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Report to Sen. Abraham Ribicoff, Chairman, Senate Committee on Governmental Affairs; by Elmer B. Staats, Comptroller General.

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Progress has been made in implementing GAO's 1969 recommendations to the Departments of State and Agriculture, which are primarily responsible for administering U.S. participation in the Food and Agriculture Organization (FAO), but more specific improvements are needed.

Findings/Conclusions: The 1976 statement of U.S. objectives is broad, and neither identifies U.S. interests in terms of priorities nor relates U.S. goals to specific real or potential FAO programs. FAO's improved programming and budgeting systems still do not provide sufficient information to permit effective assessment of the relationships between the regular programs and the extrabudgetary development activities. Present FAO attempts to streamline the process will further reduce the information available to the governing bodies, which focus their review primarily on program increases and shifts of emphasis. The budget review process is long and unwieldy, and the budget documents are nonspecific and hard to understand. Evaluation of programs and activities is neither systematic nor comprehensive, and the member governments are not provided sufficient information to judge the effectiveness of program administration. FAO plans to fund a development program with budget funds rather than with voluntary contributions and to decentralize its operations. Specific functions and responsibilities have not been clearly assigned to concerned U.S. agencies. Trust fund development projects should be consistent with FAO policies and unified country programs. The United States should actively help shape the future of the World Food Council. Recommendations: The 1976 statement should be revised to clarify U.S. priorities and concerns in a program-oriented manner. More specific goals and an action plan

should be developed to help improve the programming and budgeting systems. A more comprehensive system of program evaluation by FAO should be developed and the resulting reports should be more specific. The U.S. position that development and technical assistance should be voluntarily funded and administered by U.N. Development Program should be reasserted. U.S. involvement should be designated as being primarily the responsibility of the State Department, which should then clearly define responsibilities for the other agencies involved and develop a system to review FAO activities. (Author/SS)

02132-2443

*REPORT TO THE SENATE
COMMITTEE ON GOVERNMENTAL
AFFAIRS*



*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

**The United States Should
Play A Greater Role In The
Food And Agriculture Organization
Of The United Nations**

**Departments of State and Agriculture and
Other Federal Agencies**

This report discusses the growth in U.S. financial support to the Food and Agriculture Organization and recommends specific U.S. actions to improve the Organization's programming, budgeting, and program evaluation systems.

To improve U.S. administration, GAO recommends that the President clarify the Secretary of State's responsibility for directing executive branch efforts. The Secretary should define precise U.S. objectives in the Organization and delineate functions and responsibilities of each U.S. agency, particularly the Agency for International Development.

GAO recommends that the U.S. express concern over the Organization's recent inclusion of developmental activities in its assessed budget and reiterate U.S. policy that U.N. development activities should be financed by voluntary contributions and centrally programmed through the U.N. Development Program.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-159652

The Honorable Abraham Ribicoff
Chairman, Committee on Governmental
Affairs
United States Senate

Dear Mr. Chairman:

In response to your letter request of July 30, 1976, this report provides our current assessment of how effectively the United States is participating in the Food and Agriculture Organization.

In general, the report recommends basic changes in the way the United States conducts business in the Organization. In view of the rising U.S. financial contributions to the Organization, the United States needs to devote more attention to the Organization's programs and budgets, and their implementation.

The report notes the recent funding of development-type activities in the Organization's assessed budget, and calls upon the United States to reassert U.S. policy that development activities should be financed by voluntary contributions and centrally programed through the U.N. Development Program. We are also recommending that the executive branch better organize itself to deal more effectively with the above issues.

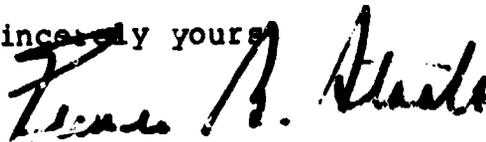
In order to provide the report promptly to your Committee, we did not obtain formal written agency comments. We did, however, discuss the draft of this report with key officials of the agencies concerned. They are in general agreement with our recommendations, but noted that full implementation will require devoting scarce additional resources to these areas.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to your Committee and the House Committee on Government Operations within 60 days after the date of the report, and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

B-159652

As agreed with your office, we plan to distribute this report to the agencies involved and other appropriate congressional committees.

Sincerely yours

A handwritten signature in black ink, appearing to read "Thomas A. Skates". The signature is written in a cursive style with a large, prominent initial "T".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE SENATE
COMMITTEE ON GOVERNMENTAL
AFFAIRS

THE UNITED STATES SHOULD PLAY
A GREATER ROLE IN THE FOOD AND
AGRICULTURE ORGANIZATION OF THE
UNITED NATIONS
Departments of State, Agriculture,
and Other Federal Agencies

D I G E S T

In 1969 GAO recommended that the Departments of State and Agriculture, the agencies with primary responsibility for administering U.S. participation in the Food and Agriculture Organization:

- Establish long-range U.S. policy objectives and priorities to guide U.S. participation in the Organization.
- Work to improve the Organization's budget presentation and operating reports.
- Find better methods to evaluate the effectiveness of Organization programs and how they coincide with U.S. objectives.

CURRENT SITUATION AND
AREAS FOR IMPROVEMENT

A statement of U.S. objectives was developed in 1976, and some progress has also been made in dealing with GAO's other recommendations.

However, the steady growth of the Organization's programs--particularly its development programs--along with growing U.S. financial support, warrant more specific improvements. Therefore, GAO is making *recommendations* to the President and the Secretary of State in the following areas:

U.S. objectives

The 1976 statement of U.S. objectives is broad and does not identify U.S. interests in terms of priorities. Nor does it relate U.S. goals to specific programs the Organization is or should be conducting. *The Secretary of State*

should revise the 1976 statement to clarify U.S. priorities and concerns more precisely, in a program-oriented manner, particularly regarding development programs. (See pp. 7 to 14.)

Programing/budgeting

Since GAO's last review the Organization's programing and budgeting systems have been improved, but not enough. They still do not provide sufficient information on development programs to permit effective assessment of the relationships between the Organization's regular programs and its extrabudgetary development activities. Development programs, funded principally by the U.N. Development Program and Trust Fund donors, account for perhaps 80 percent of the Organization's work today. (See pp. 34 to 36.)

The Organization will attempt to present this type of information during the 1978-79 programing and budgeting cycle. However, its attempts to streamline the process will further reduce the already minimal detailed information available to the governing bodies. (See pp. 33-34.)

Governing bodies focus their review primarily on program increases and shifts of emphasis, and not on the overall programs. The budget review process is also long and unwieldy. (See pp. 25 to 32.)

The budget documents themselves are difficult to understand, and do not delineate clear priorities. (See pp. 27-28 and 29-30.)

The Secretary of State should develop specific goals and an action plan to help improve the Organization's programing and budgeting systems. (See pp. 36-37.)

Program evaluation

The scope and quality of the Organization's evaluations of ongoing programs have improved. However, evaluation of programs and activities is neither systematic nor comprehensive and,

in GAO's judgment, the member governments are not provided sufficient information to judge the effectiveness of program administration.

The internal evaluation and audit organizations are small and cannot systematically evaluate programs. Moreover, the governing bodies receive only limited information on the results of these evaluations. (See pp. 39 to 44.)

Evaluations done by other external organizations tend to be ad hoc and general. (See pp. 44 to 48.)

The Director-General has proposed a new systematic evaluation of the regular programs, but told GAO that the specific evaluation reports will not be released to the governing bodies. (See pp. 49 to 51.)

The Secretary of State should press for a more comprehensive system of program evaluation by the Organization. Reports to the governing bodies should be specific enough to permit judgments of the program's effectiveness. (See p. 51.)

Technical cooperation program and decentralization

The Organization has funded a new \$18.5 million development program in its assessed budget. Concurrently, it plans to decentralize operations and move more of its staff and decision-making to the country level. (See pp. 53 to 55.)

These changes have obvious implications for an increase in both the Organization's assessed budget and the U.S. assessment. More importantly, however, these developments represent a departure from traditional U.S. and U.N. policies which emphasize centralized country programming and funding of U.N.-system development activities by voluntary contributions through the U.N. Development Program. *The Secretary of State should (1) restate U.S. concern over the Organization's funding of a technical assistance program in its assessed budget and (2) reassert the U.S. position that development and technical assistance programs should be financed by voluntary contributions and centrally programmed through the U.N. Development Program. (See pp. 59-60.)*

U.S. administration

To more effectively deal with the above issues, the President and the Secretary of State first need to strengthen U.S. administration.

Conflicting Presidential orders have assigned leadership responsibility to both State and Agriculture, causing confusion and some conflict in the executive branch Interagency Coordinating Committee. *The President should make clear that the Secretary of State has primary responsibility for directing and coordinating U.S. policy and participation in the Organization. As such, the Secretary of State, or his designee, rather than Agriculture, should chair the Interagency Committee which coordinates executive branch efforts. (See pp. 15 to 17.)*

Specific functions and responsibilities have not been defined either for the Interagency Committee or for any of the participating agencies. In particular, the Agency for International Development has not been assigned a clear role or responsibility for reviewing the Organization's development programs. (See pp. 17 to 20.)

Evaluations performed by U.S. agencies tend to be ad hoc and general, focusing primarily on the Organization's regular programs and not on development programs. (See pp. 48-49.)

The Secretary of State should:

- Define specific responsibilities and functions for the Interagency Committee and each member agency. In particular, the Agency for International Development should be assigned greater responsibility for development programs.*
- Develop a U.S. capability to perform a general review of the Organization's development programs for consistency with U.S. and U.N. objectives. Evaluate their effectiveness and help guide their future direction. (See p. 21.)*

OTHER ISSUES

GAO is not making further recommendations but believes the following issues also warrant U.S. attention:

- Trust fund development projects, particularly those established by individual governments, continue to grow. As a general rule, GAO believes such projects should also be consistent with the Organization's objectives and with the unified country programs established by the U.N. Development Program. (See pp. 55 to 59.)
- The World Food Council, a high-level policy body established by the U.N. General Assembly in 1974, is beginning to define its future role. The United States, as a major donor and participant in the United Nations, should actively help shape that future. (See pp. 61-62.)

Agencies' views

State, the Agency for International Development, and Agriculture reviewed the draft of this report and generally agree with GAO's recommendations. However, officials expressed concern that GAO's recommended actions would require increased resources. They stated that in view of their tightly controlled staff-year ceilings and budget limitations, they would have to assess the benefits of increasing resources in these areas as opposed to others. (See p. 64.)

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ABBREVIATIONS

| | | |
|------|---|----|
| AID | U.S. Agency for International Development | 15 |
| FAO | Food and Agriculture Organization of the United Nations | 1 |
| GAO | U.S. General Accounting Office | 65 |
| IFAD | International Fund for Agricultural Development | 25 |
| UNDP | United Nations Development Program | 3 |
| USDA | U.S. Department of Agriculture | 7 |
| WFC | World Food Council | 61 |

FAO'S PURPOSES AND ESTABLISHMENT

The Food and Agriculture Organization (FAO) of the United Nations (U.N.) was established to improve (1) people's nutrition and living standards, (2) the efficiency of production and distribution of all food and agriculture products, and (3) the condition of rural populations.

The foundation for the establishment of FAO was laid at a conference on food and agriculture held in Hot Springs, Virginia, in 1943. FAO was formally created at the first FAO Conference, convened in Quebec, Canada, in 1945. It predates the United Nations and is the largest of the specialized agencies in the U.N. system. The United States became a member in FAO in October 1946.

Membership in FAO, headquartered in Rome, Italy, has almost tripled since 1945, and as of late 1976 the Organization was made up of 136 governments, of which 105 are developing nations.

GOVERNING BODIES

Member governments in FAO participate in the FAO Conference, the FAO Council, and such committees and commissions as the Conference or Council may establish.

The Conference, composed of one delegate from each member nation, is FAO's main governing body. It determines policy, approves the budget, appoints the Director-General, and holds regular biennial meetings. Special sessions may be convened to deal with emergencies and special problems.

The Council serves as the FAO governing body between Conference sessions. It is composed of representatives of 42 member nations elected by the Conference for a 3-year term. The Council holds a regular session each year and also meets briefly before and after Conference sessions. Much of its detailed and substantive work is carried out by various committees. The United States is represented on the Council.

COMMITTEES

The Program Committee reviews FAO activities, including the Program of Work and Budget and long-term program objectives, and advises the Council and Director-General on them.

The six members and a chairperson--who have special competence and experience in economics and social and technical matters--are selected by the Council and serve 2-year terms. Individuals serve in a personal capacity and do not represent their governments. The Program Committee is presently chaired by a U.S. national.

The Finance Committee exercises control over FAO's financial management and makes recommendations regarding the biennial budgets. The five members are also selected by the Council and serve in a personal capacity for 2-year periods. The United States is not represented on the Committee, but has an alternate member.

Other Council Committees are the Committees on Agriculture, Commodity Problems, Fisheries, Forestry, Constitutional and Legal Matters, and World Food Security. Except for the Committee on Constitutional and Legal Matters, membership in these Committees is open to all member governments.

The Agriculture Committee reviews and appraises agricultural problems on a highly selective basis. It advises FAO on medium and long-range programs of work in agriculture, emphasizing integration of technical, economic, institutional, and structural aspects of agricultural and rural development.

The Committee on Forestry and Fisheries conducts periodic reviews on problems of an international character and appraises them with a view toward concerted action by FAO and its member nations. It also reviews work for upcoming bienniums, including programing and implementation.

The Committee on Commodity Problems considers problems of an international character that affect production, trade, distribution, and consumption of commodities, and related economic matters.

The Committee on World Food Security regularly reviews and disseminates information on the current and prospective demand, supply, and stock position of basic foods. It periodically evaluates the adequacy of current and prospective stock levels in exporting and importing countries to assure a regular flow of basic foods to meet domestic and world market requirements. Special and periodic reports are submitted to the FAO Council, and through it to the U.N.'s World Food Council.

The Committee on Constitutional and Legal Matters is composed of not more than seven members elected by the Council for 2-year terms. The Committee considers specific matters referred to it by the Council or the Director-General. These matters relate in part to the application or interpretation of the FAO Constitution, and the establishment of committees and commissions as specified in the FAO Constitution, including their membership, functions, and rules of procedure.

SECRETARIAT

The Secretariat, headed by the Director-General, is responsible for carrying out all FAO programs and is made up of Departments of Economic and Social Policy, Agriculture, Fisheries, Forestry, Development, General Affairs and Information, and Administration and Finance. FAO also has regional or liaison offices located throughout the world.

FAO PROGRAMS AND THEIR FINANCING

Programs administered by FAO are financed by assessments against member governments and from outside sources, primarily the U.N. Development Program (UNDP) and trust fund arrangements.

The regular program budget of FAO is financed by assessments against member nations. Activities of the program, which benefit all its members, include collecting, analyzing, and disseminating data on agriculture and nutrition, fisheries, and forestry. The program is designed to recommend and promote national action for research, education, conservation, processing, marketing, and distribution of food and agricultural products and credit and commodity arrangements. The regular program budget for the 1976-77 biennium is \$167 million, which represents about 20 percent of total financial resources available to FAO. For the previous biennium it was \$106.7 million.

FAO's field program is designed primarily to benefit developing countries, and is financed almost entirely by voluntary contributions. UNDP, the largest contributor to the field program, uses FAO to execute and administer food and agricultural development projects. Field projects fall into the following categories: resource surveys, feasibility and training projects, development projects, and institution building.

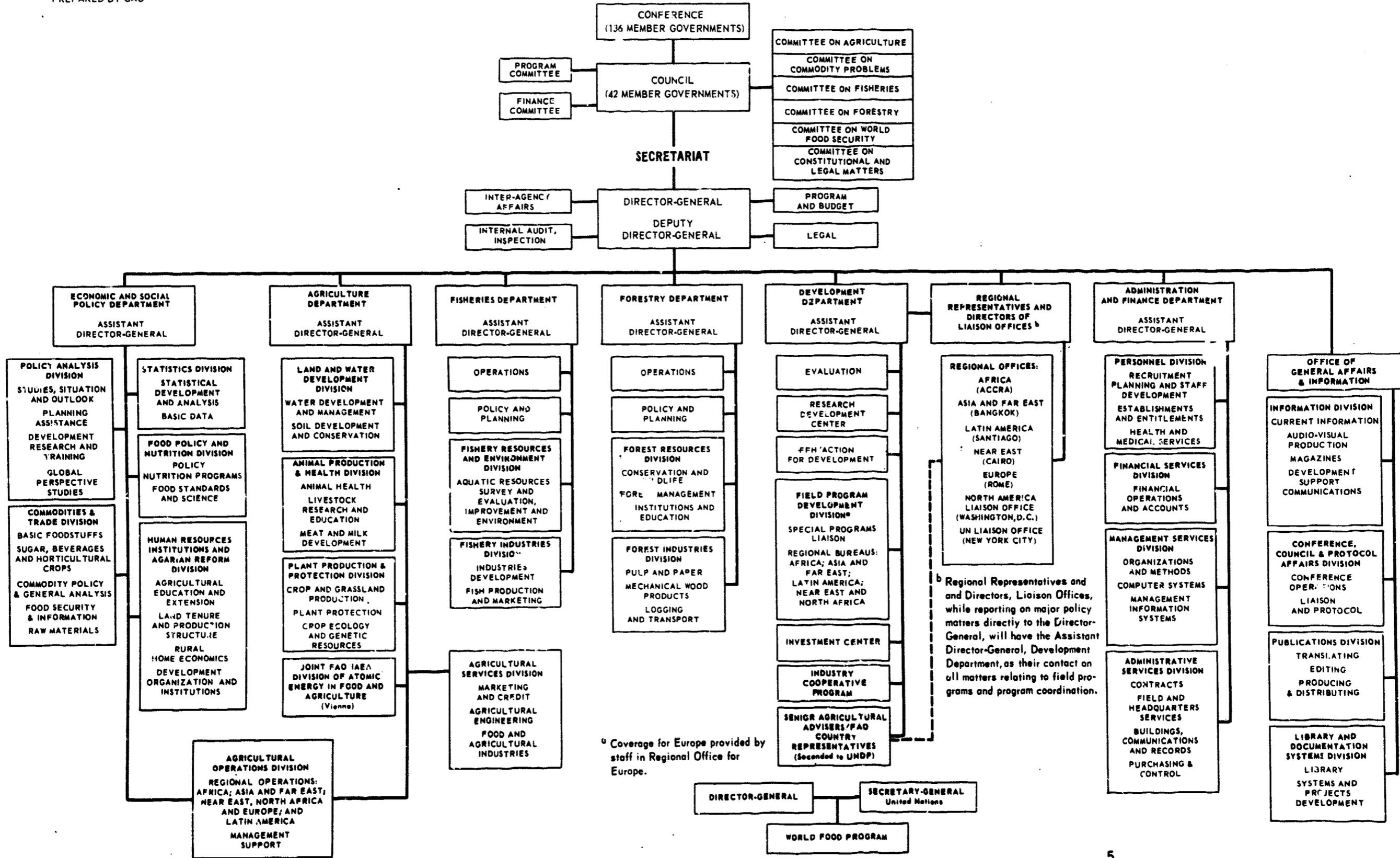
As of January 1975, FAO was assisting in approximately 1,700 field projects in 126 countries and territories and had a total accumulative aid allocation of \$567.5 million. Total field program expenditures have increased from \$79.7 million in 1969 to an estimated \$194.3 million in 1975.

FAO administers and operates projects financed by trust funds for member governments as part of their bilateral aid programs. Trust fund activities are financed by voluntary contributions. FAO charges an overhead fee of up to 14 percent of the project amount to administer such projects. Trust funds are increasing at a rate of more than 25 percent a year.

U.S. CONTRIBUTIONS

Assessments on member governments are set according to FAO's adaptation of the U.N. standard scale of assessments, which is based on the ability to pay. The United States, historically the largest donor, is currently assessed 25 percent, or approximately \$41 million, of total assessments for the 1976-77 biennium. U.S. congressional action has contributed to reducing the U.S. assessment from 32 percent in 1965 to 25 percent in 1974; however, the amount of U.S. contributions continues to increase due to increases in the FAO budget.

FAO GOVERNING BODIES



^a Coverage for Europe provided by staff in Regional Office for Europe.

^b Regional Representatives and Directors, Liaison Offices, while reporting on major policy matters directly to the Director-General, will have the Assistant Director-General, Development Department, as their contact on all matters relating to field programs and program coordination.

CHAPTER 2

U.S. OBJECTIVES NEED CLARIFICATION

For more than a decade the United States attempted to develop a list of goals, objectives, and priorities to guide its participation in the Food and Agriculture Organization. Such a statement was finally approved in 1976. However, our analysis shows it to be a broad statement that does not clearly state U.S. priorities or quantify U.S. interests in relation to the programs FAO is or should be conducting. Equally important, it does not give adequate consideration to FAO's development activities. We believe a more precise, program-oriented statement should be prepared, one which also reflects more nearly FAO's strong development-orientation today.

HISTORY OF U.S. EFFORTS

In 1965 a working party, chaired by the Assistant Secretary of Agriculture for International Affairs, was established to coordinate a statement of objectives with all Government agencies directly concerned with FAO. The directions given to the working party noted that "when approved by the Secretary of State, the policy statement on FAO will provide a guide for planning, programing, and budgeting with respect to that agency."

Our 1969 report ^{1/} pointed out that a policy statement had not been completed and that existing drafts were deficient because FAO programs sanctioned by the United States were not ranked by priority. The report noted that "although U.S. delegates were furnished with papers outlining U.S. positions on FAO programs and budget, a formal long-range statement does not exist"; the report recommended that the Department of State, in concert with the Department of Agriculture (USDA), promptly establish long-range U.S. policy objectives and program priorities.

In response to our recommendations, Agriculture, State, and other departments in 1970 prepared a paper entitled "U.S. Objectives in FAO---A Restatement of U.S. Objectives in the Food and Agriculture Organization of the United Nations." The paper was submitted for hearings conducted in 1970 by the House Committee on Government

^{1/}"U.S. Financial Participation in the Food and Agriculture Organization of the U.N.," B-167598, Nov. 17, 1969.

Operations on the economy and efficiency of U.S. participation in international organizations. However, the paper was an informal, internal document and was still under review within the Department of State at the time. A 1976 report prepared for the Senate Select Committee on Nutrition and Human Needs subsequently described it as "* * * more like a paper designed to justify continued U.S. support of FAO rather than to define short-term or long-term policy objectives." Nevertheless, it remained the only definitive executive branch policy statement on U.S. participation in FAO.

In 1972 the Department of State issued a statement of general U.S. policy toward international organizations. The statement offered general guidance on a number of issues, including the need for eliminating low priority programs. However, it did not address the question of how priorities were to be established.

In 1976 the Senate Select Committee on Nutrition and Human Needs, in hearings dealing with U.S. participation in FAO, noted the absence of an adequate formal policy statement and a statement of objectives relative to U.S. participation in FAO. The Committee requested the Departments of State and Agriculture to develop such a statement and file it with them.

In response to this request a formal policy statement--U.S. Objectives in FAO, a Restatement of U.S. Objectives in the Food and Agriculture Organization--was prepared in the U.S. FAO Interagency Committee by the Departments of Agriculture, State, and Treasury and the Agency for International Development (AID), and given to the Committee in May 1976. The following pages discuss the 1976 statement and our evaluation of it.

U.S. objectives in FAO

The objectives statement presents the following general objectives to serve as a guide to U.S. participation in FAO:

- "1. Stimulating global economic development;
2. Increasing national agricultural outputs through the effective international exchange of scientific and technological information;
3. Improving the quality of and availability of global agricultural commodity information, as

a basis for planning production and facilitating international trade in agricultural products; and

4. Facilitating this country's dynamic participation in international agricultural markets."

In addition, the policy statement presents specific U.S. objectives in agriculture, economic and social affairs, commodities, fisheries, forestry, nutrition, the role of women in rural development, rural home and family development, and development. To illustrate, following are the specific executive branch objectives for agriculture and for development.

"Agriculture--FAO is in an excellent position to take effective action or to assist member countries in taking effective action in such important areas as:

1. Identification, evaluation, preservation and effective use of important animal and plant genetic resources;
2. Development of efficient national seed industries;
3. Reduction of post-harvest crop losses;
4. Establishment of effective animal and plant quarantine regulations and procedures;
5. Development of safe and effective plant and animal pest and disease control and eradication techniques;
6. Development of economical, effective water storage and irrigation systems including adequate measures to control soil erosion, and to conserve water through the control of run-off;
7. Development of balanced labor-intensive farming systems for small holders; and
8. Development of on-farm and other rural processing of agricultural products, and more efficient marketing systems for farm products.

"Development--The provision of technical assistance is a major function of FAO. The United States' interest

and effort in this area is of such a magnitude that this function is deserving of special emphasis. The United States has supported and encouraged FAO's technical assistance, and more broadly, its development activities as they have increased over the last twenty-five years. The United States believes that:

1. Major attention should be directed to increasing food production, and improvement of nutritional levels, in all the developing countries;
2. Special attention should be given to increasing the efficiency and outputs of small farms, and to increasing the participation of poor farmers in development;
3. Major attention should also be given to the essential activities that must accompany increases in production, i.e., reduction of post-harvest losses, adequate storage, preservation and processing, effective marketing systems and increased supply of inputs; and
4. The achievement of the foregoing objectives, while important in the short term, are essentially long-term goals, and their achievement will require particular emphasis upon the institution building and infrastructure that is necessary for such long-term but relatively rapid growth. For example, (a) Expansion of national agricultural research systems and further strengthening of international research institutions; (b) Rapid development and growth of a wide range of institutions including extension, marketing, credit input supply; (c) Accelerated expansion of educational institutions to provide the large numbers of trained personnel needed; (d) Large investment in the physical capital of rural development including the small farmer and the rural landless, in the various development processes; and (f) Special concern for the role women do and can play at all levels with respect to the policy determination, administration and implementation of programs for the production and utilization of food."

OUR EVALUATION

A high level Agriculture official told us that these objectives are purposely general in nature so as to

- provide a broad, flexible general framework within which more specific preparation for each Council session can be made and
- avoid creating voluminous information and data.

Granted that the objectives statement was prepared hastily, it does represent an improvement over prior attempts to establish a U.S. policy statement in FAO. However, we feel its "specific" objectives are not specific enough nor are its priorities clear. The U.S. has experienced this problem in establishing specific priorities in FAO for some time. In commenting on our 1969 report, for example, the Department of State said: "While we have made repeated attempts with U.S. agencies to arrive at a clear set of priorities, in all honesty, we must admit to something short of success as of this date."

In addition, the objectives are in many cases somewhat vague and unclear and as such preclude effective evaluation and analysis of progress achieved. Further, there are no indications as to how the United States hopes to achieve its objectives in FAO. The report recently prepared for the Senate Select Committee on Nutrition and Human Needs similarly noted:

"It [the objectives statement] confuses rather than clarifies and settles for generalities where specifics are needed. It is impossible to tell from the document where primary U.S. interests lie."

In addition, we believe the U.S. objectives reflect a "traditional" view of FAO which is not really consistent with either the nature of most FAO programs (i.e., development programs) today or the primary thrust of current U.S. foreign aid policy, which seeks to maximize aid to the "poorest of the poor." For example "development" is only one of many topics covered in the objectives statement, and it does not receive any more emphasis than any other area. Under "agriculture," the objective "development of balanced labor-intensive farming systems for smallholders" is not given any more emphasis than the objective "identification, evaluation, preservation, and effective use of important animal and plant genetic resources."

Similarly, one of the three main purposes for which FAO was established is "raising the levels of nutrition and standards of living of people." While this primary FAO objective obviously aims at improving nutritional intake, the U.S. objectives in nutrition, in contrast, are for the most part oriented toward conducting research and setting technical nutrition standards.

FAO is currently on the threshold of shifting even more emphasis from its traditional functions, such as collecting, analyzing, and disseminating food and agricultural information, toward becoming a more development-oriented organization. The Director-General has given priority to timely formulation of measures which he believes will enable FAO to respond more effectively to the needs of the developing countries. These measures, which include increasing the number of FAO representatives at the country level, aim at making more FAO technical expertise accessible to as many countries as possible.

We believe the United States should give recognition to the changing nature of FAO and the statement of objectives should be revised so that the United States will be in a more favorable position to provide appropriate influence, direction, and guidance in FAO. At a meeting of the U.S. FAO Interagency Committee (ch. 3 discusses the Committee's purpose and functions), an AID official, in commenting on the objectives statement, also noted that the topic of development requires much more emphasis than was accorded in the statement and that AID planned to submit comments in this regard.

In addition to the 1976 U.S. statement of objectives, the U.S. FAO Interagency Committee in January 1976 agreed that certain policy issues might be selected for discussions with the Director-General and other senior FAO officials. Approximately 30 issues of a substantive or policy nature were identified upon which it was desirable to develop agreed U.S. points of view. In April the Director-General was informed of the U.S. views relating to the following 21 topics: Decentralization; operational or technical assistance activities under Regular Program; FAO relations with other international bodies in the food and agricultural field; economic and social vs. production-oriented activities; role of women in rural development; nutrition; post-harvest losses; crop substitution as a means of suppressing opium poppy production; FAO's role in application of remote sensing to agricultural forestry, and fisheries; approaches to commodity problems; treatment of trade issues; international agricultural

adjustment; interrelation between the International Undertaking on World Food Security and International Wheat Council discussions on reserves; proposal for an international agricultural commodity agency; evaluation of the Regular Program; structure of Program of Work and Budget; recruitment of U.S. nationals; U.S. nationals in senior posts; increasing the role of women on the FAO staff; composition and terms of reference of FAO Council and its key committees; and political problems.

At the time of our review the remaining issues were still being developed.

In commenting on the issues statement, a USDA official found it more important than the statement of objectives because it is more specific and detailed. A State Department official noted that the issues statement should be reviewed annually. During the August 1976 meeting of the U.S. FAO Interagency Committee, a USDA official stated the above endeavor has been taken into account to a substantial degree in the development of the Director-General's proposal for revision to the Program of Work. He also noted the importance of conveying U.S. views to the Director-General in a clear-cut, timely manner.

Although the issues statement lacks quantified priorities, we believe it does reflect an attempt by the United States, the major donor, to use its influence in FAO in a positive manner and to show where primary U.S. interests lie. It is premature to determine the full impact of such an endeavor; however, the U.S. should continue its efforts in a vigorous manner.

CONCLUSIONS AND RECOMMENDATIONS

Over the years, the United States has made several attempts to establish a formal U.S. policy statement for our participation in FAO. Although the 1976 statement is an improvement over previous attempts, it has several inadequacies. It lacks quantified priorities and is presented in broad general terms. In a number of cases the objectives are vague and unclear. Moreover, the statement does not show how the objectives are to be achieved. In order to be meaningful, the objectives must be translated into those specific programs FAO is or is not conducting so that the United States can evaluate the extent to which the objectives are being accomplished.

At present, the objectives statement does not appear to give adequate consideration to the predominant nature of

FAO's programs today. Nor does it appear consistent with current U.S. aid policy of helping the "poorest of the poor." It needs to be revised to reflect more fully the changing nature of FAO from its traditional functions to a more development-oriented organization. In addition, the statement of objectives should be reviewed periodically in order to determine the success of the United States in achieving its objectives.

Accordingly, we recommend that the Departments of State and Agriculture, the Agency for International Development, and other agencies of the executive branch, as appropriate:

- Thoroughly review and revise the current statement of U.S. policies and objectives. In doing so, an attempt should be made to identify U.S. priority concerns in a more precise, program-oriented manner and in a way which would allow subsequent analysis of progress.
- Establish a timetable for periodic review of the adequacy of the U.S. policy and objectives statement.

CHAPTER 3

ASSESSMENT OF U.S. MANAGEMENT STRUCTURE

FOR PARTICIPATION IN FAO

Numerous Government departments and agencies ^{1/} manage U.S. participation in the Food and Agriculture Organization of the United Nations, but the Departments of State and Agriculture and the Agency for International Development have primary responsibilities. Day-to-day matters are administered by an agriculture directorate in State, an international organization section in Agriculture, and an Office of International Assistance Coordination in AID. However, an Interagency Committee has been established to coordinate interests of all executive branch agencies.

Our review of the interrelationships and interaction among the principal departments concerned with FAO shows that State's responsibilities for directing and coordinating U.S. participation in the Organization should be made clear, AID should be allocated a larger role for development issues, and specific functions and responsibilities should be defined for the Interagency Committee and each member agency.

CONFLICTING ROLES OF STATE AND AGRICULTURE

On March 30, 1946, the President of the United States directed the Secretary of Agriculture to

"take the leadership in coordinating the work of the various agencies of the government on problems arising from U.S. participation in the Food and Agriculture Organization."

At the same time, the President established an interagency committee, chaired by the Secretary of Agriculture or his nominee, and charged it with "responsibility for ensuring that our Government aids to the fullest extent the proper functioning of the FAO."

By memorandum of April 10, 1946, the Secretary of Agriculture formalized the establishment of the U.S. FAO Interagency Committee, and gave it the following broad responsibilities:

^{1/}Office of Management and Budget; Departments of Commerce, Defense, Interior, Labor, Treasury, and Health, Education, and Welfare.

"To coordinate the work of the various agencies of the Government on problems arising from United States participation in FAO; to ensure that the U.S. Government aids to the fullest extent the proper functioning of FAO; to assist in formulating the positions which the U.S. Government should take in the various fields of activity falling within the general purposes and functions of FAO; and to provide a suitable channel for the speedy exchange of communications between FAO and the United States."

On March 15, 1966, the President stated in a memorandum to the Secretary of State: "* * * I shall look to you to direct this Government's work in reviewing and establishing our long-term policy objectives in each major international organization." The memorandum called on the Secretary to continue to direct and coordinate the activities of U.S. departments and agencies involved in international organization affairs and to instruct U.S. representatives to the organizations.

The memorandum also contained guidelines for tightening control over the programs and budgets of international organizations, and stated:

"If we are to be a constructive influence in helping to strengthen the international agencies so they can meet essential new needs, we must apply to them the same rigorous standards of program performance and budget review that we do to our own Federal programs * * *."

The memorandum said that the U.S. purpose was to see that the activities of international organizations are governed by the tests of feasibility and reasonableness, that their programs are vigorously scrutinized and are in the interests of the United States and the international community, and that each international organization operates with a maximum of effectiveness and economy.

Today, the Interagency Committee stands as one of the more formal mechanisms in the U.S. Government for coordinating our participation in a U.N. system organization. Notwithstanding this, our review shows that the Committee and its processes could be improved.

Assessment of respective roles

As the foregoing shows, the respective roles of State, Agriculture, and the Interagency Committee for managing U.S. participation in FAO have not been clearly established.

The Presidential letter of 1946 which assigned the leadership role to Agriculture for coordinating U.S. participation in FAO matters conflicts with later Presidential directives which assign the State Department the leadership role for all U.N. agencies. In addition, the Interagency Committee and the individual executive branch agencies which comprise it have no clearly defined and specific responsibilities, functions, and authority; that is, other than the broad responsibilities assigned the Committee by the 1946 memorandum discussed on page 15, there has not been any further delineation or definition of specific responsibilities and functions for either the Committee or the individual agencies which participate in it.

Thus, the Committee continues to function as an unstructured, largely ad hoc organization. Meetings, when held, are used to prepare for a particular upcoming FAO Governing Body or special session and consist primarily of selecting ad hoc working groups who actually develop the U.S. position. There is little evidence that the Committee does any long-range planning, and we were also told the United States has seldom suggested agenda items for FAO Governing Body sessions. Agriculture continues to chair the Committee. There is evidence of at least some interagency conflict, and State and particularly AID officials told our audit team that their individual committee roles, responsibilities, and functions need to be clarified.

We believe that some of the other problems discussed in this report--the years of delay in developing a statement of U.S. policy objectives for FAO and the lack of systematic or indepth U.S. reviews of FAO budgets or their subsequent achievements--are also at least partially attributable to the lack of a clear-cut statement of (1) specific Interagency Committee purposes and functions or (2) how it should organize to carry them out effectively over a period of time. The lack of clear leadership responsibility and authority for State is also a factor.

NEED FOR MORE EMPHASIS ON DEVELOPMENT ISSUES

The U.S. agencies which review and monitor FAO activities need to give more attention to the development aspects of FAO programs. While the FAO governing bodies have usually concentrated on the Regular Program or "traditional" functions, making it into a more development-oriented agency dealing with food and agriculture issues of specific countries or regions is being increasingly emphasized.

FAO's UNDP-funded field programs primarily focus on helping individual developing nations (or several nations in the case of regional programs) to solve specific agricultural developmental problems. Over the years, these programs have grown in scope and importance, and today they include projects financed by trust funds and comprise the bulk of FAO's work. Moreover, with the increased emphasis now being placed on field programs under the new Director-General's proposals, developmental activities can be expected to assume even greater importance in FAO's work.

Our analysis of U.S. position papers shows a strong U.S. interest in FAO's regular budget activities, i.e., its overall expenditure level, authorizations for new posts, and new or increased headquarters activities. However, although much of FAO's work in Rome is related to its field programs, we have noted that the U.S. position papers tend to deal with FAO programs primarily from a political, technical, or managerial viewpoint, not with the substance of what FAO is trying to achieve, particularly in the development area.

In our judgment, perhaps the best indication of how the U.S. viewpoint does not give adequate emphasis to FAO's primary work is the recently developed statement of U.S. policy objectives for FAO, discussed in chapter 2. For example, page 11 notes that "development" is listed as only one of many U.S. objectives, and it is not given any more emphasis or relative weight than any of the other listed objectives. Under "Agriculture" we similarly find that "development of balanced labor-intensive farming systems for small-holders" receives no more emphasis or weight than the "identification, evaluation, preservation and effective use of important animal and plant genetic resources."

Since AID is the U.S. development agency and is represented on the U.S. Interagency Committee, we discussed our views with AID officials and asked why FAO development activities are not receiving greater U.S. Government emphasis.

The officials agreed that more should and could be done to review FAO field program performance and the relationship of regular program activities to field programs. One official also said that in early 1975 they had considered doing this work but their U.N. staff was too small to do it. They further stated that their participation in the Inter-agency Committee to date suggests the need for a clear statement of responsibilities assigning this function to AID; otherwise, they were not optimistic that their input to the Committee would have much effect.

We asked AID officials for their suggestions for strengthening the FAO budget and program evaluation processes or U.S. participation in FAO. We found that they had many good ideas to offer. Some suggestions were to:

- Establish an FAO budget that is problem solving or issue oriented, wherein each program would have a specific problem-solving objective and a time phase for completion. Periodically, each program should be thoroughly reviewed and evaluated.
- Reappraise ongoing and old FAO programs. Most member government delegations to FAO don't suggest new ideas, such as our own Congress does, and the governing bodies do not reappraise older or ongoing programs.
- Review together FAO's regular budget and field programs, including trust funds. Until this is done, no meaningful review of FAO's budget is possible.
- Reexamine FAO's trust funds to determine how much of its staff's time and attention is being devoted to them and, equally important, how these projects relate to the FAO/UNDP country program for each developing nation.
- Review FAO's long-range studies and its archival functions. "Cost out" each FAO publication and determine whether it is really needed or whether it duplicates material already published by Agriculture.
- Revise the biennial "Review of Field Programs" to include a review, on a selective basis and in terms of trends, of all major field projects in at least three or more countries in each major geographic region. This document should provide detailed, specific information on those field projects, including problems, progress, and achievements. Different countries

should be covered in each biennium until a cycle is completed.

--Review the substance of FAO programs and activities and take positions on specific programs FAO should not be involved in and new programs it should be undertaking.

One official also suggested that AID's participation on the Committee could be improved by having a development subcommittee, chaired by State or AID, responsible for all FAO development programs.

While these AID officials' statements reflect a certain lack of confidence in the Interagency Committee's processes or in AID's role on the Committee, it is a fact that the Interagency Committee has not defined its specific functions or responsibilities, or those of its member agencies. It is equally clear that the Interagency Committee has not placed much U.S. emphasis or focus on development issues and programs in FAO.

In view of the current growth in FAO development programs, and the indication for even more future emphasis, the United States should have a capability to perform a general review of FAO development programs and their subsequent performance. AID, as the Government's development agency, is the logical choice and, under State's leadership, should be assigned a greater role.

CONCLUSIONS

It is clear that there is much confusion over which U.S. agency is in charge of directing and coordinating the activities of the U.S. departments and agencies involved in FAO affairs. The Presidential letter of 1966 assigned this role to State. However, the Presidential guidelines established in 1946 designating Agriculture as the leader were not rescinded, and Agriculture continues to chair the Committee. We believe, therefore, that there is a need to restate these guidelines, and to make clear that the Secretary of State has primary responsibility for directing and coordinating overall U.S. policy and program issues and specifying the duties and responsibilities of other involved agencies. As such, we believe that the President should reassign leadership of the Committee to the Department of State.

The absence of a clear and detailed statement of responsibilities, functions, and authority of the Interagency

Committee results in the development of U.S. positions in an ad hoc manner. To remedy this, we believe such a statement should be developed for the Committee and the role of each agency represented on the Committee should be clearly established.

In defining the Committee's role, more emphasis should be placed on FAO development programs funded primarily by UNDP and also by trust fund donors. In doing this, the Interagency Committee's statement of responsibilities and functions should clearly provide for undertaking a general review of FAO/UNDP development programs for consistency with U.S. objectives and effectiveness of implementation. The statement should be directed toward helping to guide and shape the future direction of FAO field programs.

RECOMMENDATIONS

We recommend that the President make clear that the Secretary of State has primary responsibility for directing and coordinating U.S. policy and participation in FAO. As such, chairmanship of the U.S. FAO Interagency Committee should be assigned to State.

We recommend that the Secretary of State work with the Department of Agriculture, Agency for International Development, and the other U.S. agencies which have an interest in FAO to:

- Define the specific responsibilities, functions, and authority of the U.S. FAO Interagency Committee and of each executive branch agency or organization represented thereon.
- Develop within the Interagency Committee and its member agencies an improved U.S. capability to perform a general review of FAO development programs for consistency with U.S. objectives, monitor the effectiveness of their implementation, and help shape their future direction.

CHAPTER 4
NEED TO IMPROVE OVERSIGHT
OF FAO BUDGET AND PROGRAMS

In 1969, we reported that the FAO budgetary and operational documentation was not adequate to facilitate an informed analysis and evaluation of proposed and ongoing FAO programs and activities. In addition, FAO legislative bodies were reviewing and acting on only the regular programs, not the field program or trust funds. We recommended that the FAO budget presentation and operating reports include such items as meaningful descriptions of programs, activities, and functions; relationships between costs and functions; statements as to the extent that programs, activities, and functions will or have been carried out; and identification of specific efforts devoted to the various programs. This information would then be used by U.S. officials in making the reviews and analyses required to assess whether U.S. interests and objectives are being met in FAO.

Notwithstanding U.S. policy since 1970 of holding down increases in assessed budgets of U.N. organizations, FAO's assessed budget and the U.S. assessment to that budget have grown at a strong rate since our last review. Although FAO's programming and budgeting systems have been improved since 1969, deficiencies in the budget presentation itself and in the budget review processes still make it difficult for member governments to systematically analyze FAO's regular (assessed) programs. More significantly, today FAO still has not incorporated into its budget process sufficient information on its field programs funded by UNDP and trust fund donors. Although it will attempt to do this beginning with the 1978-79 budget, the result is that FAO's governing bodies have for years been viewing and acting upon only a portion of the full range of FAO's activities. In terms of the U.S. role, it has helped to bring about some improvements since 1969. However, the United States could and should be performing a much more comprehensive role in the budgeting and programming area.

The Director-General has proposed not to include information on subprograms in the 1978-79 budget document. Additional proposals include evaluating the regular program and incorporating information on all FAO activities, including the field program, in the regular budget document.

We believe the United States should work in concert with other major donors to arrive at a desired budget level, and

we have noted a recent reawakening of donor government interest in this area. However, the best basis for maintaining a reasonable budget level should be a comprehensive review and analysis of FAO programs, which curtails programs not achieving desired results. Our recommendations are directed to these goals, and State, Agriculture, and AID generally agree with those recommendations. (See p. 64.)

U.S. POLICY AND GROWTH IN BUDGET

Policy towards multilateral budgets

The Department of State's 1972 statement of general U.S. policy toward budgetary, administrative, and management practices of the international organizations, said in part:

"In considering the budgets of International Organizations the U.S. is bound by the White House directive of January 8, 1970, 'That the budgets and programs of International Organizations in which we participate receive the same searching scrutiny that is applied to our own Federal programs.' Austerity is the guiding principle for Federal expenditures. We must apply it equally to International Organizations."

State called for U.S. delegations to join with other delegations to insure that (1) members receive full value for their contributions, (2) built-in inefficiencies accepted as the price of doing business multilaterally are reexamined and eliminated wherever possible, and (3) automatic escalation is abandoned in favor of a period of rationalization, consolidation, and managerial stringency.

The statement offered general guidance on a number of issues, including:

- Keeping expenditures at previous-year levels. Unless the growth is stopped, congressional action to impose legal ceilings on U.S. contributions could be expected. (The passage in October 1972 of Public Law 92-544 imposed a ceiling of 25 percent on the U.S. contributions to the assessed budgets of the United Nations and the specialized agencies.)
- Supporting proposals for new programs only if older programs of lesser priority are eliminated. One objective for careful U.S. examination of new

program proposals is to eliminate duplicating activities among the organizations.

Growth in budget

Notwithstanding U.S. policy, the regular budget of FAO, particularly for the current 1976-77 biennium, has increased markedly since our 1969 report, as shown below. Although the United States has reduced its assessment as a percentage of the entire FAO regular budget, contributions to the organization generally continue to grow.

| <u>Biennium</u> | <u>Total regular budget</u> | <u>Percent of increase over previous biennium</u> | <u>U.S. assessed contributions</u> | <u>U.S. assessment as percentage of total (note a)</u> |
|-----------------|-----------------------------|---|------------------------------------|--|
| 1968-69 | \$ 59,861,000 | 18.8 | \$17,085,804 | 31.91 |
| 1970-71 | 63,880,000 | 6.7 | 20,166,916 | 31.57 |
| 1972-73 | 93,620,000 | 46.6 | 25,301,664 | 31.52 |
| 1974-75 | 106,700,000 | 14.0 | 27,095,000 | 25.00 |
| 1976-77 | b/167,000,000 | 57.0 | 41,750,000 | 25.00 |

a/Based on gross assessment.

b/Net of an unprogramed deduction of \$2.8 million to be applied to the working budget.

According to the FAO Director-General, approximately \$28 million of the increase over the 1974-75 budget of \$106.7 million is attributable to inflation. In addition, \$28+ million is for program increases necessitated in part by the World Food Conference, which provided FAO with a series of specific policies and program initiatives. The remaining \$6 million is attributable to recalculating the lira conversion rate from 592 per U.S. dollar in the 1974-75 budget to 650 per dollar in the 1976-77 biennium.

Geneva Group (Rome)

The Geneva Group (Rome) is an informal body of major donors to FAO concerned with fiscal and administrative matters relating to the Organization. It is composed of representatives of 13 developed-country member governments which collectively contribute approximately 74 percent of the FAO assessed budget. The Group meets on an ad hoc basis, and one of its functions is to scrutinize the budget and programs of FAO. However, members of the Group told us that the

Group was generally not active during the formulation and preparation of the 1976-77 budget due to the participation of the representatives in the World Food Conference and the formulation of the new International Fund for Agricultural Development (IFAD). This \$1 billion fund is being established by the oil exporting countries and the developed nations to augment existing resources for aiding agricultural development in the developing nations.

Largely as a result of the initiatives by the U.S. representative in Rome, there has recently been a recommitment of the Geneva Group (Rome) to the purposes for which it was established. In the future, the Group plans to approach the Director-General in an attempt to hold down increases in the FAO budget.

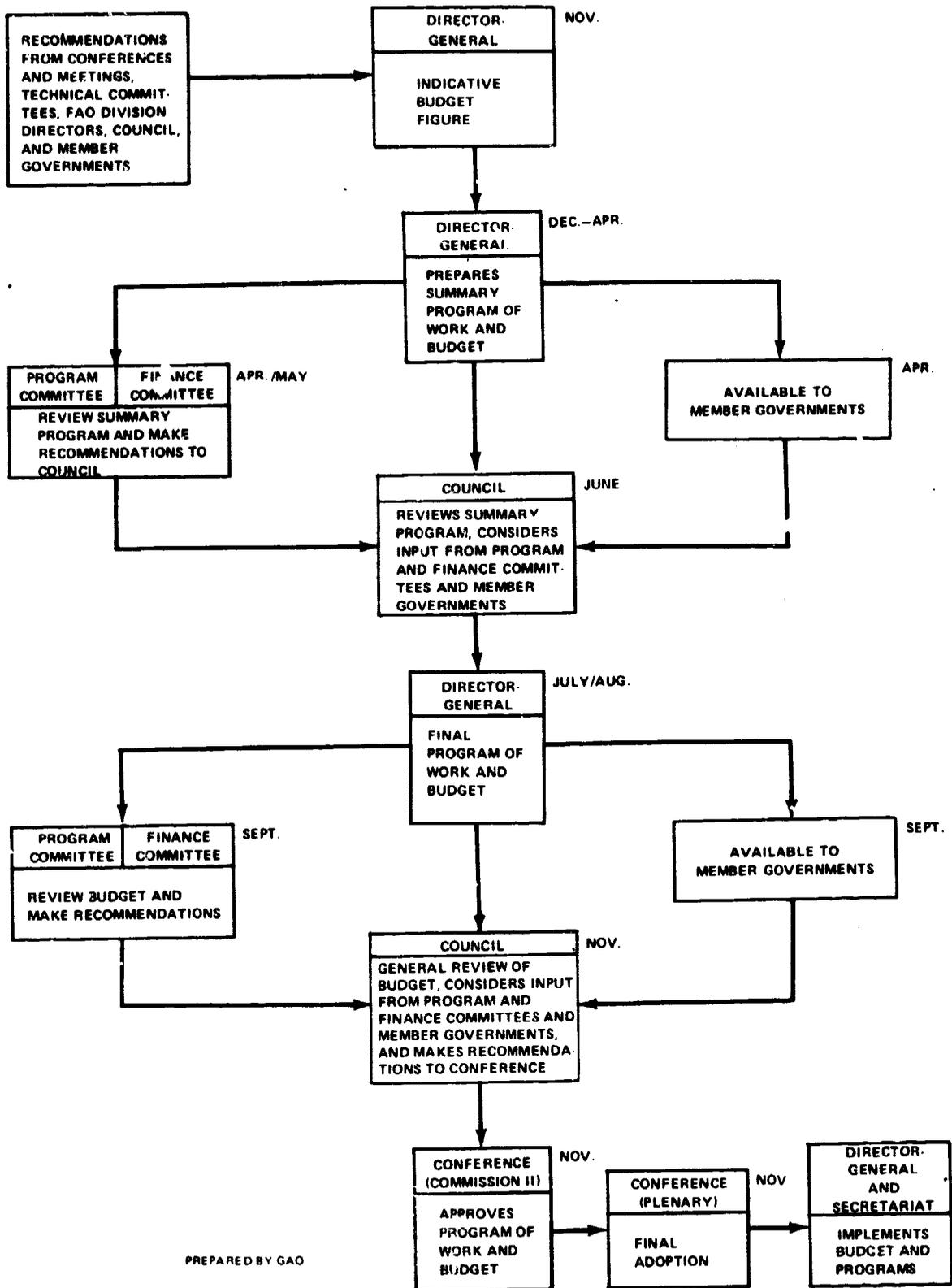
ANALYSIS OF BUDGET, PROGRAM FORMULATION, AND REVIEW PROCESS

The normal FAO budget process begins when the Director-General provides a provisional or indicative level of budget for the upcoming biennium. Next, a Summary Program of Work and Budget is prepared and reviewed by the FAO Program and Finance Committees and Council. The final step is the preparation of the Program of Work and Budget, which is also reviewed by the above Committees and Council and approved by the Conference. The 1976-77 budget cycle was unusual in that a new Director-General was appointed and accorded the opportunity to review the budget and submit proposed program changes within the approved budget level of \$167 million. This led to additional sessions of the Program and Finance Committees and the Council.

Indicative figure

The FAO Council instructed the Director-General to provide a provisional indication of the budget level for the 1976-77 biennium at the November 1974 Council Session. The "indicative figure" permits member developed countries to comment on the proposed level of budget and allows legislative processes to react. According to the FAO Budget Director, the new Director-General prefers not to disclose an indicative figure for 1978-79 because of the difficulties associated with, for example, predicting the rate of Italian inflation and its effects on the lira for a 3-year period. Also, the Director-General generally had not decided which FAO programs should be maintained or deleted.

FAO PROGRAM OF WORK AND BUDGET -- NORMAL CYCLE FOR FORMULATION, REVIEW, AND APPROVAL



Immediately following the World Food Conference in November 1974, the Director-General reluctantly, because he had no time to assess the impact of the World Food Conference on the FAO budget, gave the Council an indicative figure of \$191 million for the 1976-77 biennium. In March 1975 he revised his thinking and presented the Council with a Preliminary Outline of Work and Budget totaling \$185 million. The majority of members, including the United States, felt that although an increase in the budget level might be warranted, the eventual figure should be appreciably below \$185 million.

Summary Program of Work and Budget

Initially introduced in 1973, the Summary Program of Work and Budget, which is available to member governments, shows only proposed program increases over the previous biennium. The primary purpose of the Summary is to concentrate attention on the main issues arising from the Director-General's proposals, particularly the substance of the proposed priorities. The preparation of the Director-General's Summary for the 1976-77 biennium was delayed in part to assess the impact of the World Food Conference on FAO's activities. In addition, he noted that little time was available to prepare the Summary Program and that it had not been possible to give detailed explanations on all parts, some of which needed more consideration and working out in detail. The budget level as shown on the Summary was reduced to \$177 million. However, the \$8 million reduction consisted of only \$1 million in program reductions, and the remaining \$7 million was in special lapse-factor savings. 1/

Our analysis of the Summary Program of Work and Budget shows that priorities are generally not ranked, that proposed increases covering several activities are presented collectively, and that detailed information on the number of new positions proposed for the 1976-77 biennium is not provided. The Vice-Chairman of the U.S. FAO Interagency Committee stated that because only proposed changes in levels and adjustments in emphasis are shown, member governments would need a representative on the Program Committee or someone extremely knowledgeable of FAO programs and activities to fully evaluate them. Thus, the record shows that the

1/These savings are funds obligated for various programs or positions but not yet disbursed.

Program Committee reviewed the Summary Budget primarily for program increases and shifts from the previous biennium, rather than reviewing total programs. Its comments and recommendations were then forwarded to the Council.

Our analysis shows that the Program Committee's report did not comment on or make any reference to proposed increases of \$2 million for the Fisheries Program. In this regard, we were told that none of the Committee members are experts on the Fisheries Program. The Committee did comment on 78 substantive sectors of the Summary and noted that substantial increases were proposed in 35 sectors. It recommended lower allocations for six of these sectors. For a number of others, the Committee felt that smaller increases might be considered, but its views were not strongly defined.

At the June 1975 Council Session, it was noted that the recommendations of the Program and Finance Committees on the Summary Program were not available before the start of the session. The Council generally agreed with the Committees' recommendations but believed that adequate and substantial program increases for effective activities could be achieved within a less expensive and more realistic budget level.

The Council was disturbed because the Director-General had not provided the Program and Finance Committees with pertinent information on proposed posts and upgrading for the 1976-77 biennium. It noted that the interim proposal for new posts--260 professional and 366 general service--was excessive and had to be reduced. The Director-General informed the Council that he intended to reduce the number of new posts by 20 percent and revise the budget level to between \$170 million and \$172 million, excluding unforeseen variations in the dollar/lira exchange rate. Most Council members agreed to advise the Director-General that the budget should not exceed \$170 million.

The U.S. position paper for the Council Session stated that the United States had considerable difficulty in reviewing the Summary Program in the absence of information concerning the number and grades of posts which may be proposed for the biennium. Although the United States recognized the need for increases in FAO programs and the 1976-77 budget level, it was concerned over FAO's ability to effectively program activities using so many new staff members.

Program and budget, and its review

In July 1975, subsequent to the review of the Summary Program of Work and Budget by the Program and Finance Committees, and on the basis of recommendations made by the Council, the final Program of Work and Budget for 1976-77 was prepared. It was made available to member governments and the Program and Finance Committees for review and recommendations to the Council prior to its formal adoption by the Conference in November 1975.

The Program of Work and Budget is intended to be a program budget. It shows allocations of funds classified both under subprograms and items of expenditure. Our analysis of the document shows it contains several deficiencies. Many delegates also have difficulty comprehending the data as presented.

The Program of Work and Budget for 1976-77 is a voluminous document. It discusses progress achieved in 1974-75 and priorities for 1976-77. However, since the data is presented in broad and general terms, progress achieved cannot be measured against specific objectives or in relation to a total program. In addition, the budget presentation, as indicated in our 1969 report, does not provide a meaningful description of programs, activities, functions, and specific quantifiable efforts devoted to the various program activities executed by FAO. For example, progress under Management of Fisheries Resources in 1974-75 notes that, among other things:

"The sub-programme provided substantial assistance at national and regional level. Through regional fishery bodies, attention was drawn to situation requiring management action. Progress was made by some fishery bodies in formulating management measures. Assistance was also given to governments through field projects and by a group of experts."

Under priorities for 1976-77, among other things:

"First priority will be given to assisting countries, either directly or through regional bodies, in recognizing management problems and taking appropriate measures nationally and internationally. The work of the regional bodies will be strengthened through various working groups on management. Wherever appropriate FAO

will also cooperate with independent international fishery commissions and provide assistance in promoting effective and timely management action.

"Priority will be given to further studies of the problems of fishery management, the use of scientific methods and the application of management measures."

We analyzed the budget document and noted that it is long and confusing. For example, information on the Fisheries Program is scattered and fragmented throughout the document.

The FAO Deputy Director-General similarly pointed out that the budget structure does not fit the FAO organizational structure. He noted that it is a program budget, but that a program in any particular subsector does not necessarily come under the control and responsibility of the FAO Division Director under whom the subprogram appears.

The Director-General has noted that the

"format did not correspond to the substance of the priorities of concern to Governing Bodies. The amount of detail at the sub-programme level or below made it impossible to concentrate the debate on major issues. A vicious circle was created by the demand for more relevant information and the physical impossibility of discussing it."

We examined position papers formulated as a result of the U.S. review of the Program of Work and Budget. Although the Department of Agriculture has the technical expertise needed to analyze program content, our analysis of the U.S. position papers shows that they tend to focus primarily on political, administrative, and financial aspects of FAO budget and programs, rather than on the substantive aspects of FAO activities.

The State Department does not have the technical personnel needed to perform an indepth analysis of FAO programs and activities; therefore, it tends to focus primarily on the political aspects of FAO. According to two of its officials, State only performs a superficial review of the FAO budget. One AID official stated that

AID reviewed only the portion of the budget pertaining to nutrition, fertilizer, and agricultural research.

The Chairman of the Group 77 countries ^{1/} told us that most Group 77 countries generally do not review the budget in detail, since this function is performed by the Program and Finance Committees and discussed at Council sessions. He further stated Group 77 countries are not interested in budget cuts--they want FAO to do more for poor, developing countries. They generally take an interest only in budget items which pertain to their individual countries. For example, the Chairman said the first aspect of the budget he reviews is the fertilizer program, which is of great importance to his country.

Final review and approval process

The Program of Work and Budget was scrutinized by the Program and Finance Committees prior to formal adoption by the Conference, and the Committees' recommendations were forwarded to the Council. The Conference approved the budget, but left the Program open for radical revision by the new Director-General and the Council.

The Program Committee reviewed substantive proposals of the Program of Work and Budget. Our analysis of the Committee's November 1975 report shows that although it did make questioning comments on several subprograms, for the reason stated above such comments were not really useful for reducing proposed increases in the 1976-77 biennium. For example, under the subprogram on Development Support Communications, the Committee

"suggested that the relationship of this work to that of the Human Resources, Institutions and Agrarian Reform Division should be reviewed in the future to ensure more adequate coordination."

In November 1975, the Council agreed to devote most of its attention to general issues, since it had previously considered the Director-General's provisional proposals and the Summary Program of Work and Budget in detail. A number of members also believed that a budget

^{1/}In general, the developing countries that participate in international organizations.

level of \$167 million was satisfactory, but no consensus was reached. The Council, therefore, recommended that the Director-General submit to the Conference a draft resolution for budgetary appropriations of \$167 million for the 1976-77 biennium.

The final step in the FAO budget process is the approval of the Program of Work and Budget by the Conference, which is composed of delegations from all FAO member nations. Prior to voting, the delegates usually discuss general aspects of the budget. The FAO Budget Director believes that many delegates do not read the Program of Work and that developed countries are concerned mostly with the budget level, not with the programs.

According to the U.S. delegation report on the Conference, several delegations prior to approving the budget stressed that savings could be made through such means as reducing the number of meetings and new posts; however, there was no inclination to take advantage of these savings to reduce the budget level. The report also noted that the United States intervened three times in an effort to achieve some reduction from the proposed level of \$167 million, but the delegation received no tangible support and the budget was approved and forwarded to the Plenary for final adoption.

DIRECTOR-GENERAL'S PROGRAM REVISIONS

During the Conference there was widespread feeling that the new Director-General should be given the opportunity and flexibility to work out his own proposals within the \$167 million approved level and submit them to the Council before July 1976.

The new Director-General reviewed the Program of Work and Budget and submitted proposed revisions to the Program and Finance Committees and Council. The Program Committee, in May 1976, reviewed the proposed revisions which called for, in part, a reduction in the number of meetings from 408 to 253 and the suspension of 94 publications and documents. The Program Committee report shows that no attempt was made to examine each of the meetings, publications, and documents to be reduced or eliminated, because this would have consumed too much time. The Committee generally agreed and supported each of the Director-General's proposals and forwarded its report to the Council.

In a Special Council Session in July 1976, the Council reviewed the Director-General's proposals. The Council report regarding the reduction of meetings and suspension of publications states that

"it was impractical for the Council to review lists of those cancelled. The Council would rely on the Director-General to make appropriate decisions and hoped he would not authorize additions without compensating deletions."

In addition, the Council "welcomed" the reduction of proposed posts by two-thirds, or 330, according to the Director-General. As a result of the Director-General's revisions within the approved budget level, \$18.5 million was set aside to establish a Technical Cooperation Program. (See ch. 6.)

The general consensus among the FAO Budget Director, the Chairman of the Group 77 countries, and the Geneva Group (Rome) members we interviewed is that many member governments place full responsibility on the Program and Finance Committees for scrutinizing all aspects of the budget. Two Geneva Group members said the Committees failed the Council by endorsing virtually all the new Director-General's program revisions and not giving the Council anything to work with. They also stated the view that certain members on each Committee were picked by the Director-General and are under his influence.

During the FAO budget preparation process, the Program Committee, Council, and member governments are accorded the opportunity to scrutinize, analyze, and evaluate the merits of proposed cost increases and program content in both the Summary and Final Program of Work and Budget. In view of the relative ease with which the new Director-General cut \$18.5 million from the approved budget to establish the Technical Cooperation Program, we have serious reservations regarding the effectiveness of FAO's budget review mechanisms.

NEW DIRECTOR-GENERAL'S PROPOSALS

The Director-General has proposed substantive format changes and a new budget structure for the 1978-79 biennium.

The Program of Work and Budget for the 1978-79 biennium will also be a program budget. The budget, by organizational unit, will be shown separately as before. Narratives and plans at the subprogram level are to be eliminated, and information on all FAO activities, including the field program, will be consolidated and incorporated into the 1978-79

budget. In addition, a proposal was made to the Council to expand evaluation to include an evaluation of the regular program.

According to U.S. officials, the United States has no major concerns regarding the structure and format of the 1978-79 budget and considers it an improvement over 1976-77. They noted, however, that the elimination of information on subprograms will require the Program Committee, which is responsible for reviewing the budget, to probe deeper to ascertain subprogram content.

From our analysis of the structure of the Program of Work and Budget for 1978-79, the underlying basis for the proposed budget structure and format apparently is to facilitate discussions and decisions by the FAO governing bodies. We believe that requests for future funds should be based on past performance; however, since information on subprograms is to be eliminated, we believe the Program Committee will have to conduct an exhaustive probe to obtain such data. Member governments, however, will probably not have sufficient detailed information to perform their own in-depth analysis and evaluation of FAO programs.

OTHER RELATED ISSUES

Development programs not reviewed

Over the years, FAO's field or developmental activities financed by UNDP and trust funds have steadily grown until today they comprise almost 80 percent of FAO expenditures. Yet, during this time, FAO's governing bodies have concentrated their reviews of proposed budgets and programs almost exclusively on the Organization's "regular" or headquarters budget, even though much of that budget is related to or supports its developmental activities. The net effect of this situation is that the member governments have been reviewing only a portion of the full range of FAO's activities.

Our 1969 report noted that there was little systematic and conscientious association of proposed UNDP projects with the ongoing or proposed FAO regular activities. The report suggested the need for better integrated program planning. Also, FAO and other executing agencies had been complaining for some time that the UNDP rate of reimbursement for administration costs must be increased, and this same cost question apparently now exists in regard to FAO's trust fund projects. (See ch. 6.)

As discussed on pages 33-34, the governing bodies have requested and the Director-General of FAO now plans to incorporate fuller information on FAO's developmental programs into its budget presentation for 1978-79. Consolidated information will be presented on the magnitude, trends, support costs, overhead allocations, and types of projects and disciplines financed by extrabudgetary resources. We believe this would be an important step forward for a number of reasons.

First, since the regular budget is reimbursed for administrative costs of field programs funded by UNDP and trust fund donors, it is important for the governing bodies to assure themselves that the FAO Secretariat is accurately measuring administration costs for recoupment from UNDP and the trust fund donors. Second, and more importantly, we believe it is important for the governing bodies to have a picture of the full range of FAO's activities to be able to perform any meaningful review of the necessity and relative priority of the regular program activities and related budgets.

Finally, in view of the new Director-General's emphasis on decentralizing FAO and making it more of a development agency, FAO development activities will likely become even more important in the organization's work. Whether or not those activities are funded by UNDP, trust fund donors, or FAO itself, we think that the governing bodies need to keep informed on just what development activities and programs FAO is conducting and that they should assure themselves that these activities are in fact reasonably consistent with FAO's primary purposes and objectives, its other programs, and the UNDP country program. (See p. 60.)

CONCLUSIONS

Improvements have been made in the FAO programing and budgetary system and the way member governments review and analyze it, but many problems noted in our 1969 report still prevail.

FAO has not effectively incorporated information on field programs financed by UNDP and trust funds into its program and budget review process. In addition, the budget document does not provide meaningful descriptions of programs, activities, and functions or specific quantifiable efforts devoted to them. Thus, the quality and type of information provided, in our opinion, is still not sufficient to permit a useful review by U.S. agencies.

The review process deals primarily with proposed program increases and shifts, so the entire range of FAO programs is not subject to review, analysis, and challenge. Delays in providing information also adversely affect the ability of the United States to effectively review and analyze FAO's program presentation.

While the Director-General's initiatives to streamline the budget format for the 1978-79 biennium are commendable, it appears that they will result in even less information on FAO programs being provided to member governments. This will also make it more difficult for the Program Committee to perform a substantive review of FAO programs.

Although the Departments of State and Agriculture have agreed that more attention needs to be given to FAO's program and budget presentation and U.S. review procedures, there has been no substantial change in the way the United States does business in FAO, the level or priority assigned to U.S. goals and objectives, or the amount of staff resources (see pp. 17 and 30) devoted to U.S. participation. In our view, the quality and level of U.S. participation in FAO will not be substantially improved until the latter issues are addressed. The specific actions needed to improve the budget and review process and to exercise more budgetary control over FAO programs can only be achieved by assigning a higher priority to U.S. participation and allocating an appropriate level of resources.

RECOMMENDATIONS

We recommend that the Secretaries of State and Agriculture and the Administrator, Agency for International Development,

- develop U.S. goals and objectives in terms of what specifically the U.S. wants to achieve in regard to FAO's programming and budgeting systems,
- assign a high priority to these goals, and
- develop an action plan for achieving these objectives.

The action plans should include, as a minimum, specific details on how the United States intends to:

- Convince FAO to include in its programs and budget presentations sufficient information

on FAO activities and meaningful descriptions on programs, quantifiable priorities, resource requirements, and time-phased goals.

- Improve the U.S. system for reviewing and analyzing FAO programs and activities.
- Develop a closer working relationship with other major contributors to exercise fiscal constraints, to support proposals for new programs and work for the curtailment of lesser priority programs, and to obtain more comprehensive information on FAO operations.
- Identify the additional resources which will be needed to meet the objectives of the plan.

As concerns the resource question, the agencies have indicated that implementing our recommendations would require them to apply additional resources. (See p. 64.)

CHAPTER 5

NEED FOR SYSTEMATIC

EVALUATION OF FAO PROGRAMS

In 1969 we reported that FAO program evaluations were not sufficient in scope or coverage to enable the United States, as a member government, to independently judge the efficiency or effectiveness with which FAO was administering our financial contributions. That conclusion was based on our analysis of FAO and other U.N. evaluation systems as well as on independent assessment efforts of the executive branch of the U.S. Government. These evaluation mechanisms have been expanded somewhat since 1969, but today the overall scope and coverage of FAO evaluations are still inadequate. Moreover, the work of FAO's primary evaluation organizations is not made available to FAO's governing bodies. Only general summary information is published, and specific results are not released outside the FAO Secretariat.

The Evaluation Service is FAO's formal internal evaluation mechanism. It concentrates most of its efforts on the field programs, but the large number of projects, their technical nature, and the small size of the Evaluation Service permit the evaluation of only selected projects. These are evaluated primarily for physical progress rather than development impact, which is more difficult to assess. Plans are underway to extend coverage to regular budget activities. However, chapter 4 shows that the regular budget does not contain the type of specific, time-phased goals or targets needed to measure physical performance. The only information available to the governing bodies on the results of the unit's work is a summary report containing broad, general data.

FAO's internal and external audit organizations and the U.N. Joint Inspection Unit also evaluate FAO activities. The internal and external audit organizations are relatively small and primarily perform traditional financial audits, although the External Auditor does make substantive comments on FAO activities. The results of the Internal Auditor's work, however, are not released or published outside the FAO Secretariat. The Joint Inspection Unit has made several reviews of specific FAO functions, but its primary focus is on broader issues of U.N. system-wide applicability.

U.S. embassies have also been asked annually to comment on U.N. organization in-country programs, but these attempts have not met with any substantive success.

Thus, evaluation of FAO programs and activities is neither systematic nor comprehensive. In our judgment, information flowing to the governing bodies and member governments as a result of these evaluations is not sufficient to permit an informed judgment as to the effectiveness of FAO programs or the efficiency with which they are administered.

INTERNAL EVALUATIONS

Evaluation Service

Established in 1968, the Evaluation Service is FAO's formal internal program review and evaluation mechanism. Although it has occasionally performed ad hoc review of regular program activities, its location within FAO's Development Department reflects its primary mandate and focus--to review and evaluate FAO's field programs. However, at the governing bodies' direction, new proposals have been developed for evaluating the regular program as well, and the Council has reviewed them at its November 1976 sessions.

In Rome, top FAO officials told us that in its early years the Evaluation Service concentrated on monitoring interim progress of field projects. They attributed this primarily to a lack of funds for making indepth reviews of development impact. However, the Service evolved into FAO's central program review and evaluation unit, after the UNDP decentralized its evaluation function to a country-level tripartite review process. 1/

In 1973 the Service published its first biennial issue of the "Review of Field Programs." FAO officials told us that the Review is the Service's primary output and is the primary source of information on FAO field programs. Our analysis of the 1972-73 issue shows it to be a voluminous document which discusses such wide-ranging subjects as financial trends during the biennium, effects of changes in UNDP organization and procedures on FAO, planned restructuring of FAO, and collaboration with other organizations in the U.N. system. A substantial portion of the 1972-73 Review is devoted to a discussion and synthesis of the results of detailed evaluations of some 83 large-scale (over \$100,000) UNDP projects executed by FAO. There is a fairly detailed discussion

1/This process involves representatives of UNDP, the U.N. executing agency, and the host country.

of all of FAO's projects in one country. The discussion evaluates and illustrates some specific achievements and problems to be expected in executing such projects. There is also discussion of four typical large-scale area development projects in other countries. The chapters on evaluation, however, are more in the nature of a general summary or synthesis of the types of problems, and some lessons learned on those projects. As such, a number of critical summary comments are made about such important matters as poor planning and design, slow implementation of projects, and inadequate host-government support.

Summary conclusions along the above lines obviously permit FAO's governing bodies to raise general questions regarding FAO's management effectiveness. However, in our view, the 1972-73 Review is not really useful to FAO's governing bodies as an evaluation tool because it does not relate specific problems to the specific projects involved, nor does it identify specific actions taken or being taken by FAO to identify and resolve problems on a project-by-project basis.

We also analyzed the 1974-75 issue of the Review, which was published in August 1975. It discusses a broad range of subjects but states that it is oriented toward the future. The only evaluation section presents the results of an exercise in which 51 FAO country representatives assessed 337 large-scale projects in their countries for project design and objectives, host-government involvement, project output to date, and prospects for further development followup. Our review of this discussion shows that the information is again presented in broad, general terms, with no discussion of individual projects. For example, the only detailed information on host-government involvement states, among other things:

"The major weaknesses, which continue to impair the effectiveness of projects, are lack of active involvement of the appropriate government agencies in project formulation to ensure reflection of known resource constraints or other factors affecting subsequent government commitment to the project, choice of wrong or weak government units or agencies for execution, lack of budgetary support or care in the choice of 'counterpart' staff. Of the 337 projects, only 179 or 53 percent were rated as 'satisfactory' on this score; 64 were rated 'poor' and 94 'fair.'"

Again, there is no real discussion of specific problems or of FAO's actions to eliminate these types of problems. In our judgment, this type of project-level detail is required to really analyze or evaluate FAO's management of its field programs.

In Rome, we discussed our observations with FAO officials and with three Geneva Group resident representatives. The Geneva Group representatives unanimously agreed that the Review does not permit one to judge whether FAO field programs are progressing satisfactorily. Two of them stated that, to permit useful discussions with the FAO Secretariat, the Review should discuss problem projects or types of projects to enable the governing bodies to reach decisions on whether to continue to support them. These members believe that the governing bodies should be kept informed of problems in FAO programs, and one noted that his government feels that discussing these problems in FAO's governing councils will produce more corrective action than, for example, his government could achieve under its bilateral aid program.

Another Geneva Group representative was more blunt. He characterized the Review as "a fairy tale" which provides no meaningful information on the results of FAO field programs. Several Geneva Group representatives pointed out that, in the future, reviewing and assuring the effectiveness of FAO field programs will become much more important to FAO donor members in view of the new Director-General's emphasis on field-type programs.

The head of the Evaluation Service agreed that the Review is not useful as an analytical evaluation tool. He stated that, since the 1972-73 issue was the initial effort, it was only natural that past projects should have been reviewed, and he noted that this was the first time FAO's field projects had been discussed in any depth. With the 1974-75 issue, however, the Review has begun looking toward the future, and he sees the Review and the Evaluation Service as becoming more of a research and analysis bureau for FAO.

FAO officials told us that the Service is performing some detailed project evaluations which would permit project performance to be evaluated, and that FAO's field development division prepares 6-month progress reports which would also be useful for this purpose. However, they stated that neither FAO nor UNDP has enough money in its budget for evaluations. They also said that with FAO performing about 30 percent (in dollar terms) of the approximately 1,200 UNDP projects at any one time plus trust fund projects, it is virtually impossible for the Evaluation Service's staff of seven professionals

to evaluate all projects. Therefore, evaluation must be selective and consider only certain "horizontal or vertical slices" of FAO field programs. These detailed evaluations, and the results of the more day-to-day monitoring of projects by the operational sections of FAO, are all considered FAO internal documents and are not made available to the governing bodies.

FAO officials told us that the Evaluation Service is reviewing these selective projects for the lessons that can be learned and applied elsewhere in FAO's programs, to prevent FAO from making the same mistakes twice. They also see the Review as a means of informing member governments about the types of activities FAO is conducting, and therefore they try to show in it the relationships of the Regular Program to the Field Program, to get member reactions on what they like or do not like about FAO activities.

New proposals for extending the work of the Evaluation Service to FAO regular program activities recently were accepted by the Council. The head of the Service told us that he has already reviewed FAO publications for the Director-General, who has a list of about 20 other projects he wants the Service to review.

In conclusion, the Review of Field Programs continues to be the primary source of evaluation information available to the governing bodies, and it only covers the results of FAO's field programs. For the reasons stated earlier, we believe that this document does not provide the governing bodies or a member government with an adequate basis for reaching useful conclusions regarding the effectiveness of FAO field programs, or the efficiency with which they are being administered.

Internal Audit

The Internal Audit unit is in the Office of the Director-General, and is responsible for traditional financial audits of FAO and World Food Program expenditures. At FAO, we discussed the work of this unit with representatives of both the Internal and External Auditor. We learned that its work is not published or otherwise made available to the governing bodies, and that it cannot cover the many countries in which FAO and the World Food Program have programs on any regular cycle.

The Assistant Chief of Internal Audit told us that currently the unit consists of eight auditors plus the head of the unit. He noted that they report directly to the

Director-General, and that their reports are considered confidential internal FAO documents. Therefore, reports are not distributed outside the FAO Secretariat, although the External Auditor apparently receives copies.

The Assistant Chief said that about 90-95 percent of the unit's work consists of auditing payroll, leave, travel vouchers, and equipment purchases; reviewing internal controls; and preparing FAO's accounts for certification by the External Auditor. The remaining work involves inspection functions, such as special inquiries and reviewing suspected irregularities. He noted that auditing payroll and emoluments is perhaps the major portion of their work, since under the new Director-General payroll accounts for about 67 percent of total FAO expenditures and was about 80 percent under the former Director-General.

The unit tries to maintain a close check on field programs and visits several countries a year to make on-the-spot audits. While in-country, the auditors do keep alert for obvious operational problems, such as idle equipment or a building project that is obviously behind schedule, but they do not normally look at the technical aspects of FAO projects because of their highly technical nature, which makes this a very difficult task at best. Countries for onsite audits and areas for headquarters review are selected in close consultation with the External Auditor, so as to maximize total coverage.

In view of the unit's obvious interest in and recognition of the value of field audits, as contrasted with the small number of countries visited, we asked whether Internal Audit is large enough and whether they feel they should be doing more in-country work. Their representative stated that the Chief of Internal Audit has consistently pointed to the need for more staff, especially to do more field audits. He gave us figures showing, for example, that in 1975 his unit spent a total of 13 auditor-weeks in 6 of the 126 countries in which FAO was administering field projects.

For 1976, they are projecting that a total of 17 auditor-weeks will be spent in 7 countries, including two inspection trips, one of them for the World Food Program. He agreed that at this rate the unit could not make a complete audit cycle within any reasonable number of years, and he attributed the current field audit rate to a lack of travel funds. Our review of FAO's 1974-75 budget shows \$6,290 for travel by the unit. The 1976-77 biennium budget includes an estimate of only \$12,000.

Our discussions with the External Auditor's representative in Rome confirmed the close working relationship of that unit with Internal Audit. He stated that his office pays close attention to the work of that unit and that he receives copies of all its reports, which he described as being more like letters or inquiries than formal audit reports. He agreed with our observation that Internal Audit needs to travel more to audit field program expenditures. He suggested that perhaps it needs additional young, lower grade auditors who could better perform detailed audits under the vigorous conditions oftentimes encountered in developing countries.

EXTERNAL EVALUATIONS

External Auditor

FAO's financial regulations provide for the appointment by the FAO Council of an External Auditor, who must be the Auditor-General or equivalent of a member nation. Basically, the External Auditor is responsible for (1) auditing the accounts of FAO, including all trust funds, UNDP funds, and other special accounts administered by FAO, in conformity with generally accepted auditing standards, and (2) preparing a report certifying the correctness of the financial statements prepared by the Secretariat. He is also empowered to make observations in his report on the efficiency of the financial procedures, the accounting system, internal financial controls, and general administration and management of FAO. Since the External Auditor represents FAO's member governments, he reports directly to the Finance Committee, which may request him to conduct specific examinations and report on the results.

The current External Auditor is the United Kingdom's Comptroller and Auditor General. We analyzed his audit reports for 1973-75, and discussed the unit's work with his resident representative in Rome. The audit reports are issued annually in three volumes; volume I covers the regular program, trust funds, and other funds, volume II the UNDP field program, and volume III the World Food Program.

Our analysis of volumes I and II shows that they contain useful comments on evaluation of program operational problems and on the External Auditor's primary financial auditing responsibilities. For example, the report for the 1972-73 biennium commented on inadequacies in FAO's system for charging the costs of its technical divisions to various

programs, including UNDP. Based on initial work by the internal auditors, the External Auditor's examination of education and dependency allowances also disclosed weaknesses in administration and noted, for example, that total losses on the education grants could involve between \$30,000 and \$50,000.

Volume II of the 1974 report discusses followup of a U.N. Joint Inspection Unit finding on managing 128 UNDP-owned vessels being used in fisheries development projects. The report notes that FAO was having problems in deploying these vessels because projects had been finalized with provisions for pool vessel costs, and experience had shown that prediction of vessel usage was greatly influenced by the attitude of governments toward the pooling arrangements. As a result, project expenditures exceeded revenues by \$375,000.

The External Auditor's report for 1974-75, which was to be presented to the Finance Committee and then to the Council for review at the November 1976 session, contains critical comments on such administrative and financial matters as FAO's practice of hiring many new employees at several steps above the minimum for the grade, and the payment of nearly \$10,000 in overtime to drivers of official FAO cars during the first 6 months of 1975.

The report also makes evaluative comments on program operational matters. It noted that material which FAO had provided for developing nations under the International Fertilizer Supply Scheme had been delivered in only 37 of 81 cases. Also, end-use reports had been received from recipient governments in only 4 of these cases. In addition, the report made the following criticisms of three field projects: (1) a poultry project had not used some \$60,000 worth of onsite equipment for almost 2 years, and was being extended for 3 years due to a variety of reasons, including host government delays in fulfilling its obligations, (2) a silkworm project had not used its equipment through much of 1975 because instructions for its installation had not been obtained from the supplier, and (3) a fisheries development project was seriously lacking work boats 2-1/2 years after its initiation and also experienced delays in other deliveries; the Auditor noted that FAO said it would try to reduce equipment delivery delays but that some delays were inevitable.

The External Auditor's resident representative told us that he has a resident staff of about four auditors but that it expands with the work level. While his primary responsibility is to certify FAO's accounts, his staff also selects, in consultation with the Internal Auditor,

one or two countries a year for onsite field audits. In these audits the staff tries to examine all FAO and World Food Programs in the country for adherence to established financial procedures. We noted that the annual reports for 1973-75 emphasize World Food Programs in-country, and were critical of them in each case.

The resident representative also makes informal inquiries on various problems by telephone and letter to the FAO Secretariat throughout the year. If he is satisfied with the answer or the Secretariat takes the necessary corrective action, the matter will not be mentioned in his annual reports. He said he had made about 20 such inquiries during 1975.

The Director-General, under FAO's financial rules is afforded an opportunity to comment on any criticism in these reports. The resident representative said that, with the concurrence of the Director-General, he has for the last several years attended the Finance Committee's sessions when his report is being discussed. He does this to satisfy himself that the Committee gets the fullest explanation of his findings in discussing these matters with the Secretariat. Although the Committee has not requested any special audits in the past few years, he stated that he tracks the action taken on his annual reports by the Committee, the Council, and the Conference. In the past, the United States and Canadian Committee members took a strong interest in getting action taken on his reports. He noted that neither member has been reelected to the Finance Committee and that the submission of his annual report for 1975 for the fall 1976 session will be his first experience with the new Committee.

U.N. Joint Inspection Unit

The Joint Inspection Unit, established by a resolution of the U.N. General Assembly, came into existence on January 1, 1968, and is headquartered in Geneva, Switzerland. The Unit consists of eight inspectors selected by the Secretary General from national supervision or inspection bodies. The inspectors are empowered to make on-the-spot inquiries and investigations, as and when they may themselves decide, in participating U.N. organizations and to investigate those organizations' efficiency and economy in use of resources. They publish their reports under their own signatures. Copies go to the Secretariat and then to the governing bodies and External Auditors of the organizations involved and, as appropriate, to U.N. headquarters. The organization is required to report to the U.N. Economic and Social Council concerning any work of the Joint Inspection Unit bearing on

interagency coordination in the economic and social field, including any measures it is taking in connection with the Unit's report. There is no reporting requirement on matters which concern only internal operations of a U.N. organization.

The Joint Inspection Unit has generally focused on reviewing a particular activity across a number of agencies, to reach broad conclusions and propose solutions applicable to more than one U.N. organization. Thus, a number of its reports have concerned various facets of FAO operations; for example, a June 1976 report to the General Assembly on fellowships in the U.N. system discussed the programs and problems of several organizations, including FAO. In recent years, however, the Inspection Unit has issued only two reports dealing specifically with FAO, one on travel and one on office accommodations at FAO headquarters.

Basically, the travel report of January 1975 criticised FAO headquarters officials for multiple visits to the same countries, multiple attendance at the same meeting, failure to properly prepare trip reports, and the use of first-class rather than economy-class travel. As a result of this report, the Program and Finance Committees and the Council took action to require the Assistant Directors-General to review and control travel more vigorously. The Assistant Director-General for Administration and Finance told us that, because of its practical nature, he found this particular report much more helpful than the broad, theoretical Inspection Unit reports, such as their recent report proposing a unified program and budgeting system for all organizations in the U.N. system.

The May 1976 report on office accommodations at headquarters discussed such factors as overcrowding and the fact that one of the buildings is located several miles from the others. Thus, while both reports discuss useful subjects, neither evaluates FAO program effectiveness.

Officials both in and outside of FAO had several other criticisms of the Joint Inspection Unit. Their most common comment to us was that the subject area and particularly the quality of Inspection Unit reports were almost entirely dependent on the capabilities of the particular inspector and that they varied widely. Several Geneva Group representatives expressed the opinion that a number of the Unit's reports have not been very useful. One official for example suggested establishing an overview board at U.N. Headquarters to review the reports and to lend order to the areas selected for review. Several officials commented that a small unit operating like the Joint Inspection Unit at such a great distance from

the individual U.N. organizations cannot be expected to develop or maintain familiarity with any agency's organization or methods. Another official therefore questioned how much benefit or improvement the Inspection Unit could bring, for example, to FAO over the long run. He also questioned whether an inspector totally unfamiliar with a large, complex organization like FAO can be expected to review and understand a broad area of its operations within 1 or 2 weeks and write an indepth report.

U.S. evaluations

Our 1969 report pointed out that the United States had no systematic procedure for evaluating FAO projects and activities. The principal method, obtaining U.S. Embassy and AID Mission comments, had not proved very useful, and the lack of specifics in the replies from the field did not indicate that U.S. officials in the field knew whether projects were being administered effectively and efficiently. We, therefore, recommended that the Secretary of State arrange for periodic evaluations on a selective basis by overseas Missions until internationally constituted evaluations were developed.

This situation basically has not improved since 1969. Our analysis of the most recent round of reporting by U.S. overseas posts shows that this exercise still is not achieving the kind of results that should be possible. Although several posts did comment on FAO projects, for the most part the comments generally received were not specific enough to permit raising questions with the FAO Secretariat. Officials of State's International Organizations Bureau told us they have not followed up with FAO on any points raised in the reports--known as CERP 0008 series--either in 1975 or 1976 because the reports do not contain enough specific information. The U.S. representative to FAO in Rome also advised us that he had not been asked to discuss any problem projects with FAO in the 1-1/2 years he has been in that post.

AID, State, and Agriculture officials in Washington who represent their agencies on the U.S. Interagency Committee said they perform some evaluation of FAO programs in their day-to-day work on FAO. Thus, the head of Agriculture's Office of International Organization Affairs, who is Vice-Chairman on the Interagency Committee and who also chairs the Program Committee which reviews FAO's programs, informed us that some evaluation is taking place in many forms on a day-to-day basis. For example, he stated that preparing the U.S. position papers for the FAO sessions dealing with budgets and programs of necessity requires some analysis and evaluation.

He also pointed out that a number of Agriculture and other officials have had long experience in FAO matters and some have at times served as FAO employees in their particular areas of expertise. He noted, for example, that as part of their preparation for the Fall 1976 Conference session, he asked officials in Commerce to review the Fisheries portion and other cognizant agencies to review the other parts of the last FAO budget and rate each program in terms of whether it should be increased, decreased, or remain at the same level. He stated that, while technical people tend to favor increases in their particular areas of expertise, the exercise did result in some recommendations for decreasing or even eliminating such programs.

In contrast, as noted in chapter 3, State and AID officials we spoke with indicated that they are not able to perform much substantive analysis or evaluation of FAO's programs or budgets, primarily because of the small size of their staffs and the limited technical expertise available.

From the above, it can be seen that some U.S. evaluation of FAO programs does take place and U.S. position papers do comment on the need to review certain programs. However, it is equally clear that this evaluation tends to be both ad hoc and general in nature and based on the personal experience and knowledge of certain executive agency officials.

The value of this form of evaluation is difficult to assess, and the net result is that today there is no procedure in operation either within the Interagency Committee process or within the individual executive agencies whereby FAO programs are systematically reviewed and analyzed in depth to determine either their efficiency or more importantly, the extent they are achieving desired results.

This situation is due to many factors, but we believe that, to a considerable extent, it is due to inadequacies in the FAO budget process discussed in chapter 4 and, equally, to the lack of detailed FAO reporting on the results of its programs and activities discussed in this chapter. To perhaps a lesser extent, it is also due to the weaknesses and problems in the U.S. Interagency Committee process discussed in chapter 3. Our recommendations for improving these major systems are contained in those chapters.

NEW PROPOSALS FOR PROGRAM EVALUATION

FAO in Rome informed us that the Director-General would be submitting new proposals for program evaluation to the Council for its approval at the November 1976 session. We

discussed these proposals with top FAO officials and with the Director-General, and learned that the two key features would be

- a systematic evaluation, for the first time, of regular program activities, performed on both a continuing and ex post facto basis, to provide feedback primarily on physical progress of activities for use in managing ongoing activities and for future planning; and

- a computerized management information system, to provide necessary information on program progress for FAO managers and thereby provide basic data for evaluation purposes.

From discussions with FAO officials and from analyzing available documents, we learned that there will be two primary types of outputs from this new system: (1) a biennial report to the governing bodies on the regular program along the same lines as the biennial Review of Field Programs, although the Conference could also request reports on specific aspects or subjects, and (2) internal reports to the Director-General on ongoing activities. These later reports will be treated as internal documents and not released to the governing bodies. However, the Assistant Director-General, Administration and Finance, told us that while FAO will also try to evaluate development impact to some extent, using consultants, he is not optimistic that they will get very far into this area for a number of years. He stated that evaluating development impact is difficult at best and that FAO's effort and contribution on any project are generally minor in relation to the host country contribution; therefore, it is difficult to judge whether a project succeeded because of FAO's participation or whether it would have failed without FAO's contribution.

It is perhaps premature to try to assess what the effects of this new system will be; however, we question the value of producing another broad, general report like the Evaluation Service's Review of Field Programs to review regular program activities.

We also discussed this question with the Director-General of FAO in Rome. We asked for his views on how member governments' desires for more information on the results of FAO's programs could be satisfied, while at the same time affording the FAO managers the confidentiality they feel they need to carry on their work and make necessary corrections.

The Director-General told us that, as the head of FAO, he could not allow the detailed internal evaluation reports to be released outside the Secretariat and thus expose his staff to unwarranted criticism oftentimes made for political reasons. However, he referred us to his new proposals for evaluation and noted that the governing bodies will be able to request other special reports if they desire.

Our basic position continues to be that FAO's governing bodies should be given enough information on program progress in detail sufficient to enable them, and the individual member governments, to judge whether FAO activities are achieving targeted results and in an efficient manner. Under the new budget format proposed by the Director-General, even less detail about planned and ongoing activities will be available to member governments. Therefore, much more of the burden will fall on the Program Committee to dig into and request details on what precisely FAO is planning. We believe that FAO's formal system should be more fully developed to provide for regular evaluations, on at least a selected basis, of FAO programs and activities and to report to the governing bodies in greater depth on the results of those specific reviews.

CONCLUSIONS

Although mechanisms for evaluating FAO programs have expanded somewhat since 1969, the overall scope and coverage of evaluations are still inadequate. Moreover, the work of FAO's primary evaluation organizations is not made available to its governing bodies. Only general summary information is published and specific results are not released outside the FAO Secretariat.

The net effect of the above situation is that, today, evaluation of FAO programs and activities is neither systematic nor comprehensive, and in our judgment there is very little information flowing to the governing bodies from these evaluation mechanisms on which to reach an informed judgment as to the effectiveness of FAO programs or the efficiency with which they are administered. In chapter 4 we show and recommend that, to permit such judgments, the budget needs first to be revised to clearly state specific objectives for each activity to provide a basis against which subsequent performance can be measured.

RECOMMENDATION

We recommend that the Secretary of State work with other member governments of FAO to have developed a system of more

comprehensive and continuing evaluation, on at least a selective basis, of all FAO programs and activities. Such a system should provide regular reporting to the governing bodies on the results of specific evaluations in detail sufficient for those bodies, and their member governments, to judge the effectiveness of those particular FAO programs and the efficiency with which they are being administered.

CHAPTER 6

NEW DEVELOPMENTS--

IMPLICATIONS FOR THE UNITED STATES AND UNDP

During our work in Washington, D.C., and as a result of our discussions in Rome with FAO officials, various Geneva Group government representatives, officials of the World Food Council, and others, we identified several issues that have implications for present and future U.S. actions or policy. This chapter

- briefly analyzes FAO's plans to decentralize operations more to the country level and its recent funding of development type activities in its assessed budget;
- recommends that the United States work to reverse this apparent trend away from UNDP's central leadership role; and
- discusses the growth of trust funds, particularly bilateral trust funds, within FAO, and notes that, to a lesser extent, these trust funds may also tend to reduce the UNDP leadership role.

Chapter 7 discusses the emerging role of the World Food Council, and points out that the United States should actively contribute to shaping its future.

DECENTRALIZATION OF FAO

The new Director-General of FAO, in recognition of the need to increase agricultural production in the poorest countries of the world, plans to place increased emphasis on FAO's developmental programs. He plans to decentralize some headquarters functions and decisionmaking to the country level and to improve the stature and prominence of the FAO country representatives.

Generally, the officials with whom we discussed this subject had mixed feelings. U.S. officials viewed decentralization as a welcome change that should make FAO a more action-oriented agency, thus helping developing nations more in their efforts to feed their people. However, there are questions as to how FAO is going to carry this out, and some officials, including most Geneva Group representatives in Rome, have reservations as to whether this could ultimately erode the concept of the UNDP resident representative and UNDP as the hub and central authority for all U.N. development

programs. There is also some concern that FAO plans to go its own way and, in effect, attempt to pull out from under the authority of UNDP at the country level and deal with the host governments itself, rather than through UNDP. Other common concerns are that FAO is beginning to ignore important headquarters responsibilities, such as commodities meetings and publication of important statistical data.

On the other hand, we were told that developing nations generally favor decentralization because it will bring FAO closer to their problems.

FAO officials do not view decentralization as a threat to UNDP leadership, and they expect UNDP to continue to be a major source of field program funding for FAO. They recognize that FAO must continue to work closely with the UNDP country representatives on UNDP-funded projects, but noted that other sources of FAO field program money are growing. Trust funds are growing at a rate of about 25 percent annually, and FAO now has its own field program money, \$18.5 million for the current biennium, under the new Technical Cooperation Program. The Director-General of FAO told us that, if successful, this program could grow, and emphasized that as Director-General he needs to have resident representatives who will take their directions from him and report directly to FAO in Rome on the administration of these other non-UNDP sources of funds.

In terms of the cost implications, FAO officials could not estimate what it would cost FAO to maintain its own offices in developing nations but stated that various alternatives are being explored, including having the host country provide office space and other requirements.

At this time, it is too early to predict just what effects decentralization will bring. The United States follows and supports the concept of funding development activities through voluntary contributions and using UNDP as the primary mechanism for managing and implementing development activities. Under this concept, assessed contributions to budgets of organizations in the U.N. system support the regular programs of these organizations, including "housekeeping" costs and other activities that benefit all member nations. Other Geneva Group governments follow this same policy of separation of assessed budgets from voluntary contributions. There could be cost implications for FAO's regular budget, and the United States, as a 25-percent contributor, would be affected. Although FAO budgetary concerns are obviously important, there are also potentially larger implications for UNDP, and both will have to be monitored.

NEW TECHNICAL COOPERATION PROGRAM

In July 1976, the governing bodies approved the Director-General's proposals for a new Technical Cooperation Program, funded from FAO's regular budget, to carry out field-program-type activities in developing countries. The Program, as he described it, will be used to fill small gaps in UNDP-funded or trust fund programs, as seed money, and as emergency funds. The record of the FAO Council session shows that several Geneva Group governments strongly opposed the Program. The Geneva Group representatives we discussed this with told us that their governments had serious reservations about funding field-program-type activities from the Regular Budget, on the principle of separating assessed budgets from voluntary contributions. They noted that their governments are concerned that this Program will grow, and if that growth were substantial, it would increase the assessments of the Geneva Group countries who contribute by far the bulk of FAO's regular budget.

The United States ultimately decided to support the Technical Cooperation Program, but in the Council sessions the U.S. delegation formerly stated that we were agreeing to it only on an experimental basis. The United States also suggested some criteria for controls and conditions that should be placed on the use of these funds. The Director-General's subsequent address to the Council indicates that he was in accord with most of these suggestions.

To keep track of the Secretariat's plans for the Program, the U.S. representative to FAO planned to ask the Director-General during the November Council session for an overall budget figure excluding the Program, and a separate figure for the Program. However, we were told that the Council subsequently decided not to ask for a figure at that time. We were further told that the Council and its Program and Finance Committees will also be tracking the progress of this new Program precisely because of the above concerns.

Notwithstanding all the above actions, the Technical Cooperation Program is now an approved part of FAO's regular budget. If it should grow substantially, the regular budget will grow, and the implications for growth in the U.S. assessment are obvious.

GROWTH OF BILATERAL TRUST FUNDS

As has been pointed out, projects financed under trust fund agreements established primarily by bilateral donors

with FAO for execution have been growing at a rate of 25 percent annually. Over the last few years, they have become the subject of more interest and discussion in FAO governing body sessions. At least two issues are involved here--administrative charges and the irregular growth of the funds themselves, and the potential effect on FAO's other programs.

The question of administrative charges is currently a subject of some controversy. FAO's Assistant Director-General for Administration and Finance told us that FAO charges the donor a varying rate up to 14 percent for administering a trust fund project, depending on such factors as the type of project and its size and complexity. Overall, however, FAO officials estimate that it costs FAO as much as 20 percent to administer these projects, and that the regular budget is therefore absorbing \$1.4 to \$3 million in administrative costs a year to administer what are essentially bilateral programs. We were told that this estimate is stated as a range because of the difficulties associated with identifying precise charges to be allocated to regular budget support of trust fund activities. This situation, of course, has a parallel in that FAO officials similarly estimate that the regular budget is absorbing some costs on UNDP-funded field projects.

The Assistant Director-General informed us that very small trust funds in particular have proven costly to administer. In this regard, the Council directed the Secretariat to be more selective in accepting future trust funds, particularly small ones. We noted that the United States has gone on record as favoring this.

On the other hand, the Assistant Director-General noted that some member governments favor reducing or even entirely eliminating the administration charge. They favor this on the grounds that such funds really benefit FAO programs and enable it to spread its administrative costs over a larger base. He rejects this argument, however, and noted that FAO has for years been absorbing some administrative costs for UNDP-funded projects and that this has been a matter of continuing negotiation between the two organizations. He feels, therefore, that trust fund projects should at least be charged at similar rates and not get a free ride at the expense of other governments' assessments.

The second issue, and probably of greater significance, concerns what is commonly referred to as the "irregular growth" of trust funds. Several Geneva Group representatives expressed the view to us that the growing multitude and variety of special projects financed by such funds and the varying administrative requirements they impose tend to distort

FAO's other programs and, over the long run, could potentially detract from FAO's primary objectives. The United States has favored a more selective use of trust funds in FAO, but these funds have been growing at a strong rate, and the pressure of the member governments themselves is causing them to grow.

In briefing us on this subject, FAO officials pointed out that, because of the multiyear nature of many of the projects, actual annual disbursements provide a more accurate indicator of growth and that, in the past few years, disbursements have been increasing about 25 percent annually. Total 1975 disbursements for regular or recurring trust fund projects were about \$36.5 million, broken down as follows:

(000 omitted)

| | |
|---------------------------------|--------------------|
| Developed country donors | \$12.27 |
| Near East donors | 3.00 |
| Other developing country donors | 1.10 |
| Associate Experts Program | 10.86 |
| U.N. bodies | 2.98 |
| Other donors | 2.43 |
| Freedom from Hunger Campaign | <u>3.83</u> |
| Total | <u>\$36.47</u> |

In addition, primarily during 1974 and 1975, FAO administered two large special funds--one for emergency operations and one for the FAO International Fertilizer Scheme, which provided fertilizer for developing nations during the recent worldwide price squeeze. Together, they accounted for another \$68.4 million in 1975. However, FAO officials told us that the relief operations have been completed, at least for the present, and the Fertilizer Scheme, which comprised most of the \$68 million, has essentially been completed and is being phased out.

In discussing trends with the FAO officials, we learned that the developed country trust fund projects are not only the largest, \$12.3 million, but are also the fastest growing. Also, the oil producing donors are beginning to use this technique, but almost all their funds have been in "unilateral" projects--that is, the oil-producing Arab countries have set up these funds with FAO to execute projects in their own respective countries.

The only other major spending category is FAO's Associate Experts Program. Essentially, this program is designed to

provide training and practical experience for young professionals and place them either in a national development institution in their country or in a multilateral institution like FAO. The FAO officials told us that to date they have been able to place about six of eight U.S. Agency for International Development officials in this program. However, since these were mostly ex-Vietnam personnel, they do not really fit the "young-graduate" type of individual for which this program is primarily targeted.

We asked FAO officials whether trust fund projects could disrupt FAO's future programming and perhaps distort the concept of centralized UNDP programming. The head of FAO's Government Cooperative Programs briefly described their programming system and noted that basically most trust fund projects arise because a donor wants to spend its money through FAO to aid a particular country or a particular type of project. FAO and the UNDP resident representative review proposed projects for compatibility with the host country's development plan and UNDP's planned dollar aid allocation. If there are any problems, they talk it over with the donor, and most are willing to change the project if necessary. The projects are managed by the same FAO operational division (e.g., fisheries) that administers FAO's other field programs.

FAO officials do not feel there have been many disruptions in FAO's programming, but acknowledge that trust fund projects are affecting the UNDP field programs, and they stated that a few donors have on occasion been stubborn about large projects and their tie-in to the country programs. Our own discussion with one Geneva Group representative tends to substantiate this view--namely, that some donor governments will insist on designating the sector and particularly the developing country in which their projects will be carried out. The representative noted for example that his government has established trust funds for 10 developing countries as part of its bilateral aid program. Further, he noted that his government makes the final decision as to how much money it will contribute and how it will be used.

We therefore asked FAO officials about large trust fund projects, and they cited two examples--one, the largest trust fund FAO is executing, is for 5 projects to an African nation which exceed the total UNDP program for that country. A national donor is preparing a \$55 million program for another African nation and wants FAO to administer several projects amounting to about one third of that total. The head of FAO's Government Cooperative Programs told us that the UNDP/FAO program for that country was only about \$6 million last year, and all the projects planned for execution by

FAO are not ones and were not included in the UNDP country program.

FAO is a multilateral organization. As such, it is founded on the concept of pooling member governments' resources to achieve common objectives under the common administration of a Secretariat guided by the governing bodies. Therefore, the concept of trust funds is not precluded under this concept; however, we believe that in a multilateral organization like FAO, prior to establishing trust funds--particularly large ones essentially designed to achieve a member government's bilateral projects--the governing bodies should question whether those projects are compatible with the objectives and programs of the organization. At this point, it is too early to predict the future of trust funds in FAO. However, the current trend is upward, and the comments of officials, as well as the two examples of large trust fund projects cited above, indicate widely varying views on this subject.

A number of questions and potential problems with trust funds must be resolved at some point by the Secretariat and the governing bodies. It should be recognized that perhaps there is no one answer to these questions. Indeed, FAO's Deputy Director-General perhaps summed it up when he stated that, aside from any consideration of administrative costs, the best way to handle trust funds from a programming standpoint would be for the donor governments to give the money to FAO to program to developing countries, sectors, and projects that merit highest priority. However, he added that politics and relations among countries are involved here, and he sees no sign that donors would be willing to do this.

CONCLUSIONS

We are concerned over the emergence of a new development-oriented program--the Technical Cooperation Program--within the FAO assessed budget, as well as FAO's plans to decentralize and place more of its own representatives at the country level. These two developments have obvious implications for an increasing assessed FAO budget, and with it an increase in the assessed contribution for the United States. Perhaps the more significant factor, however, is the potential effect decentralization and the technical cooperation program could have on UNDP's leadership role and on the concept of centralized U.N. development programming and funding under UNDP.

As outlined in this chapter, strong growth of bilateral trust funds in FAO may also contribute to a lessening of UNDP's role. As a general rule, GAO believes that trust fund projects should also be consistent with FAO's objectives and with the country programs established by UNDP, and that this area warrants continuing U.S. attention.

While the full effects of these developments have not yet been determined, the United States and the other developed nations have traditionally supported centralized development funding, programming, and leadership by UNDP. We support this position, and believe that to preclude any splintering of UNDP, the United States will have to take a strong position in support of UNDP in both the FAO and UNDP governing bodies, generate the necessary support of other governments, and work to actively support that position. As the first step, the United States should also express its concern over the inclusion of the Technical Cooperation Program in FAO's regular budget.

RECOMMENDATIONS

We recommend that the Secretary of State:

- Restate U.S. concern over FAO's funding of the Technical Cooperation Program in the regular budget; and
- Reassert the U.S. position that development and technical assistance programs should be financed by voluntary contributions and centrally programmed through the UNDP.

CHAPTER 7

WORLD FOOD COUNCIL--

AN EMERGING ORGANIZATION

On December 17, 1974, the U.N. General Assembly, on the recommendation of the World Food Conference, established the World Food Council to:

"serve as a co-ordinating mechanism to provide overall, integrated and continuing attention for the successful co-ordinating and followup of policies concerning food production, nutrition, food security, food trade and food aid, as well as other related matters, by all agencies of the United Nations system."

The World Food Council, also headquartered in Rome, is not a part of FAO. Rather, it is an organ of the United Nations and is designed to function at the ministerial or plenipotentiary level reporting to the U.N. General Assembly through the Economic and Social Council.

The Council is made up of representatives of 36 nations, approximately 22 of them least-developed nations. It has an operating budget for the 1976-77 biennium of \$700,000 and a staff of about 16.

In our discussion with the Council's Executive Director, he noted the Council's major accomplishments to date have been the drafting of articles of agreement for the establishment of the International Fund for Agricultural Development (IFAD) which, as of late December 1976, had received pledges of \$1.01 billion, slightly over its \$1 billion goal. (See p. 25.) It has also identified 43 Food Priority Countries which merit top attention for agricultural and food aid because of the seriousness of their food problems, economic and other resource limitations, and potential for increasing food production. At its two meetings thus far, the Council has discussed such important matters as food aid targets and policies and the international system of food security, including emergency food reserves.

During the Council's next meeting in May 1977, the program of work calls for coordinating and following up on policies concerning food production, nutrition, security, trade, and aid. The main focus of work, however, is on the interrelated objectives of increasing food production and

improving nutritional levels, particularly among the poorest sections of the population.

The role of the World Food Council is still evolving and has not clearly been defined. For example, in early October 1976, the Executive Director told us that the Council had just solicited the views of member governments to ascertain the activities it should be pursuing; however, he said that the seven or eight responses received to date indicate no clear pattern of views among governments.

There are varying views as to what the extent or limitations of the Council's role should be--for example, whether it should just identify high-level issues relating to food problems or go beyond that and attempt to prepare or implement action plans to remedy such problems. One view expressed to us was that the World Food Council should be placed on a similar level with the U.N. Security Council, with decisionmaking authority, because of the relative importance of food or the lack thereof in the world today.

We believe that, as one of the major participants in and donors to international organizations, the United States should be prepared to actively help shape the future of the World Food Council.

CHAPTER 8

SCOPE OF REVIEW

Our review work at the executive branch agencies was performed primarily at the Departments of State and Agriculture and the Agency for International Development, in August and early September 1976. We reviewed and analyzed U.S. position papers and published FAO reports and documents and discussed U.S. objectives and the management of our FAO interests with key officials who represent their agencies on the U.S. FAO Interagency Committee.

The field phase of our review was conducted in Rome, Italy, from September 6 to October 8, 1976. We discussed the role of the U.S. Representative with him and his staff, including the role and activities of the Geneva Group (Rome).

We discussed FAO operations and management systems, and plans for improving them, with key FAO officials, including the Director-General; the Deputy Director-General; the Assistant Director-General, Administration and Finance (who also holds the position of Director, Office of Program and Budget); the head of FAO's Evaluation Service; officials responsible for administering trust funds and United Nations Development Program-funded field programs, respectively; and representatives of FAO's Internal Audit organization and the External Auditor of FAO.

The U.S. Representative accompanied us on all interviews in Rome. With the exception of the External Auditor, all discussions with FAO officials were personally conducted by FAO's Assistant Director-General, Administration and Finance.

While in Rome, we met with representatives of other governments and organizations to discuss FAO and other emerging organizations and issues in the food area. We discussed a wide variety of FAO and other issues with representatives of four major Geneva Group donor governments, including one neutral-leaning government, and also with the chairman of the developing nations participating in FAO. Our objective was to get the reaction of those governments on the specific issues and to gain a broad perspective on how developed and developing governments view their participation in FAO, together with their suggestions for improving it. In our judgment, their insight, perspective, and suggestions have made a valuable contribution to this report.

We discussed prospects for the proposed new \$1 billion International Fund for Agricultural Development with FAO officials and representatives of these governments. We also discussed the operations and future direction of the World Food Council with its current Executive Director, key members of his staff, FAO officials, and the above-mentioned government representatives.

To meet the Chairman's request for report issuance in time to assist the Committee in its current review of U.S. participation in international organizations, we did not obtain formal agency comments on our report and its recommendations. We did afford key officials of the three primary agencies--State, Agriculture, and AID--an opportunity to review and informally comment on the draft report. The agencies generally agree with the report's recommendations, but they expressed concern that they would require additional resources to fully implement our recommendations in the areas affected. They stated that within tightly controlled staffing ceilings and budget limitations, they must assess the comparative ability of increasing resources in these areas as opposed to other programs.

The report has been modified wherever appropriate to reflect the agencies' more detailed comments.

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 CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON
 GOVERNMENT OPERATIONS
 WASHINGTON, D.C. 20510

July 30, 1976

The Honorable Elmer B. Staats
 Comptroller General of the United States
 U. S. General Accounting Office
 441 G Street, N. W.
 Washington, D. C. 20548

Dear Elmer:

As you know, the Committee on Government Operations is currently reviewing United States involvement in international organizations.

We are familiar with the reports the General Accounting Office has issued, the testimony you have given before various Congressional committees, and your continuing concern with improving the management of U. S. participation in international organizations.

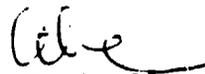
To assist the Committee I would request that GAO update its previous work by the middle of next February, including an update of your prior reports on the World Health Organization, the International Labor Organization, and the Food and Agriculture Organization. I hope you would be prepared to testify before the Committee, possibly in the early part of the next session, on your conclusions.

I would also like to have by next February a report on your current review of employment of Americans by international organizations and a report on the World Food Program and our participation in it. I would also be interested in any review you can do of the United Nations Educational, Scientific and Cultural Organization.

I hope that you can also consider in your work the overall management and budgetary systems of the U.N., and especially the status of your efforts to encourage the establishment of independent review and evaluation systems in international organizations.

I look forward with interest to learning your thinking in this important area.

Sincerely yours,



Abe Ribicoff

PRINCIPAL U.S. OFFICIALS
CURRENTLY RESPONSIBLE FOR MANAGING
U.S. PARTICIPATION IN FAO
(MARCH 1977)

DEPARTMENT OF STATE:

| | |
|--|---------------------------------|
| Secretary of State | Cyrus R. Vance |
| Assistant Secretary of State for International Organization Af- fairs | C. William Maynes (designee) |
| Director, Agency Directorate for Agriculture, Bureau of Interna- tional Organization Affairs | Paul J. Byrnes |
| Office of FAO Affairs, American Embassy, Rome, Italy, Counsellor for FAO Affairs | Christopher A. Norred, Jr. |

DEPARTMENT OF AGRICULTURE:

| | |
|---|-------------------|
| Secretary of Agriculture | Robert Beagland |
| Assistant Secretary of Agriculture for International Affairs and Commodity Programs, and Chairman, U.S. FAO Interagency Committee | Dale E. Hathaway |
| Director, International Organiza- tion Affairs, Foreign Agricultural Service, and Vice-Chairman, U.S. FAO Interagency Committee | Ralph W. Phillips |

AGENCY FOR INTERNATIONAL DEVELOPMENT:

| | |
|---|------------------|
| Administrator | John J. Gilligan |
| Assistant Administrator, Bureau for Program and Policy Coordina- tion | Philip Birnbaum |
| Chief, U.N. Relations Division, Office of International Assis- tance Coordination | Pierre Siles |