



# A World of Development Experience



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*Cover: Arising from the Millennium Declaration, unanimously agreed to by world leaders at the United Nations in 2000, the eight Millennium Development Goals commit developed and developing countries to a new global partnership to achieve a series of timebound targets, with the overarching goal of halving extreme poverty by 2015. UNDP, the UN's global development network, is helping countries achieve these Goals.*

# Putting the World Back Together

For the international community—and the United Nations system—2002 was a time of enormous challenges. A year that began hopefully with the establishment of a new government in war-torn Afghanistan, supported with unprecedented speed and scale by the UN and its partners, ended on a much gloomier note. The build-up to a new conflict in Iraq both deeply divided global public opinion and posed real threats to a broader vision of multilateral responses to global crises. On the larger development front, we witnessed the relentless spread of HIV/AIDS and other diseases worldwide, the appearance of new conflicts and famine in Africa, renewed instability in some democracies in Latin America, and economic setbacks across many of the Arab States and parts of Central Europe.

But despite these trends, and outside the spotlight on the Middle East, the longer term global agenda for broader prosperity and security moved forward. At two historic United Nations conferences—in Monterrey, Mexico and Johannesburg, South Africa—rich and poor countries together not only reaffirmed their commitment to the eight Millennium Development Goals, but also mapped out a way to accelerate sustainable development across the globe based on a partnership of mutual accountability. In an early tangible sign of that commitment, donors announced the first significant increase in official development assistance in 30 years, a turnaround that has already resulted in total aid climbing by almost five percent in 2002. The bulk of the new money will support those developing countries undertaking good

faith political, social and economic reforms aimed at consolidating democracy and spurring economic growth.

Of course much more is needed—not just in terms of aid, but through broader actions in trade; in technology transfers, including essential medicines; and in debt relief. Yet it is a promising start, as long as the funds flow mainly toward the poorest people, rather than being siphoned off to emerging crises such as Iraq. And the MDGs will prove to be the critical building blocks, unlocking enormous political energy across the developing world and helping focus domestic debate on issues like how to raise—and strategically reallocate—more domestic resources for development priorities. Unlike previous development visions that were mainly accessible to technocrats, the MDGs encapsulate the most basic aspirations of people everywhere, from health to education to prosperity. Time-bound and measurable, they track progress in real time and provide data that drives actions and results.

Over the last three years, the United Nations Development Programme (UNDP) has integrated the goals across our work, and, through our leadership of the United Nations Development Group (UNDG), coordinated the research, measurement and campaign efforts of the UN system. This has helped create a harmonized approach to UN development activities, and offered a new framework for stronger partnerships with governments, the Bretton Woods Institutions, bilateral organizations, civil society and the private sector.

Just as important, it has provided added impetus to UNDP's ongoing internal reform efforts. Today's UNDP is a more streamlined, results-oriented and connected organization. We are better attuned to the needs of our partners—as this report testifies and independent surveys confirm. And through the power of our stronger, more efficient networks, we can tap the full range of UNDP's global resources in addressing development challenges anywhere in the world.

In the months and years to come, the real task for UNDP—as for the entire UN system—is to build on these successes and help our partners implement the Monterrey and Johannesburg agendas. By doing so, we can demonstrate how global challenges—whether related to security or poverty, disease or environmental degradation—can only be successfully addressed in a multilateral framework, one that fosters common action to meet our shared goal of a better, safer, more prosperous world.

*Mark Malloch Brown*

Mark Malloch Brown  
Administrator



*Malloch Brown (right) visits the UNDP-supported Kigali Institute of Science and Technology in Rwanda.*

# The Global Community Responds to Crisis

**W**e live in a world of both crisis and hope, a world where development is working, but not for everyone. A mere 50 years ago, more than half of all people lived on the equivalent of less than a dollar a day. Today, that figure is 20 percent. Over the same period, life expectancy grew by 20 years, as much as had been achieved in all of prior human history. Literacy rates soared to 75 percent. During the 1990s alone, a billion people finally had safe water to drink. A third fewer children died from preventable causes before their fifth birthday, and the eradication of polio seemed near.

These achievements have unfurled against the steady growth of democracy around the globe, which means that more people have discovered the political voice to shape a better life. A vibrant civil society has flourished, with a multitude of voices challenging the world to engage in debates on issues from women's rights to debt relief to peace. Private enterprise has taken hold in places where it offers the best possibility for economic well-being. New technologies have spun a web of global connections, giving countries the chance to leapfrog decades of incremental technological advances. And the international development community, including the United Nations Development Programme (UNDP), is better equipped to take action: more accountable, more willing and able to work in partnerships, and more committed to the principle that countries must take the lead in creating their own solutions to the difficulties they face.

Yet even with all these signs of progress and a great reservoir of good intention, in many places of the world

there is a grimmer tale that can also be told, about circumstances so dire that they could—in some cases already do—overwhelm all that has been gained. In 2002, nearly 1.2 billion people lived in extreme poverty, defined as an income of less than US\$1 per day. More than 50 countries were either recovering from or embroiled in war or natural disaster. AIDS continued to gut the most productive portions of the workforce in a number of countries, while famine stole swiftly through Southern Africa. Economic and political institutions bordered on collapse in several states. Unrest steadily brewed among peoples torn between the promises and the pitfalls of globalization.

Poverty and its net of deprivations lie at the heart of all of these issues, and some developing countries have made tremendous gains in reducing it. Asia, which bears the greatest number of people living in extreme poverty, is on track to offer ways out over the coming decade: China has cut income poverty in half during the 1990s alone. Sadly, many more countries, hit with a welter of political and economic crises, are experiencing development reversals for the first time in decades. Worldwide, 54 countries are poorer than they were in 1990. The picture is particularly critical in sub-Saharan Africa, where the proportion has actually increased, enveloping nearly one in every two people. If current trends continue, extreme poverty will be a way of life here until late in the 23rd Century.

## SOME MAJOR WORLD EVENTS, 2002

The Chechen conflict reaches Moscow when rebels take over a theatre with 600 people inside.

The International Criminal Court is born, heralding a new era of accountability.

The European Union ratifies the Kyoto Protocol, moving closer to binding reductions of greenhouse gases.

Introduction of the Euro in EU countries.

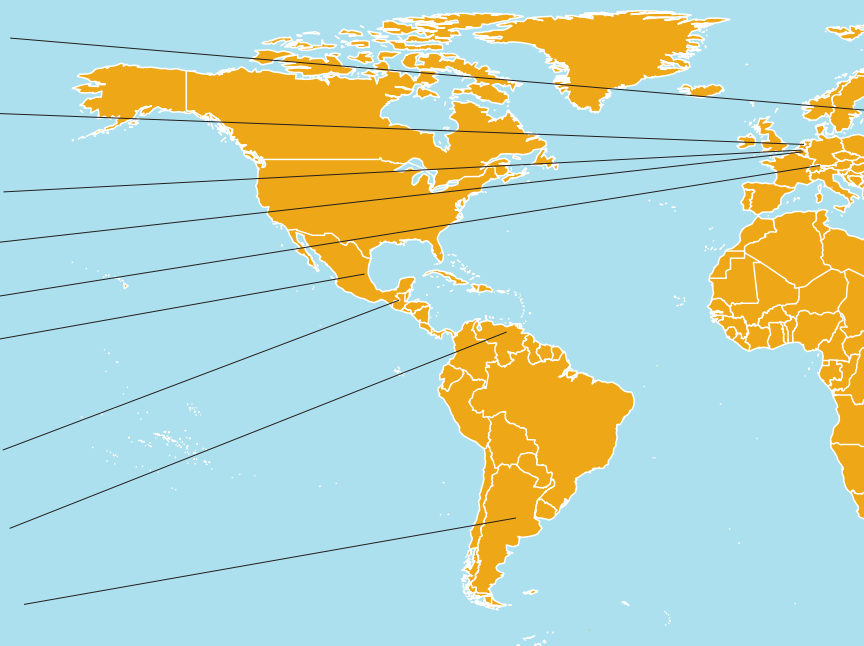
NATO grew by six countries; the EU opens for 10.

Since the International Conference on Financing for Development in Monterrey, Mexico, donor countries pledged US\$16 billion in aid by 2006.

The Guatemala National Women's Forum brings record numbers of women into local and national politics.

A coup fails in Venezuela, but is followed by widespread unrest.

Argentina stumbles into deep economic crisis, defaulting on private and multilateral loans.



## A Defining Moment

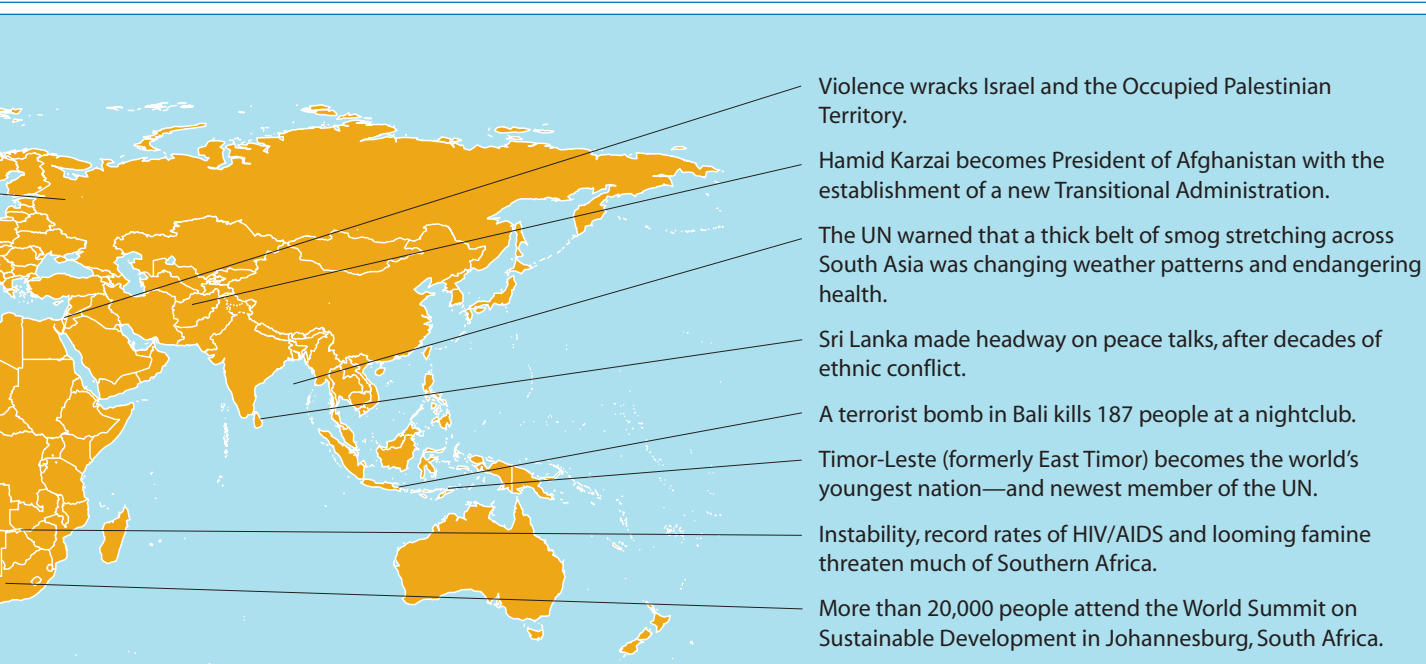
For UNDP, despite these points of despair, there is also wide room for optimism. In 2003, the world has come to a defining moment, with the convergence of several important trends opening unprecedented opportunities to move into a new and better century. While globalization has drawn sharper lines between those who have and those who don't, it has also made them more aware of each other than ever before. If trade and capital flows know no borders, neither do disease, environmental destruction and terrorism. Faced with steadily mounting instability in every region, the international community has been confronted with the fact that sharing benefits and burdens is not just a moral imperative, but in the interest of the world as a whole.

Already, the recognition has dawned that little progress will be made without additional funds. Sources of assistance for development have been increasing and diversifying, with private wealth pouring into foundations, including those created by the American entrepreneurs Bill Gates and Ted Turner. New public and private financing mechanisms have sprung up, including the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Millennium Challenge Account. And at the 2002 International Conference on Financing for Development, donor governments made striking new commitments to raise development assistance—Europe and the United States together promised an additional \$16 billion by 2006. Subsequently, just before the World Summit on Sustainable Development, donors agreed to replenish the Global Environment Facility—in which UNDP is one of the three main implementing partners—with nearly \$3 billion.

A renewed spirit of partnership has also flourished, through an understanding that coping with great challenges and effectively marshalling the funds to meet them requires all those who work in development to work together. The UN Secretary-General's reform agenda has called upon UN agencies, led by UNDP, to harmonize their country programmes. Stronger bonds have been forged between the United Nations, the World Bank, the regional development banks and the International Monetary Fund (IMF). These institutions are in turn successfully establishing new links with government counterparts, foundations, private corporations and a rich array of civil society organizations.

A global agreement has emerged as the premise for the flow of resources and the construction of partnerships. Wealthier nations are willing to make trade concessions, offer debt relief and raise development assistance for those countries willing to use resources well, even if that means making tough choices. The world's chequebook and goodwill can never be large enough. Economic and political transformation can be supported from outside, but they must start from within.

As the UN's global development network, UNDP works on the ground in 166 countries, advocating and building the capacity for this transformation to take place. We connect countries to knowledge, experience and resources that help people build a better life, and work with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners, forming coalitions for change.



## The Millennium Development Goals

At the Millennium Summit in 2000, world leaders signed onto the Millennium Development Goals, a political compact to translate globally agreed priorities into a better world for everyone. The MDGs are a simple but powerful idea. By setting basic targets for development outcomes, they provide a direction for taking action on eight key development issues, beginning with poverty. It is up to governments and people themselves to choose the steps to reach these goals, whether that means sound policies, shifted budget priorities, reformed institutions, or

### Tanzania: A Model for MDG Reporting

With a sound framework of development policies in place and a comprehensive national poverty monitoring system, Tanzania was able to quickly produce the world's first MDG Report. Since then, it has become a model for other countries.

In 2001, UNDP began working with other UN system partners to help the government mainstream the MDGs throughout its policies and poverty monitoring system. A major benefit readily became clear: the long-term aspirations of the MDGs complement the shorter-term targets of Tanzania's poverty reduction strategy. Policymakers could now envision the future while taking the steps required to reach it.

Integrating the MDGs into Tanzania's poverty monitoring process proved to be relatively straightforward. Earlier, UNDP had brought together other partners, including bilateral donors, to offer assistance in creating a survey and research system with a range of data sources. Following the introduction of the goals, the system expanded to feature almost all of the MDG indicators. Data is now collected in the Tanzania Socio-Economic Database, which generates statistics at the touch of a button.

While Tanzania's first MDG Report in 2001 was produced separately, by 2002 the assessment of MDG indicators had become an essential part of the annual *Poverty and Human Development Report*. A lesson already learned is that MDG reporting must venture beyond national averages, which sometimes obscure variations. The 2002 report breaks down data on poverty, clearly revealing, for example, that while overall school enrolment rose during the 1990s, it fell among children in the poorest families. Policymakers will now need to consider ways to address this shortfall.

UNDP and the UN country team have also promoted the MDGs as a natural instrument for advocacy and partnership. The process of preparing reports brings together government officials, civil society representatives, academics, gender specialists and development agencies, and offers opportunities for people to contribute their views as findings emerge. They ask questions: Will this policy be a breakthrough? Are there enough resources? Is short-term economic growth compatible with longer term environmental issues? Finding the answers will ensure that Tanzanians make real progress toward the vision they have outlined for themselves.

stronger links to the outside world. International agencies such as UNDP support these choices.

Much more than numbers and words on paper, the MDGs encapsulate the common concerns of people everywhere. They are the ordinary issues of putting enough food on the table and educating children and staying healthy. They do not require anything more than the experience of everyday life to understand. As such, they carry enormous potential for steering the political will to combat poverty. They open space for people to imagine a better future and ask their government to plan how to get there. They offer a universal yardstick for performance as well as an agreed platform for comparison across countries and regions.

Already, political leaders are running on promises to achieve the MDGs, and oppositions are developing campaigns to challenge governments who have failed to do so. As a basis for partnership, the MDGs now inform the core of some national poverty reduction strategy agreements, and donors are realigning their support around the goals. Civil society campaigns are busy educating people about how to use them for advocacy.

The MDGs set the terms of a globalization driven not solely by the interests of the strong, but managed in the interests of the poor. They offer an avenue for accountability between governments and people, a tool for assessing whether development donors are matching their commitments, and a means for states to prove to investors, whether donors or private corporations, that their future deserves support. At UNDP, our global network links and coordinates efforts to achieve the goals, helping countries take on their most critical development challenges.

### UNDP and a Global Partnership for Development

Work on the MDGs took on urgent momentum in 2002, propelled by the continued eruption of political crises and global economic downturn, and facilitated by growing collaboration between UNDP and the other agencies of the UN Development Group (UNDG). The Secretary-General entrusted the UNDP Administrator with the leadership of the MDG agenda within the UN system, and in the middle of the year the UNDG, chaired by UNDP, agreed on a collective UN strategy for mobilizing national and global partners to support countries striving to reach the goals.

A key activity has already become the preparation of MDG Reports in each country: 25 have been issued, with another 60 on the way. The reports provide people with basic information that is easy to grasp, and in some countries offer a simple and nonprescriptive complement to the complex macroeconomic analysis of poverty reduction strategies. Using the eight basic goals, the reports quickly reveal where a country is lagging behind or moving forward, where resources are lacking or being used efficiently.

UNDP has called for firmly rooting the MDG Reports in partnerships involving governments, civil society and members of UN country teams, which are often coordinated by UNDP Resident Representatives. This fosters national ownership and interest, along with widespread commitment. Some recent reports have underscored what is locally relevant in the goals; others have broken down data to highlight disparities by gender, region or ethnicity. By providing empirical evidence that stimulates public debate, the reports are stirring the political choices that mark the move into successful development strategies, whether that means spending more on girls education or shunting funds into slum improvement.

Another important MDG initiative is the Millennium Project, launched in August 2002. Led by renowned Columbia University Professor Jeffrey Sachs, the Special Adviser to the Secretary-General for the MDGs, it taps 350 of the best minds in the North and South from across the natural and social sciences. The project will explore innovative ways to reach the goals, and use sophisticated mapping technology to track progress around the globe. It has already made a major contribution to UNDP's *Human Development Report 2003: Millennium Development Goals—A Compact Among Nations to End Human Poverty*. For the first time, the report compiles all available data on every country's progress.

The Millennium Campaign kicked off late in 2002, under the leadership of former Netherlands Development Minister Eveline Herfkens. It is hard at work fashioning networks of civil society members, parliamentarians, the media and others who can advocate for the MDGs. To encourage public debate, the campaign has embarked on

a global partnership with the British Broadcasting Corporation as part of a broader effort to expand world-wide media outreach.

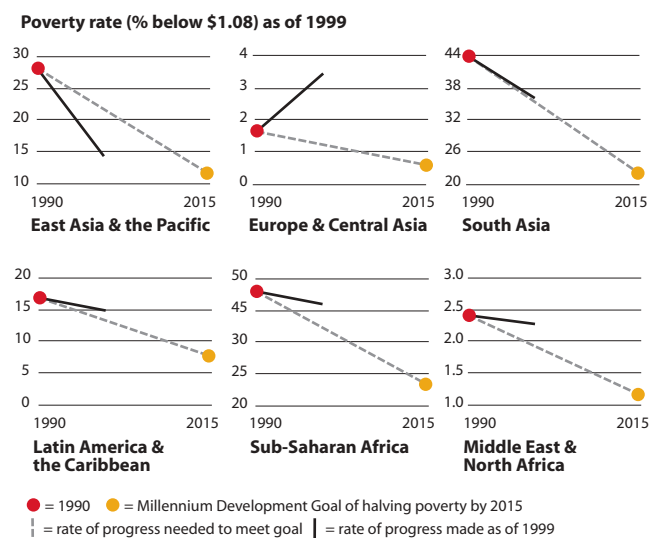
The UN system itself, under the umbrella of the UNDG and as part of the UN reform process, has also begun aligning its own work with the MDGs. In 2003, UNDP and its UNDG partners piloted initiatives for synchronizing programming policies, and a new generation of harmonized country programmes, which guide the work of UN agencies on the national level, came on line.

As a coordinator of the MDGs, as the leader of joint aid and assistance efforts within the UN system, and as a development partner in 166 countries, UNDP is particularly committed to setting a strong example on the MDGs within our own house. Our 2004-2007 corporate priorities will frame how our programmes can best support countries working on the goals. We are also reshaping operations, communications, training and annual staff assessment exercises. As a four-year cycle of reform at UNDP ends, we are well positioned to take on the challenges posed by the MDGs, and move forward, in partnership, to bring the goals alive.

## MILLENNIUM DEVELOPMENT GOALS

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

## POVERTY IS FALLING, BUT NOT FAST ENOUGH



Source: World Bank

# UNDP Reform: Equipped to Meet Challenges With Results

Today, UNDP has come to the close of the most dramatic four-year internal transformation in our history. We are more capable than ever before of responding to the world's development challenges because our organization is stronger, more focused and better connected. We seek and achieve results, and underscore accountability in all that we do. We look for new and creative opportunities to help people build better lives, through partnerships and the exchange of knowledge, while ensuring that our resources flow steadily behind our mission to reduce poverty.

## Change That Supports Global Consensus

At the start of the millennium, as the world's leaders gathered to endorse the MDGs, UNDP embarked on its 2000-2003 Business Plan, aiming to take a fresh and more responsive approach to our mandate. Our first steps brought changes in corporate leadership, streamlining of organizational structures at headquarters, and a new emphasis on teamwork and staff performance. We then introduced these better ways of doing business in country offices across the organization, aligning them with corporate and client priorities. We began measuring the implementation of corporate plans across country offices and headquarters units, and institutionalized detailed annual reports chronicling achievements and results. Critically, these reforms caught the attention of donor governments, who demonstrated their approval by reversing a seven-year downward trend in core resources.

Recognizing the need for a global network to disseminate

knowledge on development, and to strengthen links to work on the ground, we posted 100 policy specialists in nine sub-regional resource facilities (SURFs), based across the world's five regions. Through high-tech networks, the SURFs now thread thousands of participants together and support the quick and easy circulation of best practices and expertise around the world. In response to growing requests for quality technical assistance from programme countries, we sharpened the focus of our policy work by defining six practice areas. These correspond to the most critical development concerns cited by our developing country clients—democratic governance, poverty reduction, crisis prevention and recovery, energy and environment, information and communications technology and HIV/AIDS. Across all of them, we promote human rights and the empowerment of women. We have also stepped into our role as coordinator of UN system work on the MDGs, and expanded our global network through partnerships with civil society organizations, foundations, the private sector and international institutions.

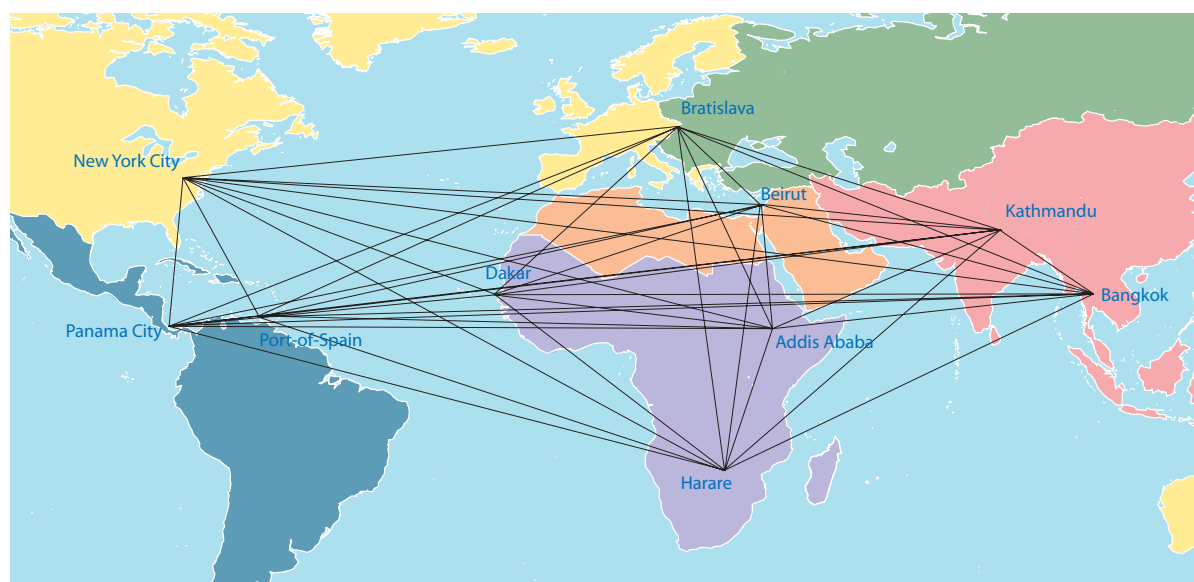
Over the last year, with these fundamental changes in place, our efforts have turned toward fine-tuning in four foundational areas.

## A Valued Source of Policy Expertise

In 2000, we set out to become a decentralized, networked organization that gives policy expertise and practical solutions where they are needed most: in programme countries. We are coming close to that goal. To enhance the practices in 2002, we assigned new leadership respon-

## KNOWLEDGE SHARED AROUND THE WORLD

*UNDP's SURF networks bring thousands of people together to exchange experiences and replicate successes.*





sibilities to senior managers and launched a set of thematic trust funds financed by special donor contributions. The funds help align projects in specific countries with UNDP's overarching corporate strategies.

By the close of the year, almost 2,500 UNDP staff had joined knowledge networks affiliated with the practices, building their professional skills and broadening communication on these issues across the organization. Additional networks formed around cross-cutting topics such as gender, management practices, South-South cooperation and the MDGs, while the SURFs fielded thousands of requests for policy support services from governments. Global thematic facilities to research and provide policy advisory services on democratic governance and poverty reduction opened in Oslo and Rio de Janeiro, respectively, and the Drylands Development Centre in Nairobi began offering world-class expertise on the distinct challenges of drylands.

A new corporate brand was launched, drawing on extensive research to craft a clear statement on UNDP's unique role as the UN's global development network. The brand does much more than simply informing all communication materials—it now frames the way that we set our organizational priorities.

Soon after opening our fully fledged Bureau for Crisis Prevention and Recovery in late 2001, UNDP assumed an unprecedented role in Afghanistan. Through the coordination of relief and reconstruction efforts, we helped to harness the energies of the entire UN system around a single coherent strategy for rebuilding this shattered country, in line with the vision of the Afghan people, the Secretary-General and UN Member States.

### **A Strong and Trusted Partner**

The 2000-2003 Business Plan called for UNDP to grow into an organization that leverages its strengths through partnerships, actively searching for innovative ways to work with other key institutions on devising and sharing solutions. In 2002, the international community, through both the International Conference on Financing for Development and the World Summit for Sustainable Development, affirmed this approach, stressing that the problems of the world are too large for any one organization or even category of institutions to go it alone. The circle of partners has grown beyond governments and international institutions and must continue to spiral outward, encompassing the dynamism of civil society, the resources and technology of the private sector, and the knowledge and expertise of foundations and universities.

Strong collaboration among all of these parties will be particularly essential as the world strives to achieve the MDGs, and UNDP bears a particular responsibility as the UN's coordinator of the goals. In 2002, we took a major step forward by bringing together all the agencies of the UN to commit to a common MDG strategy. Our in-house

MDG Support Programme was established to carry out activities such as the Millennium Project. Ten bilateral donors and two foundations back the Programme; assistance is channeled through the Millennium Trust Fund, which serves as a funding mechanism. We also struck partnerships with the Bill and Melinda Gates Foundation and the Bank of Sweden Tercentenary Foundation to raise global awareness on the goals.

Relationships with key international financial institutions continued to strengthen, including through formal partnerships with the African Development Bank, the Asian Development Bank and the Inter-American Development Bank. UNDP and the World Bank jointly assessed

### **The Impact of Advocacy: Reports That Change Lives**

*Time* magazine called the 2002 *Arab Human Development Report* "the most important publication" of the year. Sponsored by UNDP and the Arab Fund for Economic and Social Development, the preparation of the report brought together scholars and policy specialists from across the region. Together, they debated and published their findings on deprivation in the Arab world, linking it to three inter-related deficits: freedom, women's empowerment and knowledge. So striking were the report's recommendations that it is now being used in a number of countries to focus policy attention on these issues; the King of Jordan called it a blueprint for development.

The *Arab Human Development Report*—which will be followed by a second version in 2003 that looks more closely at knowledge deficits—is just one of a series of highly successful publications. Starting with the internationally renowned Human Development Report, they present often provocative analysis and data that prompts debate and new policymaking, and energizes advocacy efforts. In recent years, as part of our movement to firmly ground our work in programme countries, UNDP has placed a growing emphasis on the preparation of high quality national and regional human development reports that target compelling issues—from HIV/AIDS in Botswana to the substandard living conditions of the Roma in Europe. A global network brings together people working on these publications to share ideas and experiences.

So far, more than 450 reports have become a basis for dialogue between governments and donors, as well as important tools for civil society, academics and the media. Increasingly, they also contribute to measuring progress toward the MDGs. To honour particularly outstanding examples, the United Nations Foundation now underwrites a biennial awards programme. And in 2002, the newly created Mahbub ul Haq Award went for the first time to Brazil's President Fernando Henrique Cardoso, for using both global and national human development reports to make sure national anti-poverty programmes reach deep into his country's poorest communities.

the development needs of several countries, including Afghanistan. In over 60 developing countries, UNDP and the UNDG have agreed to work with the Bank on ways to infuse and measure national poverty reduction strategies with the MDGs. A joint UNDP-World Bank initiative is the new International Development Evaluation Association, based in South Africa, which will advocate the essential role of evaluation in transparency and good governance.

Within UNDP, a major initiative to advance cooperation between country offices and civil society, the private sector and Bretton Woods institutions took shape in the form of the Partnership Facility. In its first year of operation, it funded projects in 17 countries. And UNDP continues to routinely search for points of cooperation, where mutually beneficial opportunities arise. In 2002, we partnered with the American Bar Association to support the International Legal Resource Center. Along with other groups and at the request of the government, it assessed Viet Nam's draft bankruptcy law. For the International Conference on Financing for Development, UNDP, the United Nations Development Fund for Women (UNIFEM) and the Women's Environment and Development Organization jointly published a manual explaining how to analyze macroeconomic policies and budgets from the perspective of gender.

### Commitment to Our People

From the beginning of the business plan, we realized our most important resource is our people, so we turned our attention to attracting energetic new staff, both women and men, while retaining the best of our already rich existing talent pool. A new succession planning initiative, the



*UNDP's central coordination role in Afghanistan harnessed the energies of the UN system, helping Afghans celebrate the opening of their Emergency Loya Jirga.*

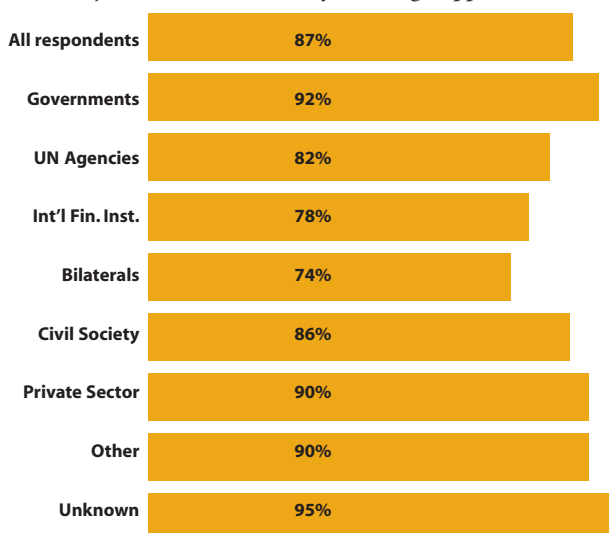
Leadership Development programme, attracts and grooms young managers. In general, staff commitment to working at UNDP has shot steadily upward during the reforms, as measured by annual global staff surveys. Today, 74 percent of UNDP staff say they are optimistic about our future, compared to 57 percent only two years ago.

The staff surveys, along with yearly country office polls of headquarters products and services, are comprehensive measurement tools that provide insight on our strengths and weaknesses, opening avenues for better performance and greater accountability. They have underscored, for example, the critical importance of improving people's basic skills and matching staff more closely with their jobs. Last year, for the first time ever, we brought together all Deputy Resident Representatives for training in Bangkok, Thailand to enhance their capabilities as managers. A Resident Coordinator assessment centre evaluated 89 existing and newly appointed Resident Coordinators and Representatives. Another 87 staff members graduated from the first class of the Virtual Development Academy, which offers one-year online courses. An additional 130 staff enrolled in the 2003 course, shaped around the six practices.

A new Management Development Centre is being designed, while a Learning Resources Centre, which includes a network of learning managers, is encouraging staff to spend at least five percent of their time on education that supports their work and the development of their careers. In response to concerns about resolving grievances, we appointed a professional ombudsperson, while the We Care programme to assist staff affected by

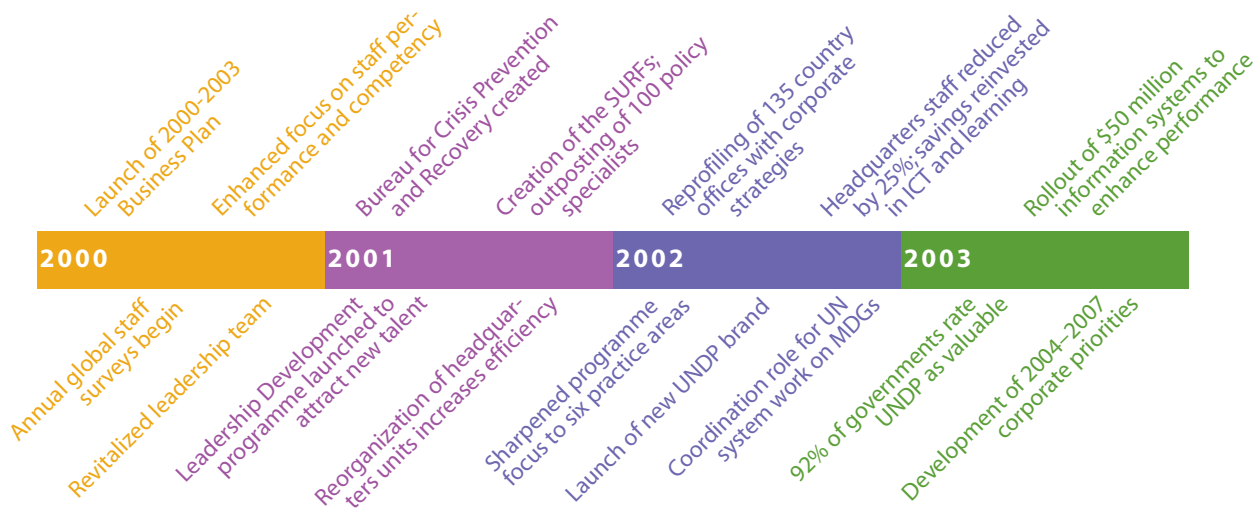
### PARTNERS SAY THEY VALUE UNDP

*A survey across 118 countries found high approval rates.*



Source: UNDP External Partnerships Survey 2002

## FOUR YEARS OF THE UNDP BUSINESS PLAN, MILESTONES AND ACHIEVEMENTS



HIV/AIDS started up in 10 countries hardest hit by the epidemic, with expansion to another 10 expected by the close of 2003.

### Dedication to Performance and Results

The streamlining of our business operations, the introduction of the practices, and our insistence on monitoring performance and results—along with significant associated cost savings—have prompted the development of a \$50 million information and communications technology (ICT) strategy. All country offices have upgraded their Internet connections, including in the many countries where poor infrastructure means these services are otherwise not available. And we have recently purchased the Enterprise Resource Planning (ERP) system, a single software platform widely used by the private sector that will replace more than a dozen other applications. Beginning in 2004, the ERP will coordinate financial, project and human resources across UNDP, and make reporting results more accurate and efficient.

### Looking Ahead

In late 2002, UNDP's Strategic Management Team decided to continue deepening reform in the four areas described above. We will also explore how UNDP can best support the Secretary-General's reform agenda, which will harmonize and simplify operations across the UN system. And while all categories of resources are now rising at UNDP, a renewed emphasis on core funding will ensure we consistently have the financial strength and flexibility to respond to development challenges as they

arise. This will include an exploration of diversifying sources of funds.

As an organization, we have also become increasingly aware of areas where we must—and will—do better. While our 2002 External Partnerships Survey revealed high levels of appreciation for UNDP across the board—92 percent of governments now consider us a valuable partner—a lower 57 percent of respondents felt that UNDP is flexible enough in making midstream changes to development projects. We will begin to address this issue with the ERP system.

Other issues relate to our staff. With conflicts escalating around the world, a growing number of staff may at some point serve in countries at or recovering from war. They must be properly trained and supported by effective security measures, so changes are taking place in the Office of Human Resources to respond to these needs. Efforts are also currently underway to increase the percentage of women in higher ranks, including Resident Coordinator positions. As of November 2002, women filled 28 percent of these jobs.

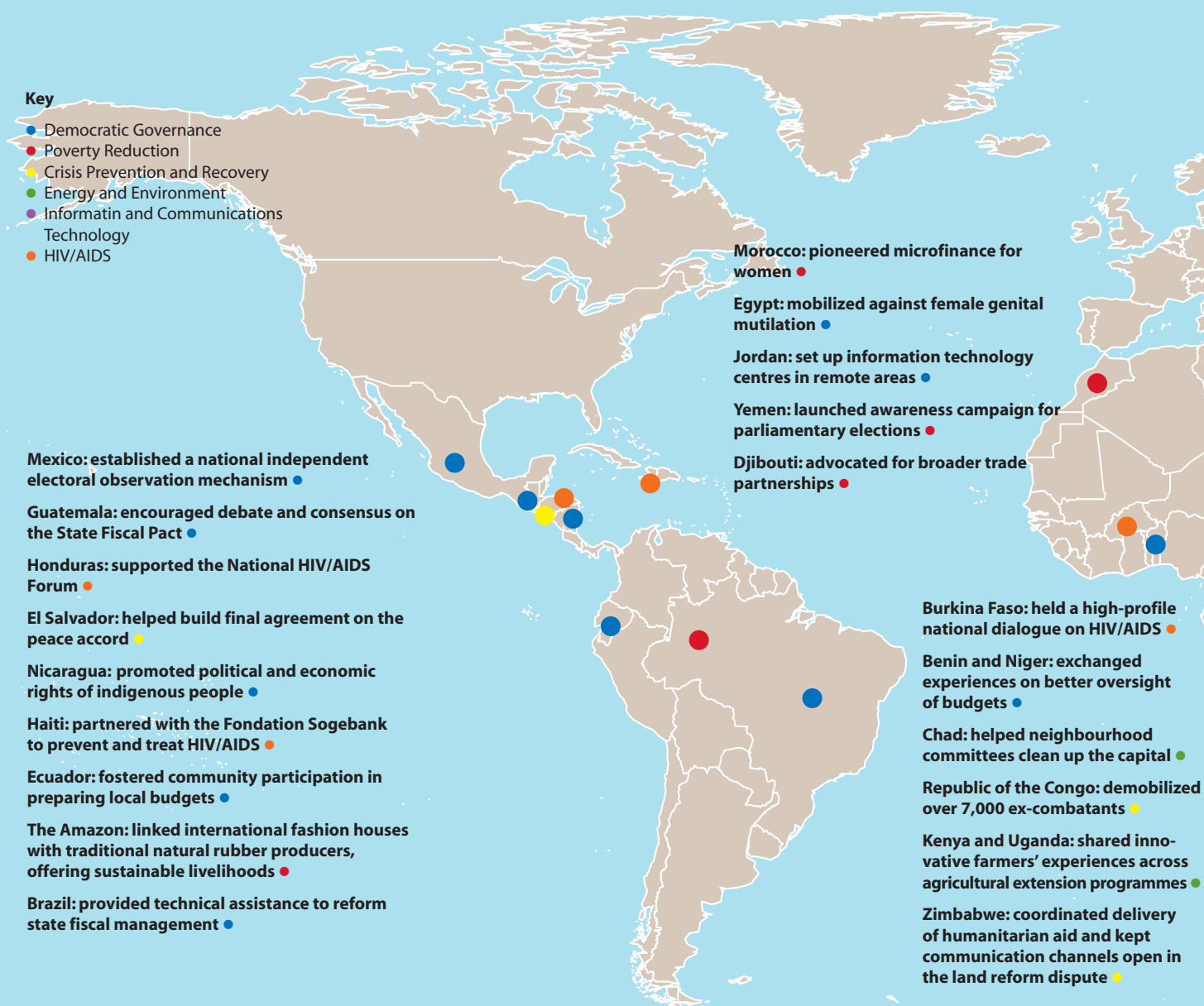
In the coming year, we will develop corporate priorities for 2004-2007 that will build upon existing reforms and sustain initiatives where we have clearly proven outstanding performance. Yet all of our work will feel the influence of a major push to fully incorporate the MDGs across our programmes. This will include supporting countries to develop strategies to reach the goals, boosting global and national capacities for measurement and analysis, and advocating that the MDG commitments are a tool for use by people at all levels, everywhere.

# Five Global Challenges, Six UNDP Practices

Five critical issues touch countries in every region: conflicts and natural disasters, human and economic development, nation building, sustainable resources and the environment, and infectious diseases. Often these challenges are interlinked, growing swiftly out of each other. UNDP understands the connections, and we design programmes and partnerships to respond to them. Guided by the MDGs, we untangle the root causes and help people find sustainable solutions, offering knowledge and advocacy in six fundamental areas of practice:

**Democratic Governance:** Promoting political participation and accountability at all levels.

## UNDP PROGRAMME HIGHLIGHTS OF 2002



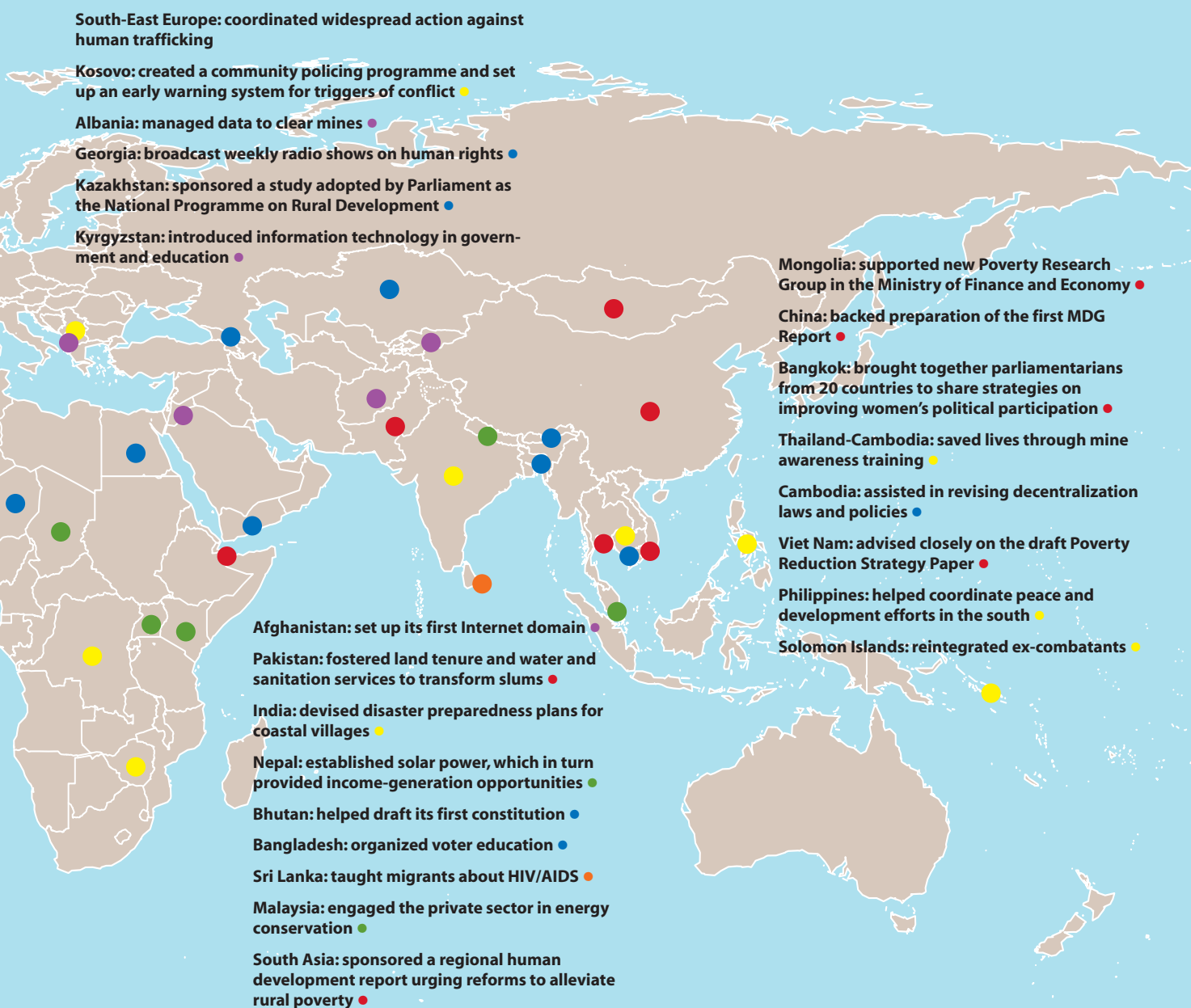
**Poverty Reduction:** Assisting countries in creating pro-poor policies and budgets, and improving their capacity to deliver basic services.

**Crisis Prevention and Recovery:** Sharing innovative approaches, and bridging the gap between relief and long-term development.

**Energy and Environment:** Integrating environmental and resource considerations into efforts to reduce poverty.

**Information and Communications Technology:** Expanding access to ICT and harnessing its power for development.

**HIV/AIDS:** Mobilizing leaders, advocating against discrimination and finding ways to cope with the loss of human resources.



# Conflicts and Natural Disasters: Bridging the Gap

Decades of development can be gone in a moment, whether a bomb drops from the sky or an earthquake fissures the ground. No region is exempt, and the number of countries in crisis or at risk continues to edge upwards. In today's wars, 90 percent of those who die are civilians, primarily women and children. Eleven million refugees wander the globe seeking protection, on top of 20 to 25 million people who are internally displaced. And when man does not strike, nature sometimes does, sending typhoons, tidal waves, volcanic eruptions and drought, to name only a few.

Conflicts and natural disasters often shine a spotlight on unresolved development problems. Failed states, poor infrastructures and populations already weakened by diseases such as HIV/AIDS compound the impact of catastrophes, or help bring them into being. It can become a vicious cycle, deepening poverty, spawning hunger, destroying livelihoods and the hope for a better life.

## UNDP Responds

UNDP works on the ground in countries before, during and after catastrophes strike. In concert with governments and civil society, we analyze risk factors and set up early warning systems. Bridging the traditional gap between relief efforts and longer term development goals, we partner first with humanitarian agencies for recovery efforts as soon as the need arises. And then we continue helping, by supporting communities as they use national and international resources to rehabilitate themselves.

Throughout, we look for ways to address the root devel-

opment causes of conflicts and disasters, from encouraging sound institutions to opening economic opportunities to promoting the participation of women in reconciliation and reconstruction. For knowledge, we draw from our global network, which incubates and shares innovative approaches to conflict prevention, peacebuilding, and disaster assessment and mitigation. All our activities integrate the UN's objectives for peace and security as well as development, including the MDGs. As the leader of the UNDG, we play a vital role in coordinating recovery assistance, and championing joint appeals to donors.

In 2002, our newly created Bureau for Crisis Prevention and Recovery completed its first full year, with programmes now in over 60 developing countries. The Bureau assists UNDP country offices on natural disaster reduction, justice and security sector reform, curtailment of small arms, disarmament and demobilization, mine removal, conflict prevention and peacebuilding, and post-crisis economic and social recovery. In Afghanistan, UNDP played an unprecedented role in mobilizing over \$75 million to cover the initial expenses of the fledgling Afghanistan Interim Authority Fund, and continues to provide such critical forms of support as aid coordination and assistance on constitutional reform. During 2003, we debuted the *World Vulnerability Report*, a major new contribution to advocacy that highlights patterns of natural disaster risk and vulnerability, and outlines strategic responses.

## Haiti: Knowledge That Could Save Your Neighbours

Located in the very centre of the Caribbean, Haiti is prone

## UNIFEM: Partner and Advocate for Women

The United Nations Development Fund for Women (UNIFEM) supports innovative programmes to promote women's empowerment, security and rights. Within the UN system, UNIFEM links women's issues to national, regional and global agendas by fostering collaboration and providing technical expertise on gender mainstreaming and women's empowerment strategies. Administered by UNDP, UNIFEM worked in 2002 in three critical areas: peace and reconstruction, economic security and women's human rights.

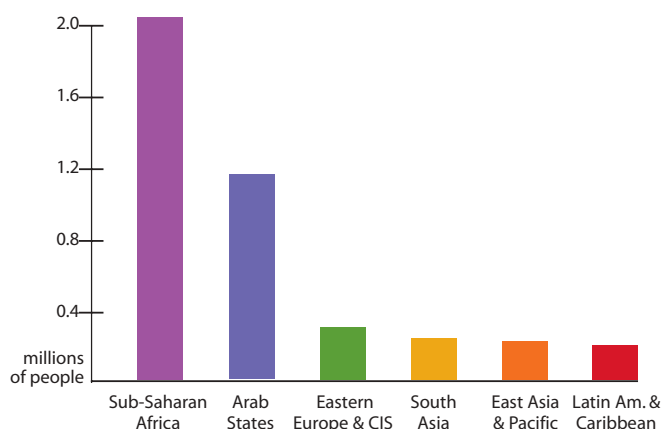
Support for women's leadership in peacebuilding and reconstruction resulted in women's participation in peace processes in the Democratic Republic of Congo, Somalia and Sudan, and the mainstreaming of gender in constitutional and legislative processes in post-conflict countries such as Afghanistan and Timor-Leste. Advocacy through the Independent Experts' Assessment entitled *Women, War and Peace* contributed to efforts within the European Union to harmonize peace and security frameworks with those of the UN.

To strengthen women's economic security and rights, UNIFEM partnered with UN regional commissions and women's networks to gather gender-specific data for monitoring progress on the MDGs; backed initiatives to measure women's unpaid work in the household and family businesses in 18 countries; and organized analyses of the impact of national and local budgets on gender in 20 countries. With UNDP, UNIFEM helped to insert gender in poverty reduction strategies in several African countries and to monitor the gender dimensions of the MDGs in Cambodia and Kazakhstan.

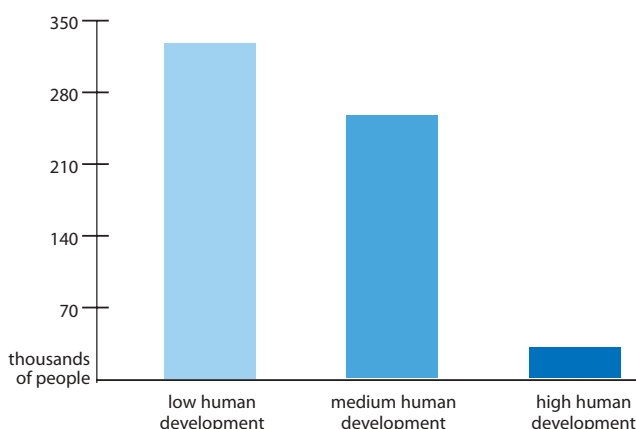
In promoting women's human rights and the ending of violence against women, UNIFEM scaled up its work on HIV/AIDS through partnerships with UNAIDS, UNFPA, ILO and UNHCR. UNIFEM's Trust Fund to Eliminate Violence against Women has awarded \$7.8 million in grants to 147 initiatives worldwide.

## THE POOR ARE MORE VULNERABLE TO CRISIS

Casualties from conflict, 1990–1999



Deaths from natural disasters, 1992–2001



Source: *Human Development Report 2002* and *World Disasters Report 2002*

to natural disasters: floods, hurricanes, droughts and earthquakes. Deep-rooted poverty and ongoing political and economic instability have left most Haitians with few options to avoid the unforgiving brunt of these catastrophes, much less to recover easily once they pass.

UNDP has been coordinating other UN agencies and working with donors, including the European Commission, to help Haiti better prepare itself in identifying the risks it faces, and develop concrete methods, even given its limited resources, to confront them. Since advance planning always saves lives, a comprehensive national system for risk and disaster management has been established in tandem with the government, the private sector and civil society, while a pilot Emergency Operations Centre, supported by the UN system, is devising ways to coordinate timely responses when threats arise.

Since a large percentage of Haitians live in villages or flimsily constructed slums, where they are the most vulnerable to ruin, UNDP has also joined with local authorities, businesses, churches and civil society to establish local committees with the knowledge to help their neighbours. Most people have little understanding of what to do when, for example, a hurricane hits. So committee members undergo training on where to evacuate, how to set up a local alert system, and how to disseminate information once a disaster begins. Taught in Creole, the local language, the workshops quickly attract volunteers—men, women and young people. They are eager to learn because they know from experience that Haiti is vulnerable. With the right information, people have a better chance to survive.

### Eritrea: Restarting Local Economies After a War

After a three-decade quest for liberation and a bitter border war with Ethiopia, Eritrea emerged three years ago saddled with more than a million internally displaced people and refugees. Buildings and roads had been destroyed, mines littered the countryside, and prevalent drought withered both the land and livelihoods. To assist Eritrea in moving from relief to recovery, UNDP and a wide circle of partners embarked on the Post-War Emergency Rehabilitation (PoWER) programme, which is helping communities in war-affected regions of the country rebuild their lives.

One of a series of projects is taking place in the dramatic heights of the Qohaito plateau south of Asmara. UNDP and staff from the Irish aid agency Concern asked local communities to name their priorities. Honey and footpaths, they said. The footpaths, in use for centuries but nearly destroyed during the war, connect different villages to each other and to outside markets and services. Beekeeping is an ancient tradition—and had been an important source of income.

Fatouma Sale was one of many widows in the area barely scraping together enough to survive. Through PoWER, she soon found herself repairing the paths and producing honey from a hive at home, earning enough to support her six children. Today, not only has Mrs. Sale stopped worrying about fleeing the horrors of war, but she has also confidently set her sights on a better future for her community, her family and herself.

# Human and Economic Development: Priorities That Benefit the Poor

Through high technology, the world has come closer together than ever before. People and capital circle the globe, leaving in their wake an unprecedented cultural exchange, and challenging politicians with complexities running from security shortfalls to the spread of disease. At the same time, the world has moved farther apart—over 120 countries have grown negligibly or become poorer in the last decade.

As stock markets in some countries have racked up huge returns, debt burdens have ballooned in others. In some of the poorer countries, debt servicing far outstrips health and education expenditures, at a time when revenues have been hit by falling export earnings and declining aid flows, although the latter trend reversed in 2002. Transitions to market economies have not always been well-managed, while numerous constraints hamper ties to the global marketplace. Universally, women remain poorer than men. And even in countries making overall progress, deep pockets of poverty keep certain groups lagging behind. In other places, slow economic growth brews with civil conflict and HIV/AIDS, leaving millions on the margins of survival.

Technology, as the engine of globalization and economic growth, carries hope as a tool for development, especially as its costs fall. But the promise of technology frequently falls short due to limited access and inadequate infrastructure. Computers don't run without electricity; the Internet requires a phone line.

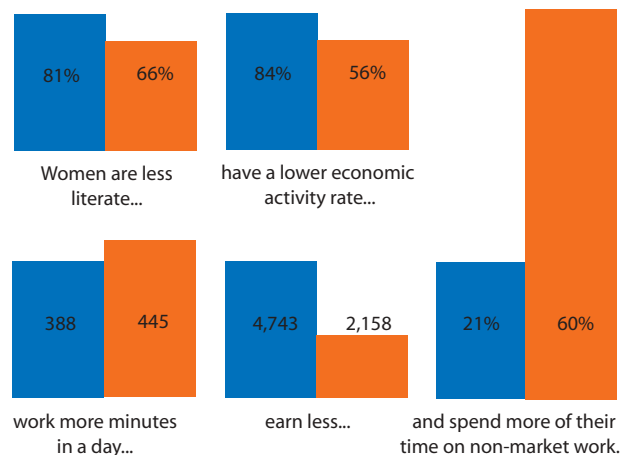
## UNDP Responds

Nationally developed strategies to combat poverty, rooted in a country's own assessment of its needs, serve as the platform for sustainable human and economic development. UNDP advocates for these strategies, and helps bolster them by incorporating the voices of women and the poor, expanding the reach of assets and opportunities, and advising governments on structuring beneficial arrangements with international financial institutions. In over 60 developing countries during 2002, we supported the preparation and implementation of Poverty Reduction Strategy Papers, World Bank and IMF initiatives designed to help the poorest countries map out national development programmes. Our contributions included the sharing of experiences on how to better align these efforts with the MDGs.

Across the board, we emphasize looking beyond income poverty to the broader concept of human poverty. Money is not enough; equity, social inclusion, women's empowerment and human rights matter too. These issues have been analyzed in depth by our internationally renowned *Human Development Report*; national and regional human development reports are increasingly adopting this approach as well. To bring globalization down to the ground, so that it can work for everyone, we also advocate for trade reform and investment arrangements that lift people out of poverty. In 2002, we worked with foundations and other partners to stimulate debate through publications on issues such as world trade and global public goods.

## WOMEN FALL SHORT IN STANDARD MEASURES OF "VALUE"

Women compared to men in developing countries



Source: Human Development Report 2003



In 25 countries like Madagascar, UNDP taps UNCDF's microfinance expertise to offer a better future to women. Rasoa Bertine started a business selling meals.



## UNCDF: Small-scale Support for Large-scale Results

The United Nations Capital Development Fund (UNCDF) provides small-scale investments, primarily in the least developed countries (LDCs). With UNDP, the Fund works on issues related to local governance and microfinance, helping countries reach the international commitments made in the Programme of Action for the LDCs, as well as the MDGs.

In local governance, UNCDF pilots small-scale, decentralized public investments with elected local governments. These leverage international, national and local resources, helping pave the way for replication on a larger scale. In microfinance, while UNCDF's own investments are concentrated in the LDCs, the Fund's Special Unit for Microfinance offers technical support across UNDP. A recent review conducted by the Consultative Group to Assist the

Poorest, a consortium of donor agencies supporting microfinance, applauded "the excellent technical services of the internationally recognized, dedicated microfinance unit of UNCDF."

In 2002, UNCDF channeled \$17.6 million through 55 projects in 28 LDCs. Despite recognition from its Executive Board of excellent programme results, however, the Fund struggled with shortfalls in core resources. In September 2002, the board endorsed a core resources mobilization target of \$30 million per year. Building on the achievement of nearly all the recommendations from a 1999 external evaluation, UNCDF rededicated itself in 2003 to reaching this goal.

In the critical area of ICT, UNDP continuously looks for ways to integrate technology in poverty reduction strategies. By pulling together public and private partners, we create affordable programmes that suit individual countries. During 2002, first in Malaysia and then in Bolivia, we launched an innovative e-learning for life programme with the Coca-Cola Company. In the Solomon Islands, the People First Network received several awards as a best practice. For the first time, people across 850 islands can communicate through a low-cost e-mail network, gaining a world of opportunities for business and education, and easing ethnic tensions through the exchange of information.

### Madagascar: Credit for a Future

Poorer people often have no access to financial services, aside from usurious moneylenders, so helping them get credit through other means is a cornerstone of UNDP's poverty reduction strategy in Madagascar. Here, as in 25 other countries, our MicroStart programme works through the UN Capital Development Fund to open opportunities for hardworking women like Voavonjy Tirisoa. Since 1999, she has transformed \$21 and some handfuls of rice into a home and education for her children—dreams that would otherwise not have been possible.

Little by little, she has proven her entrepreneurial acumen and taken larger loans, growing her livelihood as she goes.

More than 11,000 women like Mrs. Tirisoa have benefited from MicroStart in Madagascar, pulling themselves out of poverty mainly through small trading businesses. UNDP works in close partnership with NGOs and financial institutions with the experience to reach deep into rural areas. We ask women to band together to guarantee each others' loans—the repayment rate is 95 percent—and to learn not only how to manage projects, but also to improve the health and education of their children.

These lessons are taken to heart. "My children's education is absolutely essential," says Mrs. Tirisoa. "It's all I can give them as a heritage."

### Honduras: From Seed Funding, A Network Blooms

Honduras, extremely poor, vulnerable to tropical storms and undergoing a risky economic transition, has few phone lines and even fewer Internet connections. Yet the power of information technology is here. Seed money from UNDP has transformed the Sustainable Development Network of Honduras (RDS) into a powerful information system for civil society—and the country at large. RDS began in 1994 with UNDP support and flourished after Hurricane Mitch decimated two million homes in 1998. NGOs flocked to the network, sending e-mail appeals that drew instant international assistance.

Until recently, RDS was the only server providing local access to the Internet. Today, with an ever-lengthening list of members from civil society, the government, the private sector and academic institutions, it remains a non-profit organization, committed to reaping the benefits of technology for development. E-mail lists distribute information on development to remote areas, and a Web site hosts chat rooms on issues such as human rights and external debt.

UNDP now offers RDS mainly technical support, but with its proven track record, the group has garnered funds from other sources. The US Agency for International Development (USAID) has backed a project monitoring agriculture policies, and the Inter-American Development Bank is collaborating on setting up rural technology centres. Says RDS Manager Raquel Isaula Peralta, "Since Mitch, IT is no longer a luxury. It's a necessity."

# Nation Building: A Foundation in Democratic Governance

Democratic governments are now in more countries than at any point in history. Accompanying this trend has been a move toward decentralization, where resources shift into stronger local governments, and people have a greater say in making the decisions affecting their lives. In all regions, the unprecedented growth of civil society has brought more people than ever before into the arena of public participation. At the same time, women remain vastly underrepresented in governments, accounting for only 11 percent of parliamentarians worldwide.

Many of the new democratic systems are struggling to grow in the midst of overwhelming development problems. A crisis of capacity means the rule of law may not yet be entrenched enough to slow the longstanding drain of corruption. Vested interests may twist elections, while lack of education strands large portions of the population on the edge of democratic debate. Economic distress shakes states not strong or well-funded enough to blunt its impact.

Other countries face different challenges from authoritarian regimes. Human rights abuses may flourish unquestioned, and the control of information—including by muzzling the press—renders it difficult to identify or respond to the full scope of development problems. Globalization, however, has given this issue a new dimension, with people using technology to glimpse the world beyond their borders. Many are learning enough to question their own system, and to call either for greater alignment with much of the rest of the world, or for

a retreat into more narrowly defined traditional values. Sometimes their protest is peaceful; at other times violent.

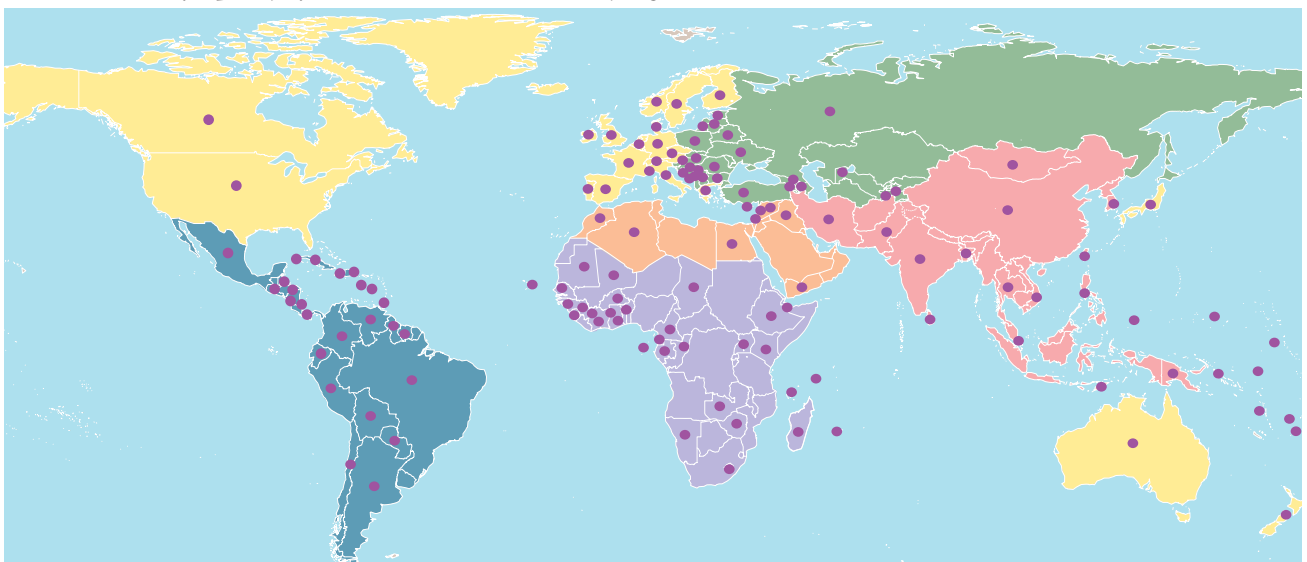
## UNDP Responds

With it increasingly clear that well-governed nations stand a better chance of reaching their human development goals, and at the request of programme countries, UNDP now directs the bulk of its programme resources into achieving results in democratic governance. We help countries promote political participation and become more responsive and accountable to ordinary citizens, especially the poor. Through brokering national and international partnerships and sharing knowledge, we assist nations intent on building stronger legislative systems; educating voters; delivering better public administration; improving access to justice; and strengthening municipalities in delivering basic services to those who need them most. In every arena, we advocate for human rights and women's empowerment.

Present in 166 countries, UNDP supports the largest network of experts working on democratic governance in the world. During 2002, our activities included public radio debates in Niger on a draft decentralization bill. The broadcasts reached a million people and encouraged parliamentarians to modify and pass the bill into law. In Lesotho, we engineered a historic meeting of party leaders to underscore commitment to a fair election, which then took place peacefully after four years of unrest and military intervention. In Nicaragua, we supported the

## COUNTRIES HOLDING ELECTIONS SINCE 2000

*The number and frequency of elections is on the rise in every region.*



Source: Election World

National Judicial Commission. Appointed by the President, it draws upon the expertise of jurists, academics, civil society activists and business people to develop constitutional amendments and new laws that are reviving trust in the justice system.

We also began assessing how to assist the forms of open media and free public debate that underpin successful democracies, and established a global knowledge network on local governance and decentralization. With a rising international interest in democratic governance, our Oslo Governance Centre opened to collect and share research on good governance as a means to reduce poverty. It will work with a wide spectrum of partners, including governments, political parties and NGOs, on questions related to access to justice, civil society, human rights and conflict prevention.

### **Timor-Leste: Reliable Justice, Lawyer by Lawyer**

When the people of Timor-Leste chose independence from Indonesia in 1999, it was nearly the end of their judicial system. All court houses and justice buildings were destroyed in the violence that erupted, and the departure of 7,000 Indonesian civil servants and professionals left only about 100 lawyers in Timor-Leste, almost none of whom had professional experience. Under the occupation, East Timorese could study law, but were not considered for most judicial posts. There was only one private lawyer before 1999.

Today, as Timor-Leste slowly rebuilds, its criminal court procedures are based upon those developed by the UN Transitional Administration. But a reliably free and fair system will depend on capable people. So UNDP, as part of an overall strategy to rebuild institutions and establish democratic processes, has created a mentoring programme that pairs local lawyers with experienced prosecutors, judges, public defenders and court clerks from outside Timor-Leste. The international experts offer many forms of advice, from interpreting contract law to preparing a closing argument. They serve as a resource to fall back on as the East Timorese make their own decisions on what works best for their country.

The stakes are high—in addition to ordinary infractions, the judicial system must grapple with violent crimes committed during the struggle for independence. Still, Vice Minister for Justice Domingos Sarmiento reflects that the East Timorese have fought hard to have justice and freedom. “We hope that, as a people gaining experience, we will be able to build a fully functioning and fair judicial system,” he says. “It is already happening; we have come a very long way since 1999.”

### **Sierra Leone: An Orderly Vote, A Chance for Peace**

Sierra Leone has been torn apart by civil conflict for over a decade. Last year, it landed at the very bottom of 162 countries surveyed by UNDP’s human development



*As Timor-Leste recovered from conflict and faced its limited legal capacity, UNDP brought in lawyers such as Rui Pinto, who serves as a mentor on contract law.*

index. So people held their breath in May 2002, when national elections took place. Would previously warring factions accept the results? Fortunately, as President Ahmed Tejan Kabbah swept through the polls with a wide margin, defeated candidates stepped forward and willingly conceded. The peace held—as did hopes for the future.

UNDP helped lay the groundwork for this major step toward a stable democracy by joining with other partners to strengthen institutions in Sierra Leone, including the National Consultative Conference, which charted the road to the elections, and the National Electoral Commission, which organized them. Civic education programmes encouraged debate and distributed information about the issues at stake.

Collaborative projects with the US-based National Democratic Institute and the UK’s Westminster Foundation for Democracy trained and deployed 2,000 election observers and political party representatives. In cooperation with the Organization of African Unity (now the African Union) and the Economic Community of West African States, UNDP provided funding and assistance for the deployment of 40 election observers.

Today, UNDP has turned to post-conflict recovery, connecting ex-combatants with job opportunities, reconstructing smashed infrastructure, and restoring civil authority in areas previously held by rebel forces. While addressing the consequences of the war, we are assisting Sierra Leone with the root causes as well—pervasive poverty, economic inequality and poor governance.

# People and Our Planet: The Road to Sustainable Development

Affordable energy and water services are a prerequisite for halving the proportion of people living on less than a dollar a day by 2015, as called for in the MDGs. Yet these services elude the grasp of the impoverished. While 800 million people have plugged into power grids in developing countries over the last 20 years, two billion people still burn wood, dung and agricultural byproducts to heat their homes and cook their food. Shortages of water—about two billion people go without clean supplies and struggle with inadequate sanitation—have escalated dramatically.

Lack of energy services severs people from some of the benefits of the modern world. There is no refrigeration to preserve food, no hope of using technology for distance education. Lack of water and sanitation spawns death and otherwise preventable diseases, which burden health systems and curtail economic productivity.

The environment also feels the impact of skewed development patterns, which include the highly unequal consumption rates between North and South. Poor water management contributes to natural disasters and soil erosion, while inefficient energy systems spew air pollution, acidify soil and water, and emit greenhouse gases that have perilously thinned the ozone layer. Other worrisome trends include disruptive changes in climate, the destruction of aquatic ecosystems, and the rapid disappearance of species—a tearing of the rich diversity of life on earth.

## UNDP Responds

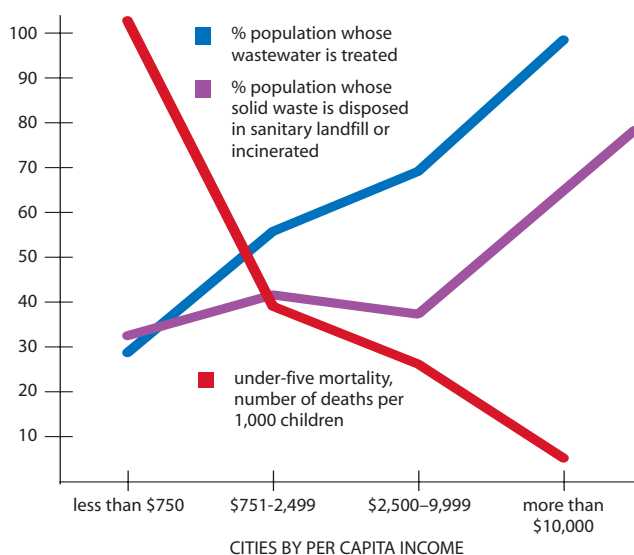
Reducing poverty and achieving sustainable development rest upon a careful balance of concerns: consumption and protection of resources in ways that sustain both people and the world they live in. With extensive experience in integrated development solutions, UNDP assists countries in striking this balance. We circulate best practices from our wide network, provide innovative policy advice, and rally partners to find methods and financing for bringing sustainable livelihoods to poor communities.

Progress toward sustainable development comes through improved access to energy services for the poor, equitable management of water and land, sustainable use of biodiversity and measures to address climate change—so these form the core of our work on energy and the environment. The 2002 World Summit on Sustainable Development reaffirmed these priorities. In the months leading up to it, UNDP made major contributions to global debates on water, energy, health, agriculture and biodiversity—priorities set by the Secretary-General that shaped the Summit's final agreement. Governments in turn called upon UNDP, through the Capacity 2015 programme, to strengthen local capacities for sustainable development, an important component in reaching the MDGs. Before the Summit, we also launched the Equator Initiative with seven other institutional partners. Through grants, a prestigious award and the exchange of practical experiences, the initiative will foster poverty reduction along the equatorial belt through the conservation and sustainable use of biodiversity.

Since modern energy services yield better livelihoods and spur more equitable economic growth, UNDP pays particular attention to ensuring this access. In 2002, with members of the donor community and private sector, we established the Global Village Energy Partnership to provide energy services in rural areas. We took on water issues in 90 countries, emphasizing that water crises can often be traced to bad governance. In Argentina, the Public-Private Partnerships for the Urban Environment project worked with community organizations, municipalities, the Water Regulatory Board and a private company to set up a new collaborative model for delivering water and sanitation to poor communities.

With the European Commission, we brought together practitioners, policymakers and researchers to identify concrete policy recommendations and practical measures for responding to the environmental concerns of developing countries. In Nairobi, our Drylands Development Centre helped 16 African and Arab states determine how to reduce vulnerability to climatic shocks and improve natural resources management.

## WHEN SANITATION IMPROVES, CHILDREN LIVE LONGER

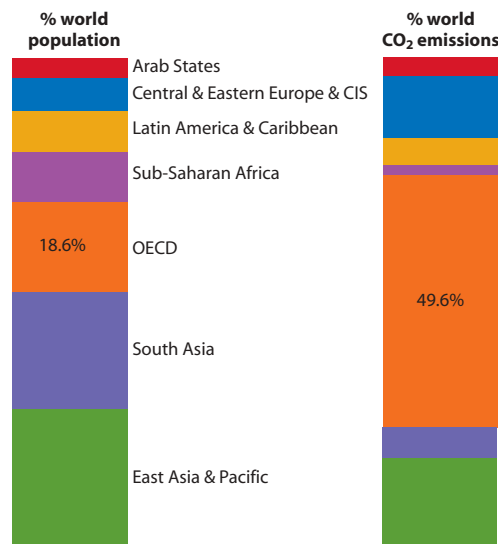


Source: World Development Report 2003, World Bank



UNDP and local governments in Macedonia solve two problems with one programme, cleaning cities and creating jobs. Here workers pull a rusty car from a river.

## HIGH INCOME COUNTRIES PRODUCE MOST OF THE WORLD'S CO<sub>2</sub> EMISSIONS



Source: Human Development Report 2002

### Nepal: Partnerships for Energy Usher in Prosperity

With 6,000 streams and rivers, Nepal has rich resources of water that could be harnessed for power. But a lack of funding and difficult mountainous terrain, along with periodic disruptions from a guerrilla movement, make this a distant dream in isolated villages. Over 90 percent of the people in rural areas still depend on wood or animal waste for energy.

So UNDP has brought together communities to develop local alternatives under the Rural Energy Development Programme, starting with the establishment of 93 water wheels across 15 districts. Built with funding from local people, the central government and UNDP, and managed by community organizations, the wheels now provide more than 11,000 households with electricity. UNDP has backed the project with training to help district committees implement rural energy policies and programmes.

For many villagers, electricity has meant that time once spent collecting fuel can now be used to expand their household income, whether through tending livestock or running small businesses. Padma Devi Khadka points out that a previously unimagined prosperity has come to her village of Duni, in far western Nepal. “The energy has changed our life,” she says.

Project partners agree on its success. Nepal has incorporated the approach in its tenth five-year plan, and in 2002 the programme expanded into 25 districts as a joint initiative between the central government, UNDP and the World Bank.

### Macedonia: Jobs for a Green Environment

Fallout from conflict, through the crisis in neighbouring Kosovo and the ensuing influx of refugees, has worn down the economy and the environment in Macedonia. Unemployment has been high, random dumpsites have littered public lands, and rusting car parts have adorned the river banks. In the city of Tetovo, the population doubled almost overnight from the stream of refugees, which seriously strained water and sanitation services.

UNDP, working with local government authorities, devised a programme to help solve these problems. Clean and Green Macedonia recruited unemployed workers to clean up waste in municipalities that needed these services most. An added benefit: with over 100 cities soon participating and through a blitz of media coverage, citizens across the country learned about the advantages of caring for the environment. Based on this initial success, other donors stepped forward to expand the programme to include all Macedonian municipalities.

Today, Clean and Green has eased the economic strains on thousands of families. Local governments have also benefited, most recently through a grant programme for infrastructure improvements and youth employment that resulted from a UNDP partnership with USAID. And UNDP, through its global network, has successfully replicated the project in Albania.

“UNDP encouraged me to think far more about the cleaning of my municipality,” says Stefche Jakimovski, the mayor of the town of Karposh, “Now we have 40 people who are employed continuously, and regular truck service for hauling waste.”

# HIV/AIDS: Coping with Loss, Advocating for Hope

**I**nfectious diseases such as malaria and tuberculosis burden people around the world, lowering productivity and weighing down already underdeveloped health care systems. Yet even as there has been an ongoing reluctance to invest in solutions to these illnesses, which mainly affect the poor, a new and more devastating epidemic has come along. HIV/AIDS has swept a destructive path through sub-Saharan Africa, and crept, often silently, into some portion of populations in every country of the world. Forty-two million people live with HIV/AIDS, and the number will surpass 100 million within a decade unless a massive response begins immediately.

In a growing number of countries, HIV/AIDS is a catastrophe for economic stability. Income is lost, health care costs explode, savings turn into debt and children drop out of school. Governments face stripped-down ranks of essential personnel: doctors, teachers, civil servants. When millions of farmers die, famine follows. Behind the scenes, women bear the brunt of the burden in their multiple roles as caretakers, subsistence farmers and breadwinners, and as people who, facing violence and discrimination, stand less of a chance of protecting themselves.

HIV/AIDS may be the world's most serious development crisis. Without progress in fighting it, prospects dim greatly for achieving any of the MDGs.

## **UNDP Responds**

Because HIV/AIDS is a factor in so many development concerns, UNDP works with countries to integrate responses to the epidemic across national planning and budgets, including poverty reduction strategies, and move beyond the narrow confines of HIV/AIDS as a public health intervention. We urge dynamic leadership from all corners, including civil society and the private sector,

while recognizing that community initiatives are among the most effective in offering prevention, care and social support. In the worst affected countries, where social and health infrastructures are crumbling in the face of illness and death, UNDP helps to stem further declines, provide human resources where necessary and devise strategies to cope with the loss of skilled workers.

All of our activities are imbued with the principles of human rights and gender equality, emphasizing that people with HIV/AIDS should play an active role in their societies, without stigma. We support communications strategies that relay messages of hope, and advocate for legislation against discrimination as well as leadership roles for people living with HIV/AIDS.

UNDP is also well placed to assist governments in attracting growing flows of international funding to respond to the epidemic. Since it was launched in 2001, the Global Fund to Fight AIDS, Tuberculosis and Malaria has become a major source of new financing. We work in close partnership with the Fund, which is distributing \$1.5 billion in 2003 and 2004, 60 percent of it for HIV/AIDS. UNDP itself has launched an accelerated approach to the epidemic in the hardest-hit countries. In Botswana, where a 15-year-old boy now has a 90 percent chance of dying from AIDS, we are assisting the government and other development partners in drawing up a five-year national strategy to cope with severe social and economic fallout. In Eastern Europe and the Commonwealth of Independent States, where infection rates are climbing most rapidly, we have put sports stars and people with HIV/AIDS at the forefront of massive public information campaigns.

## **UNV: The Human Face of an Epidemic**

**T**serayi Machinda is at the centre of the HIV/AIDS epidemic in his native Zimbabwe. The UN volunteer works with the National AIDS Council to combat the disease throughout Manicaland, a province with more than 100,000 orphans and 15,000 known cases of AIDS. "We have 4,000 Zimbabweans dying of AIDS each week," he says.

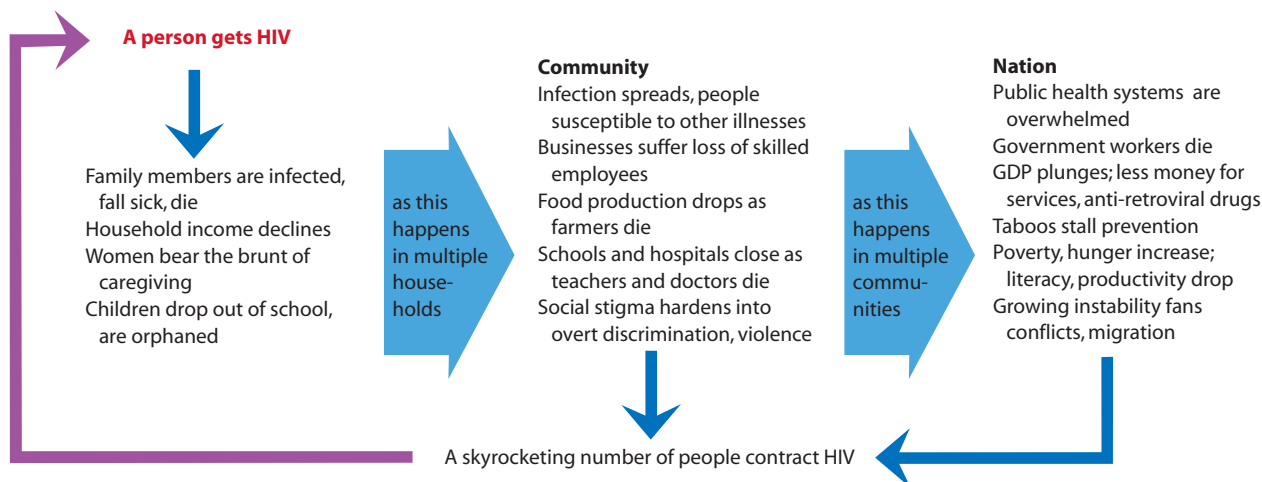
Tserayi fights the spread of HIV/AIDS with drama productions and workshops on safe sex, enlisting the help of village chiefs to urge people to change their behaviour. He belongs to a global corps of UN volunteers working with communities in Africa, Asia, the Caribbean and Latin America. As counselors, they offer home care and help set up self-help groups for people living with HIV/AIDS. They advise on national action plans and assist HIV-positive people in earning a living.

Through these efforts and many more, the United Nations Volunteers (UNV), administered by UNDP, provides a human face and voice to the epidemic. Building on three decades of experience and the contributions of over 30,000 volunteers, UNV is also responding to increasing demand from governments and UN partners to provide professional expertise to offset the devastating loss of skilled workers due to HIV/AIDS.

Encouraging local volunteering for development, UNV supports over 20 UN organizations in areas as diverse as humanitarian relief, the promotion of human rights, electoral supervision, peacebuilding and poverty reduction. In 2002, UNV mobilized 5,234 volunteers, representing 158 nationalities, who served in 139 countries.

## HIV/AIDS EXTRACTS A HEAVY TOLL

Some impacts include:



Source: *Human Development Report 2002*, UN and UNDP

### The Arab Region: People Break the Silence

All Arab countries have reported increases in HIV/AIDS prevalence rates, with the number of people in the region living with HIV/AIDS now surpassing 500,000. Instability and high migration rates fan the epidemic's spread. Yet social stigma has prohibited nearly any form of public discussion. UNDP, collaborating with government officials, NGOs, people living with HIV/AIDS and cultural celebrities, decided it was time to break the silence.

Starting in September 2002, UNDP offices across the region, coordinated by our Regional Bureau for Arab States, have held events in different countries to encourage initiatives in response to HIV/AIDS. In Yemen, national HIV/AIDS programme managers from 17 countries agreed to work on partnerships and policies that underscore links between the epidemic and the full spectrum of development issues. In Tunisia, civil society organizations from 14 countries created the Network of Arab Civil Society Organizations to coordinate prevention efforts. In Egypt, top entertainment stars affirmed their role as ambassadors in fighting HIV/AIDS, including the Egyptian singer Hakim, who declared he would regularly speak about it in his concerts.

Together, these and other initiatives now form a comprehensive regional campaign that is marshalling media coverage, targeting discrimination, supporting emerging leaders, and mobilizing action across governments, NGOs and civil society. As one workshop participant in Tunisia concludes, "If we can speak with a unifying voice, we will be much stronger and more effective advocates for our cause."

### Cambodia: Building Capacity Through Conversation

While the HIV/AIDS prevalence rate has dropped slightly in Cambodia, thanks to concerted efforts by the government and the international community, it remains the highest in Asia. Among people aged 15 to 49, about 2.6 percent now carry the virus—several hundred thousand Cambodians could develop AIDS in the coming years.

A team of UN agencies is backing Cambodia's actions to combat the epidemic, with UNDP helping to coordinate aid, set up advocacy programmes and train new leaders. Since HIV/AIDS is much more than a public health issue, touching all aspects of a country's development, we have built strong links with government partners across every ministry. Our Leadership Development Programme has spearheaded campaigns that have brought in central authorities, local leaders, NGOs and Buddhist monks. As people with deep roots in their communities, they can ease social taboos and spread prevention messages, while urging dignified treatment of people with HIV/AIDS.

In 2003, drawing on a highly successful UNDP project in Ethiopia and experiences in Senegal, we began assisting local authorities in seven provinces to hold "community conversations." In exploring their concerns together, local people develop plans for a local response. And to create an atmosphere of openness about HIV/AIDS across the nation, a television and radio ad campaign is about to go to air. Ordinary people will spread the word: "I too feel that I have difficulties in discussing this issue, but I must find the courage to do it. The change begins with me."

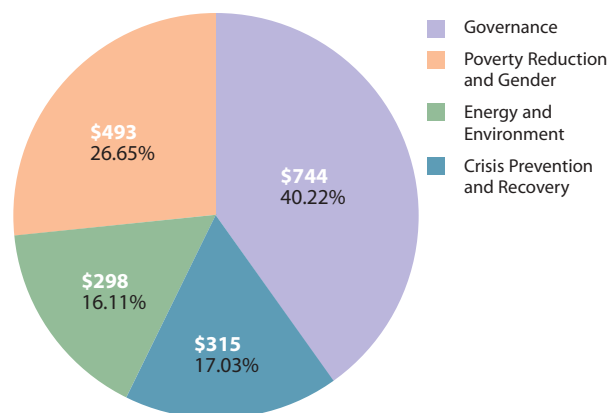
# Resources

Total UNDP resource continued to grow in 2002, reaching \$2.83 billion, their highest level ever. All sources of funds increased, with third-party co-financing the strongest segment. At \$670 million, regular resources rose for the second consecutive year, following the 2001 turnaround, when they began an upward climb after seven years of steady decline. A number of programme countries have consistently made pledges to regular resources of \$1 million or above. However, while the turnaround continues, UNDP's resource situation remains critical, and the growth in core resources lags below what is required.

UNDP has reformed and proven itself capable of taking on significant challenges. Programme country governments and an array of other national and international partners have affirmed the critical role we play in today's overall development architecture. At this point, it is important to further strengthen the resource base of the organization in order to preserve past gains, consolidate the reform process and support UNDP to meet the high expectations of its partners.

Recent trends have shown a significant increase in other (non-core) contributions to UNDP. In 2002, third-party co-financing amounted to some \$935 million in actual income received, up from \$683 million in 2001. Virtually all Organisation for Economic Co-operation and Development/Development Assistance Committee donors are active in co-financing UNDP programmes, including thematic areas. Programme country cost-sharing, channeled through UNDP by governments in

## ESTIMATED TOTAL PROGRAMME EXPENDITURES FOR 2002 (US\$ MILLIONS)



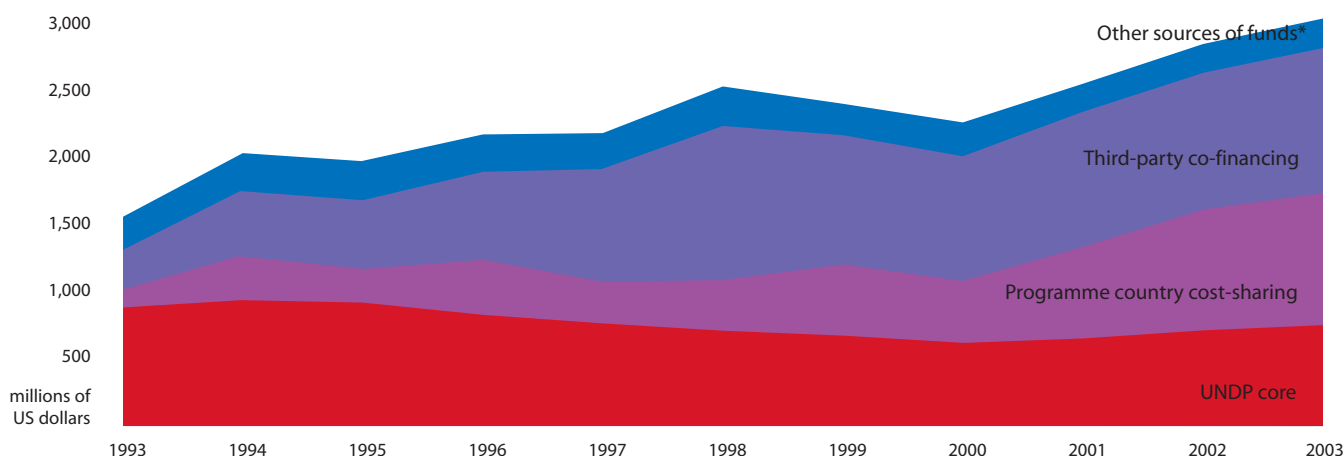
Note: Categories are based on the 2000-2003 Strategic Results Framework. Figures include UNDP regular, donor co-funding and government cost-sharing resources.

Source: Report on the Multi-Year Funding Framework 2002

support of their own development activities, amounted to just over \$1 billion in actual income received. A majority of country offices are now managing other (non-core) resources in support of governments, including an increasing number in Africa and among the LDCs. As aid mechanisms available within programme countries diversify and multiply, UNDP is increasingly being called upon to support governments to access and manage different types of funding in accordance with national priorities.

Thematic trust fund income amounted to \$64 million in 2002. The trust fund facility assists clearly defined sets

## ACTUAL AND PROJECTED RESOURCES, 1993-2003



\* Includes income from administered, extrabudgetary, and miscellaneous funds, as well as management service agreements.

Source: BRSP, UNDP



of development activities when programme funds are not readily available either from regular resources or from other multi- and bilateral sources. Support is allocated based on need, with a particular focus on the LDCs and Africa. In 2002, the thematic trust funds backed a total of 334 interventions in 135 countries.

The next Multi-Year Funding Framework and Strategic Results Framework will enhance the potential of the thematic trust funds to cluster UNDP activities around the six practice areas. The frameworks will establish a clear link between the practices and strategic results as well as areas of support.

Other (non-core) resources represent an important complement to the regular resource base of UNDP, strengthening programmes and fostering partnerships with a range of actors, including the European Commission, regional development banks, the World Bank and the private sector. Regular and other resources, however, are not interchangeable. The ability of UNDP to mobilize non-core resources depends on it having an adequate, secure multilateral base from which to extend its proven development expertise.

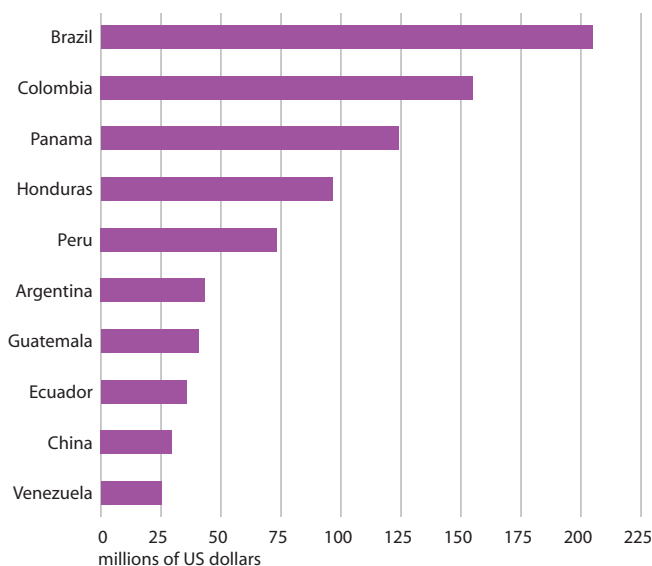
## INCOME RECEIVED IN 2002

Ranked by top 24 contributors to core resources

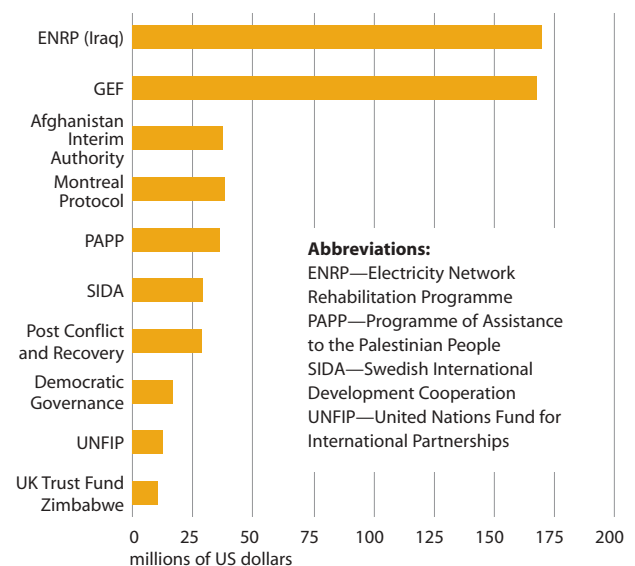
Donors	Core resources millions of US dollars	Co-financing* millions of US dollars
United States	97.13	43.89
Japan	86.77	25.19
Norway	79.27	58.85
Netherlands	70.13	60.22
United Kingdom	56.30	65.69
Sweden	53.69	26.82
Denmark	47.89	14.08
Switzerland	33.33	10.56
Canada	27.67	16.79
Germany	23.73	30.42
Italy	16.88	31.99
France	14.90	4.10
Finland	12.92	7.18
Belgium	10.69	6.25
Ireland	7.68	5.78
Spain	5.96	3.19
India	4.55	—
Austria	4.13	1.22
Australia	3.67	11.24
Portugal	3.18	0.76
China	3.10	28.08
New Zealand	2.60	1.30
Saudi Arabia	2.00	6.34
Mexico	1.00	7.21

Notes: (a) Contributions for Portugal includes amounts from previous year.  
(b) The European Commission is a major source of non-core funding for UNDP.  
\* Includes cost-sharing and trust funds.

## TOP 10 PROGRAMME COUNTRY COST-SHARING CONTRIBUTIONS, 2002



## TOP 10 TRUST FUNDS, 2002: INCOME



# Acronyms

BRSP	SURF
Bureau for Resources and Strategic Partnerships	Sub-regional Resource Facility
ERP	UNAIDS
Enterprise Resource Planning system	Joint United Nations Programme on HIV/AIDS
ICT	UNCDF
Information and communications technology	United Nations Capital Development Fund
ILO	UNDG
International Labour Organization	United Nations Development Group
IMF	UNDP
International Monetary Fund	United Nations Development Programme
LDCs	UNFPA
Least developed countries	United Nations Population Fund
MDG	UNHCR
Millennium Development Goal	United Nations High Commissioner for Refugees
NGO	UNIFEM
Non-governmental organization	United Nations Development Fund for Women
OECD/DAC	UNV
Organisation for Economic Co-operation and Development/Development Assistance Committee	United Nations Volunteers
PoWER	USAID
Post-War Emergency Rehabilitation	United States Agency for International Development
RDS	
Sustainable Development Network of Honduras	

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## CREDITS

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