

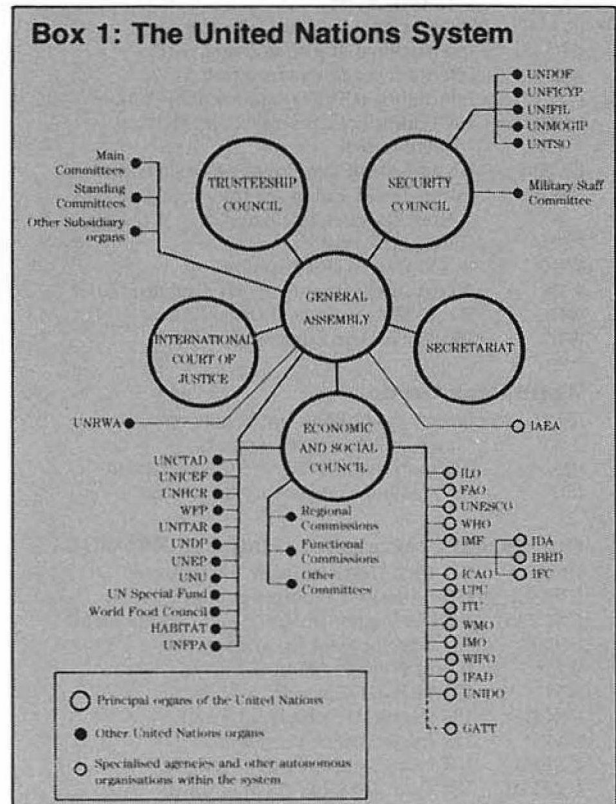
THE UN AND THE FUTURE OF MULTILATERALISM

The United Nations 'system' of specialised agencies, funds and programmes, under which most multilateral aid is provided, has been widely criticised by developed and developing countries alike. With the withdrawal of the US and the UK from UNESCO, some observers have doubted whether the UN system could survive into the twenty-first century. The UN appears to be politically fractured, administratively confused and uncertain of its financial resources. However, the consequences of a breakdown of the UN system would be very damaging. It would weaken the spirit of internationalism and put a premium on confrontation rather than co-operation in international relations, especially between North and South. More importantly for all interested in Third World development, it could damage the whole multilateral aid effort, especially in technical assistance. Pressure for reform has been growing, from developed and developing countries alike and there now seems to be a consensus on the need both to retain the system and to improve its operation. This Briefing Paper examines the criticisms, and looks at what might be done to correct the UN's shortcomings.

The UN is involved in economic and social problems world-wide by virtue of its Charter, signed in San Francisco in November 1945. Article 1 states its third purpose as being 'to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character'.

From this has emerged a diverse pattern of organisations (see Boxes 1 and 2). When the UN Charter was signed in November 1945 some parts of the present system were already in existence. The organisations dealing with telecommunications, meteorology and postal services date back to the second half of the nineteenth century. The ILO is a creation of the Treaty of Versailles in 1919. The Bretton Woods institutions (the IMF, the IBRD and the GATT) were negotiated separately and were partly established when the UN Charter was signed. They had important financial and economic resources and powers at their disposal and were constitutionally under the control of the Western industrial countries. Equally important for subsequent history was the fact that the signatories of the UN Charter in 1945 numbered fifty compared with more than three times that number today. In 1945 the UN consisted mainly of countries which, despite the serious ravages of war, were economically developed, with adequate domestic resources and competent administrations. After 1960 they were joined by over 100 other countries, largely ex-colonies of Britain, France, Belgium, the Netherlands, Italy and Portugal, located in the tropics, with underdeveloped economies and inadequate administrative resources. Moreover, throughout the UN system (except in the Bretton Woods institutions), these new countries had the major share of the voting power, while providing a minor share of the resources.

The international organisations created in the nineteenth century had two major functions: to collect information and to regulate and set standards. These have remained their main functions and those of some created since. Indeed most provide services without which the modern world could scarcely function. For example, the



airlines could hardly operate without ICAO's air traffic regulations or WMO's meteorological information and world health would be much poorer without the regulations devised by WHO.

Nevertheless, even before the advent of the new countries after 1960, three distinct types of agency had emerged: i. The **mainly regulatory organisations** which provided a service to all countries regardless of their economic status — known as the 'technical organisations' (eg. ICAO and IAEA). ii. The **Bretton Woods institutions** designed either to produce currency stability (the IMF), to regulate the exchange of tariff concessions (the GATT), or to mobilise capital resources for reconstruction and development. The first of these was the IBRD, to which were later added two offshoots — IDA and the IFC. Given the difference in their operations compared with the UN system at large, the Bretton Woods institutions are not considered here.' iii. Institutions dealing with **international social and economic problems** not merely dependent on the mobilisation of capital resources for their solution: labour (ILO), education, science and culture (UNESCO), health (WHO), food and agriculture (FAO), and industry (UNIDO). Voting on most issues in these institutions, known as the specialised agencies, is usually on the basis of equality between states, as it is in the first group.

Development after 1960

The advent of the new countries had two major effects.

1. See 'The US and International Financial Reform', ODI Briefing Paper, 1986.

Box 2: Principal Organisations of the UN System in the Economic and Social Field

Intergovernmental Agencies (generally known as 'Specialised Agencies')

FAO	Food and Agricultural Organisation
GATT	General Agreement on Tariffs and Trade
ITC	International Trade Centre
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organisation
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMO	International Maritime Organisation
IMF	International Monetary Fund
ITU	International Telecommunication Union
UNESCO	UN Educational, Scientific and Cultural Organisation
UNIDO	UN Industrial Development Organisation
UPOV	International Union for the Protection of New Varieties of Plants
UPU	Universal Postal Union
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WMO	World Meteorological Organisation
WTO	World Tourism Organisation

World Bank Group

IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation

Organs and Programmes related to ECOSOC

UNHCR	UN High Commissioner for Refugees
UNICEF	UN Children's Emergency Fund
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
WFP	World Food Programme
WFC	World Food Council
UNCDF	UN Capital Development Fund
UNEP	UN Environment Programme
UNFPA	UN Fund for Population Activities
UNFDAC	UN Fund for Drug Abuse Control
UNSF	UN Special Fund
UN Special Fund	for Land-Locked Developing Countries
INCB	International Narcotics Control Board
ACC	Administrative Committee on Co-ordination
UNRISD	UN Research Institute for Social Development

Special Bodies of the United Nations

INSTRAW	UN International Research and Training Institute for the Advancement of Women
UNITAR	UN Institute for Training and Research
UNRWA	UN Relief and Works Agency for Palestine Refugees in the Near East
UNU	UN University
UNV	UN Volunteers
UNDRO	Office of the UN Disaster Relief Co-ordinator
UNIDIR	UN Institute for Disarmament Research

Regional Agencies

Inter-American Development Bank
African Development Bank
Asian Development Bank
Caribbean Development Bank
Economic and Social Commission of Asia and the Pacific
Economic and Social Commission of Africa
Economic and Social Commission of Latin America

by supervising programmes of technical assistance. For this, new funds were established (the two more important of which merged in 1965 into the UNDP). All the specialised agencies embarked on programmes of technical assistance to developing countries, but this became the major preoccupation of FAO, WHO, ILO and UNESCO (and later of UNIDO).

Until 1964 the principal fora for the discussion of international economic matters had been the IMF and the GATT, but developing countries did not consider that these institutions paid sufficient attention to their interests. Indeed, many developing countries did not have the resources to take advantage of GATT facilities. The UN General Assembly therefore established a permanent conference, UNCTAD, to 'promote international trade, particularly between countries at different stages of development, with a view to accelerating the economic growth of developing countries'. UNCTAD established an elaborate system of committees and a Board as permanent organs of the Conference which has met about once every four years. They are assisted by a permanent secretariat. Countries are organised into four groups: A, African and Asian countries; B, Western European and other 'market economy' countries; C, Latin American countries; D, Eastern Europe. Groups A and C usually work together as the 'Group of Seventy-Seven' (though they are now 128 states); and this system has since spread to many other parts of the UN. UNCTAD became *de facto* a secretariat for the developing countries, acting as a pressure group to agitate for new world economic arrangements and if possible to negotiate them.

The major problems of the system

In their evolution since 1945 the agencies, and the system of which they form part, have faced five major problems.

Constitutions and agency decision-making

Every specialised agency has its own constitution, but they have common features. Most have a governing body representative of all member states, usually described as the Assembly or Conference and they have an executive body, generally known as the Council or the Board, responsible for supervising policy execution, with a more limited membership of states' representatives elected for a fixed term. Each agency is responsible for appointing its own staff (though under the agreements with ECOSOC they have to have 'similar' terms and conditions — except for IBRD and IMF). The chief executive officer, usually known as Director General, is elected for periods of four to six years by the governing body and can be re-elected. Decisions in the governing and executive bodies are usually taken on the basis of 'one state, one vote' except where 'weighted voting' applies (mainly in the 'financial' institutions). Much resentment has been caused among Western governments and more recently also in the Soviet Bloc by the determination of Third World states to use their majority to carry votes regardless of developed country views (including votes on budgets).

Staffing and personnel

The permanent staff of the agencies (excluding IMF and IBRD) number about 50,000 of whom about 19,000 are professionals and 31,000 service staff. There is much evidence (e.g. in the UN's own Joint Inspection Unit (JIU) reports) to show that in recent years standards of professional staff have been unsatisfactory. Thirty per cent have no university training and a further 30% have no postgraduate training. This is often attributed to more emphasis being placed on 'recruiting staff on as wide a geographical basis as possible', in preference to applying standards of 'efficiency, competence and integrity'; but it is

First it made the preoccupations of this 'Third World' — political and economic — a major concern of the UN General Assembly. Secondly, it gave the specialised agencies an important new role in trying to remedy the administrative and technical deficiencies of the new states

probably more due to government lobbying behind the scenes for the appointment of their own nationals regardless of suitability and competence. The remuneration of professional staff is determined by that of staff in 'the comparator country' which since the foundation of the UN has been the United States. For a variety of reasons, UN and agency professional staff, though highly paid, have had no pay rises for 10 years and are now very discontented. Their pay has also been affected by changes in the exchange rate of the US dollar. Even so, some 80% of the budgets of the UN and most agencies are staff costs.

The Executive Heads of the agencies pose a special problem. The process of appointment involves election by a majority of member states. Once appointed they are constitutionally in a very strong position with little effective control exercised over them by their Governing Bodies. Re-election for one or more terms is commonplace. These processes place a premium on political skills rather than professional or managerial competence, with consequences which have had adverse effects on the work of some agencies.

Financing the system

The finances of the system are complicated. Leaving out of account IBRD, IMF and IFAD (whose finances are *sui generis* for functional reasons), the finances of the other agencies have two main elements — assessed and voluntary contributions:

The assessed budgets of the agencies represent income from member governments' subscription dues. Each government on joining has to agree to defray a fixed percentage of the assessed budget whose total is determined by majority vote. For the majority of members, this is no more than 0.01% of the total, but for the US it is usually about 25%, with 10% for USSR and Japan and about 5%-8% for countries the size of the UK. Assessed budgetary contributions for 1987 for the 12 principal agencies amount to US\$977m (compared with the UN itself of \$707m) but already on past contributions there were, by September 1986, outstanding arrears of \$452m (plus \$390m for the UN itself), most of it from developing countries.

Income from the assessed budgets is spent mainly on ordinary running expenses (staff costs, conferences, etc) but in 1987 about \$350m of it will be spent on technical co-operation programmes in or on behalf of developing countries. This last figure is, however, deceptive since 60% represents expenditure by WHO. The other agencies will spend \$122m in this way (plus a small sum by the UN itself).

The difficulty with the assessed budgets has always been that they can be imposed on the major contributors by majority vote. Over 60% of their assessed budgets are provided by 11 countries who have only 11 votes (Australia, Canada, France, West Germany, Italy, Japan, Netherlands, Spain, Sweden, UK and US). In 1964 they formed the *Geneva Group* to try to ensure some restraint on agency budgets. They have had some success. In 1964, budgets in the 'Big Four' were increasing at 15% per year. By 1984 UNESCO was down to 3.8% real growth; FAO to 0.5%; WHO was -0.3% real growth and ILO 2.6% real growth. Zero real growth throughout the system was the Geneva Group's aim. Two important points should be noted. First, the Geneva Group succeeded by co-ordinated diplomatic effort in changing agency *practice* without any change in agency constitutions. Secondly in their concentration on budgetary levels, the Geneva Group failed to give enough attention to programme content and performance.

The second major source of funds for agency expenditure is **voluntary contributions by governments**. These are used to finance all the technical assistance

activities of the agencies and of the UN itself other than those paid for from the regular assessed budgets. In 1969 Sir Robert Jackson was commissioned by the Administrator of the UNDP to make a 'Study of the Capacity of the United Nations Development System'. His main recommendation was that donors should channel most of their multilateral technical assistance contributions through the UNDP which should then become the focal point for the co-ordination of technical assistance throughout the entire UN system. Though ostensibly endorsed by member governments, this was not implemented partly because of agency rivalry for the limited funds available, lack of technical competence in UNDP and because member governments, especially donor governments, failed to co-operate. Before Jackson some 60% of UN technical assistance funds were channelled through UNDP, but by 1980 this had dropped to 39%.

Co-ordination

The founders of the UN deliberately made the agencies autonomous and independent. The idea was to encourage sectoral initiative which it was argued would be 'a source of great strength and vitality to them'. When, however, the emphasis of their activities shifted towards technical assistance, their sectoral concentrations became a source of rivalry, (well documented in many UN reports) especially as they competed for limited funds. This had three adverse effects. First, agency rivalry produced distortions in the international development effort, with scarce resources not being used to best advantage. Secondly, it stimulated rivalry between national ministries, which led to 'governments speaking with different voices in different agencies', often weakening the national development effort. Thirdly, on the ground, when combined with unco-ordinated lobbying from bilateral donors, it produced great administrative confusion and waste of resources.

Numerous attempts have been made to deal with this problem. In 1946 ECOSOC founded the Administrative Committee on Co-ordination (ACC) which brought together the heads of all the agencies, funds and programmes under the chairmanship of the Secretary General; then in 1969 Jackson recommended co-ordination through the centralised financial control of UNDP. This having failed, in 1978 there came UN Restructuring Resolution 32/197 and the creation of the post of Director General for Development and International Co-operation, directly responsible to the UN Secretary General in New York; and the widening of the responsibilities of UNDP's Resident Representatives in the field in the poorer countries to that of 'Resident Co-ordinator'. In 1986, however, the Director General's report to ECOSOC showed that the problem was still as acute as ever.

'Politicisation'

The charge of 'politicisation' against the UN specialised agencies and the system is a complex one. Obviously, since the specialised agencies deal with important sectors of government policy, they are inevitably 'political' and sometimes, since policies in these sectors must involve hard choices, they are bound to be politically controversial. That, however, is not the burden of the charge which, as formulated by Dr Kissinger prior to the US withdrawal from the ILO in 1977, is that in recent years they have become 'increasingly and excessively involved in political issues' quite beyond their 'competence and mandate'. 'Questions involving relations between states and proclamations of economic principles should be left to the United Nations and other agencies', he argued.

What has happened since 1960 is that groups of

developing countries, increasingly frustrated at their failure to get satisfaction on a number of important issues in the 'proper' fora, have engineered debates on them in any forum they could find, notably the governing bodies of the specialised agencies. Among such issues have been: various aspects of the **economic relations between North and South**, summed up in the demands of the New International Economic Order (properly the concern of UNCTAD and the General Assembly); varying **interpretations of 'human rights'** summed up in the phrase 'collective rights versus individual rights' (properly the concern of the General Assembly, ILO, UNESCO and the Human Rights Commission); **apartheid**, which has led to attempts, largely successful, to secure the withdrawal of South Africa from a number of organisations, without so far having much effect on the domestic situation in South Africa; the **Arab/Israeli conflict**, manifested largely in attempts to expel Israel from UN organisations.

In addition, some developed countries, notably the US, have used organisations which they control (notably the IBRD) to deny funds to governments of which they disapprove (eg Vietnam, Cuba, Ethiopia, Nicaragua).

Proposals for Reform

What is lacking is agreement, especially across the North/South divide, about how to bring about reforms or improvement. Almost from the foundation of the system in 1945 there have been criticisms of its shortcomings and many attempts at 'reform'. These have usually involved the creation of new bureaucratic structures within the system to produce more effective 'co-ordination'. But, as the JIU Report 85/9 put it, 'this extraordinary perseverance produced no results. This mass of efforts, changes in structure, work on methodology and recommendations, precise though they were and formulated in an imperative way by the General Assembly, have in no way improved co-ordination' or indeed anything else. What was needed instead was firmer action by governments exerted by their representatives on governing bodies. The OECD's Development Assistance Committee's Chairman's report for 1986 rightly criticised donors for becoming 'increasingly strident in their calls for an improvement ... in the UN system' while at the same time showing 'lack of determination and of unity in the pursuit of, and support for, efforts aimed at reform; lack of consistency in the positions taken in the various governing bodies of the agencies of the system; lack of consistency in their proclaimed view of the UNDP as the system's central funding agency and the financial decisions actually taken'. What should be the priorities for future reforms of the system, bearing in mind these mixed achievements of past efforts? A recent study of the UN system has highlighted a number of areas in which reforms should be attempted²:

Better co-ordination at the centre: a case can be made for the UN abandoning its misguided attempt to orchestrate the entire development effort of the UN system by General Assembly resolutions of which governments and agencies take little notice. The onus is on governments to use diplomatic pressure to ensure that agency heads pay more attention to the UN Secretary General and his Director General for Development and International Cooperation in their attempts to limit the worst scandals of agency

overlap and rivalry (such as have occurred in dealing with the African famine). Following the example of what has been achieved by the Geneva Group in respect of budgets, such pressure could be effective if applied in a co-ordinated manner and sustained over time.

Better co-ordination on the ground: a prerequisite is a strengthening of local government administration especially in the poorer countries to enable them to deal with the thirty or so different agencies, bilateral as well as multilateral, who come to them in search of programmes and projects on which to spend their money. Only by disciplining donor governments and agencies can the worst evils of 'agency salesmanship' be avoided. Recipient governments could ensure that all inputs from whatever source accord with their development priorities and that these are soundly based. Donors themselves, however, can set a better example by not competing so blatantly for the more desirable projects.

The UN system would be more effective if there were an improvement in the quality of the staff. This could be achieved by a return to the principles of the Charter (Article 101) that the 'paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity'. Nearly all governments have connived at breaches of this principle and the practice is increasing. The trend must be reversed and only governments can do it. Governments can also tackle the prolonged extensions of service of Directors General. A case can be made for limiting tenure to two terms.

More independent evaluation of the effectiveness of programmes undertaken by the agencies could also strengthen the UN system. Many programmes are prolonged year after year simply because this suits the convenience of some section of the secretariat. It should not be too difficult to identify these 'obsolete programmes' and get them terminated if governments wish.

On the global level, the attempt to dictate huge changes in the structure of the world economy by General Assembly or even UNCTAD resolution is questionable. It has not been taken seriously since the Cancun Conference of 1981. A new approach is urgently needed, difficult though it may be to find one. One possibility is that instead of using UN machinery to secure 'New Orders', an attempt should be made to negotiate a series of 'New Deals' dealing with such problems as debt, commodities, environment and population problems or those of certain areas such as the Sahel. To some extent this is already happening, but UN machinery could be better mobilised to contribute to the process by using their staffs to analyse the possible parameters of agreement and to work out the details. But before this can take place successfully, there has to be a change of attitude among governments of the North and South alike. The future of multilateralism will depend more on changes in the attitude of member states than on constitutional reforms of the UN system.

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2. Douglas Williams, *The Specialized Agencies and the United Nations*, London, 1987.