abstract.** The U.N. Development Program (UNDP) coordinates and provides funding for most U.N. development assistance programs. In 1996, the U.S. contribution of \$52 million, a reduction of more than 50 percent from 1995, made the United States the seventh largest donor, the first time the United States had not been the leading contributor. In P.L. 104-208, the Omnibus Appropriation Act of 1996, which appropriated funds for FY1997, the Administration requested and Congress earmarked a contribution for 1997 of \$78.7 million, still a considerable reduction from the \$113 million contribution of 1995. The Administration supports a strong U.S. role, and expresses support for the reform efforts taken by UNDP Administrator James Gustave Speth. Some Members of Congress, however, argue that U.N. development programs are ineffective and want UNDP curtailed or eliminated. UNDP is a major part of the congressional/presidential debate over the post Cold War future of the U.N. system.

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# CRS Report for Congress

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## U.N. Development Program: Background and Issues for Congress

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### Summary

The U.N. Development Program (UNDP), established in 1966 by the U.N. General Assembly, coordinates and provides funding for most U.N. development assistance programs. In 1996, the U.S. contribution of \$52 million (50% lower than the 1995 contribution) reduced the United States from the largest to the seventh largest donor for the first time since the organization was founded. This report discusses UNDP funding, programs, and role in international development activities. It describes briefly Congress' concerns that UNDP programs lack focus. Congress is also concerned about the growing role of UNDP in areas such as humanitarian assistance, perhaps to the detriment of development. The report also discusses the UNDP reform effort under the American Administrator. The report has not been updated since the beginning of the 105<sup>th</sup> Congress.

### Background

UNDP, headquartered in New York, is an independently administered agency within the United Nations system under the direction of the U.N. Economic and Social Council (ECOSOC). James Gustave Speth, an American, became the Administrator in July 1993 for a four-year term. All UNDP Administrators have been Americans. An Executive Board, composed of 36 government representatives elected by ECOSOC, meets several times a year to set agency policy. The United States is on the Executive Board.

**Role of UNDP.** UNDP was established to coordinate the many development programs of the various agencies of the U.N. system. In cooperation with the recipient government, UNDP assesses a country's overall development needs and designs a multi-year development plan. UNDP funds and coordinates the programs implementing each plan through its Country Resident Representatives in 132 field offices. The Resident Representative is the coordinator of all the U.N. system's operational activities. Most UNDP projects are carried out by other U.N. technical agencies, by local voluntary agencies, or the local or national government of the recipient country. UNDP's mission, according to the agency, is to help countries build the national capacity needed to achieve sustainable human development. UNDP also administers other programs, such as the

U.N. Volunteers, the U.N. Capital Development Fund, the U.N. Development Fund for Women, and the U.N. Fellowship Program.

**UNDP Funding.** Because it is a coordinating agency, UNDP's funding is complicated. In CY1995, UNDP received \$899.8 million in voluntary contributions from governments to its regular "core" budget. UNDP also manages trust funds established and funded voluntarily by some donor governments, and cost sharing programs funded by the international development banks, by the recipient country, or by another international agency. In CY1995, UNDP managed \$950 million in these other programs. The CY1995 budget including all funds was \$1.95 billion. The estimated total budget in CY1996 is \$2.1 billion. In recent years, contributions to the core budget have declined and those to the non-core budget have risen.

**Total Government Contributions to UNDP Core Budget**

|            |                   |
|------------|-------------------|
| 1992       | \$1,073.8 million |
| 1993       | 909.0 million     |
| 1994       | 928.4 million     |
| 1995       | 899.8 million     |
| 1996 (est) | 869.3 million     |

**UNDP Programs.** According to UNDP, programs during the CY1994/1995 biennium, or two-year budget cycle, focused on: alleviating poverty and creating jobs (31% of all resources); regenerating the environment and managing natural resources (24%); and governance, such as support for democratic processes, transition to democracy, enhancing human rights (39%). The remaining funds supported programs improving conditions for women, disaster prevention, and trade promotion. UNDP states that 87% of "core" program funds go to the countries with an annual GNP of \$750 or less. In 1994, agency documents indicate that 42% of UNDP core expenditures went to Asia and the Pacific, 33.8% to Africa, 10.1% to the Arab region, 6.1% to Latin America and the Caribbean, and 2.1% to Europe. In contrast, of the Trust Funds and UNDP Administered Funds, 61.1% went to Africa, under 10% to Latin America, and under 1% to Asia. When all funds are included, the regional breakdown shows Latin America receiving 41% and Africa and Asia following with about 23% each. Administrator Speth has indicated that the drop in contributions to the core budget has affected the programs directed at the very poorest countries.

**U.S. Contributions to UNDP.** The United States has traditionally been the largest contributor to UNDP. The U.S. contribution has declined from a high of \$165 million in FY1985 to \$52 million in FY1996. Reduced foreign aid appropriations, which fund U.S. contributions to UNDP, congressional language to protect some international programs, such as UNICEF, and Administration intent to provide full funding for other international agencies, resulted in a sharp drop in UNDP funding, a level less than one half the 113 million FY1995 contribution. In FY1997, the Administration asked for \$78.7 million for UNDP, still considerably below the FY1995 contribution. P.L. 104-208 included language protecting the UNDP request level.

**U.S. Contributions to UNDP (\$s millions)**

|      |          |      |         |
|------|----------|------|---------|
| FY85 | \$ 165.0 | FY92 | \$106.3 |
| FY86 | 138.1    | FY93 | 124.6   |
| FY87 | 107.5    | FY94 | 116.0   |
| FY88 | 110.0    | FY95 | 113.0   |
| FY89 | 109.9    | FY96 | 52.0    |
| FY90 | 107.8    | FY97 | 78.7    |
| FY91 | 109.0    |      |         |

Increasing contributions from other donors have partly offset the smaller U.S. funding levels. If contributions to the 1996 budget from other donor countries remain the same, the U.S. contribution of \$78.7 million will place it in 6th place in calendar 1997 after (in millions of U.S. \$): Japan \$105, Denmark \$105, Netherlands \$103, Germany \$94, and Norway \$79.

## Issues for the 105th Congress

**Coordinating Development Assistance.** Critics have long argued that UNDP's programs are scattered throughout recipient countries and lack focus. In addition, the independent governance of U.N. agencies makes coordination difficult and agencies often run similar or overlapping programs. UNDP has also been given increased responsibilities to coordinate environmental protection programs and U.N. disaster response activities in recent years. U.N. Secretary-General Boutros-Ghali focused on strengthening the coordinating role of UNDP in his effort to streamline the U.N. economic and social programs. A February 1996 letter from U.S. Ambassador to the United Nations Albright to the chairman of the U.N. Working Group on Strengthening the U.N. System proposed consolidating all the U.N. technical/development assistance functions into fewer agencies under a UNDP umbrella of funds and programs. UNDP Administrator Speth also proposed a reorganization which would bring all the development and humanitarian assistance programs under a new Deputy Secretary-General, absorbing UNDP. Some U.S. critics argue that reducing contributions to UNDP and other U.N. development entities has encouraged these consolidation measures. The Department of State argues that reduced contributions undermine the work of Administrator Speth and threaten his reforms.

**Evolving UNDP Role.** Some in Congress object to a U.N. role in development and would limit U.N. activities to specific activities such as humanitarian assistance. The majority of UNDP members, however, support a strong U.N. development role. Development experts express concern at the growing percent of development aid devoted to emergency relief. Currently over 40% of U.N. assistance is directed to people in humanitarian emergencies. According to UNDP, in all but eight countries, the UNDP Resident Representative coordinates the U.N. humanitarian assistance. The agency is also working to improve the ability of the Resident Representative to provide leadership and coordination in the transition from the emergency assistance phase to the resumption of development programs. UNDP has established a special fund to provide quick response to countries where civil crises are building or where reconstruction and rehabilitation resources are urgently needed. UNDP is also increasingly involved in programs to strengthen democratic governance.

**Agency Reform.** Under Administrator Speth, the UNDP Executive Board has agreed to establish a goal driven budget and to streamline the organization in response to falling income and rising needs. According to UNDP, between 1992 and the end of the 1997, administrative costs will be reduced \$106 million in real terms, or 12%, and the number of core staff positions will be reduced by 600 (31% at headquarters and 15% overall). UNDP has begun independent auditing of country offices. A forthcoming GAO report on U.N. agencies, including UNDP, is expected to confirm the staff reductions.

According to UNDP, the program reform effort, which began in 1995, provides greater country incentives for the design of more focused activities. Programs will be approved on the basis of their likely impact on the recipient countries as well as on the country's poverty level. These changes, begun by Administrator Speth, will not be presented and discussed by UNDP members until spring 1997. It is unclear whether they will be acceptable to the many UNDP members who prefer that aid be given to countries on a per capita basis.

**U.S. Influence.** Having an American as UNDP Administrator and making a large contribution have ensured strong U.S. influence over the organization. The State Department argues that influence over the direction and program content of UNDP guarantees that broad U.S. foreign policy interests are supported by UNDP programs. Nevertheless, some Members argue that UNDP programs can undermine U.S. policy. At a June 5, 1996 Senate hearing, Members criticized UNDP cooperation with the authoritarian regime in Burma, coming at a time when U.S. policy calls for minimal association with the regime. U.N. Ambassador Madeleine Albright defended UNDP actions as the minimum necessary to ensure aid reached the poorest people in the country. A private organization also criticized UNDP Administrator Speth for suggesting global taxes to pay for U.N. development programs, a charge Speth denies. P.L. 104-208, the 1996 Omnibus Appropriation Act, prohibits any such tax.

Historically, other donors have questioned the tradition of having an American as UNDP Administrator and they are expected to raise the issue this year when Mr. Speth's term expires. European press reports indicate that there are currently two European candidates, one Danish and one Dutch, who are being suggested as successors to Mr. Speth.

**Value of UNDP New York Headquarters.** Supporters argue that the large U.S. contribution has kept UNDP in New York. Since 1994, the German government has an open offer to pay the costs of moving UNDP to Germany, both as a way for it to play a more active role in the United Nations, and to fill the empty office buildings in Bonn. On May 2, 1996, a majority of the members of the New York congressional delegation wrote to House Foreign Operations Subcommittee Chairman Sonny Callahan expressing support for the organization, citing the critical need to preserve American leadership in the agency and keep UNDP in New York. According to the congressional letter, 1995 UNDP expenditures in the New York area alone were about \$120 million, including salaries, more than twice the FY1996 U.S. contribution of \$52 million. The UNDP estimates that it spent over \$230 million in the United States in 1995.