

2015: MOBILIZING GLOBAL PARTNERSHIPS



UNITED NATIONS DEVELOPMENT PROGRAMME ANNUAL REPORT 2004



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Cover: All UN Member States have agreed on the eight Millennium Development Goals, with a deadline of 2015 for achieving them. Towards the first goal, eradicating extreme poverty, participants joined the 2003 UNDP-sponsored Match Against Poverty in Switzerland, which raised funds for poverty reduction projects. Under the third goal, promoting gender equality, women in the Arab world overall are on track to reach parity in some levels of education. Steps are now being taken to remove barriers to employment and political participation. All of the first seven MDGs hinge on goal eight: a solid partnership between nations of the North and South committed to providing domestic and international resources for effective development.

THE NEW UNDP: DELIVERING RESULTS

For the United Nations Development Programme (UNDP), 2003 marked an important milestone. For the first time in UNDP history, total resources exceeded US\$3 billion: an unprecedented figure and eloquent testimony to the support and confidence the new UNDP enjoys from donors and programme countries alike. It was also a personal milestone, as I was honoured to be nominated by the UN Secretary-General—and accept after approval by the General Assembly—a second four-year term as Administrator.

Both events testified to a very encouraging fact. After four years of rigorous and painful reforms, UNDP is finally starting to fire on all cylinders: delivering focused, measurable results across all our five practice areas, from democratic governance to energy and the environment. Whether measured by independent external surveys of our partners' perceptions of UNDP's work at country level or our annual internal staff surveys, by programme performance against clear benchmarks for development effectiveness or media coverage of our reports and activities, UNDP has re-established itself as a trusted, articulate global partner on development issues. And from post-conflict recovery and reconstruction to how best to support and stimulate job-creating entrepreneurship in even the poorest countries, we are now helping catalyse and lead new global development debates rather than simply following them.

But we cannot afford to be complacent. While we can and should acknowledge real improvements and

In Morocco to attend the Group of 77 High-Level Conference on South-South Cooperation, Malloch Brown (second from right) visits a UNDP-supported project. It helps hundreds of young entrepreneurs provide clean, efficient energy to their rural communities.



progress, we know we have much more still to do to complete the transformation into the cutting edge, knowledge-based development organization we aspire to be. And we know that despite overall improvements in our funding environment, we continue to struggle to build up the core resources needed to underpin our effectiveness, independence and ability to mobilize further non-core resources.

We also are aware that we have to operate in a global environment that is ever more dangerous and uncertain. From continued conflict in the Middle East and Iraq to the resurgence of crisis in Liberia, from growing political instability in parts of Latin America and central Asia to the relentless spread of HIV/AIDS beyond its African epicentre to South Asia and Eastern Europe, the range of development challenges only seems to grow.

But if there are enormous problems, we also have an increasingly good grasp of solutions. As UNDP's *2003 Human Development Report* showed, with sufficient political will the Millennium Development Goals (MDGs) are still achievable globally and in nearly every country. But time is fast running out. While the primary responsibility clearly lies with developing countries maximizing the use of domestic resources, if we do not have a major breakthrough on the Doha Development Trade Round and on scaling up aid and debt relief to a level commensurate with needs by the end of 2005, the 2015 deadline for the MDGs will be missed. Development results do not change overnight. We need at least a decade of increased investment and improved national and global policies to secure success.

The competition for the hearts and minds of the half the world living on less than two dollars a day is being played out across nearly every region, as the anger of marginalization contests the future with an expanding opportunity of jobs and a decent life for the poor. UNDP's vision is clear: to play a pivotal role as advocate, enabler and adviser, partner and leader in helping shift the MDGs from rhetoric to reality.

Mark Malloch Brown

Mark Malloch Brown
UNDP Administrator

A TIME TO ACT

In 2003, crisis rippled around the globe. To a large extent, this was because so many people still have so few opportunities to secure the basic aspirations of a decent life. As a global community, we know what could carry us part of the way along the road to greater peace and stability: the eight Millennium Development Goals, agreed on by all UN Member States four years ago.

Before it is too late and too difficult, we must take the steps to make them happen, understanding that we face a historic opportunity. We can either continue trying to patch up the world's problem spots. Or we can decide to pursue a more hopeful vision for our future. Lasting peace can come when growing economies and stable democracies deliver the education, health care and other staples of human security that every man, woman and child deserves.

For this, the global community has the resources—relieving debt and easing unfair trade subsidies alone would free billions of dollars. We have the will—wealthy countries are starting to deliver on their commitments at the 2002 Monterrey International Conference on Financing for Development to increase official development assistance, and a number of devel-

oping countries have implemented reforms that could flourish with a moderate influx of funds. We have the way forward—the MDGs, which are being embraced as an inclusive, comprehensive development strategy in countries around the world.

In 2003, developing nations able to systematically focus on development results started to move forward: Bangladesh sent more children to school; Ghana offered more people clean water; Uganda reduced HIV infection rates. But for those countries locked into worsening poverty or seared by crisis, the prognosis seemed grim.

EVERY COUNTRY COULD MEET THE MDGS

The world is still at a point, however, where we can work towards a brighter outcome: one of universal attainment of the MDGs. The goals are about the fundamentals of functioning, secure societies, and as the UN's global development network, UNDP is committed to this vision. As our *2003 Human Development Report* documented, with strong, nationally owned policies as well as sufficient international support, nearly every country can still meet the goals by 2015—but only if we redouble our efforts, starting now.

Next year, the UN General Assembly will review progress towards the MDGs. This will be an important chance for developing countries to advance costed plans of action, grounded in careful, thorough analysis. It will also provide an occasion to further the kinds of local initiatives that will breathe life into the goals where they matter most: within people's homes and communities. At the same time, the MDGs are the voice of the global community. While the agenda of the goals is much larger than any one person or organization, it requires a strong and coordinated UN, one that can fulfill its mandate for leadership in peace and development, and can be charged with upholding the universal spirit of the goals.

In taking up its share of this responsibility, UNDP plays a double role. Internationally, we head the UN



Under the UN Collaborative Action Plan in Thailand, UNDP launched projects to improve livelihoods for the poor in five provinces. The strategy proved so effective that it has now been adopted nationwide. In Ban Laem, villagers have cooperatively organized patrols against poachers, a serious drain on their income from cockle gathering.

MILLENNIUM DEVELOPMENT GOALS

1. eradicate extreme poverty and hunger
2. achieve universal primary education
3. promote gender equality and empower women
4. reduce child mortality
5. improve maternal health
6. combat HIV/AIDS, malaria and other diseases
7. ensure environmental sustainability
8. develop a global partnership for development

Development Group (UNDG), the body that coordinates the major UN development agencies. Nationally, our Resident Coordinators lead UN Country Teams, which represent the organizations present in each country. On both levels, we are a leader and a partner in an array of UN MDG advocacy initiatives that are mobilizing people and actions around the world. We also connect countries to available knowledge and advice, so they can better determine what combination of development strategies, partners and resources they need to take charge of their future.

OUR PRACTICES, GLOBAL GOALS

UNDP has a long history as the developing country's development organization. Today, after more than four years of extensive internal reform, we are better positioned to support countries than ever before. Rising core resources and increasing requests for assistance confirm global confidence in our transformation. Governments and others know that they can turn to UNDP and expect an effective, responsive development partner.

With knowledge networks that crisscross the globe, we now offer unprecedented access to our rich development experience in 166 countries. One set of networks is structured geographically around nine sub-regional resource facilities. Another series is based on our five practice areas: democratic governance, poverty reduction, crisis prevention and recovery, energy and environment and HIV/AIDS. Others focus on the MDGs, information and communications technology, gender, management and our renowned series of global and national human development reports. By 2003, there were over 12,000 members of these networks, including experts from across UNDP, other parts of the UN and outside institutions. Thousands of queries are now flowing into the system, and thousands of responses flow out, including lessons learned and information about potential partners.



Through its partnership with UNDP, the UN Capital Development Fund has helped local governments build their capacity to care for their environment. In Niger, women have built walls from local materials to halt the desert's spread.

To further enlarge this pool of expertise and resources, UNDP is also brokering an expanding number of alliances every year. A major new global initiative with Microsoft will promote job creation by melding our development know-how with their technology expertise, for example. UNDP cooperation with the Governments of Brazil, India and South Africa has yielded a South-South initiative for funding MDG projects. The third meeting of the Tokyo International Conference on African Development was convened in 2003 by the Japanese Government, UNDP, the Office of the UN Special Adviser on Africa, the Global Coalition for Africa and the World Bank. It broadened the scope for Africa-Asia cooperation, including in education. Between its own grants and co-financing from other sources, the Global Environment Facility, a partnership between UNDP, the UN Environment Programme and the World Bank, directed over US\$800 million during 2003 into environmental protection and sustainable livelihoods for the world's poorest people. UNDP's contribution included a portfolio of projects on such issues as biodiversity, climate change and land degradation.

Around the globe, in these and other initiatives, UNDP gears its activities towards the thread that runs through all eight MDGs: helping countries develop their capacity to develop themselves. As one starting point, we assist governments in reprioritizing their national budgets around the goals. After estimating the costs of reaching the MDGs, Yemen increased spending on education by 25 percent, on health by 56 percent, and on water and sanitation by 66 percent. UNDP expertise is also being used to devise MDG tracking systems. The Government of Albania is setting up an integrated database that will provide the

RALLYING THE WORLD TO REACH THE TARGETS

The MDGs reflect the needs people must fulfill everywhere to lead free and satisfying lives. Achieving them is everybody's business: presidents and parliaments, community organizations and civil society, local governments and the private sector. As basic tools that can be easily adapted and readily understood, the goals help people determine where they are on the development scale, and plan where they would like to be, from individual villages to entire continents.

In close partnership with other branches of the UN system, UNDP leads a number of research, outreach and advocacy efforts related to the MDGs. These stir broad understanding of the goals as an agenda for solving common concerns, provide practical solutions, and inspire commitment to reaching them on time. Major UNDP-supported initiatives include:

The Millennium Project: Accomplishing the MDGs requires first understanding how to reflect them in the mechanisms that mould development, particularly national policies and development strategies. Credible action plans, embedded with national

2003 Human Development Report: Millennium Development Goals—A Compact Among Nations to End Human Poverty. The report surveyed all developing countries, and identified those most at risk of missing the MDGs. It outlined a Millennium Development Compact, which sets forth the need for a new global balance between poorer countries improving their governance, and wealthy countries opening markets and providing more aid. Looking ahead to the 2005 review summit, the Millennium Project is now working with governments, international financial institutions and other partners to conduct a series of country-level pilot projects that will look at what each country needs in terms of policies, resources and economic growth to reach the MDGs.

The Millennium Campaign: From parliaments to community groups, in countries North and South, the UN's Millennium Campaign is rousing broad-based popular support for the MDGs. It works with constituencies in the North to gather political momentum behind goal eight, which calls for

tions and local authorities in Italy to make the MDGs a theme of the country's biannual October peace march. Over 100,000 people streamed through eight arches emblazoned with the goals, chanting, "There will be no peace until the MDGs are achieved."

In late 2003, the Millennium Campaign geared up its work on national campaigns in developing countries. It is now working with civil society networks across the South to spark public commitment to national policies in line with the first seven MDGs. Simultaneously, a BBC partnership has begun airing television and radio programmes on successful pilot initiatives in Africa and Asia, a project that will soon expand to other regions as well.

The MDG Reports: Since reaching any goal requires defining the starting point, UNDP is coordinating UN Country Teams to assist governments in the production of national MDG progress reports, and to convene coalitions of governments, civil society organizations and regional institutions to prepare regional versions.

We are part of the first generation that can eradicate poverty. Let's refuse to miss this opportunity.

— Eveline Herfkens, Executive Coordinator, Millennium Campaign

priorities, must chart the course to 2015. Towards this end, the UN's Millennium Project brings together over 150 policy experts, development practitioners and top scholars from around the world to research alternative approaches. Its first major task was to contribute research to UNDP's

increased aid, meaningful debt relief and expanded access to trade and technology. In 2003, the campaign gave presentations to the Cancun trade meeting and the high-level UN session on financing for development. It also joined a network of nearly 1,000 civil society organiza-

Summarizing basic data on each goal, the reports are an overview for policy makers and a tool for more general audiences. They help drive country level advocacy campaigns and inform political debate.

Over 60 country and regional MDG Reports have been published so far,



At Italy's biannual peace march, over 100,000 Italians made the case for the MDGs. The Millennium Campaign worked with civil society and local authorities on the theme: "No Excuse 2015".

and in 2003, UNDP held a series of regional meetings on report preparation that brought in government and civil society representatives from over 100 countries. Starting in 2004, we will more closely align UNDP support for the MDG Reports with our well-known national human development reports, so that the two can reinforce each other through the exchange of information and ideas. While the MDG Reports will remain tailored specifically to the goals, the national human development reports will continue to feature in-depth analysis offering detailed data and policy options on a broad, often provocative range of development issues.

Africa 2015: While UNDP launched the Africa 2015 campaign in 2003 to promote all of the goals, we also chose to focus on poverty and HIV/AIDS—two of the continent's

biggest challenges. The epidemic already affects more than 27 million Africans, and is rapidly rolling back years of social and economic achievement. Africa 2015 brings together people who can catch popular attention: celebrities, singers and sports stars, as well as the media and political leaders. Key messages on the fight against HIV/AIDS were splashed across the 2004 Africa Cup of Nations soccer tournament in Tunisia, for example. They appeared on stadium billboards featuring soccer heroes and UNDP Goodwill Ambassadors Ronaldo and Zidane, on the jerseys of ball boys, and on a giant banner presented to the Tunisian President. Radio France Internationale is now partnering with UNDP on a monthly broadcast to popularize the MDGs.

HARNESSING THE POTENTIAL OF THE PRIVATE SECTOR

Economic growth rests at the core of the MDGs; without it, ending poverty will remain perpetually out of reach. Already, the pursuit of the goals is prompting exploration of new economic resources—including among small- and medium-sized enterprises. Their potential contributions to development have been overlooked, even as they often serve as a primary engine of job creation and domestic commerce.

At the UNDP Administrator's suggestion, the UN Secretary-General in 2003 formed a high-level commission to identify obstacles to domestic private enterprise in developing countries, especially the poorest nations. Chaired by Canadian Prime Minister Paul Martin and former Mexican

President Ernesto Zedillo, and managed by UNDP, the Commission on the Private Sector and Development drew upon the perspectives of business leaders from around the world for a major report in early 2004.

Unleashing Entrepreneurship: Making Business Work for the Poor looks at how the business community as a whole can advance development. It highlights the need to open opportunities for the indigenous business that already serve and employ most of the world's poor—from street vendors to car repair shops—and recommends specific actions for governments, development agencies and the private sector itself. Relaxing prohibitive business regulations, easing access to financial services and sourcing goods

locally would be among a series of important first steps.

Given the inextricable links between sustainable development and long-term private sector growth, the potential benefits of releasing the power of local entrepreneurial energies are great, including stronger economies and more vibrant business communities. Consumers at the bottom of the current pyramid who miss out on economies of scale—including the four billion who earn less than \$1,500 a year—would enjoy greater access to higher quality, affordable goods and services. Most importantly, the infusion of jobs and higher incomes could transform many impoverished communities, bringing prosperity into millions of lives.

first reliable numbers on infant and maternal mortality, while Malawi has included MDG indicators in its Social Economic Database, the backbone for monitoring its poverty reduction strategy paper.

UNDP also supports thousands of other development projects clustered around our five practice areas. Our democratic governance practice promotes political participation and accountability, and serves as the foundation for much of the rest of our work. It absorbs 60 percent of our global technical assistance expenditures—UNDP is now the world's largest multi-lateral provider of governance assistance. Our poverty reduction practice helps countries develop pro-poor policies based on participatory processes, connect the MDGs to national budgets and poverty reduction strategies, and improve MDG monitoring. The goal of our crisis prevention and recovery practice is to link relief and development, while addressing the root causes of disasters and conflicts. Integrating environmental resources management with poverty reduction is central to our energy and environment practice. Through our HIV/AIDS practice, we assist countries as they move the issue to the centre of their national development agendas, support leadership initiatives

and aid in implementing responses to the epidemic.

AN AGENDA FOR ALL

For UNDP and all the agencies of the UN, the past few years of working on the MDGs have opened room for great optimism. The goals are the most clear-cut and widely accepted set of development priorities the world has ever known.

We can already see the difference they make and the potential they carry, and so despite the tumultuous events of 2003, our resolve to move forward has only grown stronger. Everyday, we witness what happens when the MDGs remain an abstraction. But we can also testify to the tremendous possibilities unleashed by development founded within local realities and dedicated to achieving results.

Our task is now the fulfillment of the MDGs, country by country. Together, UNDP and many other members of the global community are already acting in terms of this progressive human development agenda, available to all. With the MDGs as our guide, we are shaping policies, institutions and infrastructures truly concerned with the welfare of our citizens—and the security and well being of our world.

THE ROAD TO PEACE

Crisis came in many forms, to many people throughout 2003—the war in Iraq, internal conflict in Liberia, the devastating earthquake in Iran, and the long and deadly hostilities in Colombia and Sudan. Sadly, these are just a few examples. By some estimates, a quarter of the world's population lives in the midst of some form of upheaval. Development cannot take root when people are fleeing to a refugee camp, or fearing that a trip to the market might mean death from a landmine or the blast of a car bomb.

And yet these are precisely the situations where development is needed most, and where there is an undeniable incentive to move forward on the MDGs. Stable, equitable societies where people have a real voice in the decisions that shape their lives are less likely to collapse into chaos. In the case of natural disasters, they are more likely to recover rapidly and suffer far fewer losses of life. When not enough has been done to ease vast social, economic and political disparities, and a conflict or disaster does erupt, it saps the strength of whatever development has taken place, setting back countries, in some cases, by decades.

In recent years, UNDP has seen more than half our programme countries request support related to preventing or dealing with crisis. Providing this assistance has become one of our most demanded services, whether in the form of mobilizing international resources and partnerships, or working with national governments to carry out on-the-ground development initiatives that connect people to the prospect of a better life.

Across South Eastern Europe, UNDP helps fight the illicit trafficking of small arms and light weapons. Their proliferation fuels crime and conflict, while undermining peace-building. A regional project, the South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons, supports the 1999 Stability Pact in assisting such countries as Serbia and Montenegro to collect and destroy thousands of deadly weapons.

Within the UN system for coordinating development and disaster assistance, we play a pivotal role in the transition between relief and development, both under our own organizational mandate, and as head of the UNDG and coordinator of UN Country Teams. Particularly in the case of countries emerging from conflict, transition is a fragile time, and a relapse into fighting can happen in a flash. Starting as soon as conditions permit, we draw upon our experience and relationships with a broad spectrum of partners to put in place viable, concrete alternatives to renewed warfare. In many countries, we already have a long-established presence, and are ideally positioned for the task of integrating development within the earliest stages of recovery and beyond.

We place special emphasis on supporting national capacities to manage crisis situations, while helping governments and civil society address factors that could fuel future incidents. Our country offices take the lead, backed by our Bureau for Crisis Prevention and Recovery. The bureau also oversees our crisis prevention and recovery practice area, which facilitates a global exchange of knowledge on strategies with a proven track record. There are strong connections as well to our other practices, especially democratic governance and poverty reduction, and integral links to the broader agenda of the MDGs.



LIBERIA: A JOURNEY TOWARDS RECOVERY

The promise of peace came in 2003 to Liberia, a land of shell-marked towns and an 85 percent unemployment rate, where people live in shipping containers that line the shattered roads. For war-weary Liberians, until recently, the MDGs were impossible to plan for, or even imagine.

Hope began to dawn with the August signing of the Comprehensive Accra Peace Accords and the subsequent installation of a transitional government. As the UN peacekeeping troops began to arrive, UNDP, backed by a nearly four-decade presence in Liberia and extensive expertise in crisis countries, quickly stepped in to help marshal international support. With over 800,000 displaced people and refugees, and its infrastructure in shambles, the country requires assistance to conclusively end 14 years of war. It has been a conflict that not only brutalized Liberia, but shook the entire West African region.

In February 2004, UNDP, as head of the UNDG, coordinated an international donors meeting, along with the World Bank and the United States Government. The Liberia Reconstruction Conference raised over \$500 million. These funds will go towards priorities identified by an assessment carried out by the UN and the bank, which worked closely with the transitional government and international donors. Government and civil society representatives presented a convincing case for Liberia's most pressing needs, and forged partnerships to manage the injection of new resources.

All through this process, UNDP has also continued working on the ground in Liberia, taking new development initiatives and building on those already in place. We are helping to disarm and reintegrate combatants, restore basic services, and build the capacity for governance reform and economic management. To help

heal some of the wounds of the past, we are supporting human rights initiatives, including those aiming for the creation of a Truth and Reconciliation Commission. Other projects are addressing environmental degradation and the rapid rise in HIV infection rates, the latter in close partnership with the Global Fund to Combat AIDS, Malaria and Tuberculosis.

With our growing experience in post-conflict countries around the world, UNDP knows that peace may begin when soldiers agree to put down their guns. But it only remains when people are able to revitalize their communities, depend on functioning services and participate in shaping their society. These pieces are now coming together for Liberia. In the lead-up to the elections scheduled for 2005, UNDP will be there as a development advisor and partner, helping Liberians make sure they form the picture for the future.

FOUNDATIONS FOR DEVELOPMENT THAT LASTS

UNDP concentrates on several aspects of crisis prevention and recovery, while retaining the flexibility to respond to individual situations. During the post-conflict period, a major area of our expertise, we look for ways to help not only defuse tensions by filling immediate gaps, but also to help countries rebuild functioning institutions that can ensure stability. Our Afghanistan programme has assisted the Afghan Ministry of Interior in training a civilian police service, and we have been integrally involved in supporting Afghanistan's slow but judiciously constructed approach to national elections. Now we are working closely with the government and the UN Country Team on a platform for development over the longer term. Tailored around the MDGs, and drawing upon Afghanistan's first MDG Report, *Opening Doors to Opportunity*, it will extend Afghanistan's ability to serve its citizens on every level, from the rehabilita-

tion of courtrooms to the care of the disabled.

In Iraq, we were prepared for a full-scale reconstruction operation. Despite the interruption caused by the attack on the UN's Baghdad offices, we have continued with major projects such as supporting the emergency rehabilitation of electrical systems, dredging the access channels to the Umm Qasr port, and running a programme to employ poor residents of Baghdad and Basra in removing rubble from the streets. In early 2004, 19 countries committed over \$1 billion to the International Reconstruction Fund Facility for Iraq, which is jointly administered by UNDP (on behalf of the UNDG) and the World Bank.

Another UNDP priority is conflict prevention and peace-building, where we help bolster institutions that can prevent conflicts and address underlying causes. Kyrgyzstan's three provinces in the Ferghana Valley, among its poorest and most remote, struggled with the disruption of traditional economic and political

patterns after the Soviet Union collapsed. When ethnic tensions began to escalate, the government consulted UNDP about a programme for preventive development. Beyond strengthening the foundation of participatory local government, a pilot project included an early warning information system. Community organizations, many with multi-ethnic members, were trained to work with local government on managing conflict. Micro capital grants brought communities together around development planning, with tensions defusing as people collectively constructed irrigation systems and schools. The programme as a whole has now expanded across all three provinces, and involves cross-border activities with Tajikistan and Uzbekistan.

In its approach to peace-building, UNDP also emphasizes the reduction of small arms—a staple of modern warfare—along with overall disarmament and demobilization. Soon after the signing of the Marcoussis Peace Agreement in Côte d'Ivoire, we began working with the Government of National Reconciliation on a disarmament, demobilization and reintegration strategy, a process that fostered negotiations between belligerent forces. Our quick intervention and initial seed funding of \$500,000 later attracted support from bilateral donors, who have since contributed nearly \$10 million towards a series of major demobilization projects. Globally in 2003, through our Thematic

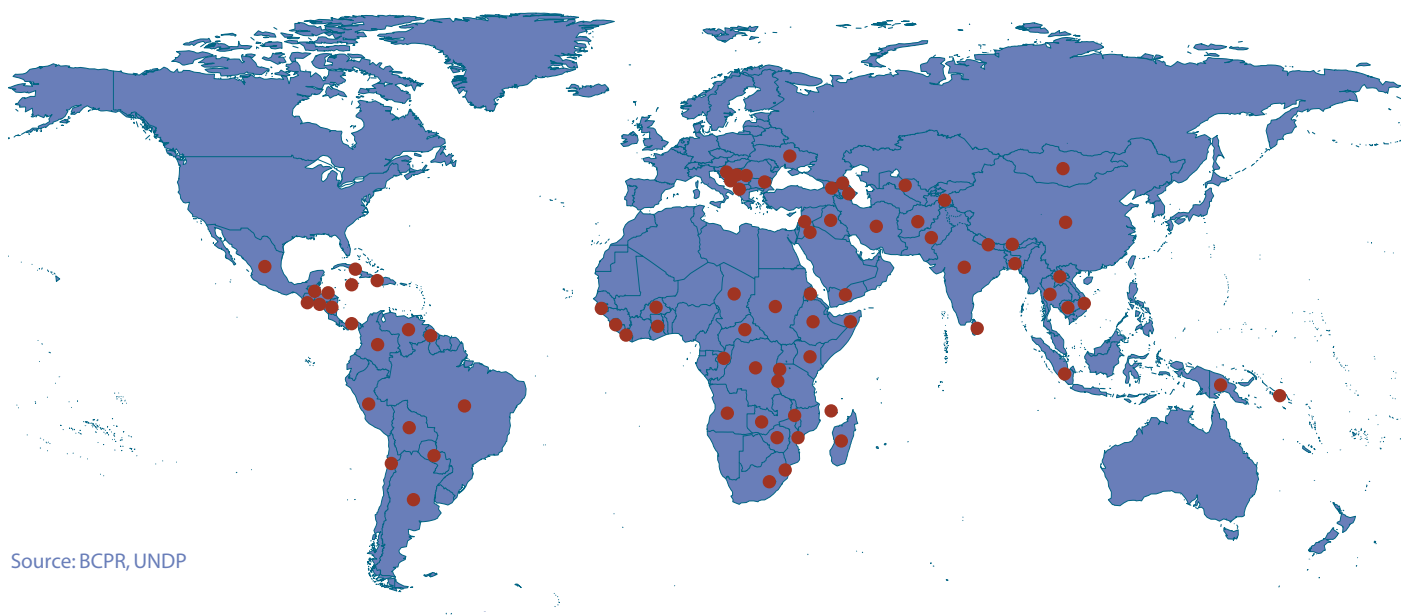
Trust Fund for Crisis Prevention and Recovery alone, UNDP aided the collection and destruction of 123,730 weapons and 170 tons of ammunition, including one million small arms cartridges.

We work on mine action as well, both as an international advocate for including it in development programming, and within individual countries. In Angola, we have helped the government build its capacity to cope with the deadly devices that litter its countryside. New national and provincial mine action authorities allow the government to clearly identify priorities and link mine action programmes to development. It is also pressing forward on such issues as the need to return farmers to their fields.

The devastating 2003 earthquake in the historic city of Bam, Iran was only one in a series of natural disasters in recent years that has taken a tremendous toll on human life and development. UNDP came forward immediately to coordinate an inter-agency assessment of relief and recovery needs, and then organized an international appeal for over \$30 million to provide shelter and jobs. More generally, UNDP works to ensure that development programmes factor in potential disaster risks, and assess ways to contend with them. A major contribution was the 2004 launch of the global report *Reducing Disaster Risk: A Challenge*

COUNTRIES FACING CRISIS

In 2003, 78 nations requested UNDP expertise to help them prevent or recover from conflicts or natural disasters.



Source: BCPR, UNDP



When an earthquake devastated the Iranian city of Bam, UNDP immediately helped conduct an assessment of what was needed to repair the damage, and coordinated a joint UN appeal for emergency funds. Reconstruction efforts are now reaching out to people like Mauma Polash, surrounded by items she salvaged from her home.

for Development. It chronicles how many natural disasters stem from poorly planned development. The pioneering Disaster Risk Index measures different vulnerabilities, identifies development factors that contribute to risk, and quantifies the relationship between disaster and policy choices.

INTERVENTION THAT TURNS THE TIDE

UNDP is now pursuing more regional strategies on crisis, given that turmoil in one country so often spills over into its neighbours. We are also beginning to lead, through the undg, the integration of conflict preven-

tion across country-level UN development programmes.

For post-conflict interventions to really turn the tide of hostilities, they must be rapid, strategic and big enough to make an impact. A lack of international resources often stands in the way, while much more could be done to share analysis and examples of what works. UNDP is advocating for the global community as a whole to put the systems and funds in place to intervene effectively. We can no longer sit on the sidelines of despair. It is time to move forward.

ARGENTINA: EASING THE IMPACTS OF INSTABILITY

In 2001, Argentina's economy collapsed. With the largest national default on foreign debt ever recorded, poverty swept into the lives of 55 percent of Argentines. Millions of people lost their jobs. A quarter of the population—many of them children and adolescents—could not afford enough food to eat. The humanitarian emergency only started to ease in 2003, when the economy began a slow climb to recovery.

UNDP once again has a full spectrum of development programmes in place in Argentina, many geared to the MDGs. However, recognizing that when people openly debate their nation's problems they are far more likely to buy into collective solutions, we also introduced our Democratic

Dialogue Project. A regional initiative based in Guatemala, it provides innovative tools for managing civic dialogue and conflict resolution in some of the most troubled states.

With the Argentinean Episcopate and the national government, UNDP has helped organize a series of high-profile conversations between politicians, business leaders, trade unions, religious leaders, journalists, civil society—even the Scouts de Argentina. Over the past two years, the participants have sat down at regular intervals to consider what can be done to soften some of the worst hardships, especially through state policies.

Their voices have been heard. Based on the dialogues, the government has already set up an unem-

ployment programme that has reached over two million of the most impoverished households with a monthly subsidy, and has developed a plan for giving free generic drugs and basic medicines to nearly 15 million people. The newest round of the dialogue has now taken up a sensitive but crucial concern, calling upon civil society, the Ministry of the Interior and the Head Office of the Cabinet of Ministers to discuss political reform.

Today, Argentines know that there is a viable alternative to the violence spawned by similar situations of crisis. When democracy has room for a myriad of perspectives, it offers the best way out.

Why is it worthwhile? Because there is no one out there to do our job, and because no one does it better. Because when you see people voting after years of fear, and smiling when going to the polling station, and when the queue of women voters is even longer than that of the men, when the elected Lord Mayor opens a well that brings clean water to a slum, when human rights activists can write and speak freely, when one child soldier leaves the rifle behind and goes to school, we know that we have been helpful, that we are making life better for others.

—Magdy Martinez Soliman, UNDP Democratic Governance Practice Manager

UNDP WORLDWIDE

In all five regions of the developing world, through regional and country programmes, UNDP helps countries build their own capacity for development. We offer a world of experience related to the MDGs, connecting partners and resources to translate the goals into actions that transform people's lives. Our focus is on five practice areas where our expertise is globally recognized.

These begin with our **democratic governance** practice, which promotes political participation and accountability, and serves as the foundation for much of the rest of our work.

With our **poverty reduction** practice, we help countries develop pro-poor policies based on participatory

processes, connect the MDGs to national budgets and poverty reduction strategies, and improve MDG monitoring.

The goal of our **crisis prevention and recovery** practice is to link relief and development while addressing the root causes of disasters and conflicts.

Our **energy and environment** practice promotes the integration of environmental resources management and poverty reduction efforts.

Through our **HIV/AIDS** practice, we assist countries as they move the issue to the centre of their national development agendas, support leadership initiatives and aid in implementing responses to the epidemic.

AFRICA

PARTNERSHIPS FOR A BRIGHTER FUTURE

For Africa, the last decade has been a time of hope in the midst of steadily accelerating political and economic progress. Most Africans now live under democratic governments, economic growth rates continue to edge upward and more African countries are making development a tangible reality for their citizens. Eritrea has reduced child mortality by 20 percent; Malawi is sending 30 percent more of its children to school; Tanzania has achieved GDP growth rates touching eight percent. A number of longstanding conflicts in the region have finally come to a close—the list includes Angola, Liberia, Mozambique and Sierra Leone.

These glimmers of good news don't obscure the fact that Africa's development challenges remain complex and large, from environmental degradation to the devastation of HIV/AIDS. If the current situation remains unchanged, the region as a whole will not make any of the MDGs, and the poverty goal alone will not be attained until 2147. Still, UNDP, which is present in 45 sub-Saharan African countries, and has worked in many since their independence, can predict an alternative vision. We know firsthand the enormous possibilities of Africa's energy and talent. If this can be combined with the right mixture of leadership and partnership, resources and meaningful democratic participation, nearly every African nation could fulfill the MDGs by 2015.

Currently, 50 percent of UNDP's core resources fund our programmes in Africa. We focus specifically on four areas that draw on our practice areas: democratic governance, poverty reduction, crisis prevention and recovery, and HIV/AIDS.

A NEW SPIRIT OF COOPERATION

Two of the most optimistic events in Africa in recent years have reflected an increasing understanding that African countries can achieve more together than alone: the landmark formation of the African Union (AU) and the New Partnership for Africa's Development (NEPAD). These serve as regional forums to support good governance and peace, and to cooperate on economic opportunities in a growing global marketplace. UNDP has backed both initiatives from the outset by leveraging financial and technical resources. In 2003, a comprehensive package of support for NEPAD helped launch the African Peer Review Mechanism, which evaluates democratic performance, and assisted efforts to boost the private sector.

Within many countries across the continent, constraints on the capacity of public institutions remain. UNDP carries out many initiatives to help countries function more efficiently and respond more effectively to national needs. In 2003, we supported efforts to strengthen justice systems, decentralize financial planning and improve agricultural output. We worked with Mali to prepare for local elections, and with Mozambique on a national plan to care for its environment. Cameroon turned to UNDP's expertise to help increase the efficiency of its civil service oversight.

Countries with the highest rates of HIV/AIDS are facing the relatively new issue of maintaining essential public services in the face of the erosion of human resources. The Southern Africa Capacity Initiative, launched in March 2004, will assist nine countries through a range of measures, from cultivating leadership skills to filling gaps with innovative technology.

In Lesotho, where chronic poverty, food shortages and a 30 percent HIV infection rate mingle and entrench each other, UNDP is help-

Since law and order is critical for peace, Rwanda turned to UNDP for assistance with its police force after its genocide. Support has covered training for individual officers, new police stations and training facilities, and a human rights programme. Today, officers like these bring a new sense of security to 145 districts across the country.





UNDP PRACTICES AT WORK

Regional: Partnered with the Southern African Development Community on integrated water management.

Regional: Built HIV/AIDS leadership skills in civil society groups from 40 countries.

Angola: Assisted in demobilizing and reintegrating 85,000 ex-combatants. (1)

Burkina Faso: Co-sponsored a donor roundtable attracting \$2 billion for poverty reduction. (2)

Burundi: Joined NGOs to provide core services to a million people. (3)

Central African Republic: Backed creation of the Provisional Coalition Government. (4)

Ethiopia: Brought computers and the Internet to high schools. (5)

São Tomé and Príncipe: Helped strengthen financial oversight. (6)

Swaziland: Supported revision of major laws on women's property and marital rights. (7)

Tanzania: Convened businesses to determine ways to increase investment and assist the poor. (8)

ing the government in mapping out a comprehensive response through its poverty reduction strategy paper.

For Africa, rapid economic growth will be key to achieving the MDGs, and it will be determined in part by the ability to access global markets. Under our regional African Financial Markets Initiative, we began working with a series of countries to strengthen their financial institutions. A partnership with the New York Stock Exchange and the African Stock Exchanges Association led to the organization of the first African Capital Markets Development Forum, which gathered more than 500 participants in New York to learn more

about the potential of African capital markets and to exchange best practices. We have brought the rating agency Standard & Poor's on board in several countries to assist them in obtaining their first sovereign credit ratings, a proven entry point to global markets. Four countries—Benin, Burkina Faso, Cameroon and Ghana—have now been rated.

These are just some of the many signs that Africa is on the verge of a brighter future. UNDP is helping connect the continent to the knowledge, experience and resources so they can make it happen—by 2015.

UNCDF: THE MDGS IN THE LDCS

Through local governance and micro-finance programmes, the UN Capital Development Fund (UNCDF) works in partnership with UNDP to bring the promise of the MDGs to some of the poorest communities in the least developed countries (LDCs). Despite the continued challenges it faces in meeting requests for assistance, and in reaching its Executive Board target of \$30 million a year in core contributions, UNCDF is having an impact that extends far beyond its individual programmes.

The fund's 2003 results-oriented annual report determined that,

between 2000 and 2003, more than 6.5 million people benefited from several thousand small-scale infrastructure projects delivered through UNCDF-supported local governance programmes. These projects have achieved significant impact in translating experiences on the ground into an impact on national policies. In 15 countries, they influenced national decentralization policies for the financing and provision of infrastructure and services to poor rural populations.

During the past four years, micro-finance institutions directly supported

by UNCDF offered services to more than half a million people. Furthermore, the fund assisted 17 countries in creating policies to encourage microfinance to flourish. In 2003, the UN General Assembly designated UNCDF and the UN Department of Economic and Social Affairs as coordinators for the International Year of Microcredit in 2005. UN Secretary-General Kofi Annan said the year would underscore the importance of microfinance as an integral part of the efforts to achieve the MDGs.

ARAB STATES

ADVANCING KNOWLEDGE-BASED SOCIETIES

Hugely diverse, the Arab region ranges from the very top of the human development charts to the very bottom, from the wealthy Gulf States to the impoverished countries of North Africa. As a whole, *Towards 2015: Achievements and Aspirations*, an MDG Report on the Arab countries released in 2003, found that the region has made some progress towards the MDGs. Literacy has soared along with life expectancy, and the vast majority of people now have safe water to drink. But in the 1990s, a time of increasing political and economic instability, progress began to stall, and the region is now, in many cases, falling short.

Within 17 countries and across the region, UNDP has explored the root hindrances to forward movement, including in those countries that on the surface

have sufficient domestic resources. Our analysis began with the *2002 Arab Human Development Report*, a ground-breaking publication that drew from the contributions of independent Arab scholars, and painted an unflinchingly honest picture of three development deficits: in political freedom, women's empowerment and knowledge. Its provocative conclusions not only sparked widespread debate within the Arab countries, but attracted international acclaim.

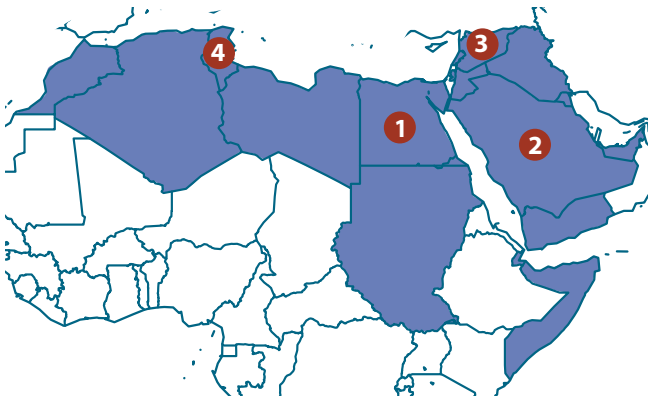
UNDP has turned to these findings to help mould development partnerships and inspire new forms of advocacy. In a region where minds and borders have at times been closed to the outside world, we are working with countries to explore the potential of a more open approach.

In the United Arab Emirates, women's literacy rates may be higher than men's, but this has not translated readily into more opportunities in other areas. Partnering with UNIFEM and the UAE's General Women's Union, UNDP helped draw up a strategy to expand the possibilities for women's participation across their society. A series of projects now support women entrepreneurs, build connections to the outside world, and train advocates to work with legislators and policy makers.

REJOINING THE WORLD

The *2003 Arab Human Development Report* focused on knowledge, and concluded that the deficit in the region is wide, afflicting education, research, the media and culture at large. UNDP's regional programme has already begun an assessment of higher-level education, where despite decades of investment, students remain poorly prepared for a competitive global marketplace. We are working with 35 Arab uni-





UNDP PRACTICES AT WORK

Regional: Hosted the first regional forum on local governance.

Regional: Produced the first regional documentary on HIV/AIDS.

Regional: Advocated for women's nationality rights.

Egypt: Trained micro-credit administrators to open business opportunities for poor women. (1)

Saudi Arabia: Supported the first MDG and national human development reports. (2)

Syria: Protected genetic diversity and the agricultural economy. (3)

Tunisia: Fostered sources of clean energy and new jobs. (4)

versities to begin defining the problems through self-assessments and external reviews, using international benchmarks. In six countries, UNDP is assisting the measurement of the quality of math and science education in primary and secondary schools.

For the Arab states, knowledge is the path both to better governance and economies diverse and flexible enough to compete with the rest of the world. At the same time, freer political systems and economic growth fuel the acquisition of new skills and under-

micro-credit programmes that extend sustainable livelihoods to women in Egypt, to a project that has opened new prospects for trade in Lebanon by unsnarling the red tape in the customs service. In two countries afflicted by long-term conflict, our concern has been helping people reach basic services. We have worked with local communities in Sudan on ending hostilities by jointly caring for solar energy projects, which are highly efficient for pumping water for irrigation. With the World Bank, we assisted Somalia,

We can free our minds to reason without fear, free our people's souls to breathe, and free our knowledge systems to grow into sources of new economic, social and technological strength.

— Rima Khalaf Hunaidi, Director of the UNDP Regional Bureau for Arab States upon the launch of the *2003 Arab Human Development Report*

standing. UNDP is advising Arab States on how to build some of the foundations of more open governments, including participation, the rule of law, transparency and accountability. In 2003, with our support, Bahrain sought to improve the skills of its Parliamentarians, and Yemen, which turned to us for technical advice on many aspects of its national elections, carried out one of the most fair and participatory polls ever to take place in the region. The turnout was 76 percent, with record levels of women voters.

While the Arab region is economically diverse, a common theme is economic stagnation, which feeds widespread discontent. UNDP supports activities fostering diverse sources of economic growth, from

which has no central government, in putting together its first collection of social and economic statistics in 20 years; donors can now use these to determine where support is needed most.

The Arab region, once the world centre for cultural pluralism and intellectual inquiry, still has a chance to catch up to the MDGs. UNDP offers a neutral platform for Arab countries to address their current challenges, share experiences and act on behalf of freer, more knowledgeable societies.

ASIA AND THE PACIFIC

CULTIVATING PROSPERITY THAT ENDS POVERTY

Asia's vibrant industry has flickered into a flame that has helped ignite the global economy over the past three decades. It has already reduced poverty at a faster rate than anywhere else in the world and is on track to halve it by 2015, as well as being on schedule for several of the other MDGs. A number of countries have already achieved the poverty goal. Still, the fact remains: Asia is home to 800 million of the 1.2 billion people in the world living on less than \$1 a day. Economies across the region face vulnerabilities from external shocks, and natural disasters extract a disproportionately high toll.

In many countries, while economic stability continues steadily growing, and governance becomes more open and flexible, the challenge now is to ensure

Accelerating urbanization has swept many Bangladeshis into urban slums, where municipalities cannot maintain basic services. After five years of intermittent water supplies, families in a Dhaka slum approached a UNDP-supported NGO to get a better connection. The group secured a loan for a water point, and an association of users formed to manage it. Diseases rates have dropped, and women monitor usage rates rather than transporting heavy buckets over long distances.



longer-term sustainability by extending the benefits that result across the board. In 25 countries across Asia and the Pacific, UNDP supports governments to take this essential next step in their development, concentrating on helping nations achieve more equitable economies, address links between poverty and the environment, and strengthen the mechanisms of democratic governance.

We focus on some of the fundamentals, such as expanding opportunities for the poor. Viet Nam's 2003 Enterprise Law, which will revolutionize its economy, benefited from UNDP's drafting expertise: it has already spawned over a million new jobs. In the Maldives, UNDP partnered with grassroots groups on a micro-finance programme that has generated local resources for schools. We supported the expansion of electricity grids to 14 Pacific islands, and the findings of a regional human development report on gaps in information and communication technology in nine Asian countries were debated at the 2003 World Summit on the Information Society.

Assisting the region on sustainable development often involves striking a better balance between the needs of its large populations and an environment struggling to keep pace. A project in Pakistan, jointly supported by UNDP and the Australian Government, has reclaimed 25,000 acres of salinic and waterlogged farmland. In the process, it spun a \$3 million investment into \$30 million in local assets, revived the fertility of the land, and provided sustainable livelihoods for the families of 17 villages.

Democratic governance initiatives have included efforts to encourage more responsive public institutions, increase participation in policy-making, protect human rights and promote gender equality. As Afghanistan moved on from its crisis, UNDP supported the government in completing the *Loya Jirga* and finalizing a new Constitution through a highly participatory process. The registration of voters began as a lead up to forthcoming elections.

PINPOINTING DISPARITIES WITH THE MDGs

In Asia, the MDGs will be particularly important in defining those parts of the region or individual countries that the economic boom leaves behind. UNDP's Asia Pacific regional programme and country offices are carrying out a number of advocacy campaigns

UNDP PRACTICES AT WORK

China: Helped speed up customs clearances from 22 days to two minutes. (1)

India: Backed state human development reports to pinpoint social and economic gaps. (2)

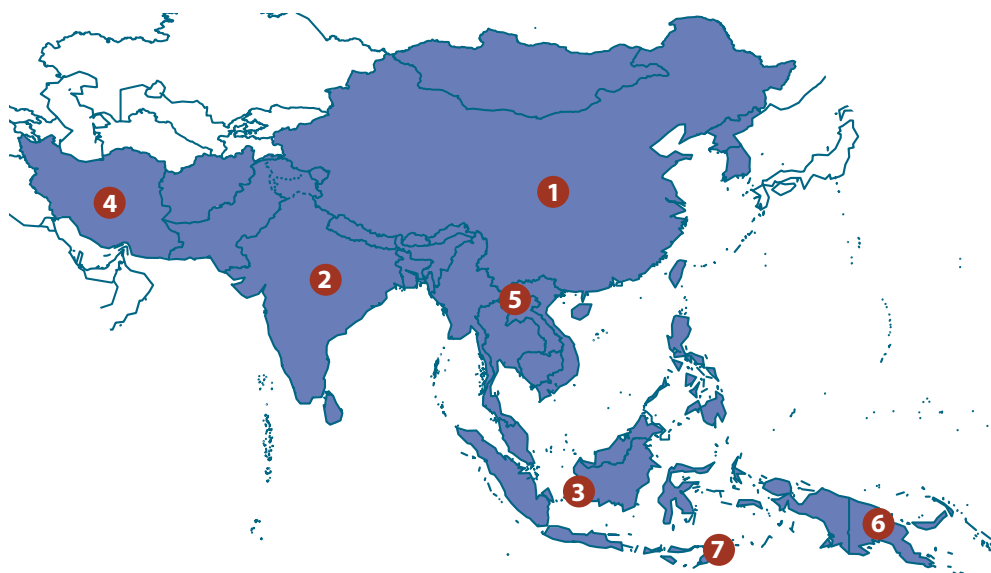
Indonesia: Supported traditional learning institutions on HIV/AIDS advocacy. (3)

Iran: Worked with the GEF to help communities manage mountain environments. (4)

Laos: Deployed UNVs to assist communities in improving local services. (5)

Papua New Guinea: Trained groundnut farmers on business skills for micro-enterprises. (6)

Timor-Leste: Assisted in the establishment of a judiciary system. (7)



around the goals, starting with the release of a comprehensive regional report that highlights some of the disparities. A regional project has begun, in partnership with the UN Economic and Social Commission for Asia and the Pacific, to build the statistical capacity of countries to monitor the goals.

Some countries are already putting systems in place. Viet Nam has achieved the first MDG on poverty reduction, but is using UNDP support to disaggregate data on the provincial level to map and confront rising disparities in health care and education. In Cambodia, UNDP led the UN Country Team, in partnership with the World Bank and the Asian Development Bank, to help Cambodians understand

how they could use the MDGs, an important first step in a society long marginalized from the outside world. National and local officials as well as NGOs took part in public discussions across 24 provinces. As consensus grew around priorities, the national government took these on board in 2003 by starting to use the MDGs for tracking the progress of its poverty reduction strategy. Already, expenditures have shifted from defense to education and health.

The countries of Asia and the Pacific have traveled a far distance, fast. In targeting the gaps that remain, UNDP assistance works towards a future where the benefits of growing economies will be available to all.

UNIFEM: MY AFGHANI SISTERS' RIGHTS

"Women's participation in the *Loya Jirga* is extremely important for us and we hope that women delegates will succeed in securing their sisters' rights." The high hopes of Shirin Gol, a schoolteacher in Paktya, Afghanistan, were not disappointed. In December 2003, the *Loya Jirga* enshrined equality between men and women in the nation's new Constitution.

This achievement required broad-based alliances and ongoing advocacy. The UN Development Fund for Women (UNIFEM), which is administered by UNDP, and many of its national and international partners

played key roles. A UNIFEM-facilitated Gender and Law Working Group—comprised of the Office of the State Minister for Women, the Ministry of Women's Affairs, Supreme Court judges and women's NGOs—reviewed the draft Constitution.

It later submitted recommendations to the President, the Constitutional Commission and the media, as well as to women delegates of the *Loya Jirga*. UNIFEM also sent three staff members to support these delegates, who helped to ensure that at least two women per province were elected to the Lower House.

Around the world, UNIFEM supports women's political participation, promotes women's human rights and strengthens their economic security and rights—assisting in making the MDGs a reality for women everywhere. Our flagship publication, *Progress of the World's Women: Gender Equality and the Millennium Development Goals*, issued in early 2003, assessed improvements in women's empowerment in the context of the goals. A new Web portal, MDGender.net, provides resources and tools to enlarge understanding of gender equality.

EUROPE AND THE CIS

BETTER GOVERNANCE REAPS THE BENEFITS OF FREEDOM

Europe and the Commonwealth of Independent States (CIS) is the newest region in which UNDP works, but in just over a decade, programme funds have quadrupled here, a sign of the confidence of our partners in the quality of UNDP's work. From our longer history in other areas of the world, we know that sustainable, effective development comes from helping people find development strategies that make sense within their societies. In Europe and the CIS, we have taken up a development challenge faced in varying degrees by all the region's countries: governance, especially in terms of building stronger democracies, ensuring that economic priorities meet human needs, and encouraging better management of environmental resources. Achieving the MDGs will require the region to advance on all of these.

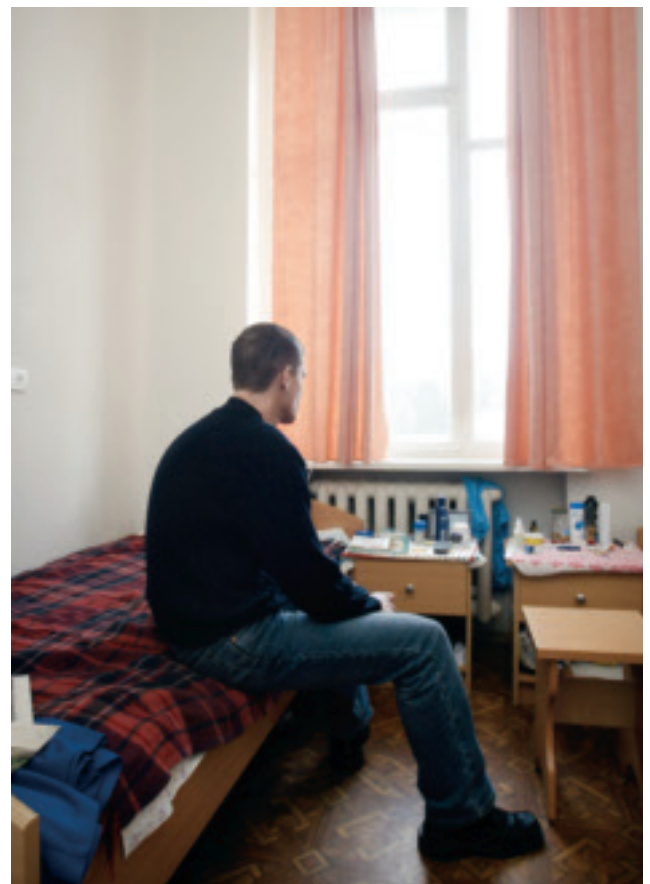
For some countries, the difficult transition from autocratic governments with centrally planned economies has been successfully achieved—UNDP has assisted 10 nations in their accession to the European Union. For many of the region's 21 other states, however, particularly those carved from the former Soviet Union, the last decade has been a bleaker time, marred by conflict and high poverty levels that have persisted despite recent robust economic growth. Deeply embedded habits of mistrust and isolation have hindered cooperation within and between countries. Health problems have worsened, and HIV/AIDS is now spreading at one of the fastest rates in the world.

A FRAMEWORK FOR CHANGE

Both in countries where transition is succeeding and in those still struggling to master it, UNDP draws on its reputation for neutrality and honesty to help countries grasp new opportunities, while alleviating some of the disruptions. This process starts with democratic governance, the framework for these new societies, and the largest concentration of UNDP's support to the region. We are helping countries build healthy and participatory governments by reforming their public sectors, developing more accountable parliaments, and protecting human rights. In 2003, after Georgia's peaceful revolution prompted fresh elections, we trained over 10,000 election staff and created a media centre to provide fair and objective election information. The Republic of Moldova consulted us on measures to combat corruption, and we backed civil society

groups in Turkey as they advocated for transparent local governance. Regionally, two widely discussed human development reports were published. *Avoiding the Dependency Trap* highlights the plight of the Roma minority, while *Reversing the Epidemic*, the first region-wide profile of HIV/AIDS, comprehensively analyzes the reasons for rapid transmission and proposes specific policy responses.

In many countries, UNDP has taken up the sensitive task of encouraging wider political space for discussing poverty, a formerly taboo subject. We have helped establish poverty reduction strategies, often based on analysis related to the MDGs, and proactively engaged the private sector. In 2003, our support for business centres in Bulgaria generated employment for 10,000 people, for example. Spreading the principles of cor-



Ukraine has one of the region's fastest growing rates of HIV/AIDS infection. To help counter it, UNDP has conducted a leadership development programme, which has resulted in a multi-media public awareness campaign and the first home-based care project. One of 400,000 infected Ukrainians, Oleg is receiving life-prolonging medication.



UNDP PRACTICES AT WORK

Regional: Backed law enforcement cooperation to combat human trafficking.

Armenia: Helped set up participatory poverty monitoring systems. (1)

Azerbaijan: Promoted use of oil revenues for human development. (2)

Croatia: Developed credit programmes to help return displaced communities. (3)

Kazakhstan: Strengthened mechanisms to protect human rights. (4)

Kyrgyzstan: Supported implementation of a national HIV/AIDS strategy. (5)

Russian Federation: Assisted bio-

diversity protection in Kamchatka Peninsula. (6)

Serbia and Montenegro: Bolstered public employment in multi-ethnic border regions. (7)

Uzbekistan: Advocated ICT for governmental, non-governmental and academic institutions. (8)

porate social responsibility bore fruit in the Polish town of Plock, where the local oil industry now contributes to the delivery of social services. Foreign direct investment promotion initiatives included a major regional summit in Romania, a New York forum for potential investors in Bosnia and Herzegovina, and advice provided to the Government of the Former Yugoslav Republic of Macedonia on its foreign investment promotion strategy.

On the environment, UNDP works with many development partners in cleaning up the major environmental disasters that still plague the region, including through offering expertise on environmental management. After civil war and poor maintenance destroyed half of Tajikistan's water systems, a series of UNDP projects have rehabilitated drinking water and irrigation services for 2.5 million people, and set up local water users' associations to maintain them.

Efforts to rebuild communities shattered by the Chernobyl disaster continue in Belarus, the Russian Federation and Ukraine, as UNDP strives to promote local self-reliance and break the cycle of dependence on humanitarian aid.

One of the most innovative programmes in the region links wealthier countries with neighbours still requiring external assistance. Many of these former aid recipients are now "emerging donors." In 2003, we worked with the Czech Republic, Hungary and Slovakia to establish trust funds for development challenges within the region.

As a whole, Europe and the CIS have taken an enormous leap forward in just over a decade. As the turmoil of transition subsides, UNDP is committed to promoting self-reliance and applying the lessons learned to conquer the issues that remain.

DEMOCRATIC GOVERNANCE AND POVERTY: CENTRES SPEARHEAD POLICY RESEARCH

Within UNDP's practice areas, the Oslo Governance Centre and the Brasilia-based International Poverty Centre (IPC) have been set up to conduct leading research to support programmes and policy advisory services, globally and within countries.

The Oslo Governance Centre helps UNDP country offices to assist in implementing the democratic reforms necessary to achieve the MDGs, with a special emphasis on access to justice, human rights, civil society, access

to information, and governance and conflict prevention. In 2003, the centre convened ministers of G-8 countries to discuss steps for advancing a global partnership for development, in line with the eighth MDG. Other activities included a comprehensive review of governance indicators, and the organization of the Oslo Fellowships in Democratic Governance.

The IPC's overall objective is to encourage South-South cooperation and foster the capacity of developing countries to design and implement poverty reduction strategies. With ties to Brazil's principal economic policy institute, the centre opened in early 2004. It will concentrate on training high-level analysts and decision makers, supports South-South research on alternative anti-poverty strategies, and monitors poverty and inequality.

LATIN AMERICA AND THE CARIBBEAN

BUILDING INCLUSIVE DEMOCRACIES

The countries of Latin America and the Caribbean face two core development dilemmas that are woven deeply into the fibre of their societies: poverty and inequality. Poverty rates have risen for over three decades; more than 50 percent of nations here will find it difficult to reach the first MDG by 2015. And although this is the wealthiest of all developing country regions, it is also the most unequal, with a vast gulf separating the lives of the rich and poor. Because divisions such as these can be a source of instability, UNDP places a major emphasis on helping countries strengthen democratic governance and participation.

In 2004, UNDP drew on its experience in 18 countries to issue *Democracy in Latin America: Towards a Citizens' Democracy*. A comprehensive and widely-acclaimed report launched in Peru, it is built upon opinion surveys carried out with nearly 19,000 people, and consultations with 231 political and social leaders. It looks at how democracy is not just about elections, but about allowing people across societies to become fully involved in the decisions that shape their lives. In Latin America, the report concludes, the failure to share power has resulted in widespread distrust in political systems, and, along with inefficient public institutions, helps keep people mired in poverty.

With decades of experience in 44 countries in Latin America and the Caribbean, UNDP is well-placed to assist governments, civil society and the private sector as they seek to establish development priorities, par-

ticularly in poverty reduction, democratic governance, and energy and environmental issues. Our major regional partners include the Inter-American Development Bank (IDB), with whom we reaffirmed a longstanding formal cooperation agreement in 2003.

CONSENSUS ON A COMMON FUTURE

Through country and regional programmes, UNDP helps Latin American and Caribbean nations build stronger public institutions and foster consensus through participatory dialogue. In 2003, after two years of negotiations supported by UNDP and the Netherlands Institute for Multiparty Democracy in Guatemala, the leaders of 21 political parties signed a National Shared Agenda, a significant step in the country's journey towards peace and reconstruction. In the lead-up to general elections, it provided a blueprint for development that reflects not only the MDGs, but also the agreement of civil society and the political establishment.

St. Kitts and Nevis turned to UNDP and the Caribbean Community for assistance in constitutional reform, critical to easing the threat of secession made by the Nevis Island Assembly. In Colombia, UNDP released the *2003 National Human Development Report*, the result of consultations with over 4,000 Colombians to explore the multi-faceted nature of the conflict. The report proposed a series of concrete solutions for achieving peace, and prompted extensive public debate.

In Peru, UNDP advised the government on setting up an emergency jobs programme during 2003 that provided short-term employment for over 125,000 poor urban dwellers. In Brazil, we



Bolivian José Luis Rodríguez knows that access to financial services, along with personal initiative, can help him cross the gap from poverty to prosperity. After UNCDF helped businesses in Bolivia set up a system to channel international finance to urban microenterprises, Rodríguez secured a small loan to build his metal-working business.



UNDP PRACTICES AT WORK

Argentina: Mobilized businesses to support the MDGs. (1)

Brazil: Helped preserve a forest and assist its poor communities. (2)

Chile: Chronicled development disparities among indigenous peoples. (3)

Guyana: Trained entrepreneurs in business skills. (4)

Honduras: Secured new resources for HIV/AIDS prevention. (5)

Nicaragua: Convened town meetings to debate development strategies. (6)

Trinidad and Tobago: Provided UNV doctors for short-term human resources gaps. (7)

have disbursed over \$230 million provided by the government and the IDB to help the Ministry of Finance make fiscal management more effective at the federal, state and local levels. A regional project to strengthen local governance has documented more than 300 success stories from various municipalities, and holds knowledge fairs to share expertise and information among local officials and other stakeholders.

Across the region, the sustainable use of natural resources and vulnerability to natural disasters remain challenges. Renewable energy sources will soon be a

reality for the 35 islands of the Chiloé archipelago in southern Chile, thanks to a partnership between UNDP, the National Energy Commission and the non-profit E7 Fund for Sustainable Development. In 2003, we also began working with 16 Caribbean countries and the Caribbean Disaster Emergency Response Agency on a comprehensive disaster management plan for the region.

The countries of Latin America and the Caribbean can clearly testify to the costs of development skewed in favour of a few. UNDP's support, which draws upon the inclusive vision of the MDGs, helps nations heal some of the rifts and build sustainable societies, where democracy and prosperity extend to all.

UN VOLUNTEERS: OPENING DOORS TO DEVELOPMENT

The central mission of the UN Volunteers (UNV) is to tap the full potential of volunteers for development that advances human well-being. Increasingly, there is a recognition that harnessing the solidarity and creativity of millions of ordinary people through voluntary action will be essential to achieving the MDGs. Ten million volunteers, for example, supported the immunization of 550 million children as part of the Global Polio Eradication Initiative. The value of their contribution was estimated at \$10 billion, well beyond the reach of governments or international organizations.

In playing its part on the MDGs, UNV, which is administered by

UNDP, continues to develop an ever-widening range of opportunities for people to contribute. Globally, 2003 marked another record year for the organization, with more than 5,600 volunteers representing 165 nationalities carrying out over 5,800 assignments in 150 countries.

To engage youth, UNV, together with UNDP and national authorities in Bolivia, has brought together over 1,200 university students to assist local communities on poverty reduction. In a number of countries, UNV helps emerging national organizations strengthen their administrative practices and outreach. An online volunteering service allows 12,000

volunteers from 180 countries to share their skills from home.

Building on a broad constituency established during the International Year of Volunteers 2001, International Volunteer Day now serves as a rallying point for organizations and individuals to support the MDGs in practical ways.

The success of the International Year is one of the greatest legacies of former UNV Executive Coordinator Sharon Capeling-Alakija, who passed away in November 2003. She was a true advocate of volunteerism's immense contributions.

UNDP INSIDE

REAFFIRMING OUR REVOLUTION

UNDP today is emerging as an organization of energy and intellect, of shared knowledge and strong partnerships, of far-reaching vision married to realistic plans for transformation. This has been our revolution over the last four years, and it has gone further and faster than many predicted, featuring the most extensive reorganization of a workforce in the history of the UN. Today, with results-based management, a growing culture of accountability, and a series of cutting-edge tools for doing business, our global network of experts is more fully prepared than ever before to support the countries and the people we serve.

Donors recognized the success of our efforts in 2003, with a jump in resources, and one of the first real growth budgets approved for a UN agency in several years. Countries reaffirmed it, with a record number of requests for policy support and advice within UNDP's five practice areas. The international business press, including the *Financial Times*, lauded the sweeping changes to our business model. And the vast majority of the over 5,000 UNDP staff who participated in our annual staff survey expressed confidence in the direction the organization is taking.

DEVELOPMENT THAT DELIVERS

Since 2003 was the last year of a four-year business plan, we took up the challenge of consolidating the significant internal changes that are shaping today's high-performance UNDP. With a fundamental restructuring of our corporate foundation in place, our commitment has shifted to tapping our full organizational capability in everything we offer: advocacy, knowledge, partnerships and support for capacity development. As a trusted development partner known worldwide for being on the ground during crisis and peace, we are also finding new ways to adapt and extend our capabilities when events demand it.

A crucial first step has been a multi-year funding framework, issued by the 2003 Executive Board. For 2004–2007, it maps out ways to deepen the strategic alignment of our programmes, practice areas and business processes. The framework draws on the proven demand for UNDP services from programme countries from 2000–2003, and defines how we can most efficiently support development that delivers results, particularly within the context of the MDGs. In simplifying the mechanisms to measure these results, it also places

A WINDOW TO THE WORLD



KNOWLEDGE

Country offices across UNDP plug into knowledge networks circulating a wealth of information. Algeria relied on the Arab States network to help shape its judicial reform, calling upon UNDP to play a pivotal role in assisting with institutionalizing respect for human rights and improving public access. Two pilot courts have been established, along with the first Web-based Justice Portal.

PARTNERSHIP FOR CAPACITY DEVELOPMENT

With partners including nine governments and the Microsoft Corporation, UNDP recently launched the Southern Africa Capacity Initiative. It helps countries slow the weakening of workforce capacity that comes from high HIV/AIDS rates. In Malawi, volunteers give counselling and support.



ADVOCACY

UNDP deploys global networks and a wide-range of partnerships to inspire action on urgent development issues. To spread the word about the MDGs, particularly the first goal on halving poverty, UNDP Goodwill Ambassadors Ronaldo and Zidane invited 40 of their friends to star in the Match Against Poverty in Basel, Switzerland.

The event, widely covered in the media, also raised a million Swiss francs for UNDP's country-based poverty reduction projects.

a strong emphasis on transparency and accountability.

Subsequently, we streamlined our six practice areas to five, with 30 clear-cut service lines that structure activities under each and link directly into the MDGs. An integrated emphasis on gender runs throughout. Two practices, poverty reduction and democratic governance, now subsume the work of the previous information and communications technology for development (ICT) practice, while the remaining three practices cover energy and environment, crisis prevention and recovery, and HIV/AIDS. The Board also agreed to expand the Bureau for Crisis Prevention and Recovery, reflecting the growing need for services in this area.

While UNDP's practice areas have increased our organizational focus and agility, they also stand behind two other key components of our mandate and development effectiveness in general: partnerships and capacity development. The multi-year funding framework also spells out how working together, in and outside the UN system, will be critical in the stretch to reach the MDGs, and UNDP will continue expanding its efforts to make partnerships essential to the way

we do business. Many of these alliances will help countries build the capacity to absorb and sustain change, and to take charge of their own development agenda, concepts that have been integrated across all of our practices. Country offices and the recently formed Capacity Development Group within our Bureau for Development Policy will now begin putting together knowledge resources that combine both the latest intellectual research and UNDP experiences from the field. The group is identifying existing success stories from the practices, and assessing ways that countries can learn from these to build strategic, long-term capacity development plans.

A HARMONIZED AGENDA FOR CHANGE

UNDP's reform process has been essential in aligning the organization with the complex needs of a rapidly globalizing world, yet events in 2003 set the bar higher. In sharp relief, they underscored not only the urgency of the MDGs, but also the importance of pushing forward Secretary-General Kofi Annan's UN reform agenda, with its emphasis on harmonizing the efforts of different arms of the UN system.



SIERRA LEONE: COORDINATING THE UN FOR PEACE

When UN agencies work together, they can become a powerful partner for peace building. Such has been the case in Sierra Leone, where civil war displaced half the population and left the national infrastructure in ruins. Intervention needed to be coordinated, efficient, sensitive to national and community priorities, and capable of maximizing scarce resources.

Even before peace had formally been declared in 2002, the UN put special arrangements in place to ensure close cooperation between members of the UN Country Team. Designated as the UN coordinator for humanitarian and development operations, the UNDP Resident Representative was also named as the Deputy Special Representative of the UN Secretary-General, and led the Country

Team in planning a coordinated programme of national recovery with the government and its partners.

Working closely at times with UN peacekeepers, each member mobilized its specialized expertise. The UN Children's Fund and the World Health Organization carried vaccines to children in areas without health care for years. UNDP helped reintegrate former combatants and hold elections. The Food and Agriculture Organization and the World Food Programme provided seeds, tools and food aid. Joint initiatives overseen by the Resident Coordinator guided national and local management of the recovery process.

All of these efforts helped peace put down roots in Sierra Leone, which is now widely recognized as one of the UN's most successful post-conflict

interventions. In 2003, the Country Team and the government agreed on a four-year coordinated development plan, the UN Development Assistance Framework, shaped around the MDGs. With the World Bank, UNDP has also sponsored the Development Partners' Committee. It brings together the government, Country Team, donors and civil society to agree on the best strategies for sound governance and poverty reduction, two pillars of a peaceful society.

The people of Sierra Leone have waited many years for clean water, functioning schools, and the opportunity to vote. UN coordination has helped make sure that the wait is over, and peace has a chance to thrive.

Harmonization falls naturally within the scope of the MDGs. Within the UN, the goals call upon the strengths of an array of agencies. Working together, different organizations can integrate the goals within common programming initiatives and results, and make the optimal use of expertise and resources. They can also more smoothly intersect with global, regional and national development strategies, including poverty reduction strategy papers and national development plans. All of this adds up to development that is more streamlined, more cost-effective, and more responsive to national priorities. Particularly in countries that struggle to manage multiple relationships with development partners, harmonization will prove vital in reaching the MDGs.

UNDP, as head of the global UNDG and manager of the Resident Coordinator system at the country level, is one of the leaders of the harmonization process, which began several years ago with the introduction of common assessments and development planning frameworks. In 2003, we tightened our internal assessment system so that some of our most skilled people now fill the Resident Coordinator positions. At

the same time, the UNDG debuted a results-based system that makes direct links between country and UN development goals. It also agreed on revised guidelines for joint programming; common approval, implementation and monitoring tools; principles for channeling funds in a common manner; and joint strategy meetings with national partners—all activities that have traditionally been carried out agency by agency.

Several core Organisation for Economic Cooperation and Development (OECD) principles have guided these initiatives, including the need to focus on national priorities and capacity building, and to keep harmonization flexible enough to cross widely divergent national situations. Five countries—Benin, Ecuador, Kenya, Niger and Pakistan—began rolling out harmonization pilots in 2003. Another 16 nations will come on board in 2004. For crisis situations, UNDP has also recently partnered with the World Bank and the UN High Commissioner for Refugees (UNHCR) on the 4R Initiative. It provides a comprehensive strategy for collaboration among all UN agencies that links repatriation, rehabilitation, reintegration and reconstruction efforts.

PERFORMANCE: SYSTEMS AND PEOPLE

UNDP's ability to deliver development results, on time and wherever needed, rests upon our operational efficiency and the quality of our people. Nimble, smoothly running systems fuel higher performance, with state-of-the-art technology particularly important to an organization in the business of generating and circulating knowledge. In 2003, we paved the way for the implementation of Atlas, our configuration of the PeopleSoft Enterprise Resource Programme. It went online, on schedule, in January 2004.

Over the next two years, Atlas will enable us to retire 16 existing systems, many of which had inadequate functionality, were poorly integrated and were increasingly costly to maintain. It will integrate financial, project and human resources information across UNDP. From processing payments to managing pools of staff ready for rapid deployment in crisis situations, it will provide both snapshots and strategic overviews of how we are managing our resources, and how we can continually boost our effectiveness.

The construction of the system marked an extraordinary collaboration within the UN system, involving UNDP, UNOPS and UNFPA staff, and the active partnership of UNHCR. It has also been a major step

A new Learning Strategy was finalized late in the year, with such features as universal learning and a leadership development programme conducted in partnership with Columbia University. Staff learning has already become an integral part of our results and competency assessment system, where last year, for the first time, the aggregate ratings met the recommended targets. Training courses have included the international computer driving license, adopted from a European Union model. Meant to instruct all UNDP staff in basic computer literacy and help support Atlas, it has kicked off in offices worldwide, with many already having reached 100 percent participation. For 2004, our popular Virtual Development Academy will quadruple in size, offering 400 staff learning options related to the practice areas and the MDGs.

Other 2003 highlights included the first full year of our newly created Ombudsperson Office, which handled over 350 cases and issued a framework for accountability procedures. A new policy on national staff has proposed an internal consultancy system where national staff can exchange their insights with other country offices. And a policy on gender balance in management attempts to rectify UNDP's low percentage of women leaders, committing to a goal of

Confidence in the organization has increased dramatically. The core budget is growing and so is UNDP's contribution to world development.

—57th UN General Assembly President Jan Kavan (Czech Republic)

towards the kind of open, connected, knowledge-driven organization we are determined to be.

Atlas will significantly improve our ability to develop and retain talented people, a core corporate priority. Throughout 2003, UNDP followed through on a series of other initiatives in this direction, starting with the reorganization of our Office of Human Resources. Staff administrative services were relocated from New York to Copenhagen, which has already achieved economies of scale and better service provision. Units remaining in New York can now maintain a strategic focus on expanding the ranks of high-performing staff.

50/50 parity for all professional positions by 2010.

Following the bombing of UN headquarters in Baghdad, a major overhaul of the UN-wide security system began. UNDP's Executive Board authorized a 60 percent increase in spending on security measures to contend with the most immediate threats. This will likely be one of the more sobering challenges that we will face in coming years. But it will not daunt UNDP's commitment. We are increasingly prepared to help untangle the complexities of crisis, and we will be ready to offer this expertise, wherever the world requires.

Total UNDP resources reached their highest level ever in 2003, at \$3.2 billion. Particularly significant, in both financial and political terms, was the rise in regular, or core, resources. The \$769 million gross core income achieved last year represented an increase of \$124 million over the low point of 2000.

Having seen the results of UNDP's extensive internal revamping, donors and programme countries alike now seem to recognize that incremental increases will not get UNDP where we need to be. At the ministerial level in national, regional and international settings, there appears to be a greater willingness to ensure a more consistent emphasis on funding. Last July, for instance, the Assembly of Heads of State and Government of the African Union adopted a motion calling upon donor countries to expand their financial support to UNDP. However, it should also be noted that regular resources still do not keep pace with the growing demands put on the organization, and remain far off the \$1.1 billion objective.

Non-core resources continue to be an important complement to the regular resource base, permitting the strengthening of existing programmes and fostering partnerships, including with the European Commission, the regional development banks, the World Bank and the private sector. But regular and non-core resources are not interchangeable. The ability of UNDP to mobilize non-core resources depends on having an adequate, secure multilateral base from which to provide our proven development expertise.

Virtually all OECD/Development Assistance Committee donors are active in co-financing UNDP programmes in the five practice areas. Third-party co-financing—resources provided by bilateral donor governments and multilateral organizations to implement programmes through UNDP—amounted to some \$1 billion in 2003, resulting in a total of \$1.8 billion in total income from donors. Our trust fund facility provided funds that would otherwise not be readily available from regular resources, or multi- or bilateral sources at the country level. These funds helped maintain consistency in development interventions across countries and regions, based on need and with a particular focus on the LDCs and Africa.

Programme country cost-sharing, channelled through UNDP by governments in support of their

GROSS INCOME, 2003 (PRELIMINARY)

(US\$ millions)

Ranked by top 24 contributors to core resources

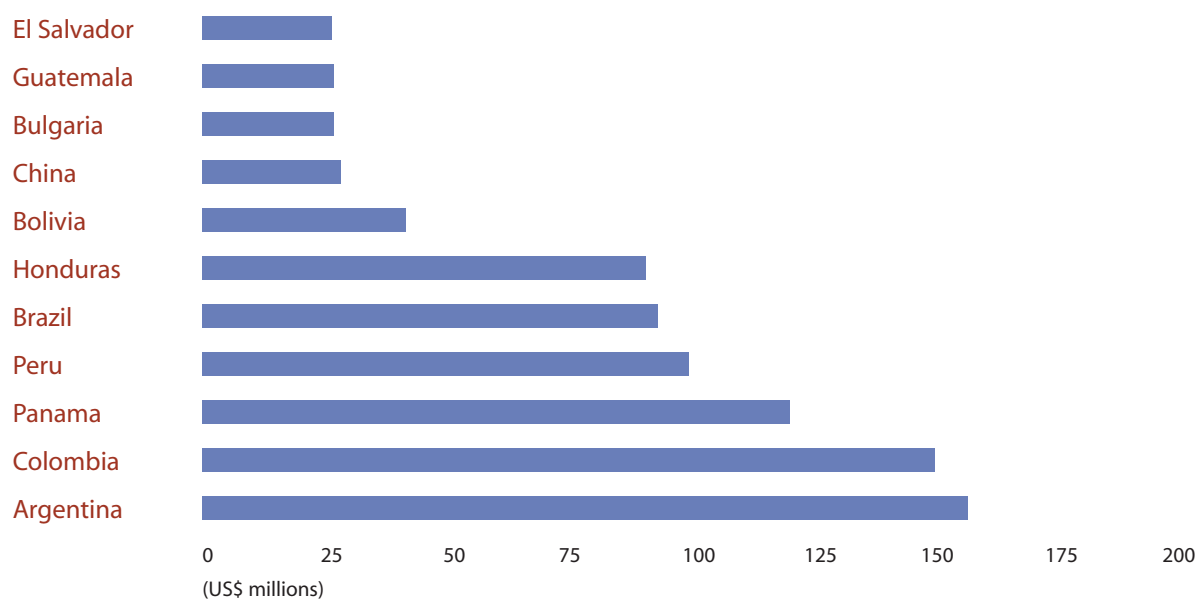
Donors	Core resources	Co-financing*
United States	103.72	80.34
Norway	91.64	55.86
Japan	86.77	88.29
Netherlands	85.88	44.95
Sweden	62.44	43.08
United Kingdom	60.44	87.79
Denmark	55.27	12.93
Switzerland	38.52	8.48
Canada	38.22	29.60
Germany	28.28	12.63
France	18.28	2.61
Italy	16.27	27.60
Finland	14.53	3.47
Ireland	13.97	3.57
Belgium	12.94	6.17
Spain	6.85	2.74
Austria	5.37	—
Australia	4.67	13.81
India	4.63	0.6
New Zealand	3.43	1.5
China	3.10	29.04
Saudi Arabia	2.00	7.71
Portugal	1.60	0.31
Cuba	1.35	0.12

* Includes cost-sharing and trust funds.

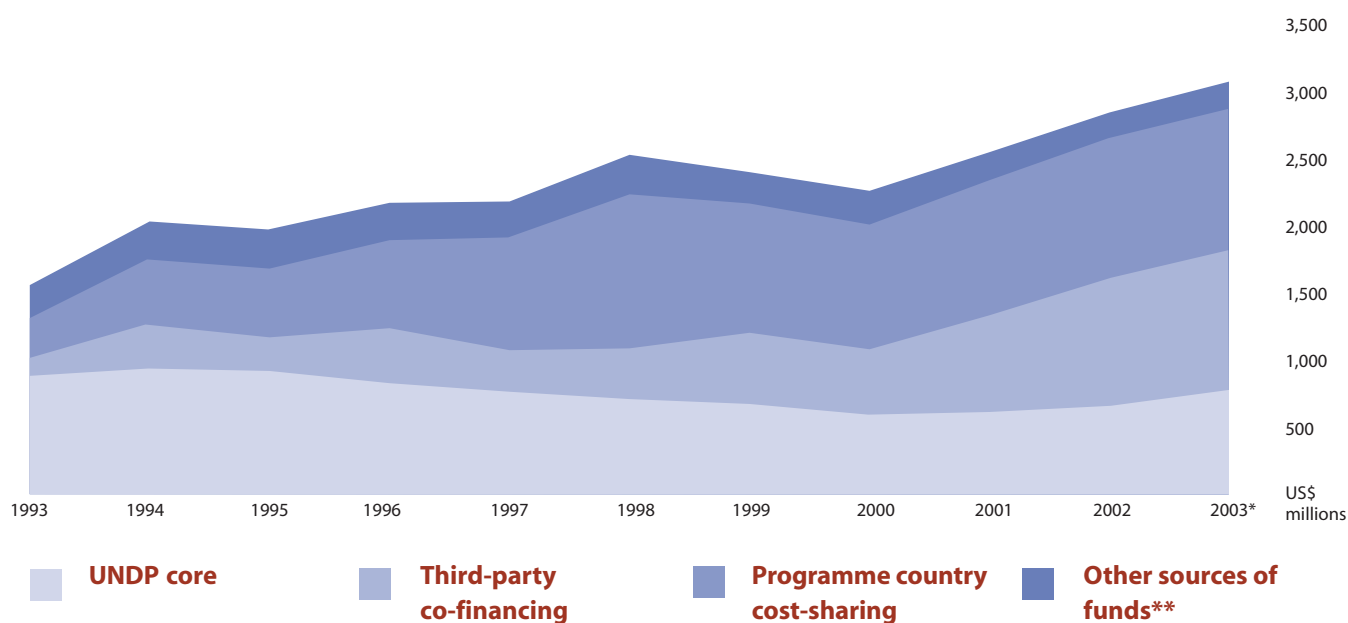
Notes: (a) Contributions include income from administered funds, extra-budgetary, miscellaneous and management service agreements. (b) Contributions for Austria include pledges from previous year. (c) The European Commission is a major source of non-core funding to UNDP.

own development programmes, totalled just over \$1 billion. As aid mechanisms available at the country level diversify and multiply, governments are calling on UNDP more and more frequently for support in obtaining, directing and managing different types of funding in accordance with national priorities.

TOP PROGRAMME COUNTRY COST-SHARING CONTRIBUTIONS, 2003 (PRELIMINARY)



RESOURCES, 1993–2002



* includes income from administered, extrabudgetary and miscellaneous funds, and management service agreements.

** preliminary

ACRONYMS

BCPR Bureau for Crisis Prevention and Recovery

BRSP Bureau for Resources and Strategic Partnerships

CIS Commonwealth of Independent States

GDP Gross Domestic Product

GEF Global Environment Facility

ICT Information and Communications Technology

IDB Inter-American Development Bank

LDCs Least developed countries

MDG Millennium Development Goal

NEPAD New Partnership for Africa's Development

NGO Non-governmental organization

OECD Organisation for Economic Cooperation and Development

UNCDF United Nations Capital Development Fund

UNDG United Nations Development Group

UNDP United Nations Development Programme

UNFPA United Nations Population Fund

UNHCR United Nations High Commissioner for Refugees

UNIFEM United Nations Development Fund for Women

UNOPS United Nations Office for Project Services

UNV United Nations Volunteers

WTO World Trade Organization

WEB SITES FOR MAJOR PUBLICATIONS

2002 Arab Human Development Report: Creating Opportunities for Future Generations:
<http://www.undp.org/rbas/ahdr/>

2003 Arab Human Development Report: Building a Knowledge Society:
<http://www.undp.org/rbas/ahdr/>

Avoiding the Dependency Trap. A regional human development report on the Roma in Central and Eastern Europe:
<http://roma.undp.sk/>

Democracy in Latin America: Towards a Citizens' Democracy:
http://www.undp.org/democracy_report_latin_america/

2003 Human Development Report: Millennium Development Goals—A Compact Among Nations to End Human Poverty:
<http://hdr.undp.org/reports/global/2003/index.html>

The Millennium Development Goals in Arab Countries—Towards 2015: Achievements and Aspirations:
<http://www.undp.org/rbas/amdg.htm>

Opening Doors to Opportunity: Afghanistan's Millennium Development Goals:
<http://www.undp.org/mdg/countryreports.html>

Reducing Disaster Risk: A Challenge for Development:
<http://www.undp.org/bcpr/disred/rdr.htm>

Reversing the Epidemic: Facts and Policy Options. A regional human development report on HIV/AIDS in the countries of East and South Eastern Europe, the Baltics and the CIS:
<http://www.undp.sk/hiv/>

Understand in Order to Transform the Local Roots of Conflict. A national human development report on Colombia:
<http://hdr.undp.org/reports/default.cfm>

Unleashing Entrepreneurship: Making Business Work for the Poor:
<http://www.undp.org/cpsd>

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Published by the Communications Office of
the Administrator, United Nations Development
Programme, New York

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Design: Pamela Geismar

Printing: Phønix Trykkeriet, A/S, Denmark.



ISO 14001 certified
and EMAS-approved.

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Development Programme
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New York, NY 10017**

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