Master in International Public Management and Policy
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Rediscovering?

UNCTAD

**¨Organizational change in the
United Nations Conference on Trade and Development¨**

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Rediscovering? UNCTAD:
¨**Organizational change in the United Nations Conference on Trade and Development**¨

¨Never look down to test the ground before taking your next step;
only he who keeps his eye fixed on the far horizon will find the right road.¨

Dag Hammarskjöld (1905 - 1961)

Okke Valentijn Wiersma
20/09/2006, Rotterdam

Preface

This thesis will focus on the United Nations Conference on Trade and Development (UNCTAD). I have chosen UNCTAD as my research object because of my participation during 5 months in its internship programme. During this period in which I worked for the ICT and E-business section of UNCTAD, I saw the problems the organization was struggling with. The tensions between management and staff, the difficulties within UNCTAD's conferences and the way the organization has difficulties in dealing with the larger UN system motivated me to discover why the organization has all these difficulties. I saw, and still see, UNCTAD as one of the most important UN programmes. It is especially designed to establish an economic environment in which there are even changes for both developed and developing countries in participating in the world economy. This ideal is, from my point of view, essential for 'achieving a better world for all people', the core mission of the United Nations. An organization with such an important role to play in the world economy deserves a situation in which it can focus on its work instead of on its difficulties. This is why I have chosen to focus on UNCTAD and the difficulties it is struggling with.

In this thesis, it is not my intention to make a political statement on the correctness of UNCTAD's organizational design or output, the UN system in its whole, or the other actors that are influencing UNCTAD. Instead, it will focus on the situation as it is and will give, based on theory, an explanation for UNCTAD's current situation.

I would like to thank Rouben Indjikian, my supervisor within UNCTAD, for the support and freedom he as given me in conducting my research within UNCTAD. Furthermore I would like to thank Dirk Bruinsma, the Deputy Secretary General of UNCTAD, for the possibility to interview his staff. I also would like to thank Vincent Homburg, my lecturer of the Erasmus University, and Frans van Nispen, my second reader, for their support in shaping my research topic and producing the thesis. Last I would like to thank all the interviewed people for their openness and the valuable information they have given to me.

Okke Wiersma

Rotterdam, September 2006

Outline

Introduction

The ambition of this thesis is to discover why UNCTAD is currently facing tensions between management and staff, difficulties within its conferences and difficulties in dealing with the larger UN system. When writing this thesis, UNCTAD just ended its midterm review 2006 in which its member states couldn't come to an agreed conclusion on changes in UNCTAD's mandate for the coming two years. The situation ended up in a conflict between to groups of member states. The group pf developed countries, lead by the Peoples Republic of China on the one hand and the group of developed countries led by the United States of America on the other hand. This struggle between the two groups of countries about UNCTAD's mandate stands not on its own, but has to be seen in the broader context of the discussion on UN level about the mandates of its organizations.

In the same time, UNCTAD was coping with reforms put upon the organization by the managerial and already mentioned mandatory reforms of the larger UN system to which UNCTAD belongs. These UN reforms are focussed on giving the UN a more efficient and effective managerial system. Apart from improving the managerial structure, the mandatory part of the reforms is assessing the mandates of the organizations that work under the flag of the UN in order to see whether there is an overlap in these mandates. An overlap will mean the mergence of several of these organizations. As stated in the south-north development monitor SUNS of 15/05/2006: ''Some developed countries have already made known their intention of having UNCTAD merge with other organizations, and of clipping its activities, while the group of developing countries (G77) and China has stoutly defended the need to strengthen, not weaken, UNCTAD's mandate.''

The problems of UNCTAD's midterm review 2006 and the reforms the organization is facing, created tensions between UNCTAD's management and staff. The tensions became visible by the introduction of the so called 'town hall meetings' between management and staff. Within these sessions, the frustrations of UNCTAD's staff became visible. It showed their frustration about the way their work is influenced by the impact former UNCTAD reforms. Furthermore is showed the lack of confidence they had in the management of the organization since it didn't brought much good to the organization in the past.

Based upon this introduction, the thesis will focus on the following research question;
Why is the United Nations Conference on Trade and Development finding itself in a situation of repositioning itself within the settings of its institutional environment?

Mentioning the institutional environment within the research question implies the importance of New Institutionalism within the thesis. Three concepts of New Institutionalism will be used as the methodological scheme for the thesis. Path Dependency, the Garbage Can Model and Bounded Rationality will be used to assess UNCTAD's functioning within its institutional environment.

In order to develop the appropriate structure based upon which the research question can be analysed chapter 1 will focus on the problem definition and discuss the research design. Chapter 2 will discuss the theoretical foundations of the thesis resulting in the operationalization scheme for the thesis. Chapter 3 will describe what went well and want went bad in UNCTAD's adaptation to its policy environment and how this can be explained. The chapters 4, 5 and 6 will give explanations for the difficulties of UNCTAD in coping with its changing institutional environment. Chapter 4 will focus on UNCTAD and organizations working in the same policy environment as UNCTAD. Chapter 5 will focus on UNCTAD and its relation with the larger UN

system. In the end chapter 6 will focus on UNCTAD and its member states. After having described UNCTAD's relation with its institutional environment chapter 7 will focus on UNCTAD's organizational design, analysing the organizational structure and management. At the end, chapter 8 will give the conclusion of the thesis, aggregating the assessments of the organizational design and the institutional environment, in order to analyse whether the organizational design gives the appropriate structure to UNCTAD in order to cope with its institutional environment.

## 1.	Research design

This chapter will give an introduction to the thesis. The first and second part of this chapter will provide an overview of UNCTAD's development and the problems it has to deal with, resulting in the research question for the thesis which in turn will be divided into sub-questions. The third part of the chapter will discuss the research methodology that has been used. The final part of the chapter will give an overview of the structure of this thesis.

### 1.1.	Problem definition

The United Nations Conference on Trade and Development (UNCTAD) was established by the United Nations (UN) General Assembly in term of Resolution 1995 (XIX) of 30 December 1964. This was a reaction on the growing concerns of developing countries about their role in international trade. UNCTAD's task was to tackle the problems developing countries were concerned about. In order to be able to do so, the conference was established to meet every four years and a permanent secretariat was established to provide the necessary administrative support (Dubey, 2006). During UNCTAD's years of existence the organization has been the subject of many discussions. These discussions where centred around two subjects and took place during two kinds of events. The first group of discussions was focussed on UNCTAD's mandate. These discussions most of the time took place during the UNCTAD conferences and the midterm reviews which are taking place every two years after a conference in order to review the implementation of the conference agreements. The second group of discussions is focussed around UNCTAD's organizational and managerial structure. These discussions, similar to the discussions about the organizations mandate, took place during the conferences and midterm reviews of UNCTAD but also during times of UN reform.

During UNCTAD's years of existence the organization has changed considerably. The organization has grown from a conference serving organization to an organization that is involved in policy analysis and capacity building support for developing countries as well. This change in output is the reason for the slightly misleading name of the organization that only seems to focus on the 'conference support' pillar of the organization. The name itself, compared to its output indicates the change the organization has gone through. This change in output has caused the necessary discussions about the identity of the organization. What it should do, how it should do it and how it should position itself within its broader institutional context.

UNCTAD has a special position within the UN system. As the name indicates it has its own conference that determents the mandate of the organization and that monitors the organization in its functioning and management. This conference is the highest policy-making body of the organization. Apart from the conference, the organization is directly placed under the UN General Assembly and partly under the Economic and Social Council (ECOSOC) (United Nations, 2006). The UN structure and the place of UNCTAD within this structure will be further discussed in chapter six. The direct link of UNCTAD with the larger UN system has caused it to be financial and managerial depended on the UN system. This means that the current discussion about UN reform will have its direct impact on UNCTAD as well. The UN reform process itself will have two faces. The first aspect of UN reform will focus on the organizational design of the UN system. This will directly impact UNCTAD since it has to follow the line of procedure as it is issued by the UN secretary. The second aspect of UN reform has to do with mandatory reform. It addresses the question how the UN should be structured, concerning the question which UN organizations should have what mandates. This affects UNCTAD hugely because the usefulness of having

an organization like UNCTAD is directly challenged by the UN mandatory reforms. Therefore, it is no surprise that the UN reform itself have caused turbulence among UNCTAD staff and its secretary. To indicate the impact of UN reform on UNCTAD during UNCTAD X in Bangkok in 2000, the Secretary General of UNCTAD has stated that no other UN body has been subjected to a reduction in budget, to the extent that UNCTAD was (Dubey, 2006, p. 22).

The two areas of discussion, mandate and organizational design, have had a major impact on UNCTAD. The Organization is trying to reposition itself in order to be able to perform its tasks in the future. This process of repositioning and the discussion that is held around this subject has resulted in two documents that emphasise the importance of UNCTAD's repositioning debate. The first document, Reinventing UNCTAD, was submitted to the Panel of Eminent Persons on Enhancing UNCTAD's Impact by Boutros Boutros-Ghali, former Secretary-General of the United Nations and Chairman of the South Centre Board. It gives an historical overview of UNCTAD and gives suggestions for revitalizing UNCTAD. It argues that: 'Developed countries have made a concerted effort to change and dismantle UNCTAD over a period of nearly 15 years. It furthermore states that, it may take the developing countries many years to revive and reinvent the organization. It states that UNCTAD must recover its voice and regain the support and respect of developing countries who have identified with it and its mission for decades when it wants to keep on playing a role in the trade and development environment (Dubey, 2006, p. 24). 'The second document, 'Do you know what happened to UNCTAD?', is made by an UNCTAD staff member and states that.' It is not clear whether UNCTAD merely refers to one of numerous conferences for periodically discussing issues related to international economic relations, or a permanent subsidiary organ of the UN, or a group of international civil servants servicing the institution (Kasahara, 2006, p. 1).' These two quotes indicate the importance of the repositioning discussion of UNCTAD, the way it is struggling with its own identity and represent the feelings of UNCTAD staff who all are concerned about what is going to happen with UNCTAD. In order to make these feelings open for discussion, the Deputy Secretary General of UNCTAD has decided to organize Town Hall meetings every two months to discuss what is going to happen with UNCTAD and what will be done from a managerial point of view.

The changing position of UNCTAD and the UN reform impact on UNCTAD together with the unrest that has been caused by these events raised the question why there is this ongoing repositioning debate within UNCTAD. This results in the research question as represented in paragraph 1.2.1.

1.2. Research question

1.2.1. Research question

The research question for the thesis is based upon the problem analysis described in paragraph 1.1 and is as follows:

Why is the United Nations Conference on Trade and Development finding itself in a process of repositioning within the settings of its institutional environment?

1.2.2. Sub-questions

In order to be able to analyse the research question this question is differentiated in eight sub-questions that further specify the research question. The first sub-question is focussed on UNCTAD's policy environment in order to examine to what extend UNCTAD has anticipated on changes in its policy environment:

1. *How has UNCTAD's policy environment evolved during her years of existence and how has UNCTAD adapted itself to this?*

Apart from UNCTAD's policy environment its institutional environment is important as well. When there is a repositioning question of the organization within its institutional environment, it is inevitable to assess this institutional environment itself as well, focussing on the questions how it has evolved and what impact it has? The analysis of these two subjects will be conducted within the following three questions.

2. *How have competing organizations changed and how is UNCTAD influenced by this?*
3. *How is UNCTAD influenced by the UN system and how has this influenced UNCTAD's adoption to environmental changes?*
4. *How can political forces, on which UNCTAD is depending, be described in relation with today's institutional settings and how has this changed UNCTAD's decision making process and organizational design?*

Sub-question 4 has a special status because it assesses the link between UNCTAD's institutional environment and its decision making process, since UNCTAD's member states are part of the institutional environment but steer the decision making process as well.[1] The institutional environment of UNCTAD and the organization itself thus come together in the intergovernmental process. In this process, the member countries have a direct impact on the organization and they in turn are influenced by their membership of intergovernmental trade and development related organizations making the link between UNCTAD's decision making process and its institutional environment.

When the institutional environment and the decision making process have been assessed the thesis will focus on the organizational and managerial structure of UNCTAD itself. In order to be able to understand the repositioning question of the organization within its institutional environment it is important to know how the organization itself is designed and how this has changed during the years.
The following sub-question will focus on the organizational design of UNCTAD in order to assess how UNCTAD has adjusted itself to change.

5. *How is UNCTAD currently functioning and how has it changed during her years of existence?*

The last two sub-questions have a more explanatory function. Where the sub-questions above focussed more on a description of the processes that are going on, the sub-questions 6 and 7 will generate an explanation for the existence of the current situation and the way it has evolved over time.

6. *What is going good and what is going bad and what are the causes?*
7. *Looking at the causes triggering the good's and the bad's, how can they be explained?*

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[1] The way the institutional environment is analysed through three different questions is based on the operationalization scheme as it is represented in paragraph 2.7.

1.2.3. Theoretical orientation

Definitions
To analyse the research questions, it is important to define what exactly an institution and its institutional environment is. Institutions can in the broadest definition be seen as rules and as such they are the foundation for all behaviour (Steinmo, 2001). Within this definition a rule has to be seen as an concept that includes the procedures, and formal and informal legislative and cultural laws that structure society, generating restrictions and providing opportunities. For the sake of this thesis, the definition is regarded to be too broad. To provide the thesis with a workable assessment scheme, a distinction between two working definitions of an institution is made that both cover a part of the definition above.

1. *The first working definition is abstract and regards an institution as the arena on which an organization is depending in its functioning. An arena thus is the setting in which an organization is functioning. In the thesis the term environment will be used in stead of arena.*

This definition is based upon a Behaviourist/Marxist perspective of institutionalism that regards an institution as the arena in which battles are fought out (Steinmo, 2001).

2. *The second definition is practical, and describes an institution as an entity, an organization, founded upon a legal base and mandated to commit its tasks in a specific policy area. When referring to this definition of an institution the term organization will be used.*

This definition has its foundations in the Functionalist approach to institutionalism that regards an institution as organizations created to fulfil the systemic needs of society *(Steinmo, 2001)*.

Based upon these definitions UNCTAD will be analysed within the settings of its institutional environment. This means, in line with the working definitions above, that UNCTAD's organization, legal base and mandate will be assessed in terms of compatibleness with the arena in which it has to function.

The methodology
The analysis will be based on the theoretical foundations of the New Institutionalism within organization theory. New Institutionalism finds its origins in Institutionalism (North, 1990). Institutionalism examines the ways in which institutions structure social and political behaviour. It argues that policy, politics and behaviour can be understood in the context of the institutions in which they take place (Steinmo, 2001). The New Institutionalism goes a step further and argues that institutions themselves are not neutral to policy outcomes either. 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes… On the other hand, the organizational position also influences an actor's definition of his own interests… in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986, p. 12). The theory thus describes the way actors influence their environment and how they in turn are influenced by their environment. This bring another aspect into consideration, the way actors influence each other within their environment. Being all a member of the same environment and al having a certain amount of power over their environment, implies that they have a certain amount of power over each other as well. As Steinmo argues: 'Institutions define the rules of the political game and as such they define who can play and how they play' (Steinmo, 2001, p 7555).

The theory of New Institutionalism creates the possibility to understand an organization within its environment. This is why this methodology is considered the most appropriate for the thesis. It allows to assess the organization within its environment while taking into account its history in order to assess why there is an institutional misfit. First, It provides a theoretical scheme that gives the bases to examine the functioning of an institution within its institutional environment. The theory takes into account the powers and barriers an organization has in relation with its environment and how it is influenced by it. Second, it provides a theoretical scheme on how organizational change is provoked. It argues that there are two sources of importance with regard to change, the organizations own history and pressures for change from outside the organization. Although the New Institutionalist literature gives an broad explanation of organizational change it is not yet fully developed and science is still discussing why organizations change when it brings along additional uncertainty instead of institutional stability that can give the legitimatised backbone for its work. A further explanation of the literature on the New Institutionalism will be given in chapter two in order to create an operationalization scheme for the thesis.

1.3. Research methodology

1.3.1. Method of inquiry

The thesis is explanatory of character. As can be seen when looking at the research question, the aim of this thesis is to give an explanation for a existing problem situation. The thesis tries to give an answer on the question why a certain specific situation, being the current position of UNCTAD within its institutional environment, has emerged. This implies that the thesis has its roots in ideographic explanation. 'An approach to explanation in which one seeks to exhaust the idiosyncratic causes of a particular condition or event' (Babbie, 2004, p. 21).

In conducting the research, a qualitative field research technique is used; institutional ethnography. 'In institutional ethnography, the personal experiences of individuals are used to reveal power relations and other characteristics of the institution within which they operate' (Babbie, 2004, p. 295). Institutional ethnography implies that the research is conducted in a inductive way in which the data is used to explain the situation. The technique is used through making use of open interviews with people working within UNCTAD and within its institutional environment in order to discover the characteristics of the relationships among the different actors within the institutional environment and among people within the institution itself. This enabled the description of the opportunities and barriers that UNCTAD is facing within its institutional environment and generates the scheme for giving an explanation for the turbulent period UNCTAD is currently going through.

1.3.2. Data-collection methods

Several different research methods have been used during the research for this thesis. In order to retrieve the information needed to come to an answer within the used method of inquiry, 17 qualitative interviews have been used. 'A qualitative interview is based on a set of topics to be discussed in depth rather than based on the use of standardized questions' (Babbie, 2004, p.300). Interviews with several people within UNCTAD and within its institutional environment enabled the creation of an detailed picture of the different variables that influenced UNCTAD in its

functioning. The interviews have been based on a scheme[2] that gave the boundaries in terms of the topics to be discussed.

Apart from the interviews, additional documents and reports have been used in order to get a more detailed picture of UNCTAD and its institutional environment. These documents where used to gain background information about the history of UNCTAD and the actors that influence the organization. The second function of these documents was to provide detailed background information in the form of statistical data. These data, for example the received funds for technical cooperation, provide the opportunity to discover trends that are impossible to retrieve out of quantitative interviews. A third function of the documents is to provide additional knowledge about UNCTAD's current functioning and its institutional environment, apart from the qualitative interviews.

1.3.3. Units of analysis

Both UNCTAD itself and its institutional environment both can be seen as the research objects of this thesis. Both these entities need to be taken into account in order to produce a comprehensive picture on which the thesis can be based. In order to generate conclusions about UNCTAD and its institutional environment I used the following units of analysis.

With regard to UNCTAD, interviews are conducted with individuals that are selected on specific criteria and their knowledge of the organization. This group consisted of staff employees, senior managers and officials of the administrative support sections. Because of the character of the thesis which is focussing more on the managerial aspects of the organizations more interviews have been conducted with management officials. In total 5 senior managers are interviewed, 3 heads of administrative support sections, like the human resource department, have been interviewed and 3 professionals have been interviewed of which one is a member of the sectoral assemble of UNCTAD. These interviews provided a picture of the challenges the organization is facing, the difficulties it has to cope with and the possibilities it has in its functioning. A detailed list of interviewed people can be found in annex B. The criteria used in selecting the people to interview focus on their expertise on a certain part of the managerial process, on their knowledge of the organization and on their influence on the organizational design and on their ability to sketch a picture on what is going on within the organization.

When looking at other organizations that influence UNCTAD's handling, two organizations, the WTO[3] and the UNDP[4], are analysed in their functioning through which they directly influence UNCTAD. This does not mean these organization are the only ones that have an impact on UNCTAD. Apart from these organizations, organizations like the World Bank, the International Monetary Fund and the UN Department for Economic and Social Affairs (DESA) are closely involved in the policy field UNCTAD is focussing on. The WTO and UNDP are chosen because they are based in Geneva like UNCTAD making it easier to investigate these organization. The second reason to have chosen these organizations is because of the way they are interlinked with UNCTAD. The relationship between UNCTAD, WTO and UNDP will be further discussed in chapter 4. Within the UNDP on senior manager is interviewed and one person that is focussed on T&D within UNDP. This created the possibility to understand both the policy related relation and the financial relation

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[2] The scheme that guided the interviews is attached to the thesis as annex B
[3] WTO = World Trade Organization
[4] UNDP = United Nations Development Programme

between UNDP and UNCTAD. Within the WTO 2 interviews have been conducted with T&D experts. This created a picture of their activities in the T&D policy environment. It enabled the visualisation of the similarities and differences compared to UNCTAD.

The third group of actors, the member countries of UNCTAD, have been analysed through 2 interviews with country representatives of two different groups of countries. The first interview was held with an UNCTAD delegate of a G77 country. G77 stands for the group of developing countries. The other delegate was of a developed country. These interviews created a picture of the influence of the different countries on UNCTAD and the other organizations and the interview helped to generate a picture of the power relations among the countries.

1.3.4.   Methods of analysis

During the analysis of the interviews, the data has been labeled into different categories. Apart from the labeling of interview data as being positive or negative, attention has been paid to similarities and differences in the stories of the respondents. This process has created a view on the organizations, the organizational relations, the processes, way of coordination, the difficulties, opportunities and satisfaction of all the actors.

Through making use of open interviews, it has been tried not to influence interviewed people by the hypothesis of the researcher. Through giving respondents the ability to speak freely within the constraints of the interview objectives it has been tried not to influence them but to discover different views on UNCTAD's current situation in a setting that tries to reduce the interpretative impact of the researcher. The interviews served to analyze the degree of dependency of UNCTAD on its institutional environment and the degree to which UNCTAD has been influenced by its own institutional history.

1.3.5.   Validity and Reliability

Validity
Validity refers to the extend to which an empirical measure adequately reflects the real meaning of the concept under consideration' (Babbie, 2004, p. 143). The concept of validity can be divided into face validity, criterion-related validity, construct validity and content validity. This paragraph will illustrate what has been done in order to try to guarantee the validity of the thesis and its research.

Due to institutional ethnography the personal experiences of individuals are used to reveal power relations and other characteristics of the institution within which they operate (Babbie, 2004, p. 295). This means that the risk of misinterpretation during data analysis and collection is reduced. Secondly the thesis will only focus on one organization. Its not the intension of this thesis to generalize the findings in such a way that they can be used to determine difficulties in other organizations as well. As Babbie stated: 'Being there is a powerful; technique for gaining insights into the nature of human affairs in all their rich complexity' (Babbie, 2004, p. 307).

Face validity focuses on the quality of an indicator that makes it seem a reasonable measure of some variable (Babbie, 2004, p. 144). Criterion-related validity focuses on the degree to which a measure relates to some external criterion (Babbie, 2004, p. 144). This kind of validity focuses on the extend to which an entity is able to predict certain events. Construct validity refers to the degree to which a measure relates to variables as expected within a system of theoretical relations (Babbie, 2004, p. 144).

This type of validity is focussed on the question whether theoretical expectations are backed up by research results. If an independent variable is influencing two contrasting depended variables the causal link is less strong. Content validity refers to the degree to which a measure covers the range of meanings included within the concept (Babbie, 2004, p. 144).

When looking at the operationalization scheme as presented in paragraph 1.2.3. the indicators are based upon research data retrieved from literature and interviews that created a picture of the important aspects with regard to the research questions. By doing so the thesis is based upon a variety of variables that together create a comprehensive picture of the different ways UNCTAD is influenced in its handling. This thesis is based upon open interviews in order to understanding the degree of pressures from outside on the organization and the degree of pressure from the organizations history point of view. Based upon the research result with regard to these concepts a picture will be generated of the organizations position within its environment and its difficulties. Causal relations are not created in such a way that a new link will be created between the depended variable, the organization, and the independent variables, its institutional environment and history. Research findings will be compared with theoretical models in order to create an answer on the research question. This influences the construct validity in a positive way because the theoretical models are already assessed on their validity. Due to the open interview questions it has been possible to get a detailed picture of the issues at stake within the subject. It created the possibility to discover the different issues that influenced the organization in its handling. The concepts UNCTAD and its institutional environment therefore have been detailed analysed focussing on different actors in the institutional environment and on the different characteristics of the organizational structure, management and decision making processes.

Reliability
'Reliability refers to the quality of measurement that suggests that the same data would have been collected each time in repeated observations of the same phenomenon' (Babbie, 2004, p. 141). 'Field research has a potential problem with reliability.' One can not be sure that another observer would find the same answers. This is has to do with the normative pre assumptions of the researcher itself. This has tried to be reduced to make use of interviews that offer the possibility to hear the opinions of others based upon examples. Through the use of examples the danger of unreliability is reduced since it shows where the assumption that is made comes from. The risk of unreliability is further reduced since the thesis tries to create a detailed picture of the organization and its environment based upon fact and descriptions of procedures and difficulties. Assumptions about what the research data actually means is therefore less important. This means that assumptions that can be influenced by the researchers own interpretative scheme are reduced.

2.   New Institutionalism & the Institutional Environment

This chapter will provide the thesis with its theoretical backbone. As already written in paragraph 1.2.3. the New Institutionalism allows to assess the institution within its environment while taking into account its history, making it possible to assess why there is an institutional misfit. This chapter will explain the theory as it was introduced in paragraph 1.2.3. Second, it will give an overview of the important aspects of New Institutionalism. After the introduction of New Institutionalism the link to UNCTAD and its institutional environment will be made resulting in an operationalization scheme for the thesis in the last paragraph of the chapter.

2.1.   Origins of New Institutionalism

Institutionalism looks, as already mentioned in paragraph 1.2.3, at the way in which institutions, meaning the broader set of rules an organization relies upon, structure the social and political behaviour of the organization. This social and political behaviour in turn influences the goals of an organization and, by doing so, is influencing the functioning and structure of the organization as well through the way it constrains the organization in its functioning or, on the other hand, creates opportunities. In this way an institution can generate meaning, as well as norms and appropriateness as a category of action (Immergut, 1998).

When looking at the history of New Institutionalism, Immergut explains that, '… The institutional approach can already be found in the writings of Jean-Jacques Rousseau by his claim that behaviour and preferences are not a coincident … but have to be looked at as products of society, its norms and its institutions' (Immergut, 1998, p. 8). This means that the design of an organization and the way it acts is not a product of coincidence. The institutions organizational behaviour can be seen as the result of an organization its interaction with other institutions within the institutional environment it belongs to and with the rules that are generated within this institutional environment.

Before continuing with the description of the New Institutionalist approach a distinction has to be made between New Institutionalism and Neo Institutionalism. As de Vries argues in his book "De lastige verhouding tussen departementen en agent", there is a subtle difference between the adjectives 'neo' and 'new' since the adjective 'neo' not only implies a theoretical change, but in the same time refers to the connection with the Institutionalist approach as its predecessor (Vries de, 1992, p.21). DiMaggio and Powell however argue that Neo-Institutionalism only refers to the economical and political stream based on the principles of rational choice. They argue that the term New-Institutionalism refers to the broader aggregated whole of institutional ideologies that have the same tendencies in the different disciplines in which it is used (DiMaggio and Powell, 1991, p. 34). Therefore, this thesis will use New Institutionalism instead of Neo-Institutionalism since the thesis incorporates more than Rational Choice alone. However it needs to be highlighted that New-Institutionalism of course has it roots in Institutionalism and has its similarities upon which it builds further. Immergut argues that there are three separate branches that all claim to be the 'New Institutionalism: rational choice, organization theory and historical institutionalism…(Immergut, 1998, p. 5)'

The Rational Choice Institutionalists claim that models can be constructed that will help us understand and predict (political) behaviour (Levi, 1988). They argue that ideas and preferences are generated by the ideologies and knowledge that actors have in order to generate that best suitable solution. Furthermore, they state that the normal state of politics is one in which the rules of the game are stable and actors

maximize their utilities (Steinmo, 2001). Rational choice can be seen as the analysis of the choices made by rational actors under conditions of interdependence. A well known tool of this theoretical model is the game theory that states that any majority of votes on a particular proposition can be beaten by a different proposition with an alternative majority. Social-Organizational Institutionalism is based upon the critique on rationality.

Social-Organizational Institutionalism claims that social institutions are critical for understanding the structure of social, political and economic interactions (DiMaggio and Powell, 1991). This means that knowledge of the institutional environment of an organization is a precondition for understanding the functioning of this organization. Choices are not only made in order to maximize the self interest of the entity as argued by Rational Choice institutionalists. Instead, complex normative mindsets influence the entity in making certain decisions instead of others.
Historical Institutionalism tends to take a more macro-sociological and power-oriented view, which focuses on the relations between politics, state and society in various countries and historical periods' (Immergut, 1998, p. 17). Historical institutionalism is primarily interested in understanding and explaining real world events and outcomes. They see their inquiry as one of path analysis and/or process tracing (Steinmo, 2001). In order to understand the situation in which an organization finds itself, one has to know the history of this organization. What happened that made the organization the way it is?

This thesis will be based upon the social-organizational institutionalist and historical institutionalist approach. This will generate a picture of the institution as it is influenced by its environment that generates the set of normative rules according to which an entity acts, and how this is consistent with its institutional history. In this thesis, the sociological-organizational theory will be used for the analysis since it provides a theoretical scheme to analyse why an organization makes certain choices without necessarily increasing the performance. This would not have been impossible to explain with the rational choice theory. Historical institutionalism, as second alternative to the social-organizational institutionalism, has the advantage of thinking of institutionalism from different points of perspective, political, governmental and society. However it leaves aside the micro-economical organizational design side of an organization, therefore social-organizational institutionalism is chosen as the theoretical core of the thesis. Rational institutionalism will not be used since it focuses on how an organization can perform better but does not give the theoretical framework to examine why an organization is not functioning properly.

2.2. Aspects of New Institutionalism

2.2.1. Models of New Institutionalism

As argued above the New Institutionalism states that social and political behaviour influence the goals of an organization and by that influences the functioning and structure of the organization as well. In this way an institution can generate meaning, as well as norms and appropriateness as a category of action (Immergut, 1998).

Within the New Institutionalist approach, there are several models/methodologies created to structure research and to give a distinct view on organization theory. For the sake of this thesis two of them will be highlighted. These two models are critical in understanding the organization in its functioning. They will be used to understand the organization, why it makes certain decisions, how it is influenced by its institutional environment and how its own history influences the organization in its functioning.

The first theoretical model to be used is the path dependency model. It states that the development of an institution is affected by its history. The evolution of an organization can be seen as a path dependent meander in which the structure, way of functioning, position in its institutional environment and influence of the organization is depending upon taken decisions in the past. The history of all these aspects have created the organization as it is now. For this thesis, it thus is important to understand the way the organization and its institutional environment have evolved during its years of existence. Taken into account within the thesis are the decisions taken in the past by the actors within the institutional environment of the organization and decisions taken by the organization itself. This together will generate a picture of how the institutional environment and the organization itself have evolved during their years of existence, creating a picture of their mutual similarities and differences.

The second theoretical model to be used is Goodin's 'Goodness of fit'. This model gives the thesis the theoretical foundations for the scheme (see paragraph 2.2.2. and 2.3.) through which the institutional environment of the organization will be assessed. As Goodin argues in his book 'The Theory of Institutional Design': "The literature on 'system design' invites to reflect upon larger contexts; to be sensitive to all the various forces in play, and to all the complex interactions among them, to interrogate thoroughly our own values, and to assess carefully the way in which all these interactions might impact upon whatever it is we value and disvalue in social outcomes (Goodin, 1996, p.33)." The goodness of fit in this picture refers to the way in which the design of an organization (the designed object as Goodin calls it) fits into the larger context in which it is set. Goodin states that a well-designed policy is one which fits well with the other policies, and the larger political, economical and social systems in which it is set (Goodin, 1996). When translating that into a model for the design of an organization, one could state that an organization needs to fit well with other organizations, and the larger political, economical and social system.

After taking the above mentioned models in mind, the question standing is how other organizations can emerge within a policy environment when there already is an organization that can provide a potential solution for a problem? This thesis argues that the creation of new organizations is not driven by considerations about functionality but of satisfaction as explained in the bounded rationality. It is a political process that creates the willingness among sovereign countries for the creation of an intergovernmental organization. This political motivation to create a new intergovernmental institution can be driven by economic, political or social strategies that will enable countries to protect their interests in a more effective way than the existing intergovernmental institutions do.

2.2.2.   The institutional environment

When looking more detailed to the institutional environment of UNCTAD, it consists out of intergovernmental organizations, their member states and interest groups together forming the policy networks that influence the policy making process. These policy networks thus are structured by dense interactions among economic, social, and political actors that work according to different logics in different contexts (Immergut, 1998). This points out that, when looking at the institutional environment of an organization, it is important to take two aspects into consideration. The first aspect focuses on the structure of the institutional environment. It describes the different institutional dimensions, institutions within institutions and the actors that are involved within the institutional environment. The second aspect of importance is the actual interaction among these actors. How are actors influencing each other and how is power distributed among all the actors.

Besides the way institutions, that is rules, influence the organizations, these organizations influence their environment as well. This takes place through the way organizations have the capability to structure by defining who is able to participate, shape the various actors strategies and influence what these actors believe (Steinmo, 2001). The question thus is who is creating the rules? This is done by the actors that are involved within the institutional environment itself. This indicates that there is a feedback circle in which the actors within an institutional environment shape the rules of the game and that these rules in turn influence the actors again in their view on the environment itself, what their vision should be, what they should do and how they should do it. The relationships between the actors in an institutional environment thus are multi dimensional. In the broadest sense institutions, that is rules, influence both the organization and the institutional environment in which it functions. Second, the institutional environment influences the functioning of the organization and the other way around. Third, an organization along with its environment influences the general rules by which the system is functioning. The degree of importance of all these different institutional actors in influencing each other is given by their position in the process of policy-making. This in turn generates the power of these actors on the process itself. As Hall argues: 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes... On the other hand, organizational position also influences an actor's definition of his own interests... in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986, 12). An organization thus has the capability to influence its institutional environment in such a way that it positively impact its own interest. The structure of the policy environment in turn determents the degree of power the organization has to do so.
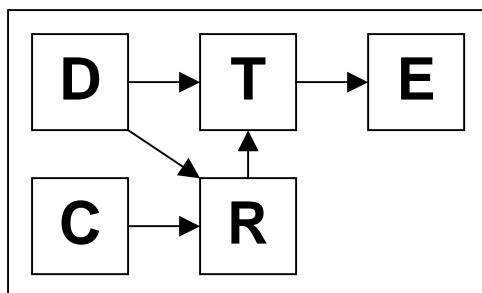
Figure 1: Influence within the law of requisite variety

The question standing is how an organization can cope with the changes in its institutional environment and how it can influence its institutional environment itself? An answer is given by Ashby's 'Law of Requisite Variety'. The theoretical core of this law argues that, within the environment of an regulator (R) there are several disturbances (D) that are to be counter balanced by R in order to keep the outcome (O) in line with its own values. The larger the variety in disturbances (V_D), the larger the imaginative variety of outcomes (V_E) produced by V_D is. In order to counterbalance this process, the variety of the regulators measure (V_R) needs to be enlarged as well, in order to reduce V_E due to V_D. This can be achieved when R has full knowledge over the activities of D. Within each system there is a control mechanism (C) as well that has the task to maintain control over the activities of R. In the end, C can influence R by its decision, hereby influencing O. (Ashby, 1958, p. 202-218) Figure 1 represents the structure of the system schematically. Within the figure, T represents the process in which D and R come together to produce E. When transferring this the law of requisite variety in the context of the thesis, one can state that UNCTAD is represented by R. C is representing the member countries of UNCTAD that monitor and steer the organization in its activities. E stands for the goals UNCTAD likes to achieve. In order to achieve its goals, UNCTAD needs to take into account the disturbances (D) that are interfering with its goals. These disturbances can be created by organizations and countries with different agenda's compared to the agenda of UNCTAD. T stands for the process in which these disturbances and UNCTAD's goals come together in order to produce a policy, focussed on the creation of the preferred outcome.

2.2.3. Institutionalism and organizational change

Change in the institutions can occur through the construction of new policy networks by the way they change the context of executive institutions and the balance of power (Immergut, 1998). Change itself however is difficult to explain. Institutional change means increased uncertainty because any particular set of institutions are embedded in a variety of other institutions (Steinmo, 2001). Change in one institution thus will mean inherently that the complete institutional environmental structure has to change. This means the rules have to change which will decrease the legitimacy of the institution. In all, pressures have to be substantive in order to be powerful enough to foster change. As Thelen and Steinmo describe in their book, change in any system is a product of external shocks to the system (Thelen and Steinmo, 1992). The reason for initial changes is most of the time founded in improving the performance of an organization. These changes than are most of the time followed by adopting the same changes in the rest of the institutional environment. This process called homogenisation increases the legitimacy of the organization. Thus where the initial change most of the time is found in improving performance the follow-up process of homogenisation can be seen as a means of improving legitimacy, even when it influences organizational performance in a negative way. DiMaggio and Powell argue that this process of homogenisation, they call Isomorphism, can be divided in two different types. The first is called competitive isomorphism and is applied to early adoption of innovation to gain as much advantage of new technologies as possible. This process can be seen as a process of adopting best practices in order not to stay behind. The second, Institutional isomorphism, results from competition to increase political power and legitimacy. This institutional isomorphism in turn can be divided into three different mechanisms. Coercive isomorphism results from pressure of another institution on which an institution has to relay in its functioning and by pressure from society. Mimetic isomorphism results from a lack of confidence in used technologies, goals and environments. Organizations model themselves to other organizations in order to increase their changes of survival. Normative isomorphism finds its roots in professionalization of the workforce. Professionals are getting increasingly similar ideologies though their education in which the same concepts are given to them (DiMaggio and Powell, 1983).

2.2.4. Bounded Rationality and the Garbage Can Model

Next to the above mentioned New Institutional models that will be incorporated within the thesis, two additional models of organizational theory will be used as well, since they are closely interlinked with New Institutionalism. These models, Bounded Rationality and the Garbage Can Model, have close links with the ideologies of Social-Organizational and Historical Institutionalism since they two are based on the assumption that the functioning of an organization and its environment are influences by other aspects than rationality in terms of finding the best solution for a certain problematic situation. However, whereas Goodin's 'Goodness of fit' and the Path dependency model generate a frameworks that explain the fundamental behavior of an organization, being that an organization is steered by its institutional environment and history, Bounded Rationality gives an explanation to the question why this is so. When combining the three models, one could state that organizations act based upon historical and environmental incentives in order to cope with their limits of cognition in rational decision making themselves. The best solution thus is to act based upon what happened in the past and what the environment wants. When making the link with the Garbage Can model one could state that the concept of Bounded Rationality can create a situation in which the creation of a new organization is regarded as most satisfying. This in turn generates a situation in

which multiple organization work within the same institutional environment with more or less the same focus, generating a variety of solutions for the same problem.

So what are Bounded Rationality and the Garbage Can model? Simon's Bounded Rationality argues that the limits of cognition make rational decision making not possible. Thus an organization is limited cognitional when making a decision. It will not be possible for an organization to adapt to each specific problem in such a way that all influencing variables are taken into account the situation in order to generate the best solution. Therefore standardized procedures will be used in a rule based environment to guide individuals in making decisions when their cognitive limits are stretched. Furthermore, cognitive limitation will generate a situation in which not the best, but the most satisfying solution will be used to solve a problem. This will mean that an organization, not being able to fully understand the situation in which it is currently functioning, will make decisions based upon its preferences and not on what is best for the organization. Situations can be to complex for the human information processing capacity. Therefore, decisions are made upon the most satisfying solution instead of the best solution. This implies that an organization, apart from change in its institutional environment, is influenced by its own history and that of the broader institution. Satisfaction itself can be seen as the degree to which a certain entity can find itself in the decision that has been made. Satisfaction thus implies that the decision itself is in line with the ideology of this entity. The ideology of an entity is based upon the normative assumptions it has which are strongly influenced by the history of the entity hereby making the link between bounded rationality and historical institutionalism. The second model to be used is the garbage can model that claims that there is no linear process in which there is a problem that is addressed, followed by a process in which a solution is created to tackle the problem. Instead, solutions and problems both exist already. When their paths come together an window of opportunity is created and the solution is attached to the problem it has to cope with. This theory gives an idea about how power relations of actors within an institutional environment can change from one institution to another. When different organizations exist within the same policy environment they all create an potential answer to a problem. There thus are different windows of opportunity. The window that will be chosen based upon political, economic or social considerations will substantially influence the power balance between the organization that offers the solution and the organization(s) that was left behind.

These two models, together with the addressed neo-institutional models are essential to understand the complex situation of UNCTAD.

2.3.   Institutionalism and UNCTAD

Based upon the previous paragraphs in this chapter, the institutional environment of UNCTAD can be seen as the arena in which it is functioning. Based upon this assumption the institutional environment of UNCTAD can be divided into four major interrelated groups of actors. These groups together form the institutional environment of which UNCTAD is part and in which it is functioning, on which it depends and whom it serves. Based upon the theory as presented above, UNCTAD can be seen as an organization founded by its member states and institutionalised by its charter that has been the result of its first conference in 1964 that mandated UNCTAD to maximize the trade, investment and development opportunities of developing countries and assist them in their efforts to integrate into the world economy on an equitable basis (United Nations, 2006). UCTAD itself in turn can be analysed within the broader set of rules of the larger UN system of which it is a part and within the boundaries of its own intergovernmental process that gives UNCTAD its authoritive power in the form of its mandate. The second aspects of the second

definition refers to the environment of the organization, its institutional environment. This environment consists of UNCTAD, with UNCTAD competing organizations, the donor- , client countries forming the member countries and the larger UN system. This underlines the complex interactions between the different environmental actors and the way they are intertwined with each other.

Taking the above mentioned working definitions into account the first entity that is important to pay attention to is UNCTAD's *policy environment* itself. In order to be able to understand the impact of UNCTAD's output and to see how it has adapted to change, it is important to assess how it is influenced by changes in it's policy environment. It will focus on the changing needs and situations of the countries UNCTAD is serving. Apart from this, the thesis will focus on new ideas that are emerging on how to tackle trade and development related problems and how these ideas are influencing UNCTAD. The second major group of actors to pay attention to are the *member countries* of the organization. Their management ideas, financial restrictions, output demands and the power relations among themselves have a large impact on the functioning of UNCTAD and the possibilities the organization has. The third group of actors on which this thesis will focus are the *other organizations* that more or less chare their policy field with UNCTAD. Their handling and the way they change their position within the trade and development policy environment is influencing the possibilities UNCTAD has within its institutional environment. The fourth actor that has a major impact on UNCTAD's functioning is the broader UN system UNCTAD is part of. It creates possibilities and shapes restrictions UNCTAD has to cope with.
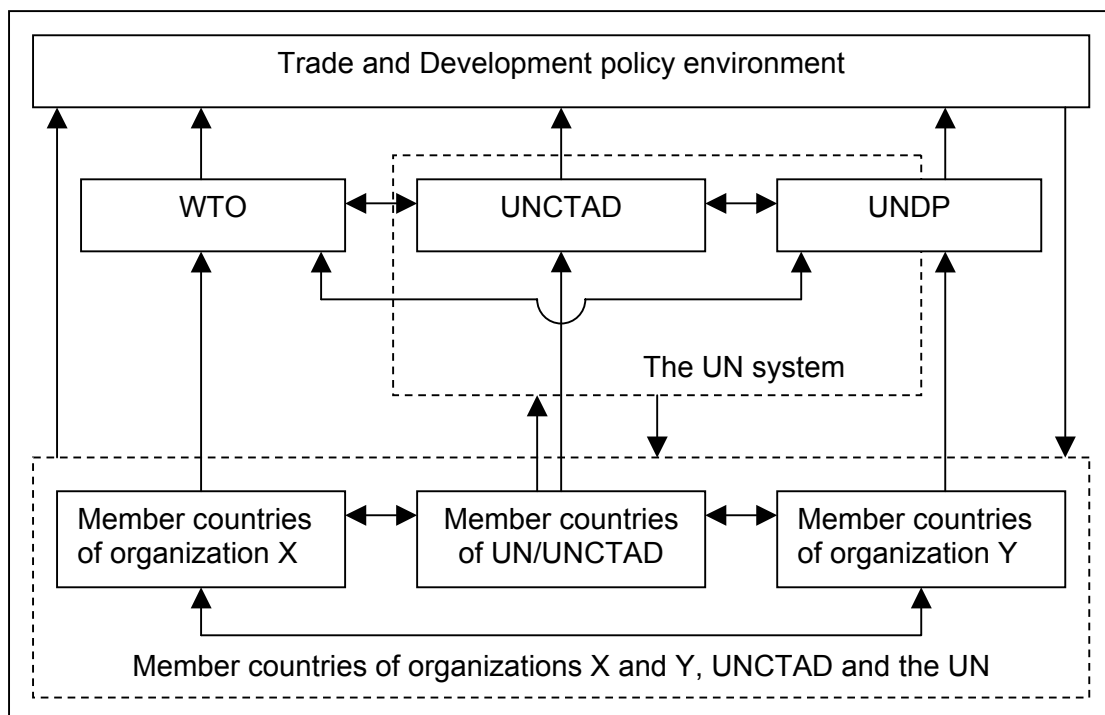
Figure 2: UNCTAD's institutional environment

Figure 2 shows how the different actors in UNCTAD's institutional environment influence each other. The arrows represent the directions of influence. It shows the power relations among countries and between organizations, how they all influence each other through a positive feedback loop in which the input of an actor in the system is rebounded again through the intertwined character of the institutional

environment, and how all actors in turn are influenced by T&D[5] environments developments. Countries can be a member of different organizations at the same time. Counties thus do not only influence each other but their membership of one organization will influence their position with regard to another organization as well. These countries in turn than are directly influenced by this T&D environment that is shaped by the input of specialized agencies. The UN organization in turn is a complex entity composed of organizations that are directly placed within the system and organizations that are connected to the UN but are not directly influenced by it.

When making a distinction between the influence of external change and the influence of UNCTAD's history one can see the complexity of the structure of an intergovernmental organization and the impact this has on its functioning. In UNCTAD's functioning the intergovernmental process of UNCTAD acts as a network that closely interconnect UNCTAD with its institutional environment. Member countries of UNCTAD can clearly be seen as actors in UNCTAD's institutional environment. In the same time these countries together form the highest authority within UNCTAD's organizational structure. The same counts for the UN system that affects UNCTAD's functioning as an intervening actor through the impact it has on UNCTAD's functioning but in the same time it is the broader structure UNCTAD belongs to. Because of the complexity of the organization the institutional history of the organization can be divided into two parts. These parts are in line with the design of the organization. The first part of the institutional history has an intergovernmental character and is focused on decisions taken by or influenced through the intergovernmental body of UNCTAD. The second part of UNCTAD's institutional history is focused on the decisions that are not influenced by UNCTAD's intergovernmental body but that fall under the procedures of the larger UN system. In this way, these decisions are heavily influenced by the possibilities and the barriers the UN system provide for UNCTAD in its decision making capacity.

When applying the organizational theory on UCTAD and its complex institutional environment a link needs to be made between the functioning of the organization and the organizations institutional environment. The functioning of the organization relies on its organizational design. In order to analyse the influence of UNCTAD's complex institutional environment, as represented in figure 2, and that of its institutional history on the organizational design, the operationalization scheme as presented in figure 2 has been created. It is the hypothesis of this thesis that the complexity of UNCTAD's institutional environment has caused the organization to adapt itself to different competing ideologies and demands which in turn resulted in differentiation within the organization making it difficult for UNCTAD to position itself.

2.4.   Operationalization scheme

Based upon the theoretical background as it has been pointed out in this chapter, two aspects are of importance when analysing organizational change. The first aspect is the institutional history of the organization and the second aspect is the institutional environment. These aspect focus on the organization and how decisions have contributed to the organization as it is now. The decisions that provoke change are either based on the history of the organization or on pressures from its institutional environment. It thus focuses on how the organization is designed. This results in the first concept of this operationalization scheme: the organizational structure. The second concept that needs further operationalization is the institutional environment itself. The institutional environment needs to be differentiated in the different groups of actors that influence UNCTAD's organizational design.

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[5] T&D = Trade and Development

Concepts	Dimensions	Indicators and their paragraphs
Institutional environment	Change in the T&D policy environment	Economic development of developing countries and their attitude towards T&D § 3.1.
		Amount of developed countries and their attitude towards T&D § 3.1. & § 3.2.
		Change in the relation between developed and developing countries § 3.1.
	Change regarding member countries	Degree of developing country satisfaction § 6.1.1.
		Degree of developed country satisfaction § 6.1.2.
		Degree of power of developing countries § 6.2.
		Degree of power of developed countries § 6.2.
	Change regarding other organizations	Character of organizational design reforms § 4.1.1. & § 4.2.1.
		Character of mandatory reforms § 4.1.1. & § 4.2.1.
		Change in the output of the organizations § 4.1.2. & § 4.2.2.
	Change in the UN system	Character of managerial reforms § 5.1.1.
		Character of mandatory reforms § 5.1.2.
Institutional environment within the organizational design	Change in the decision making process	Amount of disputes among countries § 6.2.
		Amount of decisions made § 6.2
		Importance given to negotiation and consensus building § 6.2
		Weight given to UNCTAD's intergovernmental machinery by member countries § 6.2
Organizational design	Degree of verticallization in the organizational structure	Amount of hierarchical levels § 7.1.2.
		Amount of interdivisional coordination § 7.1.5.
		Amount of centralization of authority § 7.1.3.
		Design of the divisional structure § 7.1.1.
		Amount of work through projects within the organization and the money spend on it § 7.1.1.
		Design of the budgetary structure § 7.1.4.
	Importance given to management processes within the organizational design	Importance given to managerial experience for managerial positions § 7.2.1.
		The existence of a protocol for result based management § 7.2.4.

		Amount of performance evaluations within the organization § 7.2.4.
		Amount of money spend on career development projects § 7.2.2.
		Compatibility of F&B[6] management structures within the structure of the UN system. § 7.2.3.

Figure 3: Operationalization scheme

This scheme will generate the opportunity to compare the degree to which UNCTAD is influenced by its institutional environment with the degree to which UNCTAD is influenced by its institutional history. This will give an explanation for UNCTAD's current process of repositioning within its institutional environment. This scheme combined with the sub-questions of paragraph 1.2.2. will form the bases for the rest of the chapters that will lead to an answer on the research question.

The scheme is divided into three concepts, the institutional environment, the organizational design and the institutional environment within the organizational design. This has been done to assess the organization itself and on the other hand the institutional environment of the organization. This will generate the opportunity to determine to what extend UNCTAD and its institutional environment fit into each other. Since UNCTAD is an intergovernmental organization there is a third concept introduced within the operationalization scheme to assess the impact of UNCTAD's institutional environment on its organizational design. This is done through assessing the decision making structure of UNCTAD in which environmental actors, the member states of UNCTAD, have direct influence on the organizational design of UNCTAD. Annex A shows a flowchart in which the different concepts and dimensions are integrated into a web of interrelated issues. It shows the way the variables are influencing each other.

For dividing the institutional environment of UNCTAD into dimensions, and to create figure 2, the management reform model created by Pollitt and Bouckaert in their book 'Public Management Reform' was used. Because of the different context of their research, compared to this thesis, in which they used the scheme focussing on reform it will only be used as the scheme to operationalize the institutional environment. Pollitt and Bouckaert made the distinction between five different forces that are influencing managerial reform; socio-economic forces, political forces, change events, the elite decision-making system and the administrative system (Pollitt and Bouckaert, 2004). In stead of using socio-economic forces, this thesis focuses on the Trade and Development environment to describe the pressure of economic forces and change in country relations. The political system has been transformed into change regarding member countries that together form the political back bone of UNCTAD. Change events UNCTAD has to cope with can be found in the emergence of other organization that focus on the same policy field as UNCTAD does. Instead of change events this thesis thus will focus on change regarding other organizations. At last Pollitt's model takes the administrative system into account. Within this thesis this force has been divided into change in the UN organization that describes change in the administrative system UNCTAD belongs to and the organizational structure that describes the functioning of UNCTAD. The indicators that are developed to assess the institutional environment and the institutional environment within the decision making process are based on the interview data that where retrieved in the open interviews. These data created a picture of the

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[6] F&B = Finance and Budget

instruments that have had a considerable impact on change with regard to the described dimensions.

The dimensions used to operationalize the organizational design of UNCTAD are based upon an OECD report called 'Assuring Environmental Compliance' from 2004. This report makes the distinction between strategic planning, organizational structures, organizational culture and leadership, human resource management and financing and budgeting (OECD, 2004). In the thesis the organizational structure is used as one dimension divided into indicators. These indicators have been created through data collected during the open interviews that gave a picture of the aspects of the organizational design that are influencing on the degree of verticallization of UNCTAD. The other OECD indicators, strategic planning, organizational culture and leadership, human resource management and financing and budgeting where taken together forming the second dimension which focuses on the managerial processes acting as indicators and modified by the interview data to be able to identify these aspects within the organization that indicate the importance that is been given to managerial processes.

3.   UNCTAD and its policy environment

This chapter will give an answer to sub-question 1 and will, to a certain extend, answer the sub-questions 6 and 7. The chapter thus will focus on the question *how UNCTAD's policy environment has evolved during its years of existence and how UNCTAD adapted itself to this.* After having given a brief overview of the history of the T&D policy environment the dimension, degree of change in the T&D policy environment, will be used to give an answer to the research question. After having given an answer to the questions, the chapter will focus on what went well and what went wrong and what the causes where triggering this situation

3.1.   The Trade & Development policy environment

Based upon the operationalization scheme this paragraph will discuss the indicators for change in the policy environment and, based on figure one, how this influences the T&D policy environment that in turn has influences the countries that will give an input to specialized organizations to develop new policy instruments which will be discussed in the second paragraph. To summarize, it gives a picture of the change in developing and developed countries and how this influences the emergence of new policy ideas.

3.1.1.   The history of Trade and Development

The end of the 2nd second world war marked the creation of the United Nations. After the failure of the League of Nations to prevent the second world war the United Nations was created to prevent the world of starting a third world war. The charter of the United Nations was signed on 26 June 1945, in San Francisco and came into force on 24 October 1945. As the Charter states: 'We, the peoples of the United Nations are determined … to promote social progress and better standards of life in longer freedom, and for these ends … to employ international machinery for the promotion of the economic and social advancement of all peoples (UN, 1945).' This has been the base for the creation of an organization that is focussed development from a trade point of perspective.

Aid was in the first years of existence of the UN in the hands of the World Bank. The first attempt to create an organization focussed on trade was the creation of the General Agreement on Tariffs and Trade (GATT) in August 1947. The GATT was created as an interim solution until the International Trade Organization (ITO) would be created. The ITO however failed to be institutionalised in 1948. This resulted in a situation in which the GATT called for international cooperation in international trade and the setting of tariff regulations resulting in an institution to handle the trade side of international economic cooperation, joining the World Bank and the International Monetary Fund (WTO, 2005). However, the GATT lost its importance during its years of existence due to a lack of confidence of developing countries in the agreement, and due to its limited mandate which did not focus on for example trade in services. The situation in which there was a lack of confidence of developing countries emerged due to the way negotiations took place within the GATT in which principal producers and consumers negotiated the agreements. This resulted in a situation in which developing countries had little influence.

The lack of confidence of developing countries in the GATT and the lack of a link between development issues and trade opened the possibility for the creation of an organization that combined these aspects in such a way that it had the support of developing countries as well. This triggered the willingness to create the United Nations Conference on Trade and Development (UNCTAD) that was established by

the United Nations (UN) General Assembly in term of Resolution 1995 (XIX) of 30 December 1964. The creation of UNCTAD was a reaction on the growing concerns of developing countries about their role in international trade within the GATT. The role of UNCTAD in this perspective was to tackle the problems with regard to the developing countries concerns. In order to be able to do so, the conference was institutionalised to meet every four years and a permanent secretariat was established to provide the necessary administrative support.

In 1995 the WTO was created on the fundaments of the GATT during the Uruguay Round that lasted from 1986 till 1994. The WTO was different of its predecessor the GATT by its mandate which is wider by coffering a larger area of trade, including for example trade in services. A second important difference with the GATT was the incorporation of development within the principles of the WTO, resulting in the Doha round declarations that recognise the importance of international trade in economic development, recognise the vulnerability of Least-developed countries (LDC's) and affirm the importance of sustainable development in trade negotiations. The Doha declaration in 2001 has been the last important development in the trade and development policy environment structure enabling developing countries to join the trade negotiations and to make development an important aspect of the trade negotiations empowering the development of the economies of developing countries.

Currently, there are three pillars on which development within the trade environment is focussed. The first pillar has to do with trade negotiations, the second pillar deals with policy analysis and the third pillar is focussed on training and capacity building.
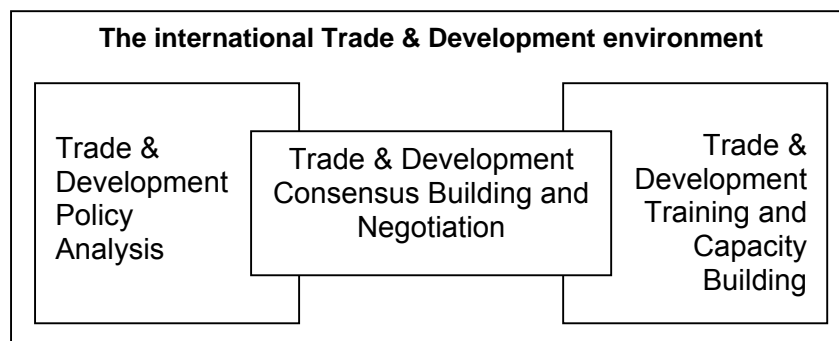
Figure 4: The international Trade & Development environment

3.1.2. Changes in the development of countries

Developing countries
With the emergence of UNCTAD the Group of 77 was created, now known as the G-77. This group consisted of developing countries that where a member of the United Nations and participated within UNCTAD. The G-77 was established on 15 June 1964 by 77 developing countries through the "Joint Declaration of the Seventy-Seven Countries" affirmed at the end of the first session of UNCTAD in Geneva Beginning with the first Ministerial Meeting of the Group of 77 in Algiers in 1967 which adopted the Charter of Algiers, a permanent institutional structure gradually developed which led to the creation of Chapters of the Group of 77 in Rome (FAO), Vienna (UNIDO), Paris (UNESCO), Nairobi (UNEP) and the Group of 24 in Washington, D.C. (IMF and World Bank). As such the G-77 have gained considerable power in Although the membership of the G-77 has increased to 132 countries, the original name was retained because of its historic significance (www.g77.org). The G-77 is the largest coalition of developing in the UN, the Group of 77 provides the possibility for developing countries to articulate and promote their collective economic interests and enhance its joint negotiating capacity on all major

international economic issues in the United Nations system, and promote economic and technical cooperation among developing countries (www.g77.org).

During its years of existence the developing countries that together form the G-77 have changed considerably.[7] Economic development within the G-77 has lead to considerable differences among developing countries. Although the number of developing countries over the years increased to 132, this does not mean the level of economic development did not change at all. There has been a differentiation into several categories within the G-77. The economic development of Asian countries like South-Korea, India and China, South- and Middle-American countries like Mexico, Brazil and Argentina and Middle-East countries like Saudi-Arabia, Qatar and Kuwait created a considerable change in the level of economic prosperity among developing countries. Between the countries just mentioned above which, to some extend, cannot even be called developing countries anymore and the currently 50 least developed countries in the world, there is a huge difference in economic development and by that their interests in international trade topics, hereby changing their character and attitude towards the trade and development policy environment.[8]

Due to the change in economic development among developing countries their attitudes towards the trade and development policy environment have changed as well. In the 70s the notion that there is considerable difference among developing countries emerged. This resulted in the recognition of a special group within the developing country group, the Least Developed Countries. This differentiation and the differences in economic development among countries are still becoming more and more visible. This has led to different demands by these countries on the trade and development environment as well. When looking at figure 3 the degree to which training and capacity building and policy analysis is important to a country depends on its own development. As stated by the Brazilian representative to UNCTAD: 'Brazil is now developed to such an extend that is does not need help in training and capacity building anymore. The country now has enough financial resources and expertise to provide training and capacity building support within its own boarders.' The same is occurring when looking at the policy analysis pillar. This pillar provides analytical information and new ideas about trade and development aspects. When having enough financial resources and expertise, countries can create their own institutes for this. This trend within the more developed countries of the developing country group makes them more independent of international aid. This however is not the case for the least developed countries that are becoming more and more

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[7] According to the UN report, *Statistical profiles of the Least Developed Countries 2005*: 'At the time of the 2003 review of the list of LDC's by the UN, the following three criteria were used; *low income,* based on a three-year average estimate of the gross national income per capita (under $750 for cases of addition to the list, above $900 for cases of graduation); *weak human assets*, in the light of a composite *Human Assets Index (HAI)* based on indicators of: (a) nutrition; (b) health; (c) school enrolment; and (d) adult literacy; *economic vulnerability*, in the light of a composite *Economic Vulnerability Index (EVI)* based on indicators of: (a) instability of agricultural production; (b) instability of exports of goods and services; (c) diversification from traditional economic activities; (d) merchandise export concentration; and (e) economic smallness. A country qualified to be added to the list of LDC's if it met the above three criteria and did not have a population over 75 million (UNCTAD, 2005).'

[8] There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system. In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania and Europe are considered "developed" regions or areas. In international trade statistics, the Southern African Customs Union is also treated as developed region and Israel as a developed country; countries emerging from the former Yugoslavia are treated as developing countries; and countries of eastern Europe and the former USSR countries in Europe are not included under either developed or developing regions (unstats.un.org).

depended on international organizations to provide them with sufficient support in order to keep up in international trade.

Developed counties
Developed counties are less depended on international organization for support in the development of their trade structures. However in international trade, they as well relay on organizations like the World Trade Organization in creating an international environment that promotes and regulates international trade. Globalisation has made counties more and more depended on the world economy. It has lead to a considerable shift in work to low-cost countries and the internationalisation of companies that often have their factories in one country, their headquarters in another and their service centres in a third country. Developed countries thus are becoming more and more reliant upon developing countries for their own economies. The importance of the world economy and the increasing importance of trade in this respect has led top the creation of the WTO on the fundaments of the GATT but with a broader mandate incorporating more than only trade in commodities.

Another changing situation is the increasing importance of trade with developing countries for developed countries, as can be seen in figure 5. This has led to the notion that developing countries as well have to be incorporated within the international trade system resulting in the incorporation of these countries within the WTO. Resulting in the emergence of the notion that the development within a trade perspective is essential since it provides developed countries with better trade partners.

Proportion of total developed country imports (by value and excluding arms) from the least developed countries, admitted free of duty

	1996	2000 (Percentage)	2001	2002
(a) Excluding arms				
Developing countries	54.8	62.8	65.7	..
Least developed countries	67.9	78.0	77.4	78.5
(b) Excluding arms and oil				
Developing countries	56.8	65.1	66.1	..
Least developed countries	81.1	70.5	69.1	..

Figure 5: developed country imports (Source: Statistics division of EcoSoc[9])

3.2.   The development of T&D policy related ideas

This paragraph build forth upon paragraph 3.1. in the way it will discuss how changes infected the emergence of new policy ideas. In order to do so three examples will be given. Apart from this, it will describe how this again has influenced UNCTAD in its handling.

3.2.1.   The emergence of new ideas on Trade and Development

Where the focus in the beginning of the recognition of the link between Trade and Development was on trade in a North-South dimension. From this point of view the relationships where such that southern, 3rd world countries, depended in their economic development upon the goodwill of northern, western countries. This changed in the 60's, during this period developing countries began using the slogan 'Trade, not Aid'. The idea was that the aid given by developed countries was not

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[9] EcoSoc = The United Nations department of Economic and Social Affairs.

helping them further in their economic development but made them depended on it. Therefore a gradual change took place from aid to aid for trade in which aid was given in such a way that it gave countries the possibility to develop their own trade capacity within the international economic environment.

During the 90's the idea of South-South trade developed. South-South trade focussed on the promotion of trade between developing countries. Due to the development of developing countries and their, in some cases, now considerable national economies it became more and more clear that not only North-South trade had a considerable impact on developing countries economies but also the trade among them. This is why support of South-South trade is becoming increasingly important in enabling development through trade.

The most resent years have seen the emergence of the notion that 'one size fits all' does not apply to development through trade. The diversity in economic development of developing countries makes it impossible to generate one trade and development policy to tackle all trade related problems with regard to development. The multi dimensional character of economic development asks for a country specific approach in which the development policy regarding trade capabilities is linked to the specific characteristics of the developing country itself. This has led to the current discussion about 'policy space' in which developing countries argue that, by quoting Ambassador Masood Khan of Pakistan: ''there is a tendency of shrinking policy space for developing countries in the wake of increasing interdependence and rule-based regimes of international economic relations'' the question is now whether this will negatively impact the possibility of a country specific approach in development.

3.2.2. UNCTAD's contribution to the emergence of new ideas

UNCTAD's contribution to the emergence of new ideas was based on a Keynesian ideology in which development could be generated by additional investments in the economies of developing countries. As Kasahara points out, the shortage of finance was seen as the biggest constraint for initiating and maintaining faster growth, but breaking this constraint could not be achieved by market forces alone. This idea gradually shifted and is still shifting to a more liberalistic approach in which investment by other countries, thus opening up your market and making privatisation possible, is seen as positive as well. As stated in the Sao Paulo consensus, trade should be liberalized in labour-intensive manufactures and agricultural products (UNCTAD, 2004, p. 15)

Aid for Trade has been implemented within the UNCTAD structure through the technical cooperation activities of the organization and trough UNCTAD's assistance in terms of policy analysis for developing countries. As described in the Sao Paulo consensus of 2004: … UNCTAD will focus on… one, analytical work and capacity building activities to assist developing countries… two, support developing countries in analysing appropriate linkages between trade and poverty, and trade, and gender… three, the linkages between trade and trade-related interests of developing countries, financial flows, debt relief and debt sustainability. Furthermore UNCTAD created the Virtual Institute in order to assist academic institutions in developing countries to enhance their own capacity to design and deliver high-quality courses and to conduct research in the areas of trade and development. It does so by providing information, offering courses and creating a network with other users to exchange knowledge. The Bangkok Plan of Action gives a brief overview of UNCTAD's technical assistance activities. It argues that UNCTAD's technical cooperation should focus on capacity building to assist developing countries integrating in the world economy (UNCTAD, 2000, p.49). To examples of UNCTAD's

activities in capacity building support are the development of a computerized customs management system, the Automated System for Customs Data (ASYCUDA) and the Debt Management and Financial Analysis System (DMFAS) Programme both providing the software programs for two different forms of financial management.

With regard to South-South cooperation the Bangkok Plan of Action argues that 'development experiences of developing countries are valuable resources for designing development strategies. South-South cooperation should therefore be promoted through the sharing of development experiences among developing countries at different stages of development in cooperation with developed countries' (UNCTAD, 2000, p. 30).

When looking at the notion that 'no one size fits all' the Sao Paulo consensus states that: "… UNCTAD… should use its specificity in delivering policy analysis and identifying policy options at the global and national level. The analytical capacity of UNCTAD to undertake research on macroeconomic policies, finance, debt and poverty… UNCTAD should in this perspective focus on interdependence and coherence: Identifying specific needs and measures arising from the interdependence between trade, finance, investment, technology and macroeconomic policies from the point of view of its effect on development. (UNCTAD, 2004, p. 7)" This statement describes what UNCTAD is currently doing with respect to the notion that each developing country needs a specific trade development policy.

3.3. Socio-economic change vs. UNCTAD change

This paragraph will summarize the previous paragraphs and in doing so makes the link between UNCTAD's adaptation and change in its policy environment. Secondly it will make the link with institutionalism which will give a picture of the difficulties UNCTAD is facing and gives a conclusion to this chapter.

3.3.1. UNCTAD's change from an institutional perspective

The institutional Trade and Development environment of which UNCTAD is part of is becoming more and more complex with more and more different needs and capabilities of developed and developing countries. This change in the institutional environment creates a different view on the legitimacy of institutions. As Thelen and Steinmo argue, change in any system is a product of external shocks to the system (Thelen and Steinmo, 1992). The reason for initial changes is most of the time founded in improving the performance of an organization. These changes than are most of the time followed by adopting the same changes in the rest of the institutional environment. This process called homogenisation increases the legitimacy of the organization. Legitimating an organization thus means adapting to the environment in which it functions in order to maintain the legitimacy of an organization. This implies that UNCTAD has to adapt to an Trade and Development environment which is becoming more and more complex in order to maintain its legitimacy. The question is whether this is possible within an incremental process of adaptation. In order to answer this question the other sub-questions need to be answered first in the following chapters.

When combining the three examples given in the previous paragraph, compared with the trade and development environment developments and the ideas based upon these developments it can be concluded that UNCTAD is highly influenced in its activities by its institutional environment. This of course is not such a strange

situation when taking into account that the activities of UNCTAD are based upon the ministerial conferences that are held each four years. With respect to the examples used above these where the UNCTAD conferences number X and XI held in Bangkok and Sao Paulo. Through these ministerial conferences UNCTAD is given the task to tackle the problems countries encounter in the Trade and Development environment. The ministerial conferences thus can be seen as the link between UNCTAD and its policy environment which gives the organization the possibility to react immediately to new developments in its policy environment.

3.3.2. UNCTAD's contribution from a institutionalist point of view

From an institutionalist point of view based upon the principles of Incrementalism the change of UNCTAD and the way it is adapting to new ideas in its policy environment is remarkable. Change is not implemented gradually but emerges as soon as a new situation has to be dealt with. It can only be explained when seeing UNCTAD as the actor that is taking initiative in environmental change through her ministerial conferences. When this is the case, how is it possible that UNCTAD finds itself in its current difficult situation of repositioning? This is because of UNCTAD's lack of power in policy implementation. UNCTAD can be seen as a analytical and capacity building organization with a weak negotiation pillar resulting in the inability to implement it's ideas into practice. Here comes the balance in power into play in which different organizations have different tasks. As Hall argues: 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes... On the other hand, organizational position also influences an actor's definition of his own interests... in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986). When taking Hall into account, organizations like the WTO and World Bank have a large influence in shaping the policy environment by having a large impact on trade negotiation and the development of development policies through their roles in facilitating these processes. UNCTAD, within this context, has its role in generating policy analysis, resulting in new ideas about the link between trade and development which in turn can be used by organizations like the WTO and the World Bank. A different position in the hierarchy of power thus can be seen that results in an imbalance between the creation of ideas and their implementation and the importance of the organizations conducting those tasks. The implications of this situation will be further discussed in chapter 4 which will discuss the relations between the different competing organizations.

Based upon the situation as discussed above a contribution to institutionalism can be made in arguing that the power to change the environment not only depends upon the power of the institution but also depends upon the function of the institution within the policy environment. On the other side, the implementation of changing ideas in an organization is limited by the incremental character in implementing change. This has resulted in a situation in which Keynesian and Liberalistic ideas both are important in the organization. This in turn results in tensions in the organization and the inability to speak with one voice. Why this incremental process exists will be discussed in chapter 7.

3.3.3. Chapter conclusions

This chapter focussed on the question *how UNCTAD's policy environment has evolved during her years of existence and how UNCTAD has adapted itself to this.* After giving an answer to this question the chapter focused on what went well and what went wrong and what the causes where triggering this situation.

Figure 6 summarizes the chapter in terms of the used indicators, in order to give an overview of what happened in order to answer the research question.

Indicator	Research findings
Economic development of developing countries and their attitude towards T&D.	- The number of developing countries has grown to 132 countries. - The degree of economic development among developing countries has been diversified with LDC's on the one hand and emerging economies like China, India and Brazil on the other hand. - The differences in economic development among developing countries have created different attitudes towards T&D. - LDC are depending on practical support whereas emerging economies rely more on T&D analysis and are reluctant towards the shift of attention towards training and capacity building.
Amount of developed countries and their attitude towards T&D	- Of the 192 UN member countries, 30 countries can be regarded as developed country. - The change in the relation between in developing countries and developed countries triggered the notion among developed countries that the economic development of their developing trade partners has benefits for their economy as well.
Change in the relation between developed and developing countries	- The creation of the G-77 in 1967 enhanced the negotiating capacity of developing countries. - Developed countries are becoming more reliant on developing economies due to the globalization trend that made the shift of production capacity towards low income countries possible. - The import of goods by developed countries that come from developing countries has grown from 54.8% in '96 towards 65.7% in '01 of their total imports. - In the '60's developing countries began using the slogan 'Trade, not Aid' resulting in a shift from financial aid towards aid in the form of the building up of the trade capacity of developing countries. - During the 90's the South-South trade became increasingly important making developing countries less dependent on developed countries.

Figure 6: Research findings of chapter 3

The policy environment of UNCTAD changed considerably due to the increasing diversity among developing countries varying from extremely poor and undeveloped like a country as Angola to countries like Brazil and India that are regarded as the new emerging economic giants like the Peoples Republic of China. This has resulted in a vast changing Trade and Development (T&D) policy environment in which the emergence of the more developed developing countries, created possibilities for South-South trade and increased the importance of developing countries in international trade. On the other hand however, this situation created an increasingly complex environment through the large degree of change in economic development among developing countries, resulting in a large diversity in the degree, character and scope of the demands for aid regarding trade by developing countries. The diversity in the degree, character and scope of the demand for aid regarding trade

led to new policy ideas like aid for trade, resulting in the increasing importance of technical cooperation and capacity building, and the notion of 'no one size fits all' that led to country specific development programmes for trade.

UNCTAD has adapted itself to the changes in its policy environment through its intergovernmental process by its ministerial conferences. These ministerial conferences are composed out of ministers of all member countries, making the direct link with UNCTAD's policy environment, and give UNCTAD the tasks it has to perform. The character of these ministerial conferences, being the link between UNCTAD and its policy environment, gives UNCTAD the unique possibility to adapt to changes immediately resulting in a high degree of change in UNCTAD's output by change in its policy environment.

The question to be discussed in the following chapters is how, taking into account UNCTAD's ability to react to change of its policy environment, it is possible that UNCTAD still finds itself in a situation of repositioning?

4.   UNCTAD and other organizations

This Chapter will focus on sub-question 2 that focuses on *how competing organizations have changed and how UNCTAD is influenced by this?* The dimension; degree of change regarding other organizations will be used. The chapter will partly answers sub-questions 6 and 7 as well, by looking at what is going well and what is going less and how this can be explained.

The chapter will focus on the two organizations closest to the mandate of UNCTAD, the United Nation Development Programme (UNDP) and the World Trade Organization (WTO). The WTO is the vocal point for trade related affairs and in that perspective of major importance for UNCTAD. The UNDP is important for UNCTAD because it provides the organization with extra budgetary resources, because it serves as a front office of the UN organization and because its becoming more involved in the T&D policy environment since the organization focuses on development and sees trade as an important aspect of it. A second aspect of importance is the position these two organizations have compared to the UN system UNCTAD belongs to. The WTO is an organization that stands apart from the UN system. The UNDP is connected to the organization but is not directly influenced by it. The different relations among the organizations will be further explained in the rest of the chapter.

Paragraph 4.1. will focus on the UNDP. Sub paragraph 4.1.1. will focus on the reforms of the mandate and structure of the organization by using the indicators; character of structural and mandatory reforms. Sub paragraph 4.2.2. will address the indicator; change of output in the organization in order to identify to what extend UNCTAD is influenced by the organizations change in 4.3.3. Paragraph 4.2. will have the same structure but will focus on the WTO in stead. Paragraph 4.3. at will give an explanation for what is happening from an institutional perspective. By doing so it will partly answer sub-question 7 and 8. In the end the paragraph will give an conclusion for the chapter.

4.1.   The UNDP in the trade and development policy environment

4.1.1.   UNDP's organizational design and mandate

Mandate
UNDP was created in 1965. It combined the Expanded Programme of Technical Assistance and the United Nations Special Fund in one organization. The UNDP is mandated to function as the United Nations global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life (UN, 2004, p.39). In doing so the UNDP has evolved in an organization with several tasks that together give a picture of the changes in UNDP's mandate.
- With the creation of the Millenium Development goals the UNDP gained another important task in linking and coordinating global and national efforts to reach these goals, being cutting poverty in half by 2015. This has given the UNDP a powerful position within the development environment.
- Due to its character as being the UN's development office the UNDP has a large network of 135 country offices. Through these offices the organization was and still is serving as a front office in facilitating the administrative procedures for the field activities of specialized UN organizations. However, the UNDP is focussing more and more on its own technical assistance activities resulting in a priority shift from administrative front office to a more technical assistance giving front office.

- Since the '90 the UNDP is producing its own analytical report. The Human Development Report that aims on placing people in the centre of the development debate. This is a significant change in the mandate of the UNDP when taking into account that the primary goal of the UNDP was to function as a front office in providing administrative support and technical assistance and not as an analytical body.
- The last task of the UNDP is to function as a provider of funds for developing countries. In doing so the organization relies upon voluntary contributions of member countries. Each developing country in turn has the right on a share of the resources that are distributed by taking into account several criteria.

Management

The organizational design reforms of the UNDP where mainly managerial. Although the UNDP is part of the UN system it is not funded by it alone. For its funds it relies upon the voluntary contributions of member countries. This made the organization more vulnerable towards its donors. Organizations that are funded by the UN are not that easily infected by donor countries since a country can contribute to the UN but does not have the power to demand hoe its money should be spend. This was not the case for the UNDP. In the '90s the UNDP had the image of not being effective and efficient in its operations and lacking transparency and accountability. This led to a drop in its budgetary resources due to the unwillingness of its donor countries to contribute financial resources to the organization. At its peak the UNDP received in '92/'93 1.3 billion dollars in voluntary contributions of its donor countries. This was 0.34 percent of the GDP of developed countries. This decreased drastically until '98 when the organization received only 650 million dollars being only 0.22 percent of the GDP of developed countries. This forced the organization to reconsider its activities and to reorganize its organization. It began to do so in 2000 when the report '*The Way Forward; The Administrator's Business Plans, 2000-2003*' was released. The report issued reforms focussing on a shift in being project driven towards policy driven, being introvert towards open for partnerships, having a low-level of specialized expertise towards clear competency profiles, from process orientation toward result orientation and from and from inflexible and weak management toward flexible and responsive management (UNDP, 1999). The reforms of the UNDP and the satisfaction in the organization by its member countries have led to an increase of its resources being now 4.5 billion dollars again in 2005.

Although the organization is becoming more and more policy driven, project management is becoming more important through the character of the funds they receive. The donor countries of UNDP are becoming more and more demanding in the way the financial resources they provide are used and for which goal they are used. The shift towards policy a driven organization has caused another trend as well. In the past UNDP focus on the management of its projects made the projects themselves, the technical assistance given, the most important aspect of the work. However, now the organization focuses on specific policy fields the project is placed in a broader policy perspective making it necessary to understand the policy field as well resulting in an increasing importance of policy analysis.

4.1.2. Change in UNDP's output

The mandatory and managerial reforms of the UNDP, caused the organization to see its work differently, more focussed on what a country needs from a policy perspective. It now looks with a country what it wants to do with the resources it receives of the UNDP and looks on which projects the money can be spend best.

Apart from that, the organization has centred its activities around one specific topic, the Millennium Goals. In order to do so the UNDP needs to have the policy analysis capacity in order to know, at least to have an idea, which projects it can use the best to foster achievement of the millennium goals. This has resulted in a shift in which the organization is performing more and more back office activities in terms of the generation of new policy ideas. There thus is a gradual shift in which the UNDP is becoming more and more an all in one organization both providing technical assistance which can be seen as a front office activity and the expertise ion policy setting as back up for its front office activities.

The focus on policy areas in stead of only on projects and the millennium development goals triggered the importance of international trade for the UNDP. This resulted in the creation of a Trade and Human Development Unit in 2003 and the Human Development Report 2005 being entirely focussed on the impact of trade on human development. To underline the importance of trade for the UNDP, it regards the help provided to 40 of the world's poorest countries (LDC's) to compete and benefit from international trade as one of the organizations major achievements in 2005 (UNDP, 2006, p. 9).

4.1.3.   UNCTAD's relation with UNDP

Based upon what is written above there are two trends in UNDP's organizational change that are important for UNCTAD. The cutback in UNDP's resources in the 90's and UNDP's functioning as back office through policy analysis

As can be seen in figure 7. UNCTAD was until the '90s depending on the UNDP for its extra budgetary resources. These resources where given to UNCTAD to provide technical assistance to developing countries that wanted to spend their UNDP funds on trade related programmes. However the contributions to UNCTAD have seen a rapid decline in the '90s. This can be explained through the financial situation the UNDP found itself in the '90s. This resulted in an increase for UNCTAD of its budgetary resources received from donor countries to fill the gap. However, the UNDP reforms and its increase in funds from the year 2000 on, did not mean an increase in its contributions to UNCTAD since this gap was already filled by donors.
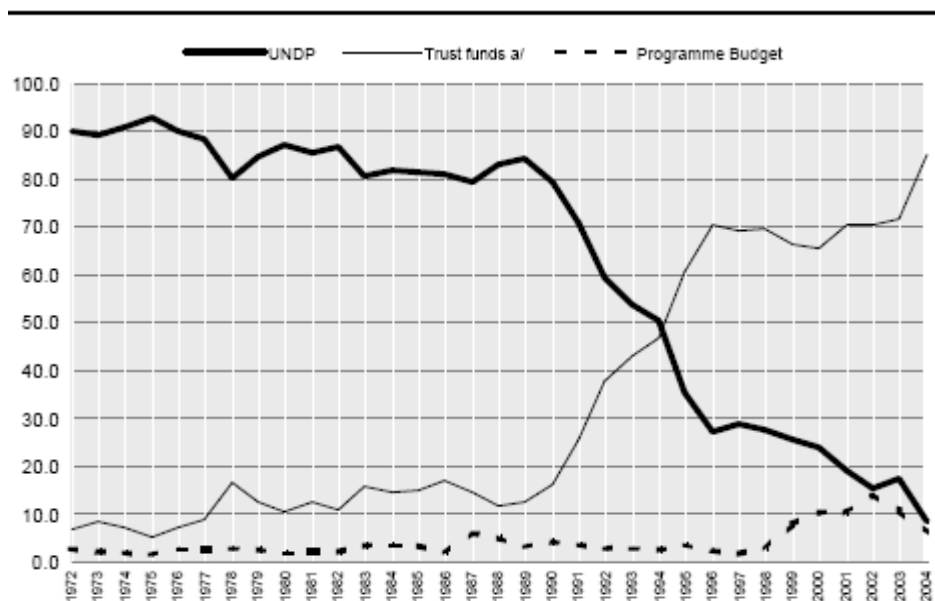

Figure 7: UNCTAD's funds for technical cooperation (UNCTAD, 2005, p. 7)

This resulted in a situation in which UNCTAD now is becoming more depended on its donor countries that now get more direct influence on the organization since UNCTAD is becoming more depended on their direct contributions.

The second trend to mention is the UNDP's growing analytical power as a back office. Therefore it is becoming more important in policy shaping in the trade and development policy field, which was UNCTAD's area. This results in a situation in which UNCTAD and the UNDP are becoming more and more competitors in terms of providing policy analysis in the trade and development policy field. This has raised the question why there should be two organizations that both are focussing on policy analysis with regard to trade and development.

UNCTAD is focussing more and more on technical assistance in which countries are given direct support in the form of projects that help the country to gain knowledge or tools to improve their trade capacity. In doing so the organization is becoming more and more involved in UNDP's area of expertise. As the UNDP looks at it, they hire UNCTAD experts when they need the expertise of an organization like UNCTAD. However, UNCTAD now is forced to focus more on technical cooperation, as is described in chapter 3 and will further be described in chapter 6. A country thus can get support through the UNDP or directly from UNCTAD. In this perspective challenging UNDP's power as distributor of development projects is effective for UNCTAD, the question is whether challenging the UNDP is effective for UNCTAD, when looking at UNDP's financial contributions and their know how in what is going on in a country through their country offices. The UNDP thus has an advantage in providing technical support. To summarize, UNCTAD is becoming more and more involved in UNDP's area of expertise and visa versa with regard to policy analysis, creating a situation of increasing competition between the two UN organizations.

4.2.   The WTO in the trade and development policy environment

4.2.1.   WTO's structure and mandate

mandate
The WTO is founded upon the foundations of the GATT and began functioning in 1995. The GATT, had a narrow mandate only focussing on trade in goods. With the creation of the WTO this changed. The organization gained importance through its focus on more than only goods, looking at trade in services and intellectual property as well (WTO, 2005, p.10). This made the organization becoming more and more powerful and made a shift in its thinking possible. Where the GATT only focussed on the settling of agreements regarding tariffs and trade, the WTO has a broader ideology that guides its functioning. As stated in the WTO report '*10 benefits of the WTO trading system*' the system has 10 benefits (WTO, 2003). Of these benefits three are focussed on the development of developing countries, Freer trade cuts the costs of living, trade raises incomes and trade stimulates economic growth, affirming the importance of this topic for the WTO.

Where the mandate of the WTO became broader in the topics it discusses, it still is narrow on the impact. It only focuses on negotiation and the creation of binding agreements. All the output of the organization needs to be in line with the character of this mandate.

Since the Fourth Ministerial Conference in Doha Qatar in 2001 the WTO is regarding the development of developing countries as one of its core objectives. It addressed the importance of development in a trade perspective creating a win-win situation when developing countries, becoming more and more powerful actors within the

WTO, can improve their economy which in turn creates a larger market. Especially from an globalisation point of view. As the Doha round declaration states: "… The majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration… (WTO, 2001, p. 2)" This stretches the importance of development in a trade perspective in the mandatory shift within the WTO.

Intergovernmental machinery
When focussing on change in the organizational design of the WTO, change was mainly focussed on the intergovernmental machinery of the organization.

The change from GATT to WTO in 1995 caused a major change in the position of the organization from a intergovernmental point of view. The WTO became an organization outside the UN system whereas the GATT was placed within the UN system, giving the organization the freedom to work according to its own interests. As such the organization was not directly bound to be open for all UN member states. Therefore the organization in its beginning days was a developed country dominated institution.

However due to the broader mandate of the organization and the importance for countries taking part in international trade negotiations made the WTO becoming increasingly important, which resulted in the incorporation of more and more developing countries, causing the organization to pay more attention to their needs as well. This has resulted in the Doha round declarations as discussed above. In all, it can be stated that the incorporation of developing countries made the WTO more development focused.

4.2.2. Change in WTO's output

As discussed above, due to its mandatory change the WTO is becoming more and more focussed on development as a result of the Doha round declarations. This has resulted in the Trade and Development division within the WTO secretariat. This division provides the support for the trade negotiations that stress the development issue. It prepares the documents and draft agreements and provides statistical information.

Another activity which is becoming more and more important are the technical assistance activities of the division. It has seen a rapid growth in its extra budgetary funds for technical assistance. This has resulted in the WTO having 24 million dollars a year to spend on technical assistance which is distributed among 540 activities. The technical assistance of the WTO focuses only on programmes that enable developing countries to be able to participate effectively within the WTO trade negotiations, making the link with the mandate that states that the organization should only focus on trade negotiation.

4.2.3. UNCTAD's relation with WTO

What exactly have been the impacts of WTO's change on UNCTAD? The decreasing importance of UNCTAD's intergovernmental machinery was influenced by to the emergence of the WTO. The WTO, solely focusing on trade negotiations and paying more and more attention to development within this perspective, made the existence of UNCTAD's intergovernmental machinery not necessary anymore.

The degree to which developing countries regard the WTO as important, due to the degree of attention paid to development within the WTO, triggered by the due to the

Doha round made that UNCTAD is functioning more as a back up for developing countries in their WTO trade negotiations. Another function through to which UNCTAD's performance is influencing the WTO trade negotiations is by the development of new policy ideas that can be implemented in the WTO trade negotiations. An example of UNCTAD's input in the WTO trade negotiations is the notion of no one size fits all that stresses the importance of a country specific approach to trade development issues adapting the assistance to the specific needs of a country and the characteristics of its economy.

The growing importance of the WTO from a legalistic point of view in performing as a negotiation platform for T&D, taking it away from UNCTAD, forced UNCTAD to reposition itself focussing on the economic and political drivers in the policy field by focussing on policy analysis, technical assistance and consensus building.

4.3.   Change in WTO & UNDP vs. UNCTAD change

4.3.1.   UNCTAD's change from an institutional perspective

As the garbage can model claims, there is no linear process in which there is a problem that is addressed, followed by a process in which a solution is created to tackle the problem. Instead, solutions and problems both exist already, when their paths come together a window of opportunity is created and the solution is attached to the problem it has to cope with. The garbage can model gives the answer to how WTO, UNDP and UNCTAD where able to expand their practices within the T&D policy environment. Problems in the T&D policy environment can be tackled by the solutions of either the WTO, UNDP or UNCTAD. The current situation of expansion of the practices of all these organizations creates a situation in which there is a fight to provide solutions for problems within the trade and development policy environment. In short there is a competition among the organizations to provide a window of opportunity. The question thus is which organization gets the opportunity in providing a window of opportunity? This can be illustrated by the struggle that has taken place between the WTO and UNCTAD over negotiation and between the UNDP and UNCTAD over policy analysis and technical assistance. The struggle for providing a window of opportunity is a political struggle in which solutions are sought that are the most satisfying, this theory is backed up by bounded rationality, that argues that the human mind is not able to take everything important into account to come to an optimal decision. Situations can be to complex for the human information processing capacity. Therefore, decisions are made upon the most satisfying solution instead of the best solution.

The question which solution is most satisfying in turn is affected by the degree of power members have as described by Hall. Hall argues that: 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes... On the other hand, organizational position also influences an actor's definition of his own interests... in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986). A country thus has the capability to influence the trade and development policy environment in such a way that it positively impact its own interest. The structure of the policy environment in turn determents the degree of power the country has to do so. Since developed countries still have the most power in the trade and development environment their interest is the one that most of the times is decisive in what is happening. Because of UNCTAD's position within the UN system, donor countries have less influence on UNCTAD making them less in favour of the organization. This gives an explanation for the questions why the WTO was favoured to function as the only forum for trade

negotiations and why the UNDP is given the opportunity to gain more importance in policy analysis and providing technical assistance. The power developed countries have gives them, taking into account Hall's theory, the power to shape the institutional environment as they like giving a specific organization the opportunity to provide a window of opportunity.

A window of opportunity thus is given to the actor that is seen as most satisfying by its institutional environment. This shows where the garbage can model is lacking explanatory power. It only functions without additional theories when there is only one organization that can provide the solution to a problem and when the actors are satisfied with an organization. Otherwise a new institution will be created to provide the solution. Furthermore it can be politically interesting to create a new institution since it gives political benefits. The creation of the WTO gave the opportunity to shape the trade negotiation environment without the barriers of the UN system.

Why now has UNCTAD been challenged by institutions like the WTO and UNDP in its trade and development policy environment. This has been caused through first, its strong support for developing countries making the organization less interesting for developed countries and second, due to its managerial structure and the way it is positioned in the UN system making it hard for developed countries to have influence on the organization.

4.3.2. Chapter conclusions

This chapter focussed on the question *how competing organizations have changed and how this influenced UNCTAD?* The chapter focussed as well on sub-questions 6 and 7 by looking at what is going well and what is not going well and how this can be explained.

Figure 8 shows a schematic view of the research data focussed on the indicators that provide the base for the conclusion of this chapter.

Indicator	Research findings
Character of mandatory reforms	WTO - The WTO as been founded upon the foundations of the GATT in '95 but has been given a larger mandate, focusing on trade in services and intellectual property apart from goods. - With the DOHA round declaration of '01 the organization has gained an important role in T&D as the main negotiating forum for creating binding agreements for this subject. UNDP - With the creation of the Millennium Development Goals, the UNDP has been given a powerful role in the development field. - The UNDP has changed from being the UN's administrative front office to a more technical assistance giving front office. - UNDP's back office activities such as giving analytical support are becoming more important for the organization.

Character of organizational design reforms	**WTO** - With the creation of the WTO in '95 on the foundations of the GATT, trade and later T&D negotiation for binding agreements where placed outside the UN system. **UNDP** - The reforms within UNDP where mainly managerial as result of the image of the organization as being not effective and efficient. - The organization has changed from being a project driven organization towards a policy driven organization.
Change in the output of the organizations	**WTO** - Instead of providing the support for trade negotiations in good it now does the same for T&D issues and trade in services and intellectual property. - The technical assistance activities of the T&D division of the WTO have seen a rapid growth of their extra budgetary resources making technical assistance a more and more important task within the organization. **UNDP** - UNDP has become more country need driven. The needs of a country determine where money goes to. - With the creation of the millennium development goals, UNDP's activities are centered around these goals. - UNDP is becoming an all in one organization performing both back and front office activities.

Figure 8: Research findings of chapter 4

As stressed in the introduction of this chapter the chapter focussed on two organizations, the UNDP and the WTO. Both organizations are directly involved in the trade and development policy environment on which UNCTAD is focussing. *The UNDP has changed into an organization that is paying more and more attention to trade as an aspect of development. Second it is focussing more and more on policy analysis as part of its work, hereby transforming the organization more and more in an all in one organization having a front office and back office in the same time. The WTO has seen a vast increase in its importance since 1995. Due to its new mandate and the amount of developing countries that are member of the organization, the organization regards the development of developing countries as one of its core activities within its broader mandate. Due to this the organization became the most important institution for trade negotiations, also with an development aspect, resulting in the decline of UNCTAD's intergovernmental machinery.* UNCTAD thus finds itself in a position in which its intergovernmental power in trade negotiations has declined due to the growing importance of the WTO. Furthermore the WTO has developed its technical assistance program for developing countries. Next to the WTO, the UNDP is the major provider of technical assistance for developing countries and has its own infrastructure in developing countries providing the organization with insights in what a country needs. *UNCTAD thus has to compete with these two organizations in providing technical assistance. With regard to policy analysis, UNDP is becoming more important directly competing with UNCTAD in the creation of new trade policy ideas.*

To summarize, UNCTAD is challenged by other organizations in all its activities making it important for UNCTAD to asses its own qualities in this environment which

is becoming increasingly competitive. This is becoming even more important due to the increasing importance for UNCTAD of donor countries in providing extra budgetary resources caused by UNDP's inability to provide these resources. *In order to gain the resources of donor countries in an environment in which WTO and UNDP wants to have these resources as well, UNCTAD needs to show its expertise and quality of management and output.*

In its functioning UNCTAD has, due to the change in power balances between the UNDP, WTO and UNCTAD, the difficulty of being innovative in the creation of new policy ideas but not having the power to force change since this is WTO's territory. UNCTAD thus is dependent on others. Where UNCTAD has power in implementation, being the use of policy analysis in providing technical assistance, it has to share this power with the UNDP.

The way UNCTAD ended up in a situation in which it has to share power with organizations like the WTO and the UNDP can be explained through the garbage can model and bounded rationality. When a problem situation emerges in the sense of need for more policy analysis, a negotiation forum that discusses development ore more technical assistance, an already existing solution will be searched for. This solution in turn can be provided by several different institutions. The choice of one institution above another to provide the solution to the problem is based upon the satisfaction of decision making institutional actors in the trade and development environment, being the member countries of the organizations. This is where UNCTAD is facing its difficulties. Due to UNCTAD's strong support for developing countries the organization is less interesting for developed countries since their interests are less taken into account. Apart from this, UNCTAD's managerial structure and the way it is positioned in the UN system makes it hard for developed countries to have influence on the organization, making it less interesting for them to invest their financial resources in the organization.

5. UNCTAD and the UN system

This chapter will focus on the question *how UNCTAD is influenced by the UN system and how this has influenced UNCTAD's adoption to environmental changes? (sub-question 3)* After having answered this question the chapter will focus on sub-questions 6 and 7 by looking at what positive and negative effects the UN influence had on UNCTAD and how this can be explained. In answering the above questions the chapter will be written around the institutional environment dimension that is focussed on the degree of change in the UN organization. The indicators used are the character of the managerial and mandatory reforms of the UN. These indicators will be discussed in paragraph 5.1. that describes the UN reforms. Paragraph 5.2. will build forth on paragraph 5.1. and describes the impact of the UN reforms on UNCTAD. Paragraph 5.3. will give an explanation for UNCTAD's situation from an institutionalist point of view and close the chapter with a conclusion.

5.1. UN reforms

The UN system is a highly complex organization with a large amount of different organizations that all function under the UN flag or partly function under the UN flag. The complexity of the organization however never led to significant changes in the organizational design of the system. This resulted in a highly ineffective and inefficient organization. Due to this situation, donor countries decided to freeze the regular budget of the UN in '98 on around the 1.2 billion dollars and the budget of the UN had to be approved every three months. Recently the US and some EU governments even threatened not to pay anymore at all when improvements in the management of the UN where not undertaken. This resulted in the current UN reforms that focus on managerial and mandatory reform.

5.1.1. UN managerial reforms

Kofi Annan, the Secretary-General of the United Nations, has launched a report on March 7, 2006 called "investing in the United Nations: for a stronger Organization worldwide". This report contains proposals to reform the United Nations Secretariat (international staff working in duty stations around the world, which carries out the diverse day-to-day work of the organization, which services the principal organs of the United Nations and which administers the programs and policies laid down by them). It argues that: *¨… today's United Nations, in short, is no longer a conference-servicing Organization, located in a few headquarters locations. It is a highly diverse Organization working worldwide to improve the lives of people who need help. Such a radically expanded range of activities calls for a radical overhaul of the United Nations Secretariat - its rules, structure, system and culture. Up to now, that has not happened. The staff members of the Organization - its most valuable resource - are increasingly stretched. Our management systems simply do not do them justice. ... (Annan K.A., 2006, p.1)¨*

The report of the Secretary-General, "Investing in the United Nations: for a stronger organization worldwide", from 7 March 2006, has concluded that reforms have seven objectives. The first objective is to align the skills of the Secretariat staff with the current needs of the organization; The second objective is to better equip the present top management structure of the Secretariat to manage large and complex operations; Third objective is to update information and communications technology; A fourth objective is to allow for more reallocation and outsourcing of tasks; A fifth objective is to improve the financial management process; A sixth objective is a smooth running system of governance; The seventh and final objective is to create a dedicated change management office, which will work with the heads of the

departments and other key Secretariat leaders to plan and coordinate the implementation of the reforms (Annan, 2006).

5.1.2. UN mandatory reforms

The UN mandatory reforms focus on the mandates of its programmes and funds. On the request of the UN member states these mandates are now assessed. The assessment focuses on the degree to which mandates between the programmes and funds are overlapping. However this will be a highly political process in which it is not the UN senior management that is going to decide what will happen but the member countries of the UN. When an overlap between several programmes and funds is the case, the member states will decide what will happen with it. For example, some developed countries have already made known their intention of having UNCTAD merge with other organization, and of clipping its activities (Raja, 2006). However developing countries already made known that it is their intension to strengthen the organization. What will happen with the mandates of the UN programmes and funds thus is not sure and depends on the power relations between member countries, as will be described in chapter 6.

5.2. Implications of the UN reforms for UNCTAD

5.2.1. UNCTAD within the UN system

In order to understand how UNCTAD is influenced by the UN reforms this sub paragraph will focus on UNCTAD's position in the UN system in order to make clear to what extend UNCTAD has to commit to UN decisions that have been taken. Annex C shows the organization chart of the United Nations. It shows UNCTAD as one of its special programmes and funds. This means that the organization receives its regular budget out of the UN budget. Therefore, UNCTAD has to justify its financial management activities to the administrative and budgetary 5th committee of the United Nations General Assemble. From a financial point of perspective, the organization thus relies upon the UN system for as far as it is concerning her regular budget that now has declined to 60% of the total budget. The rest of the financial resources are received through extra budgetary resources of which the bulk is donated by developed country donors, making UNCTAD more reliant on them in stead of ion the UN system it belongs to. For the management of UNCTAD, the organization relies entirely upon the UN management system. UNCTAD's HRM procedures and budgetary procedures have to be in line with UN headquarters guidelines and procedures since their activities formally fall under the responsibility of the UN system.

The senior management strategy and the organizational structure of UNCTAD are designed by UNCTAD's senior management without interference of the larger UN system. Change in the organizational structure itself has to be approved by UNCTAD's member states in UNCTAD's Trade and Development Board. The UNCTAD ministerial conference is the highest policy-making body, it formulates the policy guidelines ands work priorities of UNCTAD. UNCTAD thus only relies on the UN system in terms of managerial procedures and budgetary matters and not in term of the organizational mandate or structure.

5.2.2. Implication of UNCTAD's position in the UN system

The position of UNCTAD within the UN system has several positive and negative implications for UNCTAD. UNCTAD's formal relation with its member countries, as will be described in chapter 6, is placing the organization in a difficult position.

UNCTAD's mandate makes the organization working for the benefit of developing countries, leaving aside the interests of developing countries that are member of the organization. The organizations output in policy analysis still is heavily influenced by the idea that developing economies need to be protected and that economic power within the international trade environment is unevenly distributed. This is a position that is not always appreciated by developed countries. However, UNCTAD is depending on these countries for its financial resources. This in theory makes the organization vulnerable for financial repercussions of developed countries. UNCTAD's position in the UN system protects it from this treat. As already described above, UNCTAD relies on the UN for its regular budget. Member countries of the UN cannot demand for what their contributions are used. This gives UNCTAD the certainty of a constant stream of financial resources no matter what its ideology is. However there is a negative side as well. Being part of the UN means the organization has to rely on the image of the UN for its financial resources. The negative image of the UN has led to the UNCTAD budget being frozen on 1.2 billion a year. This in turn resulted in UNCTAD's budget being frozen on 45 million dollars a year when on the same time her activities are expanding every year.

Another difficulty lies in UNCTAD's dependence on the UN managerial procedures. It makes institutional change in the form of managerial reforms difficult for UNCTAD's senior management since it has to be in line with UN guidelines. Reform thus can only take place when this is in line with reforms of the institution it belongs to. The UN managerial reforms as they have been initiated wright now have provided UNCTAD with the opportunity to start its own reforms as well. This in turn led to the opportunity to get UNCTAD's rigid organizational structure in line with its more flexible project approach in its technical assistance activities.

With regard to the mandatory reforms, UNCTAD finds itself in the position to make clear to its member countries that the organization should keep on existing for the benefit of the Trade and Development environment. In order to do so the organization should be capable of showing how it contributes to the trade and development in an effective and efficient way. UNCTAD is not able to influence the mandatory reform process directly but by increasing the effectiveness and efficiency of the organization it can take away the concern about the organization of developed countries.

5.3.   UN change vs. UNCTAD change

5.3.1.   Implications of the UN system from an institutional perspective

UNCTAD is limited in its options to foster managerial change due to its institutional position within the larger UN system. Change of UNCTAD without change of the UN would mean a loss of legitimacy since its functioning would not be in line anymore with that of its institutional environment. The reason for this is that changes are most of the time followed by adopting the same changes in the rest of the institutional environment. This process called homogenisation increases the legitimacy of the organization, even when it influences organizational performance in a negative way. (Thelen and Steinmo, 1992). A reverse process thus would have led to the opposite, increasing the performance but decreasing the legitimacy.

The UN was forces to change by its member states. They threatened to step out of the UN and the budget was frozen for over ten years, the countries didn't pay what they had to pay. This resulted in a not workable situation for the UN, forcing the organization to change. In all, pressures where substantive enough to foster change within the UN organizational design. As Thelen and Steinmo argue, change in any

system is a product of external shocks to the system these shock where provided by the developed country member states (Thelen and Steinmo, 1992).

Due to the change in the UN structure, UNCTAD was forced to change as well to maintain the legitimacy of the organization intact. DiMaggio and Powell argue that coercive isomorphism results from pressure of another institution on which an institution has to relay in its functioning and by pressure from society (DiMaggio and Powell, 1983). This coercive isomorphism led to UNCTAD's reorganization, in order to keep up with the change of the UN system upon which it relies.

Thus, through the UN reforms UNCTAD now has the possibility to change its managerial structure as well. Apart from the question whether the mandatory reforms will lead to the abolishment of UNCTAD, the managerial reforms if the UN creates the possibility for UNCTAD to increase its performance and to change its structure. This change in structure is needed since UNCTAD has changed for as far as it was not influenced by the UN. The UN budgetary constraints made UNCTAD to relay more and more on its extra budgetary resources. These extra budgetary resources led to a more project focussed approach of UNCTAD in its technical cooperation activities. This project focussed approach made a flexible organization necessary, something that UNCTAD is not, as will be described in chapter 7. This caused the organization to perform less, making it difficult to satisfy its donor countries, hereby decreasing its legitimacy in its institutional environment. The managerial reforms thus led to the possibility for UNCTAD to increase its legitimacy in its institutional environment being the UN system and within its broader institutional environment being its member states.

5.3.2. Chapter conclusions

The chapter focused on the question *how UNCTAD is influenced by the UN system and how this has influenced UNCTAD's adoption to environmental changes?* After having answered this question the chapter focussed on sub-questions 6 and 7 by looking at what positive and negative effects the UN influence had on UNCTAD and how this can be explained. Based upon the indicators used in this chapter the research findings can be represented as shown in figure 9 resulting in the conclusions of this chapter.

Indicator	Research findings
Character of managerial reforms	- The managerial reforms of the UN have the objective to align the skills of the secretariat and their management with the current needs of the organization. - The first objective is better equip the present top management of the UN with skills, tools and financial resources. - The second objective is to invest in communication technology. - A fourth objective is the reallocation and outsourcing of tasks. - A fifth objective is to improve the financial management system. - The last objective focus on improving the governance system of the UN and to create a change management office.

Character of mandatory reforms	- The current mandatory reform activities focus on an assessment of the degree to which the mandates of the different UN programmes, funds and conferences are overlapping. - Deciding what should happen will be the responsibility of the UN member states and will not be the responsibility of the UN senior management.

Figure 9: Research findings of chapter 5

The UN is going through a difficult period in which it has to cope with a financial crisis due to its regular budget being frozen. In order to change this situation UN managerial and mandatory reforms are now being implemented and discussed. This is necessary because the complexity of the organization never led to significant changes in the managerial and organizational structure of the UN system. This resulted in a highly ineffective and inefficient organization.

In line with the UN reforms UNCTAD is now in a process of reforming its organizational design as well. This will enable the organization to get its managerial structure and organizational structure in line with its project approach in technical assistance.

The UN reforms thus enables UNCTAD to reform the organization without losing its legitimacy within its UN institutional environment and in the same time will increase its legitimacy within its broader institutional environment of members countries within the trade and development environment.

6.   UNCTAD, member state forces and the decision-making process

This chapter will give an answer to sub-questions 4 raising the question *how political forces, on which UNCTAD is depending, can be described in relation with today's institutional settings and how this has changed UNCTAD's decision making process and organizational design?* The dimension, degree of change regarding member countries will be used together with the dimension degree of change in the decision making process. After having given an answer to the sub-question the chapter will focus on the questions what is going well and what is going wrong from an UNCTAD point of perspective and what have been the causes of this, hereby partly answering sub-questions 6 and 7.

In order to be able to answer the above mentioned questions paragraph 6.1. will focus on the degree of member country satisfaction. This can be differentiated into the degree of satisfaction of developing- and developed countries with the output and the structure of the organization.[10] Paragraph 6.2. will discuss the power relations between the member countries in order to present a picture of how the satisfaction of the member countries have influence UNCTAD's organizational design and its decision making process. The decision making process will be assed through focussing on the amount of disputes among countries, the amount of decisions made, the importance of negotiation and consensus building and the weight given to the decision making process. Paragraph 6.4. in the end will put UNCTAD's position, influenced by its member country satisfaction, in an institutionalist perspective and will end the chapter by giving an conclusion on how member state forces are influencing the organization.

6.1.   Member country satisfaction

6.1.1.   Degree of developing country satisfaction

Developing countries are the reason of existence of UNCTAD. The problems they encountered in the 60s within the international trade environment provided the backbone of UNCTAD's work. The work of UNCTAD changed however, both in the output of the organization as in the structure of the organization. This has resulted in a decrease of the satisfaction of developing countries in UNCTAD. This sub paragraph and the others of paragraph 6.1. will discuss the satisfaction of member countries of UNCTAD.

When we look at the output of UNCTAD a shift in priority in the work of the organization can be seen. The shift in the output of UNCTAD has been triggered by its intergovernmental process in which developing countries themselves take part. This however does not mean developing countries where in favour of the results of the intergovernmental conferences that changed UNCTAD's output. The biggest shift in UNCTAD's output was triggered by UNCTAD's ministerial conferences of '92 and '96 in Cartagena de Indias, Columbia and Midrand, South Africa. These conferences caused a shift in the importance of UNCTAD's intergovernmental machinery. UNCTAD's work in trade negotiations was cancelled and the conference decided that UNCTAD only had to focus on consensus building among member states. This mend that UNCTAD was not directly involved anymore in hard low making in the form of treaties but had to focus on consensus building with regard to trade and development putting the emphasises on soft law making in the form of resolutions. The change in UNCTAD's intergovernmental machinery caused a rapid decrease in UNCTAD's conference facilitation activities. Where during the '80s and

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[10] This differentiation is based upon the operationalization scheme of figure 3 in paragraph 2.4.

before two to three meetings a week took place under UNCTAD's flag, this was halted in '96 by creating a ceiling of 25 meetings a year and by halving UNCTAD's intergovernmental machinery. The G-77 agreed with this under financial pressure of the developed countries, this will be further discussed in 6.2.2.

A first aspect that decreased the satisfaction of developing countries is the change in UNCTAD's intergovernmental machinery resulted in a prioritisation of its activities that focus on policy analysis and technical cooperation to provides training and capacity building programmes for developing countries. This change was not favoured by developing countries because of their relatively strong position within UNCTAD's intergovernmental body. The decreasing importance of UNCTAD's intergovernmental machinery thus mend a degrease in the importance of developing countries within the international trade and development environment. The importance of developing countries within other organizations focussed on trade, like the WTO, was and still is less powerful because negotiations take place between major producers and consumers leaving less space for developing countries. The degree of developing country satisfaction in UNCTAD's output thus decreased.

A second aspect that caused developing countries to be less satisfied in UNCTAD is its output in policy analysis. As mentioned before UNCTAD owns its existence to developing countries that demanded for the creation of an institution that focussed itself on the assistance of developing countries in the international trade environment. This function of UNCTAD caused a lot of frictions between developing countries and UNCTAD. UNCTAD's divisions that focus on policy analysis have a scientific point of view and in doing so try to be objective in their work without favouring the point of view of developing countries. This has, to some degree, resulted in a slight change from Keynesian to more Neo-Liberal ideologies favouring concepts as market liberalization. This change in ideology is not favoured by the majority of developing countries since they argue that their markets and economies being less strong should be protected against competition of western firms with whom they cant compete. The shift in ideology within UNCTAD therefore can be seen as another factor that negatively influenced the satisfaction of developing countries.

UNCTAD's focus on technical cooperation is the third factor that caused a declining degree in the satisfaction of developing countries. Due to change in the budgetary construction of UNCTAD's financial system[11] the organization is becoming more and more dependent on extra budgetary resources forcing the organization to focus more on technical cooperation. This has lead to a further shift in focus that started with the decreasing importance in the intergovernmental machinery of UNCTAD and now is decreasing its analytical output in favour of its technical support activities. The technical cooperation activities of UNCTAD however are only of major importance for least developed countries that need the input of financial resources and human expertise to stimulate the economy. The LDC's are only 50 of the 132 developing countries resulting in a situation in which almost a third of UNCTAD's budget is spend on the development of 50 of the 132 developing countries. The policy analysis pillar of UNCTAD's work therefore is becoming less important. However this is the most important pillar for the 82 developing countries that are heavily depending on UNCTAD's analytical output to provide them with information for their trade negotiations and to foster a more level trade environment with even chances for developed and developing countries. The shift within UNCTAD towards technical cooperation thus can be seen as the third reason of decreasing satisfaction of developing countries concerning UNCTAD.

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[11] UNCTAD's financial system will be discussed in chapter 7.

6.1.2. Degree of developed country satisfaction

The satisfaction of developing countries with the organization is increasing. Both from an output point of view as from an structural point of view. The developing countries are the major contributors to the organization in term of financial recourses. However, UNCTAD itself is focussed on the development of developing countries with regard to aid. By doing so, UNCTAD is the only organization in the UN system that is focussing only on the development of a specific part of its group of member countries. The situation thus is such that developing countries are funding the work of UNCTAD while not having the direct benefits of it. Therefore developed countries, more specifically, donor countries are influenced in their satisfaction towards the organization in how their money is spend.

As argued by the United States representative to UNCTAD: ''UNCTAD should focus more on what it is good in, in order to work more efficient and effective. Therefore it should focus more on technical cooperation.''[12] This pushed UNCTAD to focus more on project based working since technical cooperation is funded by extra budgetary resources. These extra budgetary resources have an advantage for donor countries since they can demand on what programmes and through which processes these resources should be used. In short, donor countries gained more influence on the spending of the money and how the money was spend, forcing UNCTAD to focus more on result based management, project management, financial management and accountability since they have to defend how resources have been used.[13] This has resulted in an increase in the satisfaction of developing countries in UNCTAD.

6.2. Member state power relations

The way UNCTAD is affected by its member countries satisfaction depends on the degree of power these countries have in shaping the organization. Therefore this paragraph will focus on the power relations among UNCTAD's member countries using the indicators that focus on the amount of power of member countries of UNCTAD.

6.2.1. Formal power relations among states

The formal distribution of power between UNCTAD's member countries is based upon UNCTAD's charter. The charter of UNCTAD states that each country within the intergovernmental process has one vote. In total UNCTAD has 192 members of which 132 countries can be regarded as developing countries. This means that developing countries always have a majority in UNCTAD's intergovernmental decision making process. This majority however has never been used in a direct way because of the consensus building character of UNCTAD's intergovernmental decision making process. The necessity of consensus building in the intergovernmental process has resulted in a situation in which voting is seen as contra productive. Since UNCTAD only has a mandate focussed on producing soft law, the willingness of all member countries to participate in a decision is necessary in order to let the decision be effective. This strongly decreases the importance of formal power distribution in the decision making process.

The unique mandate of UNCTAD in serving only a particular group of member countries while other member countries are paying for the organization this is

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[12] This information is retrieved through an interview with the US representative.
[13] Further change in UNCTAD's structural design and managerial processes will be discussed in chapter 7.

causing frictions between developing and developed countries within the intergovernmental decision making process since the political agenda of both groups of countries is different. Where developed countries are mainly focussed on the functioning of the organization, the developed countries are more focussed on the output of the organization. Since the political agendas of developed and developing countries thus are different, its difficult to come to agreements that are only based on the formal decision making process and its formal distribution of power. Informal power thus is becoming more and more important resulting in a situation in which, although having a majority, developing countries have less power than developed countries.

6.2.2.   Informal power relations among states

As stated by the Brazilian representative to UNCTAD: "When the US says no during a meeting, nothing happens."[14] This shows the degree of power countries like the US have on the intergovernmental process. This degree of power has two different backgrounds that are strongly connected to each other.

First, the power of develop countries over developing countries is large outside UNCTAD's intergovernmental decision making system. Developing countries heavily relay on aid given by developed countries thereby positioning themselves in a submissive role towards developed countries. For the more developed developing countries counts that they heavily relay on their exports to developed countries. These power relations are taken into consideration within the intergovernmental process since economic power gives developed countries a larger degree of political power as well. Especially within the trade environment. However this situation is still the same, a shift in power slowly emerges with countries like the Peoples Republic of China gradually gaining more and more importance.

Second, the informal power gained by developed countries is based upon their financial power within the organizational structure of UNCTAD. The power of developed countries is based upon their ability to influence the output and structure of UNCTAD through their financial power. They achieve this because developing countries know that without developed country contributions the impact of UNCTAD on the trade and development environment would be close to nothing.

When looking at the implications of the power relations for UNCTAD one can state that UNCTAD currently is shaped by the wishes of developed countries. This has been created by the financial power of developed countries and by disputes among developing countries. Through the financial needs of least developed countries they are less eager to oppose against the wishes of developed countries and the way UNCTAD has currently been developed. The internal struggles within the intergovernmental decision making structure among UNCTAD's member countries have led to an increasing difficulty in reaching consensus resulting in a situation in which UNCTAD will have to depend upon the outcome of the power struggle as it currently takes place. This can be seen in the 2006 Mid-Term Review in which no consensus was reached about the activities UNCTAD has to perform until its next ministerial conference in 2008. As stated in the South-North development monitor SUNS of may 2006: "The first session of the Mid-term Review (MTR) of UNCTAD-XI broke up near midnight on Thursday 11 May without an agreed conclusion after acrimonious negotiations that centred on the issue of 'policy space'. The collapse of the talks have generated shockwaves as governments and the Secretariat ponder over the implications and the next steps not only for the MTR exercise but for

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[14] This information is retrieved through an interview with the Brazilian representative.

UNCTAD's future activities, and even its mandate. The impasse is coming at a critical juncture for UNCTAD… Some developed countries have already ,made known their intention of having UNCTAD merge with other organizations, and of clipping its activities, while the G-77 and China has stoutly defended the need to strengthen, not weaken, UNCTAD's mandate. (Raja, 2006)"

The difficulties in trade and development negotiations have led to a shift from multilateral to bilateral negotiations in which countries start negotiations between themselves, resulting in a situation in which some countries inevitably will be left alone, making the trade and development environment more hostile.

As stated above, with regard to the intergovernmental process UNCTAD can do little more than waiting on what is going to happen. What than is UNCTAD currently doing now? The change in the development of countries and the current struggles among member countries enlarged the differences between the wishes of all of them. This creates a situation in which UNCTAD has to move itself in a complex and difficult position in an attempt to satisfy all. This means, focussing on technical cooperation and managerial and organizational reform in order to satisfy the wishes of developed countries while continuing its work in policy analysis and the support of developing countries in their WTO trade negotiations on the other side to satisfy developing countries. In order to do so, different divisions have been created within UNCTAD to satisfy all. These divisions all focus on different subjects, having their own ideologies differing from Keynesian to Neo-Liberalistic. This tendency will be further discussed in chapter 7.

6.3. Political change vs. UNCTAD change

6.3.1. UNCTAD's change from an institutionalist perspective

UNCTAD is finding itself in a situation in which its policy environment is becoming increasingly complex. Developing countries have seen a rapid differentiation in their development, some developing countries are becoming increasingly powerful and developed countries are gaining more and more importance through their financial power over the organization. While trying to adapt to the wishes of developed countries by focussing on technical assistance and organizational reform, the organization tries to satisfy developing countries as well through sticking to its policy analysis mandate. By doing so UNCTAD still is to a large degree influenced by its current functioning, resulting in a difficult situation in which the organization is performing its tasks in such a way that it can satisfy its client countries, developing countries, and on the other hand the donor countries, the developed countries. This incrementalist approach in which change is implemented gradually has caused the organization to develop in two different ways, Neo-Liberal and Keynesian, making it difficult to have a single voice to the outside world. This struggle to satisfy both developing countries and developed countries can be explained when looking at the theory of bounded rationality that argues that the human mind is not able to take everything important into account to come to an optimal decision. Situations can be to complex for the human information processing capacity. Therefore, decisions are made upon the most satisfying solution instead of the best solution. UNCTAD's effort to satisfy developed and developing countries can be seen as such a solution in which satisfaction is tried to be accomplished, leaving aside the question whether it is the best approach from a rational point of view.

As already sad in chapter 2, Hall argues that: 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes... On the other hand, organizational position also influences an actor's

definition of his own interests... in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986). In the case of UNCTAD one can state that UNCTAD is relying on the member countries it serves. These countries themselves now are in a power struggle in order to find a balance in which the degree of power over the institutional environment is set. The trade and development institutional environment can thus be seen as an institutional environment in transition in which institutions, being member states, fight for power and the conditions for legitimacy are being set. The question thus is whether it is wise for UNCTAD to chose a side right now since legitimating of the organization, in term of coercive isomorphism that results from pressure of other institutions to change on which an institution has to relay in its functioning and by pressure from society (DiMaggio and Powell, 1983), can only be achieved when one knows which pressures of which member states are policy shaping and which are not because of their lack of power.

UNCTAD is influenced by its institutional history through the decisions taken during the ministerial conferences in 1992 and 1996 that triggered the change of the organization. These conferences provided the foundations for the change in UNCTAD toward technical cooperation. As described in chapter 2, the path dependency model states that the development of an institution is affected by its history. The evolution of an organization can be seen as a path dependent meander in which the structure, way of functioning, position in its institutional environment and influence of the organization depends upon decisions taken in the past. When the ministerial conferences of 1992 and 1996 decreased the importance of UNCTAD's intergovernmental machinery the organization gradually adapted itself to it. The decision led to an increase in the importance of policy analysis and technical cooperation. This now has led to a situation in which a third of UNCTAD's budget is used for technical cooperation and in which the organizational is gradually changing from an structure ideal for serving conferences to a more flexible structure to support the technical cooperation activities through project management. This tendency will be further discussed in chapter 7.

6.3.2. Chapter conclusions

This chapter first focussed on the question *how political forces, on which UNCTAD is depending, can be described in relation with today's institutional settings and how this has evolved within the setting of UNCTAD's intergovernmental structure.* Secondly the chapter focused on the questions what is going well and what is going wrong from an UNCTAD point of perspective and what have been the causes of this.

Two sets of indicators have been used in order to give an answer to the sub-questions. One set focussed on change regarding member countries generating a picture of the political forces that impact UNCTAD and the other set of indicators focuses on change in UNCTAD's decision making system to understand how the direct link between UNCTAD and its institutional environment have has influenced the organization. The research finding regarding these sets of indicators is schematically represented in figures 10 and 11.

Indicator	Research findings
Degree of developing country satisfaction	- Since UNCTAD was the forum in which developing countries had a majority vote, the degrease in its trade negotiation activities mend a decrease in the satisfaction of developing countries. - Due to UNCTAD's shift from an Keynesian strategy towards also a Neo-Liberal strategy created some suspicion among developing countries concerning the loyalty of UNCTAD towards them decreasing their satisfaction. - UNCTAD's shifting focus towards technical support activities leaving aside its intergovernmental and analytical tasks, is regarded as a negative trend by developing countries since technical support only is beneficial for LDC's leaving the majority of developing countries without support.
Degree of developed country satisfaction	- Donor countries are influenced in their satisfaction towards UNCTAD by the way their money is spend. Since they gained more influence on the financial management of UNCTAD and due to the increasing importance of the extra budgetary resources given by them, their satisfaction is increasing. - Developed countries have always been in favor of a more Neo-Liberal approach towards development. UNCTAD's resent shift towards more Neo-Liberal strategies in fostering trade development, made developing countries less reluctant towards UNCTAD.
Degree of power of developing countries	- The power of developing countries is decreasing since consensus building has become more and more important making their majority vote within the intergovernmental process less effective.
Degree of power of developed countries	- UNCTAD's growing dependence on developed countries for its financial resources make these countries more powerful in fostering their demands upon UNCTAD resulting in more power for developing countries. - The shift towards consensus building within the intergovernmental machinery of UNCTAD increases the vote of developed counties since their willingness to participate is needed to come to a consensus.

Figure 10: Research findings of chapter 6 with regard to change in member countries

Indicator	Research findings
Amount of disputes among countries	- The internal struggles among member countries within the intergovernmental decision making structure have led to an increasing difficulty in reaching consensus. - For the first time since UNCTAD's history no consensus was reached in 2006 about the activities that UNCTAD has to perform until its next ministerial conference in 2008.
Amount of decisions made	- Before '96, UNCTAD was the forum for on average one intergovernmental meeting a week. This was halted in '96 by creating a ceiling of 25 meetings a year.

Importance given to negotiation and consensus building	- After UNCTAD's ministerial conferences of '92 and '96, the work in trade negotiation was cancelled and the focus shifted towards consensus building.
Weight given to UNCTAD's intergovernmental machinery by member countries	- Since UNCTAD was the forum in which developing countries had a majority vote, the degrease in its trade negotiation activities mend a decrease in the satisfaction of developing countries resulting in a situation in which less importance is given to UNCTAD's intergovernmental machinery. - The difficulties in trade and development negotiations have led to a shift from multilateral to bilateral negotiations in which countries start negotiations between themselves

Figure 11: Research findings of chapter 6 with regard to the decision making process

The chapter showed how struggles between developed countries and developing countries, and struggles among developing countries themselves emerged, based upon their different degrees of satisfaction concerning UNCTAD's organization and output. This has resulted in a situation in which it is extremely difficult for UNCTAD to position it self. UNCTAD tried to satisfied both developing and developed countries by focussing on both organizational reform and technical cooperation while maintaining its activities in policy analysis and developing country support in WTO trade negotiations. This resulted in UNCTAD not being able to act as an organization with one face due to the different ideologies that emerged out of the different divisions of the organization. This situation has been explained by making the link with bounded rationality, incrementalism and the inability to act in terms of coercive isomorphism because of UNCTAD's institutional environment that itself is in transition.

7.   UNCTAD's organizational design

The seventh and last chapter will address the question *how UNCTAD is currently functioning and how it has changed during her years of existence?* Unlike the chapters before, this chapter will not focus on the institutional environment of UNCTAD, but on its organizational design. Unlike the decision making process, the dimensions hat focus on the organizational structure and the managerial processes will be discussed in more detail in order to provide additional background information that contributes to the understanding of UNCTAD's institutional misfit. Change in the organizational structure will be discussed in paragraph 7.1. Each sub paragraph will discuss one of the indicators for this dimension as the are given in the operationalization scheme of chapter two. The same counts for paragraph 7.2 that will discuss the importance of management processes. Paragraph 7.3. will discuss the impact of the organizational and managerial processes on UNCTAD's output, giving the last part of the answer on sub-questions 6 and 7 by discussing what went good and what went less and what the causes where. At the end paragraph 7.4. will put the chapter in an institutional perspective and will end it with an conclusion.

7.1.   UNCTAD's organizational structure

7.1.1.   The structure

The organizational structure of UNCTAD is shown in the organizational chart of the organization that is attached to this thesis as Annex C. At the top of the organization stands the Secretary-General (SG) who is mandated on behalf of the United Nations and the member countries of UNCTAD to steer the organization in its daily tasks. The Secretary-General is backed up in his work by the Deputy Secretary-General (DSG). These two senior managers of the organization have staff bureaus focussed on executive Direction and Management and Programme Planning and Assessment. Both these bureaus are placed outside the hierarchical structure of the organization.

In practice, the separation of tasks between the SG and the DSG is such that the SG is primarily focussed on intergovernmental and political affairs, leaving the DSG in charge of the management of the organization.

Placed under the DSG are 6 divisions. The division on Globalisation and Development Strategies (GDS), the division on Investment, Technology and Enterprise Development (DITE), the division on International Trade in Goods and Services in Goods and Services, and Commodities (DITC), the division for Services, Infrastructure for Development and Trade Efficiency (SITE), the special programme for Least Developed, Landlocked and Island Developing Countries (LDC) and the division of Management (DOM)

The creation of the divisions as they are now has been the result of the mandatory reforms in '92 and '96. These reforms mend the deterioration of the intergovernmental machinery that now is a small part of the Division of Management. The divisions that where occupied with trade and development policy analysis have been merged into two divisions, the GDS and DITC. This provided the opportunity to create two new divisions as well, DITE and SITE that have a more liberalized focus that pays more attention to training and capacity building in line with the wishes and ideologies about trade development of developed countries. The LDC came into functioning in 2001, based upon the Brussels consensus on LDC's to address and tackle the problems LDC's where facing.

The division of Management has a strange place within the organizational design since it is placed within the hierarchical structure of the organization and is not dealt with as a staff bureau. This means that for example the Human Resource Management Brach as the same position as a regular division branch. There is something else as well. When placing a branch like the Human Resource Management branch into the hierarchical structure, this implies it falls under the direct responsibility of the Senior management of UNCTAD. This is not true though. The Human Resource Management branch receives its policy guidelines from HR headquarters in New York and not from UNCTAD's senior management since UNCTAD is a programme of the UN secretariat.[15]

Another organizational structure aspect that needs attention is the importance of work that is carried out through projects. To indicate the growing importance of these projects, within UNCTAD with approximately 400 permanent employees, there where, according to the head of Technical Cooperation, in 2004 over 400 projects. These projects used almost 40% of the total budget of UNCTAD in 2005 being 35 million dollars[16] compared to 12,4 million dollars in 1988[17]. UNCTAD's projects most of the time are specific technical cooperation activities and have a special status with the organization. They do not fall within the regular organizational structure of the divisions but are coordinated by the Technical Cooperation branch of DOM. Since the projects have their own project managers to whom the donor and client countries address their demands and wishes they actually are not a real part of the hierarchical structure of UNCTAD. More so because they have their own budgets on which the senior management has no influence.

7.1.2. The hierarchical structure of the organization

When looking at the organizational structure of UNCTAD the high degree of verticallization of the organization can be seen. The total workforce of the organization consists approximately of 400 permanent employees, and the organization has a regular budget of 45 million dollars.[18] When taking into account that the organization has 6 division managers this means an average of approximately 66 employees and a budget of 7.5 million dollars for each division. Of course the divisional resources are far less due to resources that are used by the senior management and their bureaus but it shows how small the resources are of each division. This goes even further when taking into account that the six division again are divided into 20 branches, managed by a branch head of the branch, with their own resources resulting in 20 employees and 2.3 million dollars for each branch. When taking as an example the E-commerce branch of the SITE division, this branch again is divided into 4 sections with a head of section on top which would mean an average of approximately 5 persons for each section. As the current Deputy Secretary General argued: "It is ridiculous to have 6 divisions in an organization of 400 people. 80 persons overhead and a division of 320 people would be more suitable."

This hierarchical structure does not pay attention to the needs of an organization that is increasingly depending on working through projects in its output. The hierarchical structure as described above contributes to an inflexible structure. However the importance of projects within the organization asks for a flexible structure in which resources both financial as human can be shifted easily since project have a fixed

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[15] The United Nations Secretariat = The total of organizations that are part of the UN structure.
[16] Source: UNCTAD Annual report 2005
[17] See Annex A
[18] Based on the UNCTAD telephone directory of October 2004

time frame and need specific expertise's to work together resulting in a situation in which an organization needs to be able to adapt easily to the demands from its institutional environment through the projects it asks the organization to perform.

7.1.3. The distribution of authority

When looking at the degree of centralization of authority, the process goes as follows. The SG has the end responsibility for the hole of the organization and focuses especially on political and intergovernmental affairs. The DSG has the responsibility for the management of the organization. In order to do so it has DOM, the managerial division of the organization. This division is split up into three branches:
- The Intergovernmental affairs and Outreach service, responsible for intergovernmental affairs and external communication.
- The Technical Cooperation branch, responsible for the technical cooperation projects of the organization.
- The Administrative Service that is responsible for the managerial and administrative tasks of the organization. This branch again is divided into three sections:
  - Budget and Project Finance (BPF)
  - Human Resource Management (HRM)
  - General Services (GS)
  - IT Support (ITS)
  - IT Customer Service Desk (ITCSD)

Although it is the managerial division, it has the same position within the hierarchical structure as the other divisions while having the responsibility of the human and financial resources and the coordination of all projects.

There thus is a discrepancy between the centralization of authority and the hierarchical structure of the organization in which the technical cooperation branch has the responsibility over projects within divisions and sections like HRM and BPF having the responsibility over the resources of divisions. Another discrepancy can be seen in the centralization of responsibilities to division managers and their chiefs of the branches over the output of the division/branch and the use of their resources and on the one hand and the projects and their project managers that don't have a specific place within the organizational structure but are placed within the divisional structure, while having their own budgets and responsibilities towards donor countries. This leads to a situation in which the managers that have formal responsibilities according to the hierarchical structure of UNCTAD but have no power over their personnel focused on projects, in stead these informal project managers have budgetary power and are accountable to their donor countries, laying the power in the hand of these actors instead of the branch, division and senior managers of UNCTAD.

7.1.4. The budgetary structure

UNCTAD's budgetary structure within the organizational structure needs special attention. Apart from the decision making process as described in chapter 6, the budgetary structure of UNCTAD is heavily influenced by both the UN system and the member countries of the organization as well, and in addition to these actors by the UNDP. The budget of UNCTAD is composed out of a regular part and an extra budgetary part.

The regular part of the budget is each three moths given to UNCTAD by the United Nations systems and was 45 million dollars over 2004 and the same over 2005 since

the UN regular budget has been frozen and through that the UNCTAD annual budget as well. The budget is given to UNCTAD which in turn can spend the money based upon its own strategy. The money is divided over the organization according to the management strategy of the senior management of the organization, and by doing so distributed along the hierarchical lines of the organization.

The extra budgetary recources of UNCTAD are given by donor countries and the UNDP and are based on voluntary contributions. These contributions are given to specific projects and can only be used for these purposes. This results in a situation in which the donor institution can place high demands on the way the extra budgetary resources are spend by threatening not to donate money anymore when its demands are not met. Since extra budgetary resources are donated to specific projects the money is directly given to the project not following the formal hierarchy of the organization. This results in discrepancies in which branch and division managers have smaller budgets than their employees responsible for a project. Budgetary power and organizational power thus are not in line anymore, and since the amount of extra budgetary funds are becoming larger and larger compared to the regular recources this is causing increasingly larger discrepancies. This situation is becoming worse since the main contributors of extra budgetary recources are becoming institutions outside the UN system being donor countries instead of the UNDP as can be seen in figure 6 in sub paragraph 4.1.3.

7.1.5. The Interdivisional coordination structures

This sub-paragraph builds further upon what is already written in Chapter 6, especially sub paragraphs 6.1.1. and 6.2.2. and paragraph 6.3. These sections of the thesis explained how different demands put upon UNCTAD by its complex institutional environment have resulted in different divisions with different ideologies.

These different ideologies have resulted in a lack of interdivisional cooperation. As the current Deputy Secretary General argues: "All the six divisions act like independent organizations all focussing on their own policy area and act like a federation of six islands." A clear example of this lack of interdivisional cooperation can be found in the preparation of the UNCTAD Midterm review 2006. GDS is focussed on trade analysis with a critical view on prevailing economies. In doing so it has a Keynesian point of view by which it criticises the World Bank group and OECD countries. DITE on the contrary focuses on investment and is very much in tune with World Back group and OECD countries ideas in for example investment in developing economies and to make use of investment. As a result of this discrepancy in ideologies there is no respect and cooperation among the divisions resulting during the 2006 Midterm Review in an inability to say what should be sad by the secretariat in the conference and how to come to a balance in the interests of both divisions resulting in a draft recommendation for the outcomes of the Midterm Review itself.

Another disadvantage of the difficulty in interdivisional coordination is that communication lines go through the directors of the division. A direct communication line between employees in order to get something officially done is not possible. This situation makes the organizational design as discussed in sub paragraph even more inflexible creating an additional difficulty for the project way of working that benefits of a flexible organizational structure.

7.2. UNCTAD's managerial processes

7.2.1. The leadership of the organization

The management of UNCTAD has always been in the hands of highly capable economists, diplomats and politicians but has never been in the hands of highly capable managers. This was not a big problem in the beginning years of the conference when it had a purely conference serving purpose. With the expansion of UNCTAD's activities, the organization became more complex with larger financial and human resources to manage. This however never led to an increase in managerial expertise of the management of the organization. Managerial positions where and still are seen as political instruments in negotiations among member countries and as career opportunities for international civil servants. This would not have been when there was an up to date career development system for employees. However, as will be discussed in sub paragraph 7.2.2. this is not the case. The UN system to which UNCTAD belongs to plays an important role in this picture. As will be further discussed in the next sub paragraph, UN guidelines contribute to the idea that a directors position is the natural next step after having served as a P5 scale officer not taking into account that a highly skilled economic annalist is not automatically a good manager.

This situation has led to a situation in which the organization for a long time has been in the hands of managers that where not capable to steer the organization. This has resulted in UNCTAD having outdated managerial structures which are not capable to steer the organization in the current institutional environment. To which this has led will be explained in the coming paragraphs.

The disadvantages of a lack of properly managerial skilled personnel is becoming even more important now project management is becoming more important. The increasing importance of projects means that financial and human resources have to be managed on al lower level in the organization with regular staff members functioning as project managers being responsible for a project team and a budget. This requires skills that the average UNCTAD economist does not have.

The lack of managerial improvement within UNCTAD thus has led to an increasingly incapable managerial structure negatively impacting the output of the organization and the satisfaction of its member countries.

7.2.2. HRM within the organization

The position of UNCTAD's HRM within the UN system
As written before the HRM branch is placed inside the hierarchical structure of UNCTAD. However it has to follow the policy guidelines of the department of HRM of the United Nations Headquarters in New York. More over, it has to follow the protocols of the United Nations Office of Geneva (UNOG). UNOG was originally created to provide conference support, streamlining the conference activities in the UN's Geneva office. However, over the years UNOG gained more importance as the administrative body of the UN in Geneva. UNCTAD, being a part of the UN secretariat therefore became directly placed under UNOG's administrative responsibility. In order to summarize the situation. UNCTAD is placed under the responsibility of UNCTAD's management, has to follow the policy guidelines of New York and it has to work in line with UNOG's rules.

The reality is that UNCTAD's management has now power to adapt the HRM strategy to its own interest, for example in making its human resources more flexible

in order to adapt to the demands of its institutional environment, since the HRM strategy is made in New York. However while implementing the new policy guidelines of New York it has to work according to UNOG rules. However, these don't change at all creating a misfit between UNOG rules and United Nations Head Quarters (UNHQ) policies, the current UNOG staff rules for example are as old as 1997. Figure 12 shows the situation schematically in witch the dotted lines represent the misfits between the actors and the continuous lines the demands they put upon the UNCTAD HRM branch.
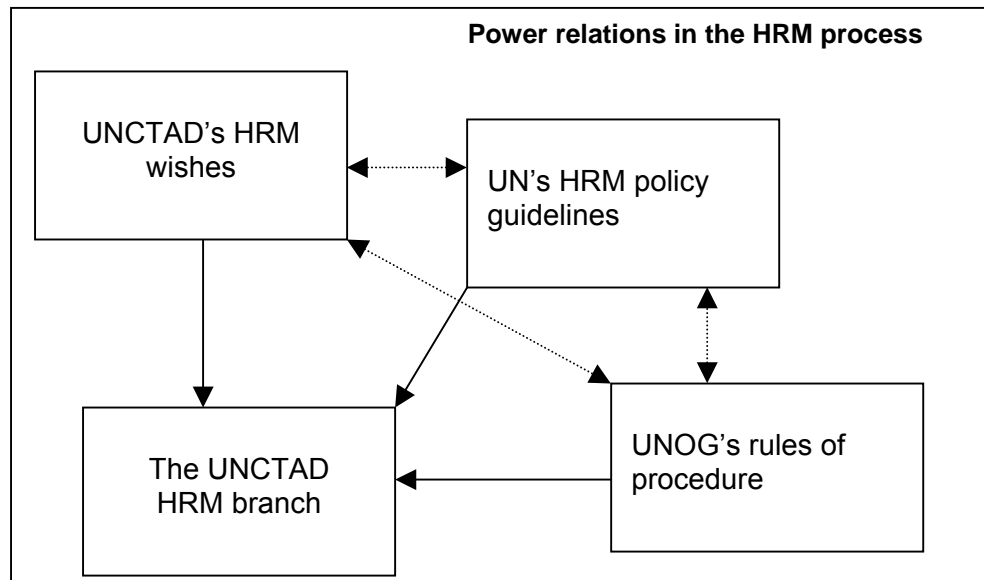
Power relations in the HRM process

UNCTAD's HRM wishes

UN's HRM policy guidelines

The UNCTAD HRM branch

UNOG's rules of procedure

Figure 12: Misfit of the HRM structure

HRM difficulties
A clear example to which this situation has led is the way vacancies are dealt with. UNCTAD's organizational design has a structure in which there are 6 divisions that should be occupied by D2 scale directors[19]. However, only one division is led by a D2 directors, the other divisions are led by officers in charge. The wish of UNCTAD is to have them fulfilled as soon as possible with highly qualified managers. In order to fulfil the vacancies UNHQ has set policy guidelines that take into account country representation and political considerations and do not necessarily prioritise management skills. In order to actually get the vacancy fulfilled UNCTAD HRM has to transmit its request to UNOG that follows its own protocol that dates from 1997 and therefore takes a lot of time since the protocol is not suited to cope with the quantitative demands put upon it.

Due to the misfits in the organizational design of the HRM procedures, miscommunication between actors is a problem. UNHQ issued a policy guideline making it possible to contract short term staff to fill vacancy gaps. However. UNOG is now widely using short term contracts not only as a way to fill vacancies but as a way to make the organization more flexible in its human resources. However this directly goes against the UNHQ policy guideline of balanced country representation making it impossible for UNCTAD's HRM branch to follow both UNHQ guidelines and UNOG protocols.

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[19] The UN career system has several scales. L contracts working for the UN without being actually part of it. P contracts working as professionals for the UN. D contracts working as managers for the UN. Each scale is again divided into a certain amount degrees showing the level of importance.

The last problem to be addressed with regard to the HRM processes are the career development paths within the organization. According to UN report called Human Resources Management Reform the annual budget for staff development (the employees) has increased from 4 million dollars to 10 million dollars over the last ten years. The report argues that training was formerly viewed as a nice to have staff benefit but that continuous learning is now considered to be a critical component and should focus on aspects like new leadership, management and organizational development programmes and tools, as well as on e-learning. Therefore the annual budget should be increased to 20 million dollars a year. The situation shows the lack of attention paid to career development resulting in the already sketched situation in which managers of the organization and project managers don't have the skills to do their work properly.

7.2.3. Finance and Budget Management of the organization

The Finance and Budget Management structure has the same problems as the HRM structure resulting in a misfit between the wishes of UNCTAD's management, the policy guidelines of UNHQ and the rules of procedure of UNOG. This has led to a situation in which F&B[20] management structures are not compatible with each other. An example of this situation are the UNHQ F&B policies being extended to Geneva. The UNOG procedures however cannot provide the infrastructure of these policies resulting in automated F&B tools that are not working in Geneva where everything has to be done manually. Systems that are not working and thus have to be done by hand are the travel claims and more importantly the integrated management information system. This system integrates incomes and expenditures of the organization resulting in an up to data financial picture of the organization. Because this system is not working in Geneva UNCTAD's management does not have important information about the performance of the organization resulting in a decreased capacity to steer and adapt the organization in order to let it perform better.

7.2.4. Performance management within the organization

Result based management
Performance management has been introduced in the organization in the last two years. Before close to no attention was paid to it. When looking at the annual reports of UNCTAD only the last two annual reports of 2004 and 2005 have been based on a protocol using performance indicators to measure the achievement of goals set for the organization. Each branch is now analysing their own work and mandate in order to come up with indicators to assess their work in the future. This has not been done before resulting in a situation in which donor countries where not satisfied about the accountability and transparency of the organization because there was no way to assess the effectiveness and efficiency of UNCTAD.

An additional problem is the status of projects within the organization making it not possible for the management of UNCTAD to implement the new performance management strategies into the projects within the organization. These procedures and the demands for performance management indicators are dealt with by the donor country and the person within UNCTAD in charge of the project.

Performance evaluations
Since UNCTAD just started working with result based management and performance indicators procedures for evaluation still need to be implemented.

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[20] F&B = Finance and Budget

7.3. Chapter conclusions and the institutional perspective

7.3.1. The organizational design in an institutional perspective

As Thelen and Steinmo argue, change in any system is a product of external shocks to the system (Thelen and Steinmo, 1992). The reason for initial changes is most of the time founded in improving the performance of an organization. Due to UNCTAD's position within the UN system as described in chapter 5 and the reasonable incentive ness of the UN systems for pressures of member countries through the power of the organization and the disputes among member countries themselves the UN system has not had the pressure in the form of external chocks to reform its management to let it perform better. Only now, now the pressure of donor countries is increasing to make the UN organization more effective, efficient, accountable and transparent and the threat not to give the organization a budget as repercussion, the UN and UNCTAD have started to update their organizational design.

Despite these efforts, the management of UNCTAD is not skilled enough to do so resulting in a friction between what the organization needs to do and what it can do. This situation exists due to the institutional history of UNCTAD. UNCTAD gradually changed from a conference serving organization to a multi-task organization focussed on consensus building, trade analysis and training and capacity building with an important role for work through projects. The increasing complexity of the organization has increased the demand for managerial skills as well. However, the managerial system has never been changed because it gradually became a system of reward in which a management function was seen as a career opportunity, without paying attention to the importance of having management skills. It was eminent that after working as a P5 official one became a manager, it was this career path of the organization that through its path dependency became the major priority in the existing managerial system, not taking into account the managerial skills required in the current complex organizational design.

The way the UN system is organized can be explained based upon the institutional history of the system. The UN system has always had its HQ in New York. However when an organization like UNCTAD emerged they needed their own liaison offices for managerial assistance. These managerial support activities gave support to the senior management of an specific organization within the UN system. This has led to a situation in which the management support activities became gradually implemented within the UNCTAD hierarchical structure. In the same time UNOG grew out to be the major power in Geneva with regard to management support activities. It received this power by being the administrative authority in Geneva. All this led to the current situation in which UNCTAD's managerial support is placed within the hierarchy of the organization, receiving policy guidelines from NYHQ and rules of procedure from UNOG. Path dependency thus led to a highly complex web of organizational units interfering with each other in providing managerial support thereby decreasing the quality. This in turn led to a situation in which the current management is not skilled to perform its tasks.

7.3.2. Chapter conclusions

The question as written in chapter 1 was, *how is UNCTAD currently functioning and how it has changed during her years of existence?* The research findings based on the set of indicators used within this chapter can be schematically represented as follows.

Indicator	Research findings
Amount of hierarchical levels	- There are 4 hierarchical levels within the UNCTAD secretariat.
Amount of interdivisional coordination	- All division act like independent organizations all focusing on their own policy area. - There is no coordination among the divisions concerning a general strategy. - Communication lines go through the directors of the division. A direct communication line between employees in order to get something officially done is not possible.
Amount of centralization of authority	- Taking into account the organizations divisional structure and the total amount of staff of the organization, each section consists of about 5 persons. - Project within a division fall under the responsibility of the technical cooperation branch of the managerial division, and not under the responsibility of the division director of the division that runs the project. - Project managers are in charge of their own funds and are assessed by donor countries hereby placing them outside the hierarchical structure.
Design of the divisional structure	- The organization is divided into 6 divisions with a division director in charge. Each division is divided into branches with a branch director in charge. Each branch in turn is divided into sections with a head of section in charge.
Amount of work through projects within the organization and the money spend on it	- UNCTAD had 400 projects in 2004 using almost 40% of its total budget.
Design of the budgetary structure	- The budget of UNCTAD can be divided into a regular part and an extra budgetary part. - The total budget consists for 60% out of regular budgetary resources in 2005. Each director/head is responsible for its own part of the budget and is assessed by the Budget and Project Finance section. The final assessment is performed by the 5th committee of the General Assemble. - The extra budgetary resources contribute for 40% to UNCTAD's total budget. Each project manager is responsible for the budget given to him for a project by a donor country. He is assessed by the donor country and not by UNCTAD or the UN system. However, the project manager should give its financial data to the technical cooperation branch.
Importance given to managerial experience for managerial positions	- Managerial positions where and still are seen as political instruments in negotiations among member countries and as career opportunities for international civil servants.

The existence of a protocol for result based management	- Only the last two annual reports of 2004 and 2005 have been based on a protocol using performance indicators to measure the achievement of goals set for the organization. Each branch is now analysing their own work and mandate in order to come up with indicators to assess their work in the future.
Amount of performance evaluations within the organization	- Since UNCTAD just started working with result based management and performance indicators procedures for evaluation still need to be implemented.
Amount of money spend on career development projects	- The annual budget for staff development (the employees) has increased from 4 million dollars to 10 million dollars over the last ten years.
Compatibility of F&B management structures with the structure of the UN system.	- F&B structures are not compatible with the UN systems. - There is a misfit between the wishes of UNCTAD, the policy quid lines of UNHQ and the rules of procedure of UNOG. - Automated F&B tools are not working in Geneva.

Figure 13: Research findings of chapter 7

In the beginning UNCTAD was a small organization serving as a conference serving organization. It gradually became more complex through the tasks it was given. In the same time the UN system UNCTAD is part of became more complex as well, with other actors having more or less the same functions as UNCYAD itself. Secondly, UNOG and UNHQ gained more and more power over managerial activities resulting in a highly complex structure in which it is not clear who has managerial influence and who has not, making the managerial processes that have to support UNCTAD slow and inadequate while the organization itself became increasingly complex.

In the same time the organizational structure of UNCTAD has been highly influenced by the demands of its institutional environment resulting in different divisions with their own ideologies resulting in a highly verticalized structure with difficult communication processes among its divisions. This in turn has resulted in a highly inflexible organization. In the same time the organization became more and more reliant on its project activities, demanding for a highly flexible organization in which human and financial resources can be easily shifted from one part of the organization to another.

To summarize UNCTAD became increasingly inflexible while its output more and more demanded a flexible organization creating a misfit between what the organization must do and how it is designed and managed.

8.   Conclusion

This last chapter will give an overview over what has been stated within the thesis. In order to do so the first part of the chapter will recapitulate on the research design of the thesis. The second part of the conclusion will give an answer to the research question resulting for further research and for UNCTAD.

8.1.   The research design

The research question as it was formulated in the beginning of this thesis was:
Why is the United Nations Conference on Trade and Development finding itself in a process of repositioning within the settings of its institutional environment?

Three conceptual models of the New Institutionalism have been used to generate an answer to this research question. The models of bounded rationality, path dependency and the garbage can model together have provided the foundations for the thesis which led to the hypothesis that the complexity of UNCTAD's institutional environment has caused the organization to adapt itself to different competing ideologies and demands which in turn resulted in differentiation within the organization making it difficult for UNCTAD to position itself.

In order to answer the research question and to see whether the hypothesis is correct, seven sub-questions have been used and answered within the chapters.
1. How has UNCTAD's policy environment evolved during her years of existence and how has UNCTAD adapted itself to this?
2. How have competing organizations changed and how is UNCTAD influenced by this?
3. How is UNCTAD influenced by the UN system and how has this influenced UNCTAD's adoption to environmental changes?
4. How can political forces, on which UNCTAD is depending, be described in relation with today's institutional settings and how has this changed UNCTAD's decision making process and organizational design?
5. How is UNCTAD currently functioning and how has it changed during her years of existence?
6. What is going good and what is going bad and what are the causes?
7. Looking at the causes triggering the good's and the bad's, how can they be explained?

To answer the research question and the sub-questions, the following operationalization model has been used.

Concepts	Dimensions	Indicators
Institutional environment	Change in the T&D policy environment	Economic development of developing countries and their attitude towards T&D
		Amount of developed countries and their attitude towards T&D
		Change in the relation between developed and developing countries
	Change regarding member countries	Degree of developing country satisfaction
		Degree of developed country satisfaction
		Degree of power of developing countries
		Degree of power of developed countries
	Change regarding other organizations	Character of organizational design reforms
		Character of mandatory reforms
		Change in the output of the organizations

	Change in the UN system	Character of managerial reforms
		Character of mandatory reforms
Institutional environment within the organizational design	Change in the decision making process	Amount of disputes among countries
		Amount of decisions made
		Importance given to negotiation and consensus building
		Weight given to UNCTAD's intergovernmental machinery by member countries
Organizational design	Degree of verticallization in the organizational structure	Amount of hierarchical levels
		Amount of interdivisional coordination
		Amount of centralization of authority
		Design of the divisional structure
		Amount of work through projects within the organization and the money spend on it
		Design of the budgetary structure
	Importance given to management processes within the organizational design	Importance given to managerial experience for managerial positions
		The existence of a protocol for result based management
		Amount of performance evaluations within the organization
		Amount of money spend on career development projects
		Compatibility of F&B management structures within the structure of the UN system.

Figure 14: Simplified operationalization scheme

8.2.   The sub-questions answered

UNCTAD's policy environment has changed considerably due to the increasing diversity among developing countries varying from extremely poor and undeveloped like a country as Angola to countries like Brazil and India that are regarded as the new emerging economic giants like the Peoples Republic of China. This has resulted in a vast changing T&D policy environment in which the emergence of the more developed developing countries, created possibilities for South-South trade and increased the importance of developing countries in international trade. On the other hand however, this situation created an increasingly complex environment through the large degree of change in economic development among developing countries, resulting in a large diversity in the degree, character and scope of the demands for aid regarding trade by developing countries.

In the same time, organizations that are involved within the T&D policy field have changed as well and by doing so have influenced UNCTAD. The organizations analysis within this thesis have been the UNDP and WTO. The UNDP has changed into an organization that is paying more and more attention to trade as an aspect of development. Second it is focussing more and more on policy analysis as part of its work, hereby transforming the organization more and more in an all in one organization having a front office and back office in the same time. The WTO has seen a vast increase in its importance since 1995. Due to its new mandate and the amount of developing countries that are member of the organization, the organization regards the development of developing countries as one of its core activities within its broader mandate. Due to this the organization became the most important institution for trade negotiations, also with an development aspect, resulting in the decline of UNCTAD's intergovernmental machinery. With regard to policy analysis, UNDP is becoming more important directly competing with UNCTAD in the creation of new trade policy ideas. In its functioning UNCTAD has, due to the change in power

balances between the UNDP, WTO and UNCTAD, the difficulty of being innovative in the creation of new policy ideas but not having the power to force change since this is WTO's territory. UNCTAD thus is dependent on others. Where UNCTAD has power in implementation, being the use of policy analysis in providing technical assistance, it has to share this power with the UNDP. In order to gain the resources of donor countries in an environment in which WTO and UNDP wants to have these resources as well, UNCTAD needs to show its expertise and quality of management and output.

Apart from with UNCTAD competing organizations, the organization is also influenced by the UN system it belongs to. In line with the UN reforms UNCTAD is now in a process of reforming its organizational design as well. This will enable the organization to get its managerial structure and organizational structure in line with its project approach in technical assistance. The UN reforms thus enables UNCTAD to reform the organization without losing its legitimacy within its UN institutional environment and in the same time will increase its legitimacy within its broader institutional environment of members countries within the trade and development environment.

The last group of actors that is influencing UNCTAD consists of the political actors that are influencing the organization within UNCTAD's intergovernmental and organizational structure. Struggles between developed countries and developing countries, and struggles among developing countries themselves have emerged. These struggles are based upon the different degrees of satisfaction concerning UNCTAD's organization and output by its member countries. This has resulted in a situation in which it is extremely difficult for UNCTAD to position it self. UNCTAD tried to satisfied both developing and developed countries by focussing on both organizational reform and technical cooperation while maintaining its activities in policy analysis and developing country support in WTO trade negotiations. This resulted in UNCTAD not being able to act as an organization with one face due to the different ideologies that emerged out of the different divisions of the organization.

It is not only the institutional environment of UNCTAD that influenced the organization in its performance. It is its own managerial and organizational structure as well that steers the organization and hereby influences the performance of the organization. When we look at UNCTAD's organizational design the organizational structure of UNCTAD has been highly influenced by the demands of its institutional environment resulting in different divisions with their own ideologies resulting in a highly verticalized structure with difficult communication processes among its divisions. This in turn has resulted in a highly inflexible organization whereas the organization itself became more and more reliant on its project activities, demanding for a highly flexible organization in which human and financial resources can be easily shifted from one part of the organization to another. When looking at the hypothesis, indeed the complexity of UNCTAD's institutional environment has caused the organization to adapt itself to different competing ideologies and demands which in turn resulted in differentiation within the organization making it difficult for UNCTAD to position itself, since it is not possible for the organization to have one single identity with such a variety of divisional ideologies within the organization.

8.3. The research question answered

UNCTAD's problem
When looking back on the flowchart as represented in annex A, some nuances should be made with regard to the way the different variables influence each other and the way UNCTAD is able to position itself adequately in its institutional

environment. These nuance refer to the degree of importance of the influence of the different variables. When looking at the three concepts that where used within the thesis; the institutional environment, the institutional environment within the organizational design and the organizational design itself six indicators have been of major importance and have triggered almost all changes in the rest of the indicators that where used. These indicators are:

- Change in the relation between developed and developing countries
- Degree of power of developing countries
- Degree of power of developed countries
- Character of mandatory reforms (of the UN)
- Amount of disputes among countries
- Amount of interdivisional coordination

These six indicators have created an situation in which UNCTAD is not able anymore to function as a single entity with one face, serving one goal within a stable institutional environment. On the contrary, the organization has multiple faces, forcing it to serve multiple, sometimes each other contradicting, goals within a transitional institutional environment.

The cause of UNCTAD's problem of constant repositioning within its institutional environment has three dimensions.

The first dimension has to do with the way it is positioned within the institutional environment. Its intergovernmental structure makes it easy for institutional actors to foster change in the output of the organization, through the power they have on UNCTAD's mandate. This makes the mandate, and through the mandate the output of UNCTAD, highly flexible to adjust to the demands that are put upon the organization by its member states which in turn are influenced by their interests in other organizations like WTO and UNDPO. On the other hand is UNCTAD's organizational structure. This part of the organization is incorporated within the broader UN system. Due to the power of the UN system it is less sensitive for pressures put upon the organization to change. This has resulted in a situation in which organizational change when it is present, less influenced by institutional pressures, making the process of organizational and managerial change incremental and strongly influenced by the history of the institution, whereas the mandate and output of the organization thus is highly flexible, the organizational design and the managerial processes are not. This has created a misfit between UNCTAD as it is performing and the way its institutional environment wants to see the organization performing.

The second dimension refers to the institutional struggle that is going on in UNCTAD's institutional environment. The struggle between developing countries and developed countries about what the Trade and Development policy environment should look like has its impact on UNCTAD as well. Since it is not possible for UNCTAD to know who has the most power in its policy environment since there is a struggle about power going on, it is not possible to adapt to a specific demand of an institutional actor to increase its legitimacy. The organization thus searches for the most satisfying solution adapting to the wishes of both groups of institutional powers. This has resulted in a differentiation of UNCTAD having several divisions with different ideologies resulting in the same tensions inside the organization as they can be found outside in the institutional environment. This misfit within UNCTAD has lead to the situation in which it is not possible for UNCTAD to position itself within its institutional environment because it does not have one single identity. In the same time, the financial power of developed donor countries has influenced the organization in its output through the increasing importance of projects upon which a

country and not the senior management of UNCTAD has the largest influence. Through these projects donor countries are now able to steer the output of UNCTAD without interference of UNCTAD's management and the UN system further deteriorating the single identity of the organization.

The third dimension refers to UNCTAD's relation with competing organizations within its policy environment, WTO and UNDP. All these organizations have the power to influence the trade and development environment through their institutional power. In theory they thus can all provide a window of opportunity in providing the solution for an emerging problem. Who will have the opportunity to tackle the problem depends on their member states and the organizations mandates. In theory the member states will chose the organization that can provide, for their own interest, the most satisfying solution to the problem. This thus implies the organization has to adapt to an Trade and Development environment which is becoming more and more complex in order to maintain its legitimacy.

Taking these three dimensions together when placing them within 'Ashby's law of requisite variety' one can see the way the picture of UNCTAD within its institutional environment has changed from situation A to situation B, as represented in figure 15.
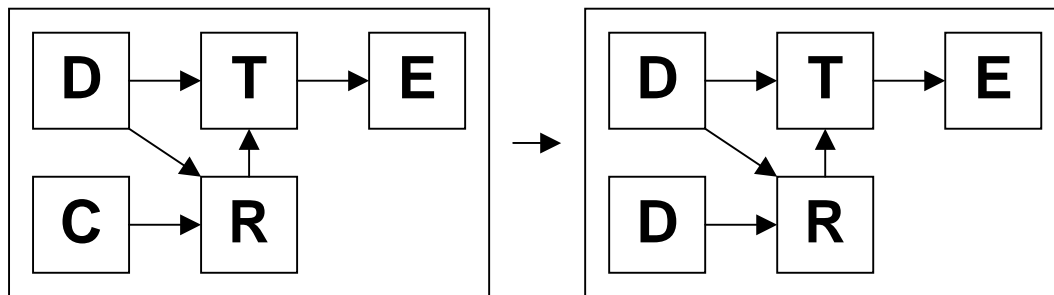

Figure 15: Influence within the law of requisite variety

The power of developed countries within the group of UNCTAD's member countries is becoming stronger. However, UNCTAD is commissioned to act as a conference within the UN system that has to stimulate the development of developing countries within the trade environment hereby focussing only on one specific group of its member states, developing countries. Thus, whereas UNCTAD should focus on the interest of developing countries in the forming of its goals, policies and outcomes, it is more and more controlled by the exact opponent, developed countries. The controlling body in the end is becoming an disturbing factor itself when comparing it to the statue of UNCTAD. This does not mean this thesis suggests the controlling body should consist of developing countries alone. It shows the discrepancy that emerges when the agenda's of D and R do not fit.

To conclude, the trade and development environment is becoming more and more competitive, requiring an organization that is flexible, has a good image of its policy field and has a clear vision of what it wants. This is in contrast with the inflexible structure and the lack of identity of UNCTAD. To make the loop and come back on Goodin's 'Goodness of fit' the result is that, through the complexity of UNCTAD's organizational design and that of its institutional environment and by UNCTAD's policy in adjusting itself regardless its own identity, a Weakness of misfit is more in line with reality than a Goodness of fit.

The New Institutionalism reviewed
When putting New Institutionalism, more specifically Organizational Theory, in an intergovernmental picture it shows the limitations of the theory. Organization change, according to existing literature can be explained through the drive of an organization

to perform better based upon pressures from its institutional environment. When taking institutional isomorphism into account as well, other institutions in turn will follow this example in order to increase or maintain their own legitimacy. However the existing literature does not pay attention to what happens when the institutional environment of an institution is a complex entity consisting of different demands by different institutional actors put upon an organization. The question than is HOW to adapt to WHAT wishes of WHICH institutions in order to maintain legitimacy. In such a case the mandate of the intergovernmental organization will give the opportunity either to adapt to all wishes creating frictions in the organization as they can be seen in the institutional environment of the organization or to choose side in the institutional environment by aligning the organization to the demands of one particular set of institutional actors.

The decision of an institution to which institutional actors to adapt can be found in the literature. Chapter 2 explained that besides the way institutions, that is rules, influence the organizations itself, it is influencing the environment of this organization as well. This takes place by the way institutions have the capability to structure by defining who is able to participate, shape the various actors strategies and influence what these actors believe (Steinmo, 2001). The question thus is who is creating the rules? This is done by the actors involved in the transitional process of the institutional environment. This indicates that there is a feedback circle in which the actors within a policy environment shape the rules of the game and that these rules in turn influence the actors in their view on the environment itself, what their vision should be, what they should do and how they should do it. The relationships between the actors in a policy environment thus are multi dimensional. In the broadest sense institutions, that is rules, influence both the organization and the institutional environment in which an organization functions. Second, the institutional environment is influencing the functioning of the organization and the other way around. Third, an organization along with its institutional environment are influences the rules through to which everything is functioning. The degree of importance of all these different institutional actors in influencing each other is given by their position in the process of transition. This in turn generates the power of these actors on the process itself. According to this text, an institution should adapt to the institution with the highest position in the policy making process. However, the character of an intergovernmental environment is that every actor is equal. Decisions thus are made by negotiation, in the institutional environment as well.

When a decision has not been made in an intergovernmental institutional environment this environment can be seen as an environment in transition in which the powers of the different institutional actors are not recognized yet. An organization operating in such an environment, and depending on the actors that struggle for power, will not be able to position itself in its institutional environment. It will try to satisfy each actor to maximize its legitimacy. This will be done through the creation of different units focussing on different demands of different actors, generating tensions between the units making it impossible to balance the interests of these units within the organization. The organization itself therefore will not be able to maintain a single identity resulting in a situation in which it is not clear where the organization stands for, what it wants to achieve and what it can do. In short it will not be able to position itself in the institutional environment thereby decreasing the legitimacy of the organization instead of increasing it. This is what happened to UNCTAD as well causing it to be in a progress of continuously trying to position itself.

8.4.   Recommendations and further research

Although it is not the purpose of this thesis, the question standing is what should be done in order to deal with the misfit between UNCTAD and its institutional environment? Based upon the data presented within this thesis, one can see that UNCTAD's problem lies in its difficult position within its institutional environment being dependent upon its member states for its mandate demanding a highly flexible organization while being dependent upon the UN system for as far as it is her organizational design concerned making the organization highly inflexible instead of flexible. Regardless the question what should be best for UNCTAD, the organization should choose whether it wants to rely on its member states in its functioning or on the larger UN system. It is not either the UN system or UNCTAD's member states that are the problem but the friction that is created by being depended on both of them.

With regard to UNCTAD's difficult position, being financially depended on developed country donors while supporting developing countries, the organization can not do anything wright now. It should wait with deciding what to do on what the result of the transition within its institutional environment will be. It should try to guide this process taking the initiative guiding the transition since it will benefit from clearness in its institutional environment.

In order to be able to decide what would be best for UNCTAD further research should be undertaken in order to determine what is best for the organization. Being a member of the UN system or becoming an independent agency relying entirely on its member states for both its mandate and its organizational design. The question standing is whether it is fear to demand such a change from UNCTAD taking into account the incremental approach through which changes are normally implemented within intergovernmental settings. It will need courage and faith in the knowledge of Dag Hammarskjöld who argued that it is best never to look down to test the ground before taking a next step, since it is only he who keeps his eye fixed on the far horizon that will find the right road.

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Annex A.   Flowchart of variables
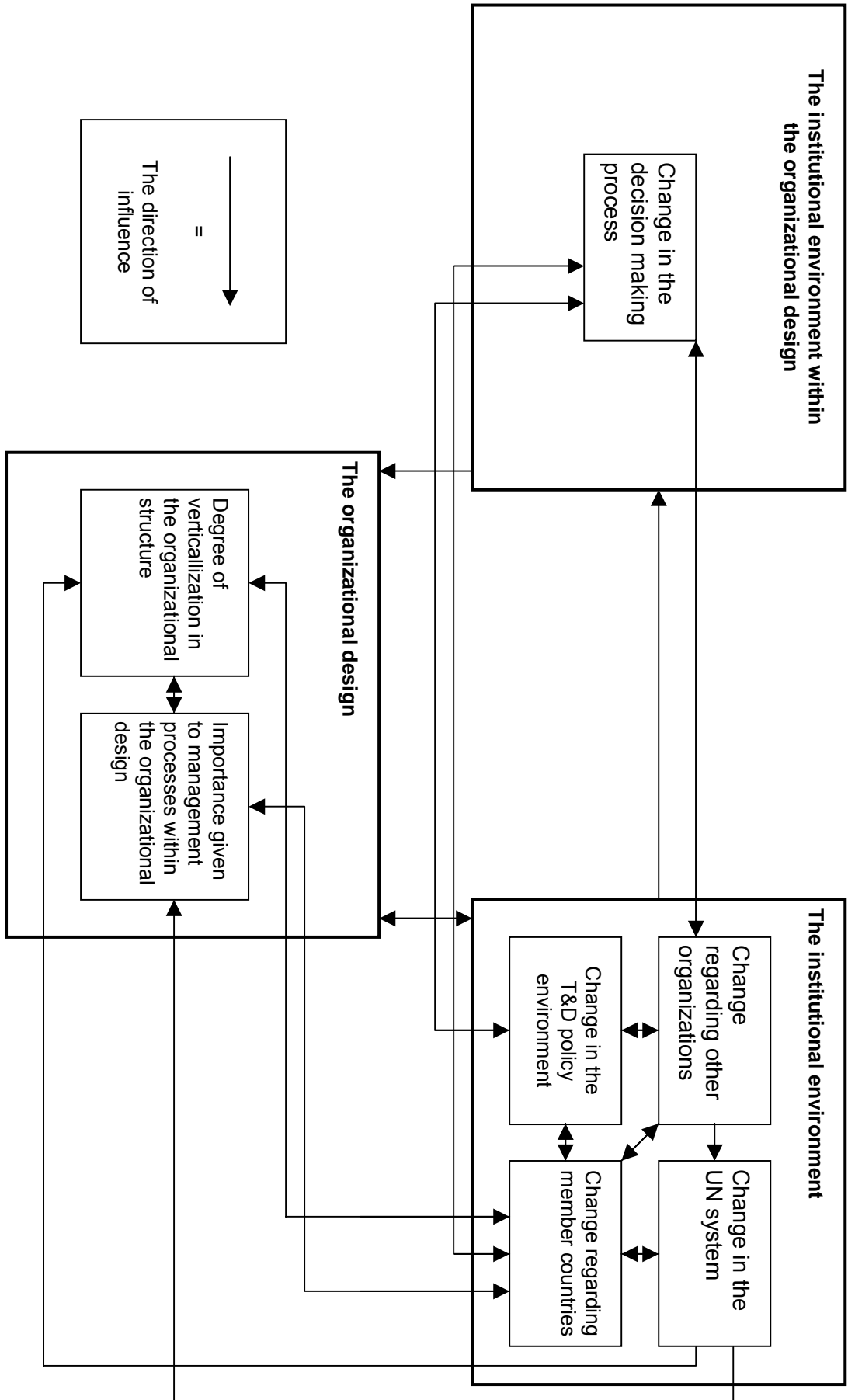
Annex B.   UNCTAD financial figures

Table 1: UNCTAD's annual budget from 2001 to 2004

Year[21]	Regular Budget	Extra Budgetary Funds	Total Budget
2001	$ 58.2 million	$ 23.2 million	$ 81.4 million
2002	$ 63.1 million	$ 21.8 million	$ 84.9 million
2003	missing	$ 27.8 million	missing
2004	missing	$ 27.5 million	missing
2005	$ 56.5 million	$ 30.0 million	$ 86.5 million

Table 2: Voluntary contributions to UNCTAD technical cooperation trust funds 2001-2005 (thousands of dollars)

Table 2A 2001–2004 annual average		Table 2B 2005	
United Kingdom	3 002	Norway	4 690
Norway	2 966	United Kingdom	2 662
Switzerland	1 574	Netherlands	1 576[a]
Sweden	1 466	France	1 522[a]
France	1 326	Sweden	1 305
Belgium	893	Switzerland	1 108
Netherlands	777	Germany	821[a]
Italy	656	Spain	481
Finland	538	Italy	434[a,b]
Germany	340	Ireland	314
Japan	253	Canada	287
Denmark	185	Denmark	236
Canada	176	Japan	168
Luxembourg	174	United States	140[c]
Other developed countries	466	Other developed countries	113
European Commission	1 183	European Commission	2 888
Developing countries and economies in transition[d]	4 969	Developing countries and economies in transition	10 457
International organizations[e]	1 261	International organizations[e]	4 923
Contributions from other sources[f]	681	Contributions from other sources[f]	682
TOTAL	22 886	TOTAL	34 807

(Source: UNCTAD, 2006)

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[21] The 2003 financial figures are not available.

Table 3: UNCTAD's project expenditures from 1972 to 2004

Evolution of UNCTAD's technical cooperation, by source of funds, 1972–2004
(actual project expenditures in thousands of dollars)

Year	UNDP Amount	UNDP %	Trust funds [a] Amount	Trust funds [a] %	Programme budget Amount	Programme budget %	Total amount
1972	1 304	90.2	101	7.0	41	2.8	1 446
1973	2 191	89.2	212	8.6	54	2.2	2 457
1974	2 674	90.7	219	7.4	55	1.9	2 948
1975	5 577	93.0	323	5.4	99	1.7	5 999
1976	6 250	89.9	500	7.2	200	2.9	6 950
1977	6 564	88.5	665	9.0	184	2.5	7 413
1978	7 652	80.3	1 602	16.8	273	2.9	9 527
1979	10 194	84.8	1 507	12.5	317	2.6	12 018
1980	12 340	87.4	1 511	10.7	273	1.9	14 124
1981	13 085	85.5	1 893	12.4	335	2.2	15 313
1982	10 240	86.9	1 278	10.8	261	2.2	11 779
1983	8 204	80.6	1 624	16.0	352	3.5	10 180
1984	7 610	82.0	1 344	14.5	329	3.5	9 283
1985	5 824	81.4	1 086	15.2	248	3.5	7 158
1986	8 861	81.0	1 858	17.0	216	2.0	10 935
1987	9 355	79.3	1 730	14.7	714	6.1	11 799
1988	10 258	83.0	1 474	11.9	621	5.0	12 353
1989	15 665	84.4	2 294	12.4	596	3.2	18 555
1990	17 447	79.5	3 557	16.2	935	4.3	21 939
1991	14 953	70.9	5 386	25.5	758	3.6	21 097
1992	11 635	59.4	7 404	37.8	560	2.9	19 599
1993	10 943	54.0	8 762	43.2	575	2.8	20 280
1994	10 834	50.6	10 017	46.8	544	2.5	21 395
1995	7 799	35.5	13 356	60.8	797	3.6	21 953
1996	6 130	27.3	15 772	70.3	538	2.4	22 440
1997	6 728	28.9	16 131	69.3	430	1.8	23 289
1998	5 998	27.5	15 224	69.7	611	2.8	21 833
1999	6 539	25.7	16 869	66.4	2 001	7.9	25 409
2000	5 817	24.1	15 850	65.5	2 517	10.4	24 184
2001	4 470	19.3	16 291	70.4	2 391	10.3	23 152
2002	3 386	15.5	15 336	70.3	3 110	14.2	21 832
2003	4 887	17.6	19 919	71.7	2 982	10.7	27 788
2004	2 332	8.5	23 388	85.2	1 739	6.3	27 459

(Source: UNCTAD, 2005)

Annex C.   UNCTAD project & program figures

Year/Region/ Amount of projects	Africa	Regional Arab States	Asia and the Pacific	Latin America and the Caribbean	Europe	Interregional	Total
2001	79 projects	1 projects	48 projects	26 projects	31 projects	95 projects	280 projects
2004	80 projects	2 projects	41 projects	26 projects	17 projects	117 projects	283 projects

Annex D.   List of interviewed people

UNCTAD

Executive Direction and Management
1. Mr. D. Bruinsma   Deputy Secretary General of UNCTAD
2. Mr. S. Laird   Advisor of the SG[22], in charge of policy clearance
3. Mr. H. Ouane   Director of the Special Programme on LDLIDC's[23]

Division of Management
4. Mr. E. Kirkaldy: Chief Budget and Project Finance
5. Mr. G. Di Capua: Chief General Services
6. Ms. A. Tanmizi: Chief Human Resource Management Section
7. Mr. C. Mc Farquhar: Chief Editorial and Documentation
8. Ms. M. Tortora: Chief Technical Cooperation Service

UNCTAD staff
9. Mr. J. Hoffmann: Senior Economic Affairs Officer (SITE[24])
10. Mr. R. Indjikian: Senior Economic Affairs Officer (SITE)
11. Mr. S. Kasahara: Senior Economic Affairs Officer (GDS[25])

UNDP & WTO

UNDP
12. Mr. J. Fabre: Deputy Director General of UNDP
13. Mr. D. Luke: Economic Officer of the Trade & Human Development Unit

WTO
14. Mss. V. Muyambo   Economic Affairs Officer of the Development Division
15. Mr. S. Seif El-Yazar   Economic Affairs Officer of the ITTC[26]

Country representatives to UNCTAD

16. Mr. J. Vienna   Counselor of the Permanent Mission of Brazil
17. Ms. M. Kehoe   Economic Officer of the United States mission Geneva

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[22] SG = Secretary General
[23] LDLIDC's = Least Developed, Landlocked and Island Developing Countries
[24] SITE = Division for Services Infrastructure for Development and Trade Efficiency
[25] GDS = Division on Globalisation and Development Strategies
[26] ITTC = Institute for Training and Technical Cooperation

Annex E.   Interview structure

Interview questions for UNCTAD

1. UNCTAD and trade & development

2. UNCTAD's history

3. UNCTAD's environment

4. UNCTAD's organizational structure

5. UNCTAD's management processes

6. UNCTAD's decision-making process

7. UNCTAD's performance

Interview questions for missions

8. UNCTAD and trade & development

9. UNCTAD's history

10. UNCTAD's environment

11. Counties position toward Trade and Development

12. Countries position towards UNCTAD

13. UNCTAD's organizational structure

14. UNCTAD's management processes

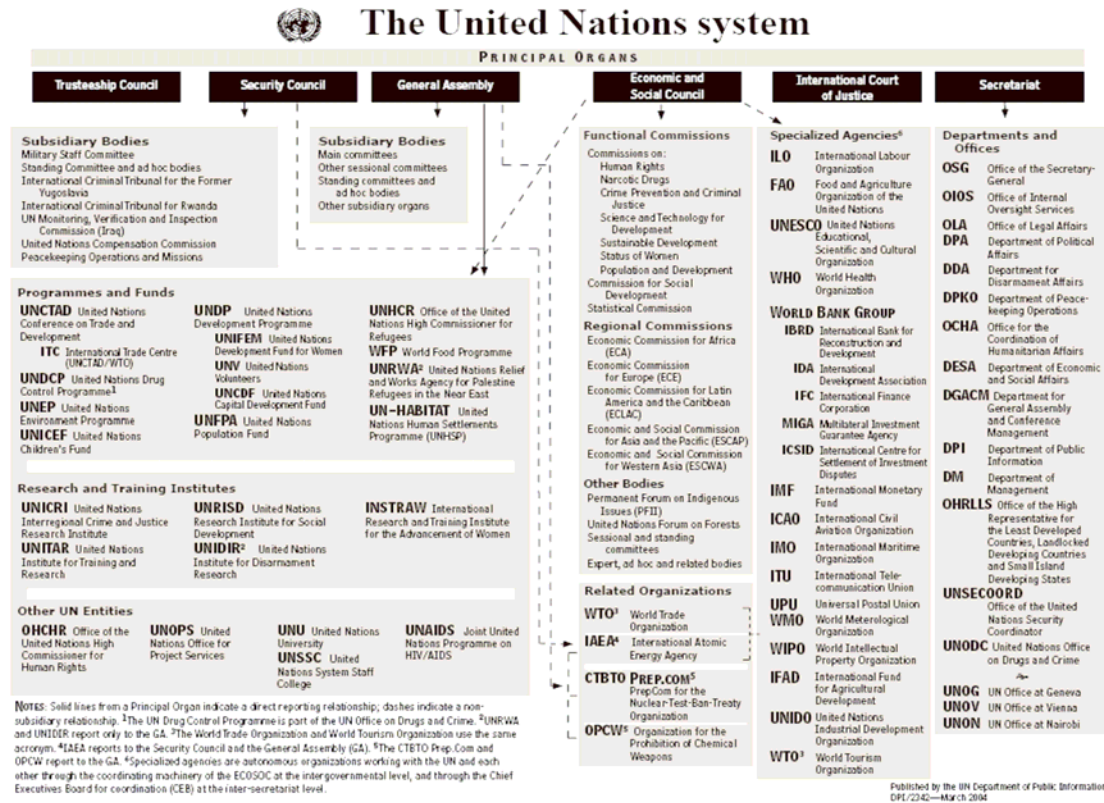15. UNCTAD's decision-making process

16. UNCTAD's performance

Interview questions for UNDP

17. UNDP and trade & development

18. Change in UNDP's organization
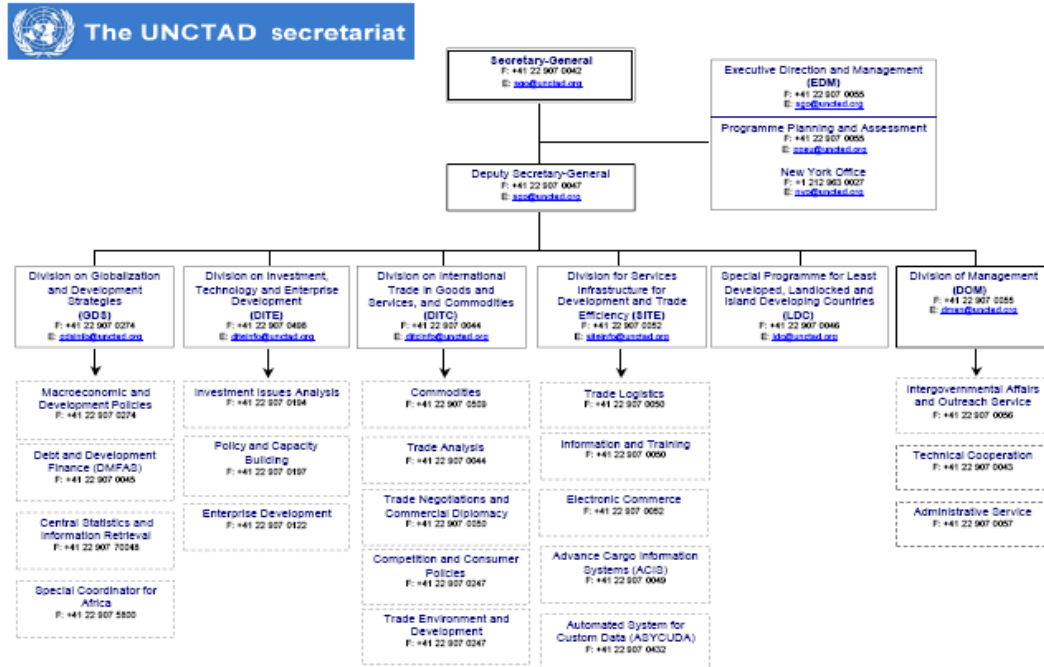
19. UNDP and UNCTAD

Interview questions for UNDP

20. WTO and trade & development

21. Change in WTO's organization

22. WTO and UNCTAD

Annex F. Organization chart of the UN & UNCTAD

↑Source: http://www.un.org/aboutun/chart.html, 07/03/06
↓Source: http://www.unctad.org/Templates/Page.asp?intItemID=1931&lang=1

Source: Executive Direction and Management (EDM), January 2004.

Annex G.   Project proposal

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¨Never look down to test the ground before taking your next step;
only he who keeps his eye fixed on the far horizon will find the right road.¨

Dag Hammarskjöld (1905 - 1961)

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Contents

1.   Introduction

The United Nations Conference on Trade and Development (UNCTAD) was established by the United Nations (UN) General Assembly in term of Resolution 1995 (XIX) of 30 December 1964. This was a reaction on the growing concerns of developing countries about their role in international trade. The role of UNCTAD in this perspective was to tackle the problems with regard to the developing countries concerns. In order to be able to do so, the conference was institutionalized to meet every four years and a permanent secretariat was established to provide the necessary administrative support.

From the establishment of UNCTAD until now, other organizations within and outside the UN are established, focussed on more or less the same fields as UNCTAD does. Examples of these organizations are the United Nations Development Program (UNDP), the World Trade Organization (WTO) and the World Bank. Because the institutions are closely interlinked by the fields they cover, the relations between them are divers, depending upon the specific situation in which they interact. Whereas the institutions ought to cooperate by the way they all have more or less the same goals they want to achieve, they sometimes rival each other on a more micro level of work in a struggle for influence and power on curtain policy fields.

The main question this master thesis will try to answer is how UNCTAD's institutional misfit with its environment developed in such a way that it has to share power and responsibility with other organizations and how this has influenced UNCTAD. In order to do so, a closer look will be given on four different levels. The first level of analysis will focus on the political and diplomatic arena that gives UNCTAD its mandate. Apart from this arena the second level of analysis will examine the environmental context in which UNCTAD has to position itself. The third level will analyse the broader context in which UNCTAD is working by changing the scope to society and the societal changes that affect the organization. Last but not least an institutional analysis of the organization itself will be necessary to fully understand UNCTAD's position in its policy environment. The theoretical foundations of the thesis can be found in the New Institutionalism. Based upon this methodological mainstream in social sciences I will examine UNCTAD and its environment by using the concepts of bounded rationality, path dependency and the garbage can model.

As the Secretary-General of the United Nations, Kofi A. Annan, stated in its report called 'Investing in the United Nations: for a stronger Organization worldwide' issued on the 7th of March 2006:

¨… today's United Nations, in short, is no longer a conference-servicing Organization located in a few headquarters locations. It is a highly diverse Organization working worldwide to improve the lives of people who need help. Such a radically expanded range of activities calls for a radical overhaul of the United Nations Secretariat - its rules, structure, system and culture. Up to now, that has not happened. The staff members of the Organization - its most valuable resource - are increasingly stretched. Our management systems simply do not do them justice. ...¨
(Annan K.A., 2006, p.1)

This statement triggered my interest. Working as an intern for UNCTAD, seeing how work is done and how UNCTAD and its staff are influenced, the questions that came in my mind where: What is the link between this statement of the Secretary General of the UN and UNCTAD? Why is it a topic now and not earlier? What triggered this statement? And last but not least, how can the way UNCTAD is functioning now be seen as a result of its own history?

2.   Research aim

This thesis will explanation UNCTAD's position in it's its institutional environment. Why does UNCTAD find itself in the positions it is in now, and why has UNCTAD more and more difficulties in positioning itself within its institutional environment?

It is my view that UNCTAD has to rediscover itself in order to be able to conduct its tasks in the future. Rediscovering in this perspective means to understand the history of the organization, in such a way that it becomes clear why there is a misfit between UNCTAD and its institutional environment. The thesis will take into account the demands put upon the organization by its environment consisting of those it serves, those it relies upon and those working on the same environment. Repositioning itself within this network of interlinked actors is a delicate process that should be focussed on finding the right balance between possibilities in the external organizational environment, capabilities of the internal organizational structure, the preconditions put upon the organization by those UNCTAD relies upon to function and the demands put upon the organization by those UNCTAD tries to serve. My underling hypothesis is that UNCTAD is not able to perform her tasks in the best possible way by her institutional constraints in such a way that it's organizational output is not anymore in line with the environment in which it is functioning. Therefore I will analyse UNCTAD's organization in terms of;
- Its position within the UN system and its policy environment.
- Its mandate as backbone for its tasks.
- Its output as a means of fulfilling the demands placed upon the organization.
- Its functioning as way of producing its output.

In order to further specify the aim of this thesis, this research will be mainly focussed on an assessment of UNCTAD within its institutional settings. In this, the functioning of UNCTAD will be analysed in its relation with the UN secretariat, the Economic and Social Council (EcoSoc) and UN related organizations. Within EcoSoc the focus will be on UNCTAD's relationship with UNDP, being the organization within EcoSoc that is closely interlinked with UNCTAD in terms of goals. Concerning UNCTAD's relations with organizations related to the UN, the focus will be on its relationship with the WTO as organization nearest to UNCTAD's work environment.

In short the aim of this research project is to explain why UNCTAD is currently finding itself in the situation of repositioning itself within the environmental settings of its institutional environment in order to cope with the preconditions and demands put upon the organization.

3.   **Problem analysis**

When taking the main aim as written above into account, the research question for the thesis will be:

3.1   Research question

- Why is the United Nations Conference on Trade and Development finding itself in the situation of repositioning itself within the environmental settings of its institutional environment?

3.2   Sub-questions

8. How can UNCTAD's institutional environment be described and how has it evolved during her years of existence?

9. How can UNCTAD's mandate be described in relation with today's environmental settings and how has it evolved during her years of existence?

10. How can UNCTAD's societal settings be described in relation with today's environmental demands and how has it evolved during her years of existence?

11. How is UNCTAD currently functioning and how has it changed during her years of existence?

12. What is going good and what is going bad and what are the causes?

13. Looking at the causes triggering the good's and the bad's, how can this be explained?

4.   **Theoretical framework**

4.1   **Conceptual lens**

Within this research project I will analyse UNCTAD and it's institutional environment in an attempt to understand why UNCTAD is experiencing an increasing organizational and managerial misfit between her position in it's institutional environment and it's and organizational tasks

4.1.1.   The New Institutionalism

In this thesis I will use institutionalism, more specifically, New Institutionalism as the theoretical core of my research. In the broadest, institutions are simply rules. As such, they are a foundation for all behaviour. (Steinmo, 2001) This broad definition of an institution automatically shows the weakness of the theory. When an institution is a set of rules, everything can be taken into account and a well defined research object is almost impossible. For the sake of this thesis I will make a distinction between two working definitions of an institution. The first definition is practical, and describes an entity, organization, founded upon a legal base and mandated with authoritive power over a specific policy area. The second is more abstract and regards the set of rules on which an organization is reliant to function properly, and the environment in which it does that.

Taking the working definitions into account the 'institutionalism' specially examines the ways in which institutions structure social and political behaviour. (North, 1990) This means that it looks into the way in which institutions, as the rules and the environment of an organization, structure the social and political behaviour of this organization. This social and political behaviour in turn influences the goals an organization gives itself and by that influences the internal functioning of the organization as well. In this way an institution can generate meaning, as well as norms and appropriateness as a category of action. (Immergut, 1998) Apart from the way institutions, that is rules, influence the organization itself, it is influencing the environment of this organization as well. This takes place by the way institutions have the capability to structure by defining who is able to participate, shape the various actors strategies and influence what these actors believe. (Steinmo, 2001) The relationships between each other influencing actors thus are multi dimensional. In the broadest sense institutions, that is rules, influence both the organization and the environment in which it functions. Second, the environment influences the functioning of the organization and the other way around. Third, the organization along with its environment influences the general rules by which everything is functioning. The degree of importance of all these different institutions in influencing each other is given by their position in the organization of policy-making. This in turn generates the power of these actors on the process itself. As Hall argues: 'On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over policy outcomes... On the other hand, organizational position also influences an actor's definition of his own interests... in this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure.' (Hall, 1986)

When looking more detailed to the environment of an organization one can state that it consists out of constitutions, organizational institutions, state structures, interest groups and policy networks that all influence the policy process. These policy networks in turn are structured by dense interactions among economic, social, and political actors that work according to different logics in different contexts. (Immergut, 1998) This structuring is achieved by institutions, which are economic, social and

political actors, which act as filters that selectively favour particular interpretations either of the goals toward which political actors strive or of the best means to achieve these ends. Institutions play a critical role in the definition, mobilization and organization of interests. (Immergut, 1998)

Change in these institutions can occur through the construction of new policy networks by the way they change the context of executive institutions and the balance of power. (Immergut, 1998) Change itself however is difficult to explain. Institutional change means increased uncertainty because any particular set of institutions are embedded in a variety of other institutions. (Steinmo, 2001) Change in one institution thus will mean inherently that the complete institutional structure has to change. This means the rules have to change which will decrease the legitimacy of the institution. In all, pressures have to be substantive in order to be powerful enough to foster change. As Thelen and Steinmo argue, change in any system is a product of external shocks to the system. (Thelen and Steinmo, 1992) The reason for initial changes is most of the time found in improving the performance of an organization. These changes than are most of the time followed by adopting the same changes in the rest of the institutional environment. This process called homogenization increases the legitimacy of the organization. Thus where the initial change most of the time is found in improving performance the follow-up process of homogenization can be seen as a means of improving legitimacy, even when it influences organizational performance in a negative way. DiMaggio and Powell argue that this process of homogenization, they call Isomorphism, can be divided in two different types. The first is called competitive isomorphism and is applied to early adoption of innovation to gain as much advantage of new technologies as possible. This process can be seen as a process of adopting best practices in order not to stay behind. The second, Institutional isomorphism, results from competition to increase political power and legitimacy. This institutional isomorphism in turn can be divided into three different mechanisms. Coercive isomorphism results from pressure of other institution on which an institution has to relay in its functioning and by pressure from society. Mimetic isomorphism results from a lack of confidence in used technologies, goals and environments. Organizations model themselves to other organizations in order to increase their changes of survival. Normative isomorphism finds its roots in professionalization of the workforce. Professionals are getting increasingly similar ideologies though their education in which the same concepts are given to them. (DiMaggio and Powell, 1983)

Within the New Institutionalism there are three main streams. The social institutionalism claims that social institutions are critical for understanding the structure of social, political and economic interactions. (DiMaggio and Powell, 1991) This means that knowledge of the social institutional environment of an organization is a precondition for understanding the functioning of this organization. The rational institutionalists claim that models can be constructed that will help us understand and predict (political) behaviour. (Levi, 1988) They argue that ideas and preferences are generated by the ideologies that actors have. Furthermore, the state that the normal state of politics is one in which the rules of the game are stable and actors maximize their utilities. (Steinmo, 2001) Historical institutionalism is primarily interested in understanding and explaining real world events and outcomes. They see their inquiry as one of path analysis and/or process tracing. (Steinmo, 2001) In order to understand the situation in which an organization finds itself, one has to know the history of this organization. What has happened that made the organization the way it is?

Within the New Institutionalism, there are several models/methodologies created to structure research. For the sake of this thesis, I would like to highlight three of them.

Bounded rationality argues that the human mind is not able to take everything important into account to come to an optimal decision. Situations can be to complex for the human information processing capacity. Therefore, decisions are made upon the most satisfying solution instead of the best solution. The theory of path dependency states that the development of an institution is affected by its history. The evolution of an organization can be seen as a path dependent meander in which the structure, way of functioning, position in its institutional environment and influence is depending upon taken decisions in the past. The garbage can model claims that there is now linear process in which there is a problem that is addressed, followed by a process in which a solution is created to tackle the problem. Instead, solutions and problems both exist already. When their paths come together an window of opportunity is created and the solution is attached to the problem it has to cope with.

4.1.2.   The framework of public management reform of C. Pollitt and G. Bouckaert

In order to analyse the environmental settings in which UNCTAD is functioning, I will rely on the methodological framework that C. Pollitt en G. Bouckaert stretch out in their book "Public Management Reform". They argue that there is a framework in which public management reform takes place. This framework enables me to describe how different actors within UNCTAD's environmental setting push the organization towards organizational change.

The scheme of this management reform model as presented in the book "public management reform" is structured as follows. (Pollitt and Bouckaert, 2004)
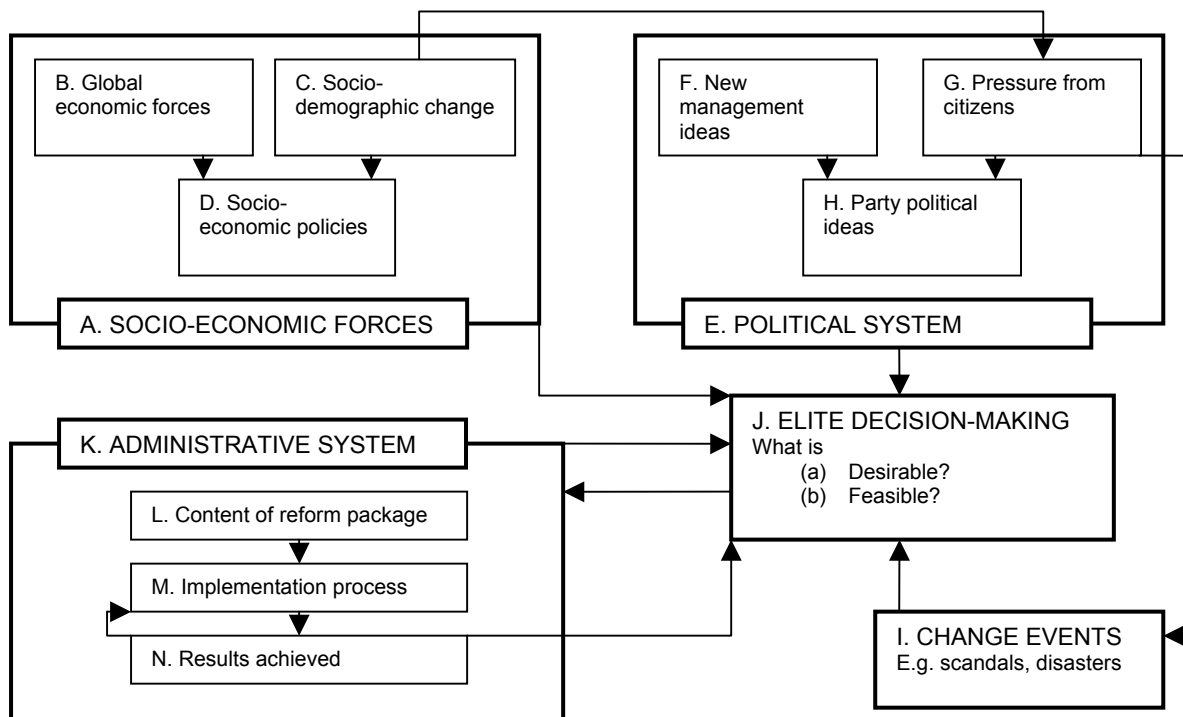
The socio-economic forces, administrative systems, chance events and the political systems all have their influence on the final design of the reform. A historical interpretation of the changes of view within these systems is therefore essential. It will enable me to see where the environmental settings in which UNCTAD is functioning are changed and how it influences the organization itself.

4.2   Analytical framework

My research is horizontally framed by focussing on UNCTAD within the UN organization. It is furthermore framed by only looking to UNCTAD's relations with the UN secretary, UNDP, WTO and its internal organization. It is important to look at UNCTAD's relationship with the UN secretary in order to be able to put UNCTAD's position within the broader framework of the UN reorganisation as proposed by the Secretary-General. It is important to look at the relationship between UNCTAD, UNDP and WTO because these three organizations are closely interlinked with each other. So have UNCTAD and WTO together established the International Trade Agency (ITC) and are both UNCTAD and UNDP closely involved in the Global Programme on Globalization, Liberalization and Sustainable Human Development (GPLSHD) These cooperation's emphasize the way in which the policy environments are overlapping each other. On the other hand there is a struggle between the three organizations in their struggle for influence over policy environments. This underlines the necessity to assess UNCTAD's position and task within the broader perspective of her policy area and the other organizations involved within. Although I do not take into account

My thesis will be vertically framed by the time span I have chosen. I will mainly focus on UNCTAD's current position in order to see what changes can be valuable for the organization in order to cope with the challenges ahead. However, I regard the history of the organization as important as well. Important in the way it has shaped the organization as it is today. Therefore, I will also focus on the History of UNCTAD, though not as main point of analysis but as additional instrument that can be used to understand UNCTAD's current functioning and as means to discover the causes underling the lose of grip of UNCTAD on its policy environments.

4.3   Variables

In order to be able to further operationalize the research question and sub-questions, the variables described below have to be taken into account.

The dependent variables:
- The organizational performance
- The position of the organization within its policy environment
- The position of the organization within the UN system

The independent variables:
- The working and management processes within the organization
- The institutional environment of the organization
- Organizational reforms that trigger change

The variables that can interferer:
- Politics and bureau politics affecting the organization
- Reorganizations and emergence of other organizations

5. **Methods of inquiry**

5.1. **Research type**

This thesis has a evaluative character since it is focussed on assessing an organization in its functioning. Taking into account the policy environments on which it is focussed, its working processes in order to create its output and its environmental settings in which it functions. The thesis is not only evaluative since the evaluation of the organization will be used as an instrument to explain the situation in which UNCTAD is finding itself today. The intension is to find the causes of the organizational misfit in order to be able to come up with recommendations for the organization.

In short I would say that the thesis is based upon multiple research types in order to be able to produce a solid rapport in which the recommendations are based on a proper analysis of the organization.

5.2. **Research methods**

My thesis will largely be based upon literature studies. I will use literature study in order to provide the thesis with a sustainable theoretical background based upon theories concerning the subject of this thesis. Apart from that, I will use literature study in order to trace back the history and to study the organization of UNCTAD, the UN, UNDP and the WTO and the ways in which these organizations are interlinked with each other.

In order to be able to get in depth information about the functioning of UNCTAD that can not be found in official documents, I will use interviews and questionnaires as ways of getting additional information. The questionnaires will be used in order to assess the way of view of people functioning outside the UNCTAD but who are closely involved within the organization. A second way in which I will use questionnaires is by distributing them among UNCTAD staff personal in order to asses the organizational culture of the organization. As a last way of assessing the organization, I will use interviews to interview senior management functionaries of the organization in order to get a better grasp upon the organizational relations with its external environment and to see what their opinion is about the functioning and future of UNCTAD.

6.   <u>Planning</u>

1   May: Final version of the research proposal is finished
Reading & searching literature about UNCTAD
Select people for interviews
Making lay-out of the thesis

8   May: Reading & searching literature about WTO
Approach people for interviews

15   May: Reading & searching literature about UNDP
Making interviews formats

22   May: Reading literature and making the questionnaire & interview formats
Conducting interviews

29   May: Reading literature
Conducting interviews

5   June: Reading literature
Conducting interviews
Writing of chapter 1 & 2

12   June: Reading literature
Analysing the questionnaires and interviews
Writing of chapter 1 & 2

19   June: Reading literature
Writing of chapter 2 & 3

26   June: Reading literature
Writing of chapter 3 & 4

3   July: Reading literature
Writing of chapter 4 & 5

10   July: Reading literature
Writing of chapter 5 & 6

17   July: Reading literature
Writing of chapter 6 & 7

24   July: Reading literature
Writing of chapter 7 and finishing the thesis

31   July: Finishing the thesis

7.   Literature

The literature I am going to use will be focussed on the subjects I have described in my conceptual lens. These are the titles of papers and books I have used for this research proposal. It will be the bases on which I will base my thesis as well.

- DiMaggio P J, Powell W W 1983 *The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields.* The University of Chicago Press, Chigago,
- DiMaggio P J, Powell W W 1991 Introduction. In: DiMaggio P J, Powell W W The New Institutionalism in Organizational Analysis. *American Sociological Review*, 48, 147-60.
- Hall P 1986 *Governing the economy.* Oxford University Press, New York
- Immergut E 1992 *Health Politics: Interest and Institutions in Western Europe.* Cambridge University Press, New York
- Immergut E 1998 The Theoretical Core of the New Institutionalism. In: *Politics & Society*, Vol. 26 No. 1
- Levi M 1988 *Of Rule and Revenue.* University of California Press, Berkeley, CA
- North D C 1990 *Institutions, Institutional Change and Economic Performance.* Cambridge University Press, Cambridge, UK
- Pollitt C, Bouckaert G 2004 *Public Management Reform: A Comparative Analysis*, Oxford University Press, New York
- Steinmo S 2001 Institutionalism. In: *International Encyclopedia of the Social Sciences*, pp. 7554-7558
- Steinmo S 2001 The New Institutionalism. In: Clark B, Foweraker J *The Encyclopedia of Democratic Thought*, London
- Thelen K, Steinmo S 1992 *Historical institutionalism in comparative politics: State, society and economy.* Cambbridge University Press, New York

8.   Annexes

A.   Assignment

Since I don't really have an assignment given to me by UNCTAD, the guidelines on which I focus in writing my thesis are stated in the International Management and Policy (IMP) project guide.
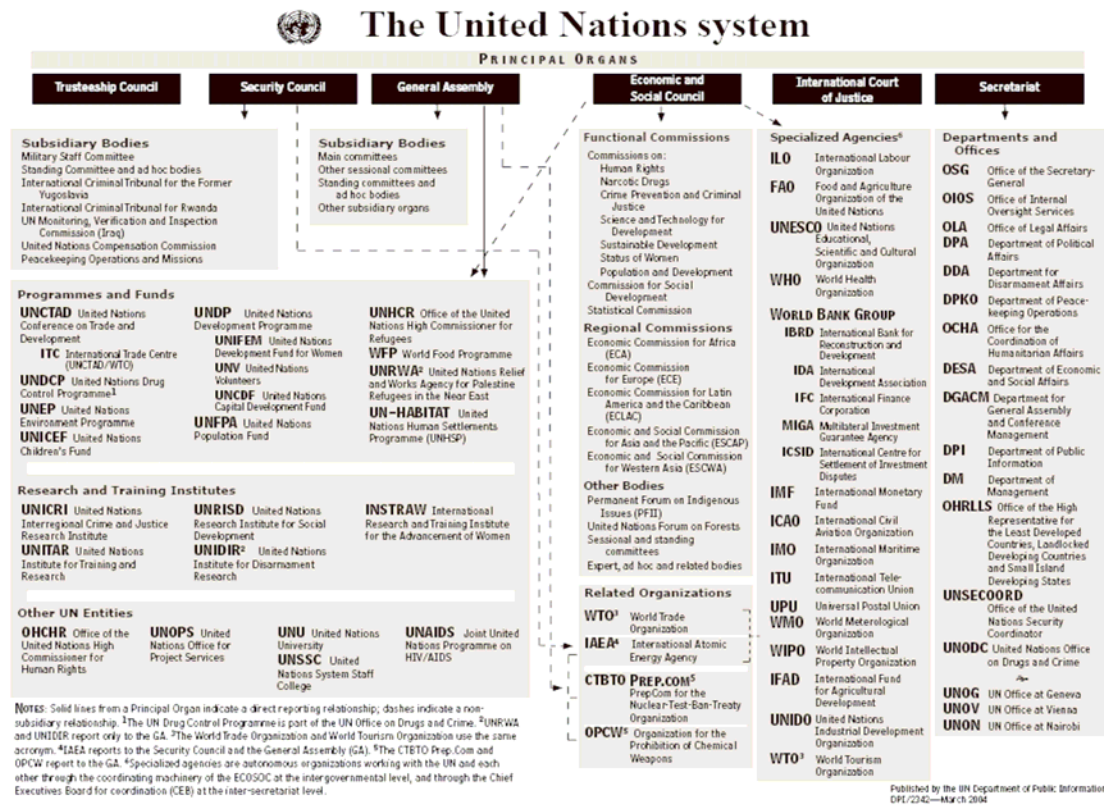
The guidelines for the thesis (project in IMP terms) are described as follows:
 ¨The project is the biggest piece of work in the IMP programme. It should be 25-30,000 words in length – half a book! It counts for 20 credits out of the total of 60 for IMP as a whole. It is to be written on a topic that you choose – so it should enable you to express your individual interests. On the other hand it has to be an academic work, and must therefore include an explicit theoretical dimension. It must also observe high standards of impartiality and should follow the academic conventions with regard to proper referencing and acknowledgement of sources. And it should explicitly build upon the taught modules – it should use theories, concepts and methods you have learned during the taught part of the course, not stand as something entirely separate from the taught elements. Above all, it should be a reflective work in which you demonstrate that you are aware of the strengths and weaknesses of your own research and of the researches of others that you draw upon. The project is not journalism and neither is it simply a descriptive report of facts you may have discovered. It is a piece of scholarship at Masters level.¨ (IMP project guide, 2004, p.2)

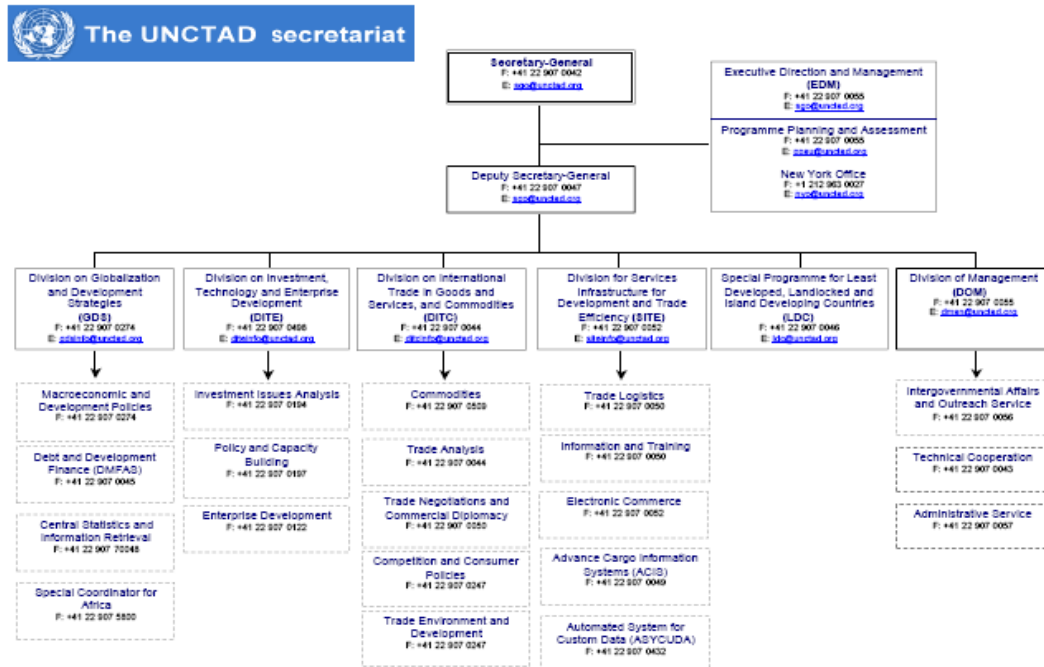The criteria for the Thesis are described as follows (IMP project guide, 2004, p.7):
1. The topic must be international and/or comparative
2. It must concern public policy or public management
3. It must include both theoretical and empirical elements
4. It must observe high academic standards in the collection and presentation of evidence and arguments
5. It must clearly show what methods have been used and why
6. It must be properly referenced
7. It must be free from plagiarism
8. It should demonstrate some aspect of originality

B. Organization chart of the UN & UNCTAD

↑Source: http://www.un.org/aboutun/chart.html, 07/03/06
↓Source: http://www.unctad.org/Templates/Page.asp?intItemID=1931&lang=1

Source: Executive Direction and Management (EDM), January 2004.

C.   Outline of the thesis

Summary

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      1.2.   Research methods
      1.3.   Validity and Reliability

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      2.2.   The framework of public management reform of C. Pollitt and G. Bouckaert

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      6.1.   The emergence of UNDP
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Bibliography

Annexes
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      C.   Collected data information