The Way Forward:
The Administrator’s Business Plans, 2000-2003

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I. Introduction

1. The challenge is huge. In 1995 in Copenhagen, the international community committed itself to halving world poverty by the year 2015; but progress to date has been negligible. How can UNDP, as the flagship of the United Nations system’s global development effort, make the greatest contribution to human development and poverty eradication in the years to come? What should it do to ensure that the 2015 goal is reached?

2. In the past, the answer might have been straightforward: Governments would have provided more resources and UNDP would have responded with more projects. Today, however, development assistance continues to drop - and of all the Official Development Assistance (ODA) flows to developing countries, only 3 per cent is channelled through UNDP. Moreover, if present funding levels persist, programme resources for sub-Saharan Africa may soon approach only one third in real terms of what they were in the early 1990s. Today we clearly need smart answers that draw on the remarkable strengths of UNDP while both recognizing its financial constraints and seeking to reverse them.

3. I believe that UNDP enjoys a unique asset - trust - that is even more important than money. Alone among development agencies, UNDP is truly multilateral and impartial: countries throughout the developing world trust it as their own. At a time of rapid and tumultuous global change, if UNDP can leverage this precious asset into a more effective role in helping countries to meet their development challenges, it will have a remarkable impact on human development and poverty eradication.

4. How, then, should UNDP build upon the trust that it enjoys from programme countries? The answer lies with the countries themselves and in the kinds of support they are increasingly seeking from UNDP. As a trusted development partner, UNDP is helping more and more countries to develop appropriate policies and institutions, often around sensitive issues intimately bound up with national and local circumstances. While this focus has been referred to as “governance”, the word provoked concerns during my recent consultations. Difficulties with the label, however, should not obscure the growing demand for services in this area. At the request of programme countries, UNDP committed 48 per cent of its expenditures in the period 1992-1996 to activities in social, economic and political fields that would typically be classified under governance. The multi-year funding framework (MYFF) exercise revealed that an even larger share of commitments in this area is anticipated in the future.

5. Nor should difficulties with the label obscure the potential impact on poverty eradication of greater specialization by UNDP in policy advice, institution-building and other kinds of upstream activities. It is precisely through this kind of support that UNDP can assist with the strategic policy shifts and breakthrough solutions that will truly make the difference in the struggle for human development. Here again, the MYFF process provides a wealth of evidence that, regardless of thematic area, programme countries increasingly want help from UNDP in developing the kinds of policies and institutions necessary to meet development challenges in a complex and fast-moving world.

6. For UNDP, responding effectively to this increasing demand means building certain kinds of in-house expertise. Doing so is fully compatible with remaining country-driven and does not mean inventing - or imposing - a new line. Rather, as in any effective organization, it means listening very carefully to the most important clients -the programme countries in the case of UNDP - and responding to their priorities by specializing in areas that correspond to the principal services they are requesting.
7. Moving upstream also strongly complements other great UNDP strengths. Over the past decade, the *Human Development Report* (HDR) and the human development index have created a uniquely powerful platform for championing more equitable global and national policies: UNDP is a voice that speaks for the poor and for the policy and institutional frameworks that will help to put an end to poverty. A greater upstream role also plays to UNDP strengths as the mandated coordinator of United Nations development activities and makes it especially well placed to mobilize both public and private capital directly to the development needs of individual countries.

8. But moving upstream also means stopping some existing activities. If demand is clearly pulling UNDP towards greater support for policy and institutional capacities, and if this is where we can make a real difference in the fight to eradicate poverty, we must be rigorous in seeking to shift low-demand activities to partners that have more comparative advantage. We simply cannot do everything effectively and what we stop doing will be as much a test of our seriousness as what we do better.

9. What follows are my plans for ensuring that UNDP can respond effectively to the growing demand for upstream activities and can complement these activities with strong global advocacy and direct support to programme countries through aid coordination and resource mobilization. My absolute priority is to ensure that UNDP has the policy expertise, key partnerships and internal capacity to deliver its services effectively.

10. In producing these plans, I have consulted widely with the stakeholders and staff of UNDP. I have met with many Heads of State and Government as well as development ministers and our programme country counterparts. In New York, I have discussed the future role of UNDP with well over 100 Permanent Representatives of Member States. The entire UNDP country office network has been involved through the Transition Team effort; in the past few weeks alone, we have received over 500 comments and suggestions by e-mail.

11. The consultation process has been particularly intense since the release of the Transition Team's recommendations and options in early November. Some of these were quite straightforward and fall entirely within my purview as Administrator. Other proposals of the Transition Team, particularly those involving changes to the UNDP structure, have generated a wide variety of views and debate. I have listened carefully and have also reviewed earlier change efforts.

12. I have come to believe that real transformation at UNDP will be achieved primarily through changes in leadership style, accountability, culture, performance and innovative partnerships rather than through changes in structures. At this time, for example, I have decided to build upon our country offices, possibly in conjunction with strengthened subregional resource facilities (SURFs), rather than to create a new system of regional service centres (RSCs) as was recommended by the Transition Team. I believe that introducing such a new structure would prove disruptive to the organization during a period of change and might entail inappropriate costs in the current constrained fiscal environment. Likewise, on the future of the regional bureaux, I am convinced of the need for strong regional representation at the level of Assistant Secretary-General in New York and I intend to select and recommend to the Secretary-General senior figures to fill the posts that are currently vacant.

13. I believe that focusing too closely on the location of various parts of the organization risks missing larger trends: the future is about networks and performance rather than heavy formal structures. The UNDP organizational model for the future should be based on dispersed capabilities and decentralized networks. Above all, the basis for our knowledge and learning — the bedrock of the intellectual capital that must become our trademark —
should be located closer to the field, where it can feed the wider network. In this context, I am recommitting the organization to a 25 per cent reduction in the number of staff at headquarters and to relocating many headquarters functions to country offices. I intend to rationalize the functions of the corporate bureaux in New York, to streamline the regional bureaux, and, as called for in UNDP 2001, to continue to decentralize where possible.

14. I realize, of course, that UNDP cannot be seen in isolation from the broader United Nations system, to which it is so central. A viable UNDP is necessary for a viable United Nations and strengthening our coordination role at the field and inter-agency levels will be key. I intend, however, to proceed with two separate but closely related processes. The first process, presented here, will enhance UNDP internal capabilities - the priority must be to get our own house in order both at headquarters and in the field. The second process will focus on strengthening the contribution of UNDP to ongoing reforms in the wider United Nations through the United Nations Development Group (UNDG) and the resident coordinator system. I intend to initiate this process in 2000 and to make it a high priority. While I recognize that many of the issues are interlinked managerially, pursuing distinct but related processes will allow me to keep a tighter rein on results.
II. Towards a new vision for UNDP

15. A host of new development challenges have emerged in the past decade. Globalization has led to new complexities as Governments are called upon to manage the opportunities and pressures created by global trade, increased capital flows and economic integration. At the same time, within many countries a broad array of newly empowered social groups seek to be brought into the mainstream of social and economic life, which creates compelling, difficult and often contradictory demands. In other countries, exclusion rather than empowerment, often combined with extreme poverty and weak authority and institutions, has created conditions of open conflict. As a result, the number of countries in special development situations has grown.

16. The overall development context has also evolved. With the rapid growth of civil society, an increasing number of players have become involved and there has been a striking convergence around the goals of human development and poverty eradication. A competitive and specialized market for development services has emerged, offering programme countries unrivalled opportunities for quality support from multiple sources. In addition, through the 1990s, a paradigm shift in development cooperation has taken place, with the emphasis now on national ownership. It is increasingly recognized that the Governments of programme countries should drive the development process, with various partners providing support on the basis of comparative advantage.

17. Given the pace of change and the scale of new challenges, Governments everywhere are struggling to identify and fully utilize the best knowledge and advice available to support their own development goals. Most recognize that integration with the world economy and open, participatory approaches to development offer the best possibilities for human development and poverty eradication. Additionally, managing globalization and the pressures it engenders requires equitable public policies and effective, accountable and decentralized institutions. Yet these are often sensitive areas, closely tied to individual circumstances. There is an obvious need for capacity-building that is impartial, professional and tailored to country-specific contexts.

18. The MYFF process - in addition to showing growing demand from programme countries for governance activities - revealed key types of support that UNDP was being asked to provide across thematic areas. Upstream activities such as capacity-building, knowledge-networking, and support for empowerment and regional, multisectoral and participatory approaches characterized the bulk of anticipated requests for UNDP support. Within the area of capacity-building, policy, regulatory and legal frameworks, support for increased social cohesion, institutional capacity and data collection and monitoring formed the core of the anticipated outcomes.

19. These kinds of upstream support, in whatever policy area, be it environment, gender, public administration, or any other, are in my view exactly the kind of development activities where UNDP can have its greatest impact. This is because they play to the unique strengths of UNDP. Such support requires a unique appreciation for local contexts, where the involvement by any outside body may be delicate. To this context, UNDP brings the blue United Nations flag and the stamp of multilateralism and impartiality: from its long experience of working in partnership with programme countries worldwide, UNDP is committed to finding solutions appropriate to their unique development challenges. This is as true for those countries that have been priorities for bilateral cooperation as it is for other countries, particularly in Africa, where UNDP is often a lifeline.
20. Specializing in activities higher up the development equation also plays to the other major strengths of UNDP. The global advocacy power of the Human Development Report and its national counterparts can help to provide the enabling environment for country-specific policy dialogue and institution-building. A greater role in policy dialogue and institution-building likewise goes hand in hand with the United Nations coordination responsibilities mandated to UNDP and makes UNDP uniquely positioned to help to mobilize public and private sector resources directly to the development priorities of programme countries. The resource mobilization role, in turn, is complemented by global advocacy, as UNDP helps to shape the case for new private and public investment flows. Finally, in special development situations, upstream support around appropriate development policies can help countries to avoid, mitigate and recover from crises.

21. What does a more upstream role imply for UNDP operations? First and foremost, its programmes will, of course, remain country-driven: there will be no change in the nature of country-level programming instruments. Yet no organization can be truly first class without specializing in the kinds of services that are most important to its clients. As Administrator, I am committed to building organizational expertise around the themes and types of support where programme country demand is greatest.

22. This means looking carefully both at absolute levels of demand as well as at trends. It is already apparent, for example, that information technology holds truly revolutionary possibilities for bringing knowledge and other resources directly to developing countries and that UNDP services in this area will be increasingly sought in the future. Building our internal capacity to deliver effective services in this area is therefore imperative. Yet here, too, I expect our support to graduate towards helping to achieve a policy environment that encourages domestic and international provision of information technology and other services and away from the actual delivery of those services, which is what we are currently doing. This is but one example: going forward, I intend to ensure that UNDP can respond effectively to requests for capacity-building in all areas of high priority to programme countries, whether this involves information technology, trade-negotiating capability, environmental management, public-private partnerships or any other area.

23. Programmes and projects will, of course, continue. But a situation in which, with only 3 per cent of total ODA flows, UNDP has 7,000 projects and programmes spread over 166 countries is clearly not sustainable. To have a greater impact with the kinds of interventions that the MYFF tells us will be in even more demand in the future, UNDP must move further away from small, isolated development projects that are better done by others or that carry high overheads and benefit only a small number of people. To this end, we will in coming months work through our policy and project activities with a view to reaching agreement on the best-placed partners to pursue those activities that we will no longer have the capacity to support. Overall, priority must be given to programmes and projects likely to have a significant impact on the kinds of policies and institutions that will help most to eradicate poverty. Our projects must be policy-driven rather than our policy advice being project-driven. This does not mean fewer resources for projects: on the contrary, if the formula is successful, I expect a strong increase in our core and non-core resources, and a broader ability to mobilize new public and private resources for development.

24. UNDP has already begun to shift to such programmes and projects in many countries. The objective of the current programme in Uganda, for example, is to help to eradicate poverty by supporting decentralization. Activities include capacity-building for participatory planning, strengthening of data and information systems, improving peoples' participation in the development process, and raising awareness among legislators and policy-makers on the importance of local-level planning. Decentralization is a crucial element of poverty
eradication in Uganda since, by law, local governments are charged with the responsibility for development planning, environmental protection, control of HIV/AIDS and for mainstreaming gender in all development processes. Similarly, in Zimbabwe, UNDP is assisting the Government in formulating policies and programmes designed to strengthen the management of development resources by ensuring greater transparency and accountability, and by encouraging broader participation.

25. In Kyrgyzstan, a current project supports the Government’s efforts to move successfully from a centralized to a decentralized, market-oriented State. By linking pilot experience at the grass-roots level with the highest echelons of decision-making through the Sustainable Development Council, the project demonstrates that a process-oriented, learning approach helps to support policy implementation in a decentralized system. In Viet Nam, UNDP has been working with the Government since 1992 on public sector reform. The programme began by supporting Viet Nam’s efforts to conceptualize and develop a programme for administrative reform. Today, UNDP has expanded its work and is now involved in several other sectors on the reform agenda — notably legislative and judicial institutions.

26. There are countless other examples. The important point is that the greatest impact of UNDP on poverty eradication is upstream, at the level of policies and institutions, rather than in stand-alone projects, which are often relatively expensive and reach only a limited number of beneficiaries.

27. What does this kind of new positioning mean for UNDP policy work? Most obviously, it means a much greater two-way connection between the central policy function and field-level activity. Perhaps the greatest contribution we can make to eradicate poverty will be through the quality of our advice: we must ensure that the policy work that informs it is directly rooted in the experiences of programme countries. I am committed to building demand-driven, operationally relevant policy expertise within the organization so that we can deliver country-specific, world-class advice at the field level. Leveraging technical cooperation among developing countries (TCDC) and regional expertise will be especially important.

28. For UNDP as a whole, the move upstream means an entirely new way of working and engaging with the outside world. It means a much greater emphasis on partnerships and more of a catalytic, brokering role. It means developing networks of learning, organization-wide sharing of best practices, and an even greater commitment to performance and results. In short, it means the kind of a cultural transformation that one UNDP staff member summarized along the following lines:
<table>
<thead>
<tr>
<th>Yesterday</th>
<th>Tomorrow</th>
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<tbody>
<tr>
<td>Project driven</td>
<td>→ Policy driven</td>
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<tr>
<td>Process orientation</td>
<td>→ Results orientation</td>
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<tr>
<td>Low-level specialized expertise</td>
<td>→ Clear competency profile</td>
</tr>
<tr>
<td>Low-knowledge-based capacity</td>
<td>→ Innovative and information technology</td>
</tr>
<tr>
<td></td>
<td>networked capacity</td>
</tr>
<tr>
<td>Risk aversion</td>
<td>→ Risk-taking</td>
</tr>
<tr>
<td>Introverted, sceptical of partnerships</td>
<td>→ Outward looking, partnerships oriented</td>
</tr>
<tr>
<td>Bureaucratic culture</td>
<td>→ Merit-reward and initiative-driven culture</td>
</tr>
<tr>
<td>Cumbersome decision-making</td>
<td>→ Flexible and real-time decision-making</td>
</tr>
<tr>
<td>Weak management accountability</td>
<td>→ Responsive leadership management</td>
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29. I believe that the key to this kind of cultural transformation is a commitment to new policy expertise and results-oriented partnerships, and a strong focus on leadership, accountability and people. The following chapters detail my plans for achieving these goals.
III. The UNDP goals

A. Policy

To strengthen the position of UNDP as a trusted and leading partner of programme countries in overcoming their development challenges through swift, high-quality support in proven areas

The transformation challenge

30. UNDP must ensure that it has the capacity to respond to the new array of challenges faced by Governments, particularly in the area of new policy frameworks and institutional development. At the same time, the MYFF indicates that UNDP is increasingly asked to play the role of facilitator, catalyst, adviser and partner. This role, in turn, has critical implications for the quality of interlocutors that we provide, our capabilities in knowledge management, and our speed and client focus. In terms of policy, it means realigning the UNDP profile to target a number of specific outcomes.

Policy outcomes

31. I expect the following outcomes:
   • UNDP as a stronger global advocate for human development;
   • Substantive capacity aligned with areas of concentrated demand;
   • Capacity for emerging types and profile of services strengthened;
   • Capacity highly networked and field-based;
   • Clearly defined capacity and improved effectiveness in special development situations.

Strategy

32. Capacity for policy formulation must be aligned with a more upstream UNDP. The MYFF showed us that there is a strong convergence in the types of support and specific services that UNDP is being asked to provide; to respond effectively we will need much greater coherence in our policy support and development function. The type of support being asked for by programme countries cuts across themes and can be brought together into a significant critical mass if it is conceived in multisectoral terms.

33. Against this background, our future policy function will have two major components. The first relates to current advocacy work, including the production of the Human Development Report, the work of the Office of Development Studies, and support to national human development reports. This new grouping will fully respect and maintain the independence of the Human Development Report Office, which I believe remains a prerequisite for the future of the Human Development Report itself. This component will be led by a Senior Adviser on Human Development.

34. The second component will focus on applied development policy. A UNDP playing a greater upstream role will require stronger capacity in the areas of policy support, regulatory and legal frameworks and institution-building. Governments must have confidence that they can turn to UNDP for the most up-to-date and relevant experience and
best practices in these areas. The applied development policy practice will form the core of the Bureau of Development Policy (BDP) in the future.

35. UNDP must have substantive policy capacity in the thematic areas where demand is greatest. Where it is not feasible to build this policy expertise in-house, we intend to provide the support through partnerships. Partnerships within the United Nations system will be particularly important for sharing knowledge, developing synergies, building upon respective comparative advantages, and avoiding duplication of efforts. Ongoing discussions between the United Nations Development Fund for Women (UNIFEM) and UNDP point to the potential of this approach. In the context of the next UNIFEM four-year plan, we intend to report to the Executive Board at the second regular session 2000 on the arrangements that should maximize the unique strengths of both organizations to advance gender equality and implement effective women’s empowerment programmes on the ground.

36. On policy expertise in general, I intend to review the thematic areas that are in highest demand by programme countries and to align our internal capacity behind these areas by April 2000. The evolution will continue with the introduction of new global and regional programmes beginning in 2001. The Executive Committee will monitor this process and take collective responsibility for implementing it successfully.

37. As outlined earlier, the emphasis on an applied policy function suggests a much stronger link with realities on the ground. In this connection, I will pursue the objective of shifting headquarters staff to country offices, with special emphasis on locating substantive policy support functions on the ground.

38. We will not be able to apply policy effectively without a highly dynamic and networked pooling of best practices. The power of such a network will come more from shared experiences and practices on the ground than from the dissemination of knowledge from the centre. In this sense, effective knowledge management, building on the current UNDP experiment with the SURFs will be especially important. We will determine the precise role to be played by the SURFs following the evaluation that is now under way.

39. In this connection, as mentioned at the outset, I have decided not to proceed at present with the Transition Team’s proposal to establish regional service centres. I believe that the much more agile and less costly option of a highly networked institution will lead to better organizational performance. To ensure that this option materializes as a powerful force for change, it will be buttressed by shifting staff out of headquarters and will be carefully monitored by the Executive Committee. The realization of the networked institution provides the perfect example of a case where changes in organizational culture and the application of technology, not structural change, represent the best tools for real transformation.

40. The strong promotion of TCDC will be another important dimension of UNDP support to the dissemination of best practices and lessons learned among programme countries. The methodology developed in the context of the MYFF provides a wealth of information that can be used in sharing similar experiences between programme countries and country offices that are confronting common challenges. I also intend to draw increasingly on our global and regional programmes to support South-South cooperation and to strengthen TCDC linkages to programmes at the country level.

41. Finally, I have also carefully reviewed issues relating to UNDP capabilities in crisis and special development situations. There is a clear consensus that a realignment in UNDP capacities is required to ensure more effective and timely support in this area and to allow us to contribute more meaningfully to the international community’s broader efforts to build complementary humanitarian, political and development approaches. While the humanitarian-response field is already crowded, there remain substantial gaps in the
assistance strategies of the United Nations system for conflict prevention and sustainable recovery, in terms of both policy and practice.

42. There is an equally clear consensus, however, that we must move the issue of our own performance in special development situations more prominently onto the corporate agenda. Our strategy will be to reconfigure the already considerable human and financial resources dedicated to special development situations by empowering the Emergency Response Division (ERD) to support and strengthen regional bureau and country office capabilities. The Executive Committee will assume a more active oversight role of UNDP activities in a select number of key crisis situations; in these countries, corporate policy will be jointly designed by the regional bureau concerned and ERD with regular feedback to the Executive Committee. ERD will also provide secretariat support to coordinate headquarters units in ensuring an effective approach by all concerned UNDP services, and lead the effort to mainstream skills in crisis and post-conflict activities throughout the operational and policy units of the organization.

43. Implementation of these operational arrangements for special development situations will be revisited in the context of the evaluation report expected in April 2000. Also in April 2000, and pending the results of the evaluation, I may ask the Executive Board to take up the issue of modified or accelerated execution arrangements in special development situations.

B. Partnerships

To transform UNDP into a highly networked organization which creates new development opportunities through strategic partnerships

The transformation challenge

44. Over the last decade, an impressive consensus around a common set of development goals has been captured in the commitments made by Governments in the United Nations global conferences. The consensus on goals has led to a new focus on results, and results, in turn, are increasingly what attract resources. To mobilize resources effectively organizations must define the outcomes to which they are going to contribute.

45. Yet development outcomes require complex sets of interventions by multiple actors. Effective partnerships that bring together various actors around a common goal are therefore key. They are especially critical at the country level, where results must be achieved and measured. National actors, who must own the development process, should be at the heart of these partnerships, and in this sense I believe that UNDP has a key role to play: the trust it enjoys from programme countries can help it to pursue and foster partnerships that promote national ownership and achieve results.

46. The emerging reality of a development community focused on common goals carries with it another implication — namely, that the old divisions of labour between different donor agencies have become blurred. This is the reason why, for example, it has become so important in the last few years to reinvent the decades-old partnership between UNDP and the World Bank around a new assessment of mutual comparative advantages. Similarly, it is why strengthening the Common Country Assessment/United Nations Development
Assistance Framework (CCA/UNDAF) processes is so important to the overall effectiveness and profile of the United Nations.

47. There are two other key aspects relating to the evolution of UNDP. First, the UNDP move upstream will lead to changes in the character and nature of its most important partnerships. Second, to achieve the MYFF resource goals that have been set, the only viable strategy is to work closely with key partners. Against this background, we must develop a new and more strategic approach to partnerships. Partnership is no longer primarily a dimension of external relations; it is, rather, both a precondition for development effectiveness and an integral component of resource mobilization.

Partnerships outcomes

48. I expect the following outcomes:

- Key strategic partnerships identified and developed;
- Role of strategic partnerships in contributing to development outcomes at the country level systematically ensured;
- Clear success of partnerships in increasing resources for programme countries.

Strategy

49. The extensive work that has been undertaken in the context of the MYFF to define the key goals and outcomes to which UNDP is contributing will be used to identify our key partnerships. I intend to strengthen these key relationships around common goals and outcomes and to use our new monitoring and measuring instruments to track their value-added.

50. Development outcomes must above all be the result of the efforts of national actors. We will continue to build on the trust we enjoy with the programme countries to ensure that any partnership strategy is firmly anchored at the national level. At the same time, we will use the framework provided by the MYFF and subsequent work to strengthen relations with donor countries based on anticipated results and outcomes.

51. I recognize the central role UNDP has to play within the United Nations system in the context of the Secretary-General’s reform agenda and the special responsibilities we have as funder and manager of the resident coordinator system. UNDP will seek to play this role fully and constructively in a spirit of partnership. As I mentioned earlier, I intend to begin a process shortly that will be designed to strengthen our partnerships within the United Nations system.

52. Partnerships for UNDP will be at the cutting edge of new ways of doing business: they will require extensive networking and will demand high-quality knowledge management. Developing and institutionalizing partnerships will have a major impact on the organization, promoting a more outward- and client-focused culture. The NetAid initiative is an excellent example of this. Overall, I expect a successful partnership strategy to have a transformative effect on our culture and basic business practices.

53. In order to improve the cohesion and consistency of our partnerships, I intend to establish a Bureau for Resources and Strategic Partnerships. Until now, the responsibility for a number of key strategic partnerships has been dispersed throughout UNDP: the Executive Board Secretariat and two units dealing with, respectively, relations with donor countries and relations within the United Nations have been housed in the Bureau for Resources and External Affairs; relations with civil society organizations have been the responsibility of the Bureau for Development Policy (BDP); relations with the private sector
have been handled by a number of different units; and relations with the World Bank and
other international financial institutions have been handled by the Planning Office in the
Bureau for Planning and Resources Management. Not surprisingly, these arrangements have
made it extremely difficult to pursue a coherent partnership strategy. I believe that creating
the Bureau of Resources and Strategic Partnerships, to regroup many of these key
constituencies and development partners, and strengthening the resource mobilization
function within the new Bureau, will help to transform how UNDP approaches the issue
of partnership.

C. People

**To align the staff profile with the evolving needs of UNDP by creating conditions that will attract, develop and motivate talented people to excel**

The transformation challenge

54. People are the key resource for the successful transformation of the organization. Yet,
budget cutbacks during the 1990s have substantially limited new hiring and effective
retraining of staff to respond to new challenges. To realize the new vision for UNDP, we
must enhance human resources management and invest heavily in our people.

55. Recent staff surveys have identified serious problems, including low staff morale in
headquarters, poor utilization of staff potential and lack of staff confidence in managers.
On the positive side, in most areas there have been improvements of staff attitudes over the
past three years. The overwhelming majority of UNDP staff members are exceptionally
committed to their work and to making UNDP successful. There is a strongly felt need
among staff for additional change and broad optimism about the future of UNDP.

56. One of my highest priorities going forward will be to establish a new kind of
relationship between staff and management, founded in an environment of mutual
commitment to accountability and performance in exchange for staff growth through
opportunities for learning and empowerment. Both sides need to recognize the bargain they
are being asked to enter into: more growth opportunities in return for higher performance.
We must all accept this challenge; there is no more important proposition for transforming
UNDP.

People outcomes

57. I expect the following outcomes:

- Staff profile aligned with evolving organizational needs;
- Strengthened human resource management capacity to attract, develop and retain
talent;
- Improved empowerment of staff for personal development and performance.
Strategy

58. I intend to take charge of overall human resource policy and all assignments for key positions, making sure that staff profiles are carefully matched with post requirements. During the next few years of intense organizational change, I will be de facto Chief Personnel Officer in UNDP. Managers at different levels will be held personally accountable for good human resource management practices, including the full implementation of a set of human resources policies developed under UNDP 2001 covering gender, national staff, learning and work/life.

59. Management competencies will be established and managers assessed to ensure that UNDP has first-class leaders and managers, both in headquarters and in country offices. Our resident representatives and resident coordinators are especially important determinants of our development impact. All managers must be able to provide vision, strategic leadership and be open and transparent with staff. The performance of managers will be measured particularly on their management of human resources. The competency assessment of managers will include a new system of 360-degree feedback (from supervisors, peers and supervisees) to be piloted in early 2000 and rolled out system-wide based on these experiences.

60. All staff will be held accountable for performance. To this end, a streamlined performance appraisal system will be introduced in 2000 and continually refined, with more emphasis on competencies such as change management, team work, partnering and networking abilities, and information technology proficiency. The system will define career-development objectives for staff, aligning those with the organizational strategy. Reward and incentive schemes for high achievement will be promoted, learning needs will be identified, and poor performers will have to move out.

61. In terms of attrition, early retirement programmes will continue to be available to staff worldwide. Persistent problems with performance and placement will remain a factor in determining staff suitability for continued employment.

62. During the year 2000, a competitive entry-level recruitment programme for career staff will be reintroduced, where initial preference will be given to national staff and locally recruited staff in New York, junior professional staff and staff on limited contract. Specialists with practical experience in policy and institutional development will also be hired in response to evolving programme demands. In addition to addressing the most urgent needs of the new UNDP staff profile, such recruitment should support the diversity of age, gender and cultural representation in the organization, attributes which we rightly pride ourselves on.

63. A more efficient, transparent and credible internal grievance and justice system will be put in place in 2000.

64. A major re-engineering initiative will be put in place to speed up human resource administration dealing with recruitment, placement, benefits, and separations. In providing better support to managers and staff, special attention will be given to crisis and post-conflict assignments.

65. Career counselling will be made available to staff to enhance performance and excel in the new environment. Links will be established between staff development plans and performance appraisal. Responsibility will lie with line managers and staff themselves, supported by strengthened central support capacities in the Office of Human Resources (OHR).
66. Investment in people means investing in the future of the organization. As a target, 5 per cent of staff costs will be invested in learning. This will promote knowledge-building by making available learning opportunities and career development, encouraging staff, particularly national and support staff, to benefit from the existing learning manager network and electronic platform. Emphasis will be given to information technology training and retraining for staff. The conceptualization and pilot modules of a virtual development academy will be concluded by mid-2000.

D. Performance

A culture of accountability for results in which performance is systematically measured and improved and resources strategically managed

The transformation challenge

67. Creating a culture of accountability for results is at the heart of recreating UNDP as a sufficiently funded organization where all available resources are put to best possible use for development results in programme countries. Lessons learned from past experience — especially in the implementation of UNDP 2001 and the strategic results frameworks — will be invaluable in shaping a performance management system to bring about real change. Existing instruments need to be sharpened and woven together with new tools to form a strong, unified system of performance management, stretching from the Executive Board at the most strategic level down through all other levels of the organization. Ambitious targets must be set and indicators monitored if we are to ensure success.

Performance outcomes

68. I expect the following outcomes:

- Effective leadership, oversight and decision-making supported by an ability to measure performance;
- Efficiency gains achieved in headquarters and country operations;
- A new culture of networking within UNDP, including horizontally among country offices and between UNDP and external partners;
- A clear understanding of UNDP goals among stakeholders and the results produced.

Strategy

Oversight and performance management

69. I understand that the Bureau of the Executive Board is initiating a discussion of its work plan for 2000, with a view to enabling the Board to focus on its vital strategic and policy guidance role. I stand ready to contribute to this debate. I propose that the high-level goals, outcomes and indicators contained in the transformation scorecard at the end of these business plans be used by the Board to monitor the organizational change we are undertaking. The ROAR as well as other instruments such as country reviews will be used by the Board to monitor the overall effectiveness of UNDP.
70. As of January 2000, I have put in place a new cabinet-style leadership approach
designed to strengthen the effectiveness of UNDP decision-making and accountability on
key corporate functions. Through this Cabinet, which will meet twice weekly, senior
managers will collectively shoulder responsibility for all-important decisions and their
implementation. The Cabinet and subsidiary structures will rely heavily on performance
indicators to track results and manage resources.

71. Below the business plans will be a cascade of management plans for headquarters
bureaux/units and country offices with performance objectives, targets and indicators of
success, (from which will follow individual performance plans of all staff). Performance
areas covered by these plans and indicators will include development results, partnerships
and resource management (human, financial, information technology). Performance against
targets will be measured at least once a year, or more frequently where feasible and
desirable, using existing performance measurement instruments such as the ROAR, a system
of management scorecards as well as partnership, client and staff surveys.

72. The operational oversight function within UNDP will be strengthened by the
introduction of a mechanism led by the Associate Administrator to coordinate and maximize
the distinctive roles of the various actors, including the Operations Support Group and the
regional bureaux, with the Office for Audit and Programme Review and Office of
Evaluation.

73. Special management support, triggered by alerts raised through performance
management instruments, will be proactively offered to ensure that units falling behind get
back on track. This includes active sharing of best practice and networking between offices
with recognized strengths and those in need of support.

**Efficiency**

74. As UNDP performance is ultimately measured by the development results generated
at the country level, our aim must be to support effectiveness and efficiency in the country
offices. Efficiency gains will be pursued, under the direct leadership of the Associate
Administrator, by the regional bureaux in relation to their policy and other support to country
offices. In rationalizing country office operations, we should aim at moving capacities from
processing to substantive, value-added work. Just like headquarters, country offices also
need to cut costs. This could, for example, include pooling operational capacity among
certain small country offices, an approach that will be piloted in the Caribbean during 2000.
Special attention will be needed to improve UNDP operational efficiency and responsiveness
in countries facing conflict or post-conflict situations.

75. Corporate resource management will be strengthened to improve accountability and
services. The merger of two existing corporate management bureaux, the Bureau for Policy
and Resource Management and the Bureau for Financial and Administrative Services, into
the Bureau of Management will exploit synergies among the human, financial,
administrative, legal and information technology functions. UNDP representation in relevant
inter-agency forums will be consolidated to improve the provision of common and shared
services. The re-engineering of business processes, decentralization and outsourcing of
corporate services will be aggressively pursued to cut costs. The Bureau of Management
will also have overall responsibility for monitoring the implementation of the business plans
and for aligning resource allocations strategically with the priorities of these plans.

76. Information management services will be coordinated under the Chief Information
Officer (CIO). The CIO will ensure that information technology supports the overall
business direction of the organization and that a strong platform for knowledge management is built.

77. The cost-effectiveness of all corporate business systems, their compatibility with web-based applications, and the potential productivity gains resulting from their implementation will be assessed in mid-2000. The outcome will influence the next-generation business systems in UNDP. The broad aim is that the transmission of real-time data and its ready use by all staff globally via the UNDP web browser should be a reality by 2003. The introduction and use of corporate systems will enable a gradual decrease in the number of periodic reports required by headquarters.

Networking

78. By the end of the year 2001, UNDP will connect all country offices through a robust, industrial-grade, web-based data network, using local Internet service providers wherever possible or shared satellite access. All headquarters units and country offices will set up high-quality web sites.

79. This vastly improved communications network will provide the platform for strong networking within UNDP, between headquarters and country offices and horizontally among country offices. Such networking will not only be fostered geographically but also among organizational functions of corporate management, policy and operations. These networks will represent a cultural as much as a technological revolution in UNDP.

E. Resources

To achieve the resource target established in the MYFF and to promote cost-effectiveness throughout the organization

Overall resource mobilization strategy

80. It is essential that the Executive Board remain firmly committed to the resource targets established under the multi-year funding framework. These business plans provide a vehicle to carry UNDP to its destination — a sufficiently well-funded programme that can demonstrate concrete, measurable results. I believe that attaining the $1.1 billion target for core resources provides the indispensable basis for an effective organization. The full and timely implementation of these business plans depends on this premise.

Resources outcomes

81. I expect the following outcomes:

- The MYFF resource targets achieved;
- Increased share of reduced biennial budget expenditures incurred outside headquarters and for substantive support;
- Increased compliance with government contributions to local office costs (GLOC) and strengthened cost-recovery.
Strategy

82. The MYFF process and the implementation of the business plans provide complementary strategies for the achievement of the MYFF resource targets. The strategic results frameworks incorporated in the MYFF reflect a strong commitment to measurable development results while the business plans provide a set of concrete and measurable steps that will drive reform and renewal deep into the organization.

83. Beyond the commitment to rebuilding UNDP core resources, we will pursue vigorously the non-core funding targets established in the MYFF. By establishing clear goals and outcomes in the strategic results framework that are applicable to non-core as well as to core funding, the MYFF ensures that non-core funding does not detract from but provides supplementary funding for the same overall purposes. I consider our work through the Global Environment Facility (GEF) and the Montreal Protocol examples of how UNDP can pursue an effective non-core funding strategy on behalf of programme countries. I am particularly concerned that non-core funding for Africa be expanded and that UNDP share its experience in promoting development effectiveness in that region.

84. I recognize that extreme fiscal prudence is required in order to maximize the resources available for programming. The programme for reform and renewal is therefore designed to lead to long-term savings starting already in the budget for the 2002-2003 biennium. Some indication of these projections will be provided at the third regular session of the Executive Board in September 2000. If at that time, however, resource mobilization is behind target, Member States may have to consider more drastic budgetary measures, which will impact on the overall capacity of UNDP as a global organization.

85. I am recommitting UNDP to a 25 per cent reduction in headquarters staff, including a significant shift of resources to the field. The target timeline to achieve this is the end of 2002. Responsibility for implementation will lie with the Executive Committee and progress against clear targets will be monitored on a regular basis.

86. The budget proposals for the 2000-2001 biennium include the implementation of an important strategy relating to the improvement of GLOC performance and I seek the full collaboration of Member States in this regard. The biennial budget also contained proposals relating to the strengthening of cost-recovery mechanisms. As with GLOC, these proposals will be vigorously implemented. Both GLOC as well as cost-recovery performance will be carefully tracked and monitored on a regular basis by the newly constituted Executive Committee. In this way, the collective responsibility of all managers for different aspects of these challenges will be reinforced.

Costs relating to the implementation of the business plans

87. While the successful implementation of the business plans will build a UNDP better equipped to deliver results and thereby able to attract sustainable levels of funding, it is also geared to cutting costs in the medium term. In the short run, the implementation will require certain investments, estimated to amount to some $25 million. The bulk of these costs relate to human resources, partnerships, and knowledge and information system requirements.

88. Over the last decade, UNDP has repeatedly implemented severe cost-cutting measures, including $17 million in real costs in the 2000-2001 budget. The room for manoeuvre within the existing budget is therefore extremely limited. Fully aware of the major challenges it will entail, I have, nonetheless, instructed managers to target an additional $12 million of savings from the biennial budget to be redeployed towards change projects. The savings identified, and their alternative use, will be reported to the Executive Board at the third regular session.
89. In recent years, important special contributions have been made to the UNDP change process. To the extent that the implementation costs are funded from extrabudgetary resources, budgetary savings will be available for programming. Should insufficient extrabudgetary resources be generated, I will have no alternative but to re-prioritize the implementation schedule and adjust the change targets that have been set.
IV. Summary and next steps

90. I believe that today’s UNDP has unrivalled assets — global reach, unique advocacy power, and most importantly, the trust and confidence of programme countries. I believe that tomorrow’s UNDP can leverage these assets much more effectively and I believe that by doing so, the UNDP of the future will be able to play a much more powerful role in the struggle to eradicate poverty.

91. The starting place must be the needs of the programme countries, where the unprecedented pace of global change has created tremendous demand for new kinds of support. The MYFF reflected the force of these new demands by showing a clear trend towards upstream activities such as policy and institutional support. These kinds of activities — whatever they are labelled — play to UNDP strengths: they leverage the trust it enjoys from programme countries, and they build upon its roles in advocacy, United Nations development coordination and country-level resource mobilization.

92. Helping countries “to get it right” on policies and institutions, however, implies considerable change in UNDP operations, policies, partnerships and culture. It also means that the quality of our work, especially on policy, becomes crucial: being anything less than world class risks betraying the trust we enjoy from programme countries. The same holds true for the substance and quality of UNDP work in the growing number of countries in special development situations. I believe that my key role as Administrator is to build the internal capacity to ensure that the organization can rise to these challenges.

93. Programmes will of course remain country-driven but the upstream UNDP of the future will be much more effective at policy dialogue and institution building than at directly supporting isolated poverty-alleviation projects. Project work will continue and even increase as resources grow but UNDP projects will be aligned behind policies: they will be designed to sustain policy change by incorporating policy dialogue, pilot approaches, and institutional support, with a special emphasis on South-South knowledge transfer.

94. Through the ROAR process, I intend to review the areas of high priority to programme countries and to check them against current institutional processes and expertise; the shortfalls and gaps that emerge will be signposts for where we need to build up our capacities. The new global and regional programmes that begin in 2001 will be designed with a clear view to high-demand areas. By the same token, low-demand areas will point to activities that may be undertaken more effectively by others. We will be rigorous in identifying partners in all areas where there is duplication, where others clearly have a comparative advantage or where it is not feasible to build in-house expertise. The discussions we have already begun with UNIFEM are an example of this.

95. At the same time, the overall trend towards policy support, institution-building and other upstream activities is clear. To respond to it I intend to:

- Redesign the Bureau for Development Policy to focus on applied policy support;
- Strengthen the link between policy and operations, including by shifting policy staff to the field;
- Enhance our capacity to advocate for more equitable global and national policies;
- Re-engineer our activities to provide more effective support to countries in special development situations;
- Strengthen our capacity to capture and leverage global best practices by investing in our networking and knowledge management capability;
Prioritize TCDC in all of our activities, including our global and regional programmes.

96. Strategic partnerships will be critical to our ability to play an effective upstream role; tangible results will in many cases depend on UNDP acting as a catalyst and broker, especially at the country level. Many of the key issues are bound up with our mandated responsibilities as coordinator of operational activities of the United Nations system at the country level, and I intend to begin shortly a process to strengthen reforms already begun within the United Nations Development Group and the resident coordinator system.

97. At the corporate level, to increase the coherence of our overall partnership activities, I intend to group a number of key activities into a new Bureau of Resources and Strategic Partnerships. Doing so will also increase our capacity for resource mobilization.

98. Cultural change within UNDP will be equally critical. To create a true culture of performance, I intend to:

- Take personal charge of overall human resource policy, including all key assignments;
- Establish management competencies that include vision, strategic leadership, transparency and management of human resources, and institute a system of 360° feedback on managers;
- Establish competencies for all staff that include change management, team work, partnering and networking, and information technology proficiency;
- Promote reward and incentive schemes for high achievers, learning opportunities for those with potential, and separation for poor performers;
- Aggressively recruit talented new entry-level professional staff;
- Target 5 per cent of staff costs to learning with special emphasis on information technology training;
- Initiate cabinet-style collective leadership and accountability;
- Improve efficiency and reduce costs by rationalizing policy and other support provided to country offices, exploring the pooling of operational capacity among small country offices, merging BPRM and BFAS into a new Bureau of Management, and re-engineering, decentralizing and outsourcing certain corporate services;
- Consolidate key information management services under a CIO and prioritize programmes that will make us a truly networked organization;
- Reduce the overall size of headquarters by 25 per cent, including through shifts of staff to the field;
- Establish a new Communications Office and have it report directly to me;
- Rigorously measure performance against a system of scorecards and partnership, client and staff surveys.

99. I also intend to pursue vigorously the core and non-core MYFF resource targets and believe that the successful implementation of these business plans will be a major step in this direction. At the same time, I am committed to maximizing resources available for programming and will therefore fund the estimated $25 million short-term additional costs associated with these plans through savings or extrabudgetary contributions.

100. I believe that the initiatives summarized above will lead to a revitalized, dynamic UNDP that can respond effectively to the increasing demands of its programme-country clients for upstream services. Doing so will mean once again playing a leading role in the struggle for human development and poverty eradication worldwide.
101. The plans themselves and the way progress is measured will undoubtedly need modification as we go forward. Indeed, change is inherent within them, as they are essentially about responding to demand. Overall, they should be seen as part of a longer dialogue, that will include important points for decision by the Executive Board. They are intended to set the context for the funding session and discussions on countries in crisis or post-conflict situations at the second regular session 2000, the discussion on the results-oriented annual report (ROAR) at the annual session, the discussions on the budget at the third regular session, and other matters on which specific guidance and decisions will be needed.

102. I am satisfied that these business plans are faithful to the mandate, mission and essential characteristics of UNDP, and while they do not require Executive Board action, I very much hope that the Board will give them a strong endorsement at the current session.
V. Transformation scorecard*

<table>
<thead>
<tr>
<th>GOALS</th>
<th>OUTCOMES</th>
<th>INDICATORS OF SUCCESS</th>
<th>1999</th>
<th>INDICATIVE TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLICY</td>
<td>• UNDP as a stronger global advocate for human development</td>
<td>Outcome concentration index</td>
<td></td>
<td>To be developed</td>
</tr>
<tr>
<td></td>
<td>• Substantive capacity aligned with areas of concentrated demand</td>
<td>Programme expenditure concentration index</td>
<td></td>
<td>To be developed</td>
</tr>
<tr>
<td></td>
<td>• Capacity for emerging types and profile of services required strengthened</td>
<td>Increased concentration in corporate policy capacity</td>
<td></td>
<td>To be determined</td>
</tr>
<tr>
<td></td>
<td>• Capacity highly networked and field based</td>
<td>Number of hits on policy intranet web site</td>
<td></td>
<td>To be determined</td>
</tr>
<tr>
<td></td>
<td>• Clearly defined capacity and improved effectiveness in special development situations</td>
<td>Share of corporate policy work being done in the field</td>
<td></td>
<td>To be determined</td>
</tr>
<tr>
<td>PARTNERSHIPS</td>
<td>• Key strategic partnerships identified and developed</td>
<td>Partnerships performance index</td>
<td></td>
<td>To be developed</td>
</tr>
<tr>
<td></td>
<td>• Role of strategic partnerships in contributing to development outcomes at country level systematically ensured</td>
<td>Improvements in partners’ satisfaction as measured through surveys</td>
<td></td>
<td>Baseline to be established</td>
</tr>
<tr>
<td></td>
<td>• Clear success of partnerships in increasing resources for programme countries</td>
<td>Number of countries with CCA and UNDAF processes conducted</td>
<td>36 41 63 75 100</td>
<td></td>
</tr>
<tr>
<td>GOALS</td>
<td>OUTCOMES</td>
<td>INDICATORS OF SUCCESS</td>
<td>1999</td>
<td>INDICATIVE TARGETS</td>
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</tbody>
</table>
| **PEOPLE** | To align the staff profile with the evolving needs of UNDP by creating conditions which will attract, develop and motivate talented people to excel | Minimum gender targets met:  
- Senior management at headquarters  
- Resident representatives  
- All professionals | | **2000** | **2001** | **2002** | **2003** |
| | | New recruits/entry-level career recruits | 40/20 | 40/20 | 40/20 | 40/20 |
| | | Attrition of professional staff | 2% | 6% | 6% | 5% | 5% |
| | | Staff costs invested in training | 51% | 54% | 57% | 60% | 63% |
| | | Percentage of headquarters staff satisfied with their work, empowerment and values | 45% | 48% | 51% | 54% | 57% |
| | | Percentage of country office staff satisfied with their work, empowerment and values | 56% | 59% | 62% | 65% | 68% |
| | | Percentage of Headquarters staff satisfied with supervision and management | 54% | 57% | 60% | 63% | 66% |
| | | Percentage of business plans indicators on track | 60% | 75% | 90% | 99% |
| | | Percentage of management plans indicators on track | 60% | 75% | 90% | 99% |
| | | Increased client satisfaction, as indicated in surveys | Baseline to be established |
| **PERFORMANCE** | A culture of accountability for results in which performance is systematically measured and improved and resources strategically managed | Reduction in number of offices with deficient or seriously deficient audit ratings | 34% | 40% | 45% | 50% | 55% |
| | | Improved UNDP image rating through surveys | Baseline to be established |
| | | Increase in percentage of country offices with web sites that meet minimum quality standards | 25% | 50% | 75% | 90% |
| | | Number of regular reports requested by headquarters from country offices | 96 | 86 | 78 | 70 | 65 |
To achieve the resource target established in the MYFF and to promote cost-effectiveness throughout the organization.

- The MYFF resource targets achieved
- Increased share of reduced biennial budget expenditures incurred outside headquarters and for substantive support
- Increased GLOC compliance and strengthened cost-recovery

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>GOALS</th>
<th>OUTCOMES</th>
<th>INDICATORS OF SUCCESS</th>
<th>1999</th>
<th>INDICATIVE TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To achieve the resource target established in the MYFF and to promote cost-effectiveness throughout the organization</td>
<td></td>
<td>MYFF targets met ($ million)</td>
<td>Regular resources</td>
<td>2000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Government cost-sharing</td>
<td>800</td>
<td>900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Trust funds &amp; third party cost-sharing</td>
<td>975</td>
<td>975</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Reduced biennial budget expenditures ($ million)</td>
<td>518</td>
<td>506</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Reduction in total staff at headquarters</td>
<td>25%</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Increased rate of GLOC compliance</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Annual increase in costs recovered</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

* The Administrator will provide further details of the transformation scorecard at the current session and will update it annually.