



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-283157

July 7, 1999

The Honorable Jesse Helms
Chairman, Committee on Foreign Relations
United States Senate

Subject: United Nations Reform Initiatives: Answers to Hearings Questions

Dear Mr. Chairman:

This letter responds to your Committee's request for additional information related to the June 22, 1999, hearing on the nomination of Richard C. Holbrooke to be Ambassador to the United Nations, which covered, among other topics, the status of reform initiatives underway at the United Nations. We are also providing a copy of this letter to Senator Grams and Senator Biden, Ranking Minority Member. We will make copies available to others on request.

Our responses are based on prior and ongoing work at the United Nations focusing on management issues, as well as additional information on U.N. reform initiatives obtained from the United Nations and the State Department during the course of preparation for testimony before your Committee.

If you have any further questions or would like to discuss any of these issues in more detail, please call Tetsuo Miyabara or me at (202) 512-4128.

Sincerely yours,

Harold Johnson, Associate Director
International Relations and Trade Issues

Enclosure

167439

GAO RESPONSES TO QUESTIONS FROM THE SENATE FOREIGN RELATIONS COMMITTEE

The following text provides our response for the record to questions submitted by Senator Rod Grams to follow up on GAO testimony at the June 22, 1999 hearing on the confirmation of Richard C. Holbrooke as the Permanent Representative of the United States to the United Nations.

Organizational Restructuring

Question 1. A fundamental problem confronting the U.N. has been a lack of coordination and cooperation among the various organizations within the U.N. system, resulting in duplication of efforts and inefficient programs. The primary goal of the Secretary General's reform plan was to define the core missions of the United Nations and to restructure the organization accordingly. I am concerned that the U.N. appears to be committing to emphasize new priorities like drug interdiction, disarmament, and terrorism –without curtailing its efforts in other areas.

- Has the Secretary General proposed to eliminate a single function of the U.N. in order to devote more resources to the core missions which he outlined?

Answer: The Secretary General has not proposed to eliminate any functions of the United Nations. Based on our preliminary analysis, all major budget programs that existed in 1996 were continued as a line item in the 1998-99 biennium budget. However, the Secretary General has restructured some departments and offices, and this has led to reductions in staff and budget in these areas. For example, three Departments—Policy Coordination and Sustainable Development, Economic and Social Information, and Development Support and Management Services—were consolidated into the Department for Economic and Social Affairs, resulting in 48 posts being eliminated and the budget for the consolidated office being reduced by \$9.1 million. The 48 posts were abolished and were not reclassified or moved to another unit.

Question 2. Two years ago, the Secretary General created four new executive committees to coordinate the implementation of U.N. programs and activities.

- Has the U.N. permitted the GAO to have full access to the new executive committees in order to evaluate its effectiveness?

Answer: We do not yet know whether the executive committees will provide us with the access needed to complete our evaluation. Thus far, the United Nations has given us adequate access, including access to the Deputy Secretary General and the Under Secretaries General who head the departments.

- Are there specific examples that you can cite of how this new structure is working to better coordinate and reduce duplication of effort?

Answer: There are several examples of how the new structure has worked to improve coordination and reduce duplication. The Executive Committee on Peace and Security recently developed a unified plan for the September 1999 referendum in East Timor, coordinating the work of the Office of Human Rights and the Departments of Peacekeeping Operations, Political Affairs, and Management. U.N. officials viewed it as a breakthrough for these departments to work together as a cohesive team. Another example is where the Executive Committee on Economic and Social Affairs commissioned a study of its six major publications, such as World Population Monitoring and The State of the World Population. The review found considerable overlap and redundancy among the publications, although the committee has not yet moved to terminate publications or take other steps to reduce the overlap. Other examples indicate that the Secretariat is making progress in coordinating some work in the field, where the true test of the new management structure will occur, but also faces challenges. We will provide a more systematic analysis of the work of the executive committees in our report to be issued later this year.

Question 3. In response to Senator Kassebaum's efforts in 1985, the U.N. agreed to reduce the number of under secretaries general by 25%. It now appears that we are getting back to the number of under secretaries general we had before this reform. Secretary General Annan has created a number of new under secretaries general, including one for the Millenium, one for the C.I.S, and one for the E.U.

- Are you confident that all the under secretaries general are counted in the budget proposals?

Answer: The authorized number of under secretaries general has increased from 21 in the 1994-95 biennium to 26 in 1998-99. This count includes all under secretaries general authorized in the U.N. regular budget and the extra-budgetary accounts. We could not identify any other under secretaries general.

- Do you see a management need for these new Under-Secretary-Generals?

Answer: We have not completed our assessment of the organizational changes and the reforms in managing human resources, consequently we do not yet have an informed view on this matter. We will provide further information on this question in our report to be completed later this year.

Reducing Overhead

Question 4. Two years ago, the Secretary General stated his intention to reduce by one-third the proportion of resources from the regular budget which are devoted to administration and other non-program activities.

- In this regard, does the U.N. have a cost accounting system so that overhead costs can be properly allocated to program activities?

Answer: The United Nations does have a cost accounting system that can allocate overhead costs to program activities. After costs are incurred, they are billed to an allotment account and the cost is classified under an object of expenditure in accordance with the U.N. financial rules and regulations. For example, overhead costs for servicing the General Assembly, such as translation services, office supplies, hospitality, temporary assistance, printing, and editorial services are classified under objects of expenditure such as general operating expenses and supplies and material. These expenses are then charged to the program for General Assembly Affairs. Organizational overhead, such as the costs for preparing budgets, ensuring financial control, contracting for goods and services, arranging transportation, and recruiting and hiring employees are charged to the administrative offices that deal with these issues. In its most recent report, the Board of Audit, stated that the income and expenditures they examined on a test basis were properly classified and recorded.

- Has there been any measurable success in reducing overhead at all?

Answer: The Secretariat has reported measurable savings of at least \$13 million in its efforts to reduce overhead costs. Some examples of savings that the Secretariat reports are \$1.5 million saved by eliminating unnecessary documents for conferences and over \$3 million saved by outsourcing services such as security, maintenance, and food service. The Secretariat has also reported that it saved travel costs of \$5 million by negotiating better rates and leasing planes to transport police monitors and other staff rather than purchasing them individual tickets.

Development Dividend

Question 5. One of the Secretary General's reforms was to have any administrative savings transferred into development projects instead of back to countries with advanced economies in the form of lower assessments.

- Does this violate the longstanding U.S. government policy that U.N. regular budget contributions must not be used to pay for technical assistance programs in developing countries?

Answer: The development account will use savings from the regular budget to fund technical assistance projects in developing countries. However, regular budget funds are already being used to fund technical assistance. According to State Department officials, the United States discourages the use of the regular budget to fund technical assistance programs in developing countries, but does not have a formal policy against this practice. We are currently examining whether 22 USC Sec. 1896 (a) restricts the use of U.N. funds for technical assistance projects and will provide this information in our report to be issued later this year.

- Could this provide an incentive to over-budget on a permanent basis since the Secretariat would retain all unspent funds at the end of the budget cycle?

Answer: Yes. For example, in developing the proposed 2000-01 biennium budget, the Secretary General proposed that the development account receive \$13 million to be funded by anticipated savings in overhead costs. The Secretary General further estimated that the Secretariat would save an additional \$20 million by undertaking greater administrative efficiencies, and he proposed that these savings be used to lower the budget level. However, in deciding on a preliminary budget level, the General Assembly included the \$13 million for the development account and also added back into the budget the anticipated savings of \$20 million that the Secretariat's estimates showed was not needed. The proposed budget for the 2000-01 biennium is currently \$125 million higher than the previous biennium. The State Department also concluded that the preliminary budget was much more than necessary to carry out all mandated programs efficiently and effectively and that any budget containing \$2.5 billion would easily contain substantially more than \$20 million in savings opportunities.

Oversight and Monitoring Effectiveness of Programs

Question 6. Does the U.N. have an established set of guidelines for evaluating program effectiveness?

Answer: The United Nations does not have an established set of guidelines for evaluating program effectiveness. The existing guidelines on evaluating effectiveness consists of the following two sentences: "The assessment should examine both the efficiency with which the activity is conducted and the effectiveness of the results. Findings should be based on evidence, including records of opinions of independent experts and the views of clients and users."

- If the evaluation process does not focus on program effectiveness, and only looks at the number of reports and conferences, what value do you see in it?

Answer: The current system for monitoring program performance reports only program outputs and is of limited value in providing information about whether programs are accomplishing their intended objectives. Member states have also identified this weakness in the current monitoring and evaluation system and some have come to the conclusion that the current system no longer meets the needs of the United Nations.

Sunset Provisions for Program Mandates

Question 7. The Secretary General's reform initiatives have included calls for new program mandates to include specific time limits or sunset provisions.

- Has the Secretary General been successful in his attempts to ensure that sunset provisions are included in all new program mandates?

Answer: No. The proposal to include sunset provisions on all new programs was tabled during the session of the Committee on Programs and Coordination. There are no further proposals to implement this measure.

- What is the source of resistance to sunset provisions?

Answer: Many developing countries are opposed to this measure. U.S. officials and U.S. and U.N. documents indicate that the Group of 77, representing many of these countries, is reluctant to support this measure because they perceive it could threaten the continuation of programs they consider important.

Personnel

Question 8. While the number of authorized posts has decreased since the Secretary General announced his intention to eliminate 1,000 posts, the number of people working for the U.N. appears to have increased. Two years ago, the State Department certified that there were 8,500 regular budget posts filled.

- In your opinion, why couldn't the Secretary General succeed in eliminating 1,000 posts given that over 1,000 were vacant at the time he made the proposal?

Answer: The Secretary General has currently abolished 954 posts, but has not been able to eliminate the 1,000 posts because the posts targeted for abolition were not vacant and member states have passed several resolutions indicating that no staff were to lose their jobs as a result of the downsizing.

- Does the Secretary General propose increasing or decreasing the number of U.N. posts in his most recent budget proposal?

Answer: For the regular budget for the 2000-01 biennium, the Secretary General proposes an increase of 61 posts, from 8,741 to 8,802. The 8,741 posts are the number authorized for the end of the 1998-99 biennium.

- Do you know how many U.N. regular budget posts are actually filled at this time?

Answer: No. The United Nations provides information on an annual basis about the level of its on-board staff paid through the regular budget. As of the end of 1998, the U.N. Secretariat had an on-board staff of 7,738 posts (a 12 percent vacancy rate). U.N. officials informed us that the vacancy rate in 1999 is running higher than anticipated.

(711437)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
