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The credit side of the EPTA's ledger was, of course, not quite blank. There were, indeed, some solid entries, especially on the World Health Organization's account. Perhaps the doctors' discipline gives them so little leeway for going astray that they have to deliver. Besides, the medical profession demands a relatively high level of competence and leaves little room for mediocrity. In addition, WHO faces no conflict of interest similar to the one between, say, "Food for Peace" and development of agriculture in the poor nations. On the contrary, control of diseases and improvements in health were ardently desired—even demanded—by all concerned, including the governments of the poor nations. Finally, there was the powerful pharmaceutical industry, which had a major stake in this area and so provided an unrelenting thrust in the same direction.

In general, the record of the smaller agencies—International Civil Aviation Organization, International Telecommunication Union, World Meteorological Organization—were quite creditable. Again, the technical nature of their services provided built-in guarantees for the quality of their performance.

The worst performers were FAO, UNESCO, and ILO, so that progress was least noticeable in three crucial fields: food production, primary and secondary education, and job creation. The overall conclusion reached in my 1969 study holds, if anything, with even greater force today: "The fact is that the UN family has hitherto been able to realize no more than a fraction of its great opportunities for sponsoring economic development. The performance of its programmes, it would be no exaggeration to say, resembles that of primitive agriculture: unimproved seeds are sown on ill-prepared ground to raise indifferent crops. Even a poor crop is, of course, better than no crop. But it would make poor sense, in both instances, if goals were set no higher."

This remark applies to all aid programs—to EPTA, to the U.N. Special Fund and UNDP, to the U.S. AID program and its predecessors, and, yes, to Robert McNamara's assault on world poverty.

### **SPECIAL FUND**

A new chapter began with the creation of the Special Fund in 1959. Its genesis, the reasons for setting it up as a separate entity rather than further expanding the Expanded Program, the tension and confusion generated by two programs functioning side by side to serve the same goal, a merger movement that dragged on for several years, the half-merger that followed, putting the two programs under the same roof but still as separate entities rather than as a fully integrated enterprise, the emergence of the now famous UNDP—all this need not be detailed here. The long debates and intricate wranglings sealed its fate as readily as they did that of America's foreign aid program, illustrating the truth of the proposition underscored in my discussion of that program: Political compromises made at the headquarters level can be fatal to the very objectives of an aid program in the field.

The most fateful compromise was made at the very moment the Special Fund was conceived. Technical

assistance, even after its expansion in 1950, had left a lot of people rather disgruntled. However desirable such a program might be—so the argument went—surely it could not generate much in the way of development, which was, after all, preeminently a function of capital formation. This led to the yearning for a capital fund under U.N. auspices.

That soon crystallized into a demand to establish such a fund, which was at first called "United Nations Fund for Economic Development," or UNFED. One look at the unfortunate acronym and the prefix "Special" was hastily added. Thus was SUNFED born. But soon the proposal ran into formidable snags. The U.S. as the major U.N. donor took the line that there were not enough funds to go around; that first there had to be some progress in disarmament in order to release funds which then could be partly used to set up a capital fund. Year after year the champions of SUNFED brought up a resolution sponsoring the proposal of such a fund, but the U.S. stuck to its position. Of course there was no progress in disarmament and therefore no move toward SUNFED.

By the late '50s things had changed. Decolonization had swept through the Third World, and this brought in a flood of new U.N. members. Reinforced by this new contingent, the SUNFED school now had a comfortable majority; and at a TAC session in 1958 it seemed to carry the day. Rather than turn down the proposal outright and incur the opprobrium of being hostile to Third World development, the U.S. compromised. The proposal, as finally agreed to, called for a Special Fund that would go some distance beyond technical assistance to deal with *preinvestment activities* but would stop short of actual capital investment. The Special Fund projects therefore could be more substantial than those of EPTA, involve more experts and more equipment; they could also be authorized for a period of four years rather than on a year-to-year basis.

### **PHENOMENON HOFFMAN**

The Special Fund was established formally on January 1, 1959. Secretary-General Dag Hammarskjöld had already picked Paul G. Hoffman to serve as its managing director. Under the dynamic leadership of this dedicated supersalesman, the Fund grew rapidly. Hoffman set his goal high and soon began to talk of launching a thousand Special Fund projects. Some seven hundred were authorized in its first ten years; and it took only a few more years for a thousand to bloom and for the second thousand to get under way.

Hoffman campaigned vigorously to raise funds, to sell the program to the public, both in the U.S. and abroad, to engrave the acronym UNDP in the minds of millions of people; and in all this he was uniquely successful. It looked as though the spirit of the sales director of Studebaker cars remained undimmed.

If dedication and zeal were all that was needed, the Third World could not have found a better friend. But Hoffman's approach suffered from two major flaws: He was obsessively concerned with quantity and, like the architects of the Special Fund, he failed to see that *preinvestment is not development*.

The link between preinvestment and development is remote, tenuous, and quite often nonexistent. For example, how much sense would it make for a contractor to lay the foundations of hundreds of multistoried buildings in the hope that when times were propitious and the flow of capital adequate the structures would be built? One can make a case for carrying out geological prospecting for mineral deposits or surveying forests to make feasibility studies about their utilization. But such studies should be a means to an end and not an end in themselves; and their actual implementation should be the rule, not the exception.

Agriculture, however, falls in an entirely different category. By far the most urgent and obvious need here was to inject more science and modern inputs—improved seeds and fertilizers in particular—to boost per acre productivity *here and now*. Preinvestment had nothing to do with these pressing tasks. Yet FAO managed to grab 40 per cent of the UNDP's allocation and devote it largely to land-and-water surveys, each extending to about four years and ending with fat reports. (A senior FAO aide who was specially adept at promoting these projects became a hero within the agency for successfully procuring so much business.) The UNDP authorities were pleased that they gave food and agriculture the high priority it deserved. That the bulk of their efforts was channeled in the wrong direction and did little to increase production never seemed to trouble them. Thus there existed an illusion of progress on the agricultural front, while in reality the food situation grew from bad to worse.

Meanwhile, Hoffman's sights soared higher, constantly focusing on the size of the program, the number of projects under way, and, above all, the number of dollars flowing into it. I vividly recall how, during some personal discussions, he stressed the case for merging the Special Fund and the EPTA. "You see, if we put the two together, they will add up to \$200 million. Then we become *important!*" To be important was a primary goal with Hoffman, and importance was measured by a simple yardstick—money.

The '60s had already been declared as the First Development Decade. It had barely passed the midpoint when Hoffman initiated some studies to examine the UNDP's future potential. His contention was quite clear: The U.N. family, with its specialized agencies and vast array of experts, should be capable of handling a much bigger program. And he further proposed that the U.N. family was a better and more effective instrument for promoting Third World development than was the U.S. and its bilateral aid program. The latter, he argued, was subject to political pressures and frequently suspect in the eyes of the poor nations, who feared it might be motivated, and tainted, by cold war calculations. Hoffman knew only too well that the U.N. programs, too, were exposed to political pressures—agencies seeking to expand their fiefdoms and high-powered bureaucrats fighting tooth and nail to protect their sacred turfs and build their own empires—but he chose to soft-pedal these issues, at least in public.

He initiated the so-called "Capacity Study" and



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entrusted it to a veteran U.N. administrator, Sir Robert Jackson. In doing so, he took for granted that the study could arrive at only one conclusion: that the UNDP, already well established, had the capacity and, indeed, was ideally placed to play a bigger role in Third World development. That this would prepare the ground for a very substantial enlargement of its operations in the Second Development Decade, Hoffman had no doubt.

#### AFTER THE FALL

The UNDP "Machine," wrote Sir Robert in his report, had "a marked identity of its own" and had acquired "great power." It did not lack intelligent and capable officials, but it was organized in such a way that managerial direction was "impossible."

The machine as a whole, he concluded, had become "unmanageable in the strictest use of the word"; it was becoming "slower and more unwieldy, like some prehistoric monster." For many years he had looked for the "brain" that guided its policies and operations. His search had been "in vain." Mr. Hoffman was stunned, his senior aides were furious.

The recommendations Sir Robert made to remedy this deficiency were themselves open to serious questioning. The degree of centralization he envisaged was neither practicable nor desirable. After all, what he called the UNDP machine was anything but a machine. It consisted of a family of organizations, each founded as a separate entity and with a charter of its own that bestowed clear-cut responsibilities. Rightly or wrongly, this was the system the United Nations had established over the years. It was too late in the day to ignore it or to whittle it down by administrative

fiat. Predictably enough, the specialized agencies found many of the Jackson proposals unacceptable and were successful in asserting their own rights.

The greatest weakness of the Capacity Study was that it looked at things too much from the organizational angle and too little from the substantive one. And so it failed to see how the UNDP had handicapped itself from the start by arbitrarily separating preinvestment—which was at best only one facet—from the entire process of development and how this mutilated approach had made it impossible to meet the most pressing needs of the developing nations. The “dinosaur” did not change its characteristics. The attempt at transplanting a brain into it, as prescribed by the study, created much commotion and confusion. In the end the beast acquired even *more* body, without noticeably improving its cognitive faculties.

### THE DILEMMA

For over three decades the industrial nations have peddled aid and fiddled with development. The U.N. family—and this is true of other leading aid programs as well—has come to resemble a giant that has its heart rivetted on the treasury, its head steeped in politics, and its feet planted firmly in the clouds. In the developing nations a small elite zealously protects its own privileges, extols the virtues of aid, thrives on it, and clamors for more. It fattens itself by all available means and perpetuates the poverty and misery of the masses. Together, the donors and the receivers have made a mockery of the ideals of foreign aid.

What, then, is the outlook? Would it be feasible to restore aid to the moral impulse that had given birth to it, to purify it and temper it with a fresh infusion of idealism, and to turn it into the truly effective instrument of world development it once was supposed to be? It is hard to take an optimistic view, however much one might wish to do so. Thirty years' default, misperceptions, and misdoings cannot be remedied easily. Consider three simple facts:

*First, corrupt regimes cannot, and will not, correct corruption; nor can they function as the agent for development when they do not care for the poor. The aid and support they receive from outside help to consolidate their position and to check and checkmate whatever reform movements may grow spontaneously among their own people.*

*Second, how should one go about the task of improving the quality of the international bureaucracies, brake their built-in growth momentum, and raise the level of their performance? Gunnar Myrdal, the*

Swedish expert in development, made some harsh but pertinent comments on this point:

Our aid workers are of two types. They either are of the thoughtless species that enjoy having had an exotic experience at a high salary, which some of them were able to increase by exchanging their money on the black market. Furthermore, they often had the possibility of getting at tax free spirits and tobacco and of having a lot of servants, that are easily to be had in these countries. I am not interested in their opinions. Or the workers have become deeply troubled about what they experienced and have started to think on similar lines as those I have been trying to outline. I have met a lot of people of that kind.

It is no exaggeration to say that the vast majority of aid workers, in the U.N. programs for example, are of the first type. The “deeply troubled” minority find themselves helpless. Their views are not only unwelcome, they are almost always frowned upon and may easily get them into trouble. There is no Gunnar Myrdal at hand to give them moral succor.

And *third*, the two principal bodies within the U.N. family that are supposed to be in charge of the aid programs are the Administrative Committee on Co-ordination (ACC) and the Economic and Social Council. The former is an interagency body. What I said about it thirteen years ago still holds:

The Committee meets twice a year and exchanges views, but changes little. It harmonizes interests, but mostly by mechanically accommodating them. It coordinates with due ceremony and care, and leaves things very much as they are.

As for ECOSOC, which is an intergovernmental body, it consists of representatives of the donor and the recipient countries and therefore faithfully reflects all the weaknesses that aid programs are heir to. Its voluminous discussions blur the issues and generate little light. It is congenitally incapable of leading the U.N. aid program out of its blind alley. It and the ACC are ideally suited to maintaining the status quo.

In drawing my conclusions, I am reminded of a well-known Indian proverb: “The mustard seeds that are to drive away the ghosts are themselves possessed.” The tools of reform, in short, are vitiated. Little has changed in the last two decades, except that the agencies have grown in number, the bureaucracies have become more bloated, the procedural thickets have further thickened. The challenges remain, grow even more overpowering, and so does the dilemma.