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IDENTIFYING MARGINAL ACTIVITIES COULD HELP CONTROL GROWING U.N.--ETC(11)
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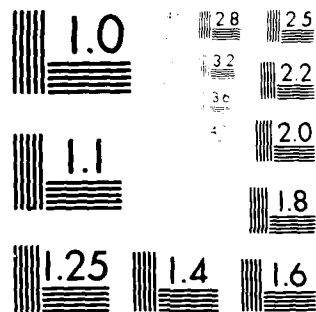
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Report To The Secretary Of State

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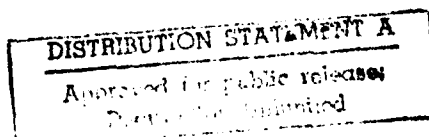
Identifying Marginal Activities Could Help Control Growing U.N. Costs

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To control growing costs in the United Nations, U.N. member countries want to shift resources from completed, obsolete, marginally useful, and ineffective activities to new activities. These countries have repeatedly called upon the Secretary General to identify these marginal activities so that they can be terminated. Despite 5 years of effort, an inconsequential number of activities have been identified. A negligible effect on the U.N. budget has resulted.

The Secretary of State should intensify efforts to gain compliance by the Secretary General in identifying these activities.
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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

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The Honorable Alexander M. Haig, Jr.
The Secretary of State

Dear Mr. Secretary:

This report outlines the results of the Secretary General's efforts to reduce U.N. costs by identifying marginal and ineffective activities. It contains recommendations to you on pages 16 and 22.

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 the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 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.

We are sending copies of this report to the Director, Office of Management and Budget and to selected congressional committees.

Sincerely yours,

Frank C. Conahan
Director

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GENERAL ACCOUNTING OFFICE IDENTIFYING MARGINAL ACTIVITIES
REPORT TO THE SECRETARY OF STATE COULD HELP CONTROL GROWING U.N.
COSTS

D I G E S T

Because its budget is ever increasing and because member countries are reluctant to contribute more money, the United Nations (U.N.) must make certain that only its most effective activities are funded. During the 1974-75 budget period, the U.N. budget was \$600 million, of which the U.S. share was \$145 million. It soared to \$1.3 billion for the 1980-81 period; the U.S. share had increased to \$317 million. (See p. 1.) Because the Congress is concerned over the growing U.N. budget and the corresponding U.S. contribution, GAO sought to determine what the Secretary General has done to identify and terminate marginal activities.

Member countries believe that the real growth of the U.N. budget can be lowered by shifting resources from obsolete, marginal, and ineffective activities to new activities. For more than 5 years, member countries have been requesting the Secretary General to identify marginal activities so they can terminate them. Every year, he identifies more marginal activities; however, he still has not identified enough to have much effect on the budget.

WHY U.N. EFFORTS HAVE NOT REDUCED BUDGET GROWTH

The Secretary General has asked program managers to determine if any of their activities are of marginal value. Since 1980, he has provided criteria to aid in their determinations. For example, program managers can consider an activity marginal if its mandate is 5 years old or older; if it has been programed, but not yet started; or if it is found to be ineffective by an indepth evaluation. (See p. 9.)

Responses from the program managers are supplemented by a review by a high-level panel appointed by the Secretary General. The results are then reported to member countries. GAO believes that not many activities have been

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identified as marginal because program managers are unable to objectively evaluate their own activities.

The Secretary General has been developing a new programing, planning, and budgeting system since 1978 to improve U.N. operations and assist in the identification process. The system has been only partially implemented; it is unclear when all its components will be in place. The system has not yet proven useful in identifying marginal activities. (See p. 12.)

In a recent study, the U.N. Joint Inspection Unit also concluded that a main reason for the unsatisfactory response is the reliance on program managers to identify marginal activities. Unit inspectors believe that to make the identification process meaningful, more decisive efforts are needed. For example, it suggests establishing a monitoring unit in the Secretariat that would have the authority to terminate activities, up to a specified limit. The Unit also suggests establishing groups outside the Secretariat to analyze U.N. operations. (See p. 14.)

GAO agrees there maybe a need to adopt alternative identification approaches and believes that the Unit's suggestions provide a basis for pursuing such approaches. GAO is concerned, however, that some of the Unit suggestions may result in additional costs. GAO believes that existing U.N. programing, financial, audit, and evaluation groups can satisfy these needs--without additional costs. (See p. 16.)

U.S. EFFORTS TO ASSURE COMPLIANCE

The State Department advocates the concept of controlling budget growth by eliminating marginal activities. State has obtained broad support for this concept by discussing it with other major contributors and coordinating their efforts. The State Department presents its views--which have at times criticized previous accomplishments of the Secretary General--at various U.N. forums. (See pp. 18 to 20.)

State also informally identifies activities which it believes might be classified as marginal through financial and programmatic reviews of the proposed U.N. budget.

RECOMMENDATIONS

GAO recommends that the Secretary of State instruct the U.S. Mission and U.S. delegates to the United Nations to call for the Secretary General and appropriate intergovernmental bodies to evaluate the Joint Inspection Unit's recommendations on identifying marginal activities. The U.S. delegation should also be instructed to suggest that existing U.N. bodies be used to identify marginal activities to preclude additional costs. (See pp. 15 and 16.)

GAO also recommends that the Secretary of State:

- Continue to review in detail the proposed U.N. budget and the Secretary General's reports on marginal activities. In addition, the information developed by program managers as a result of these exercises should be provided to U.S. representatives on various U.N. committees.
- Consult with other major contributors in the Western European and Other Group on the importance of identifying such activities so that a common strategy for reducing budget growth can be developed.
- Continue to stress the importance for the Secretary General to comply with repeated resolutions requesting him to identify marginal activities.
- Annually advise the appropriate congressional committees on the status of U.N. identification efforts and the effect on U.S. contributions. (See pp. 21 to 22.)

AGENCY COMMENTS AND OUR EVALUATION

The State Department agreed with the general thrust of GAO's report that progress has been slow toward identifying marginal activities. The Department is optimistic, however, that future efforts will result in identification of a larger number of marginal activities. State outlined steps being taken which should enhance (1) the quality of information the Department shares with its representatives at the U.S. Mission, and (2) the Department's attention to

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all aspects of U.N. budgetary and management issues. (See app. I.)

GAO believes these are positive steps which should support and encourage the identification of marginal U.N. activities. GAO also believes, however, that its other recommendations not directly addressed by the State comments are valid and should be considered by the Department in dealing with this issue. (See pp. 16-17 and 22-23.)

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ABBREVIATIONS

GAO	General Accounting Office
JIU	Joint Inspection Unit
U.N.	United Nations

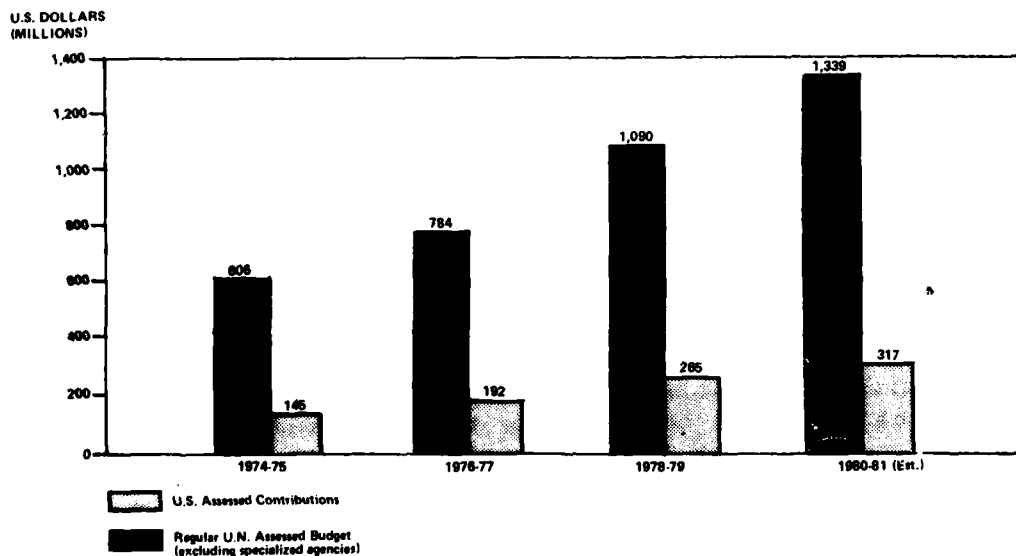
CHAPTER 1

INTRODUCTION

When the United Nations (U.N.) was established in 1945, there were 51 member countries. At that time, primary U.N. goals were peace and security. During the last 36 years, the problems facing the world and the United Nations have become more complex, with the sheer increase in nations adding to the complexity. Today, there are 154 member countries. Nations continue to be concerned about peace and security, but they are also concerned about many other areas, such as the environment, food, health, communications, and transportation. The United Nations is devoting more time and resources to these areas. Consequently, member countries want to be assured that the United Nations is working to improve all these areas as efficiently as possible.

U.N. BUDGET--THE U.S. SHARE

The regular U.N. budget is funded by assessed contributions from member countries. Each member is assessed a percentage of the budget, based primarily on its ability to pay. The United States pays about 25 percent, making it the largest U.N. contributor. From 1974 to 1981, the U.N. budget more than doubled. The U.S. contribution also doubled, as shown below.



Consuming the over \$1.3-billion budget is a vast array of U.N. organizations designed to tackle many world problems. The 1980-81 regular budget has 10 parts which correspond to the broad areas of U.N. involvement, such as overall policymaking; Security Council affairs; economic, social, and humanitarian activities; and international justice and law. Within these 10 parts are 32 sections, containing numerous organizations, which carry out specific U.N. objectives. These include the Committee on Contributions; U.N. Board of Auditors; Third U.N. Conference on the Law of the Sea; the Economic Commissions for Europe, Latin America, Africa, and Western Asia; and the U.N. Industrial Development Organization.

The actual increases in member-country assessments, as shown on the preceding page, are much greater than the real growth rate would indicate. This is largely due to the effects of inflation and currency fluctuation. In terms of real or program growth, the 1980-81 figures, for example, have increased about 3.8 percent over the previous 2-year period. The chart below shows the real growth rate of the U.N. budget for the 1976-81 period.

<u>Period</u>	<u>Real growth rate of U.N. budget over previous period (note a)</u> (percent)
1976-77	3.5
1978-79	2.2
1980-81 (est.)	3.8

a/Real growth rates for 1975 and prior years are not available.

These rates of growth reflect the costs of new or expanded activities and are subject to change during each budget period. For example, the proposed 1980-81 program budget that the Secretary General presented in July 1979 reported a real growth rate of .8 percent over the previous budget. By the time the budget was approved in December 1979, the General Assembly had adopted additional resolutions which increased the real growth to 2.4 percent.

The following table indicates changes in real budget growth of several organizations both at the time the budget was proposed in July 1979 and when the General Assembly adopted it in December 1979.

<u>Name of organization</u>	<u>Proposed rate of real growth (percent)</u>	<u>Adopted rate of real growth (percent)</u>
Office of U.N. Disaster Relief Coordination	30.8	39.4
International Court of Justice	3.5	2.8
Division of Human Rights	2.0	4.5
World Food Council	-	6.0
U.N. Environment Program	(1.2)	(1.7)
Transnational Corporations	(1.5)	(2.9)
Average total change	0.8	2.4

Additional real growth was occurring throughout 1980 when, in December, supplemental funds were appropriated for the 1980-81 biennium, and growth increased to 3.8 percent.

Member countries are concerned about this continuing growth, as is evident in the current U.S. administration proposal to defer one-quarter of its U.N. assessment to the following fiscal year, beginning in fiscal year 1982 and continuing through fiscal year 1985.

OBJECTIVES, SCOPE, AND METHODOLOGY

This report deals with a series of U.N. resolutions, the first of which was passed in 1975. These resolutions require the Secretary General to identify completed, obsolete, marginally useful, and ineffective activities.^{1/} Member countries believe that if applied diligently, these resolutions should contain real budget growth because funds would no longer be provided to activities which are completed or not cost beneficial. We conducted this review to determine the status of the Secretary General's actions pursuant to these resolutions, and the role which the United States has played in influencing these actions.

This report represents one of several reports we have issued which suggest ways the United Nations can improve its financial management by strengthening internal and external audits and coordinating reviews, inspections, and evaluations.^{2/} Our review was made at U.N. headquarters and the U.S. Mission to the United

^{1/}We refer to these activities, hereafter, as "marginal activities."

^{2/}"Improving Financial Management in the United Nations by Strengthening Audits and Evaluations," (ID-79-56, Sept. 24, 1979); "Improving the Management and Coordination of Reviews, Inspections, and Evaluations in the U.N. System," (ID-81-11, Nov. 19, 1980).

Nations in New York, and at the Department of State in Washington, D.C. Because international organizations are outside our audit authority, the scope of our review was limited to documents generally made available to all member countries. These included, but were not limited to, reports of the Secretary General, summary records of intergovernmental bodies, and reports of the Joint Inspection Unit (JIU). With the assistance of personnel in the U.S. Mission to the United Nations, we held discussions with representatives of the U.N. Secretariat and JIU on current U.N. policy and action. In conducting this work, we reviewed records and documents and held discussions with personnel from the Bureau of International Organization Affairs, Department of State, and the Resource Management Section at the U.S. Mission in New York.

CHAPTER 2

IDENTIFYING COMPLETED AND MARGINAL

ACTIVITIES HAS NOT REDUCED BUDGET GROWTH

Despite over 5 years of effort, the United Nations has been unable to reduce budget growth by terminating marginal activities. This failure has not gone unnoticed by the General Assembly, whose resolutions have repeatedly advocated this goal. The General Assembly views the termination of these activities as a way to shift scarce resources to new or more effective activities. The Secretary General has been increasingly responsive to the General Assembly resolutions, but the benefits derived have been miniscule. His efforts have not gone without criticism. Member countries, including the United States, are also dissatisfied with the results.

The results achieved to date came from a special canvassing of program managers asking them to identify possible marginal activities. This information was then supplemented by a high-level panel appointed by the Secretary General. Since 1978, the Secretary General has been designing a new system that, it is claimed, will ultimately improve programing, planning, and budgeting, and, as a routine occurrence, identify marginal activities. Although this system is a long way from being fully implemented, the results to date have not been promising. While complimenting the Secretary General for organizational improvements, JIU officials concluded that not enough progress had been made in identifying marginal activities.

The lack of progress, the uncertainty of when the new system will be fully operating, and current U.S. fiscal policies, underscore the need for assuring that only the most effective activities receive funds.

U.N. RESOLUTIONS REQUESTING THAT MARGINAL ACTIVITIES BE IDENTIFIED

The General Assembly has passed several resolutions since 1975 on the need for identifying completed, obsolete, marginally useful, and ineffective activities. Generally, these resolutions call on the Secretary General to

- implement preceding resolutions,
- report identified marginal programs to various U.N. intergovernmental organizations, and
- report on the methods the Secretariat intends to use to comply with the resolutions.

The texts accompanying these resolutions note with increasing concern that the Secretary General has not complied with prior requests. It took almost 5 years--until 1980--for the General Assembly to terminate a limited number of activities based on his recommendations.

The first resolution was passed on December 17, 1975. It reflected the concern of member countries that the size of the Secretary General's proposed budget for 1976-77 was \$200 million more than the previous budget. Member countries expressed disappointment that the Secretary General did not key his 1972 promises to establish priorities or to improve methods to determine the best use of resources. Some of the sentiments leading up to the passage of the 1975 resolution are listed below.

- The Japanese delegate requested assurances that obsolete programs be terminated and less urgent ones be relegated to positions of lesser importance.
- The Polish delegate characterized, as unsatisfactory, the Secretary General's responses to questions on what steps were taken toward reorganizing, merging, or eliminating activities which were completed or nearly completed.
- The U.S. delegate explained that the United States abstained from voting on the budget because it considered the budget bloated, and because it was still waiting for marginal, obsolete, and ineffective programs to be identified.

The resolution requested that a report on completed and nearly completed activities, as well as on other activities that member governments and U.N. organizations believed to be marginally useful, ineffective, or obsolete, be submitted by the Secretary General in 1976 to the Advisory Committee on Administrative and Budgetary Questions (Advisory Committee).^{1/} The resolution also asked that future performance reports include figures on the staff and resources released and that budgets include estimates of how long projects will last.

In 1976, the Secretary General did not submit a satisfactory report to member governments. His inadequate response prompted a

^{1/}The Advisory Committee on Administrative and Budgetary Questions is composed of 16 experts. Its primary function is to analyze financial and administrative matters and to recommend a course of action to the General Assembly's Fifth Committee (Administrative and Budgetary Matters). One expert is from the United States.

new resolution in 1976. This resolution reaffirmed the 1975 resolution and added that member countries on the Committee for Program and Coordination^{1/} would determine obsolete, marginally useful, or ineffective activities and recommend that they be terminated or curtailed.

The General Assembly's continued interest in identifying marginal activities was evident in 1977 when it passed two more resolutions. The first resolution noted that the Secretary General failed to implement past resolutions and stated that the Secretary General should report to the Advisory Committee in 1978 on how he intended to meet resolution requirements. The second resolution did not add any new requirements, but simply asked for another report in light of General Assembly actions during the previous 2 years.

In 1979, another resolution was passed even after the Secretary General issued a report including data on resources which had been released as a result of marginal activities being identified and terminated. Of a total of over 50,000 staff-months, only 32 were identified as marginal and freed for other U.N. activities. The resolution passed after the Committee for Program and Coordination reviewed and discussed the report and found it to be insufficient. The Committee complained that it had not been given enough time or information to analyze the report. The resolution noted Committee concerns and requested that the Secretary General identify and report on (1) activities he considered marginally useful and the criteria he used to identify these activities; and (2) resources which were available as the result of completed activities and how these resources affected the budget. He was also asked to submit a comprehensive report to the General Assembly in 1981 on how all previous resolutions had been implemented.

The most recent resolution, passed in 1980, was significant because for the first time, the General Assembly terminated marginal activities based on proposals by the Secretary General. This resolution also included provisions which

--approved the Secretary General's finding that comprehensive procedures to identify marginal activities be made a part of the planning, budgeting, and programming cycles;

^{1/}The Committee for Program and Coordination is composed of 21 member countries. It reviews the proposed medium-term plan, conducts a limited number of indepth program reviews, and determines, from information supplied by the Secretary General, which activities are marginal and recommends, as appropriate, their curtailment or termination. The work of this committee is reported to the General Assembly for final action.

--requested that the Secretary General identify marginal activities in preparing the 1982-83 budget for consideration by the Advisory Committee and the Committee for Program and Coordination; and

--deferred submission of the comprehensive report requested previously by the General Assembly until 1982.

RESULTS--NOT MUCH PROGRESS
AFTER 5 YEARS OF EFFORT

The resolutions requiring the Secretary General to identify marginal activities have had almost no effect on U.N. budget growth. In the 5 years since the first resolution, only 555 professional staff months have been identified; of these, 417 were contained in the most recent reports which covered the first year of the 1980-81 budget. This constitutes an insignificant fraction of the more than 50,000 professional staff months funded in the regular 1980 U.N. budget. Member countries, including the United Kingdom, Poland, Canada, the Union of Soviet Socialist Republics, and the United States, consider these results unsatisfactory. The Secretary General agrees that the results have not been commensurate with the efforts. The need to identify marginal activities is especially significant in 1981 because the 1982-83 budget will be proposed and approved during this year.

The Secretary General has indicated the significance he places on keeping real budget growth low and identifying marginal activities by establishing a high-level group to review the budget estimates and recommend activities they believe should be trimmed or terminated. The Secretary General will also review budget proposals to make certain that every effort has been made to eliminate marginal activities.

Early efforts to identify
marginal activities

The Secretary General initially responded to the General Assembly resolution in 1976. The results of his efforts were included in the performance report for the 1976-77 budget. The Secretary General reported that a few activities were completed, but that none were marginal.

The medium-term plan for 1978-81 was the next document to contain data on completed and marginal activities. The information was developed before the 1975 resolution by asking program managers four questions on the effectiveness of their activities. Even then, the Secretary General admitted that relying on self-assessments had drawbacks. The results bear this out. Several instances of duplication were discovered, but only two activities were identified as marginal. The Secretary General next used the 1980-83 medium-term plan to report on the progress in identifying

marginal activities. Again, the results were unsatisfactory; only eight activities were identified as marginal. No staff- or dollar-savings were identified. Even if they had been, the amounts would have been small.

The Secretary General's next review covered the first 18 months of the 1978-79 biennium. The August 1979 report, for the first time, included the professional staff months associated with the marginal and completed activities and their disposition. Activities in the political, legal, and public information areas were not included because it was believed the value of these activities were more difficult to measure. A total of 2,967 staff months was identified as completed and marginal; of these staff months, 2,935 were associated with completed activities while the remaining 32, or 1.1 percent, were marginal activities. These staff months were reassigned to other activities rather than being used to reduce the budget.

At the end of the 1978-79 biennium, the Secretary General expanded his previous year's efforts by including program managers in the political, legal, public information, and humanitarian sectors, as well as the economic and social sectors. The figures the Secretary General reported in March 1980 were based on instructions he issued in January 1980 to assist program managers in identifying marginal activities. The instructions contained recommendations that program managers screen activities which

- were derived from mandates 5 years old or older, unless these mandates had been reaffirmed;
- were based on superseded mandates;
- were programed as new budget activities but had not yet begun;
- were found to be of questionable value as a result of an indepth Committee for Program and Coordination or other intergovernmental organization evaluation;
- required an inordinate amount of resources; or
- required significant restructuring.

The Secretary General pointed out, however, that this criteria was tentative and that the list was not necessarily complete. Program managers were encouraged to use any other criteria they believed appropriate.

According to U.N. officials, the criteria was developed based on suggestions by JIU and the U.N. budget and program offices. The criteria was accepted after minor revision by the Committee for Program and Coordination with the understanding that further

refinements would be made. The criteria will be used to identify marginal activities for the 1982-83 period.

The results reported in March 1980 incorporated figures from the August 1979 report. For the entire biennium, 138 staff months of resources were reassigned from marginal activities to other continuing or new activities. This report was also criticized. Some member countries believed that results should have been expressed in dollars rather than staff months to more easily determine budget impact. The Secretary General was also criticized for terminating programs without first being approved by the appropriate intergovernmental body. Dissatisfaction also continued because so few activities were identified. Despite these shortcomings, the report was positive because the Secretary General used the tentative criteria to identify marginal activities.

The latest identification of marginal activities--first steps on a long road

December 1980 was the first time the General Assembly terminated activities which the Secretary General identified as marginal. Secretary General recommendations were contained in a November 1980 report which estimated that at least 417 professional staff months were associated with these activities. Although the 417 staff months is an improvement over prior reports, U.N. officials readily agree that the efforts to identify marginal activities still exceed the benefit. For example, the Economic Commission for Europe was unable to quantify the professional staff months released from identified marginal activities because it reportedly does not allocate time to each of its activities.

The following are examples of identified marginal activities which were terminated by the General Assembly.

- Mitigation of seismic hazards conducted by the Economic and Social Commission for Asia and the Pacific. This activity duplicated an effort by the United Nations Educational, Scientific, and Cultural Organization. This termination resulted in 18 staff months being released during the 1980-81 budget period.
- Review of interregional trade by the Economic Commission for Europe. This activity was assigned low priority because it was found to be marginally useful.
- Monitoring and appraisal of agricultural development policies and plans by the Economic Commission for Western Asia. This activity was determined to be ineffective; similar efforts by other U.N. organizations in the past had proven ineffective. Eight staff months were released by terminating this activity.

--Development of access to information sources and of management information material by the United Nations Industrial Development Organization. This activity was found to be duplicative. An estimated four staff months were released by terminating this activity.

The Secretary General report did not convert the 417 staff months into dollar terms, although some member countries had requested that information. The U.S. representative to the Fifth Committee urged that the costs of those activities identified as marginal be reported to assist member countries and program managers in further analysis and review. The Soviet representative requested that member states be furnished with complete information on staff resources released when marginal activities are terminated, and that this information be expressed in both professional staff months and dollar amounts. The Soviet delegate further noted that the results of the Secretary General's efforts were extremely modest, particularly in view of the fact that 5 years had elapsed since the original 1975 resolution was adopted.

The United Kingdom representative noted that terminating marginal activities would scarcely affect the real growth of the budget. He asked whether the Secretariat could quantify the savings which would result if these activities were terminated. An Assistant Secretary General estimated that the identified activities represented about \$2 million. A U.S. official stated that the figure was, at best, a guess.

According to a U.N. official, the staff-month results were derived from a canvassing of all program managers and a high-level management review at U.N. headquarters. Program managers were asked to identify activities in their 1980-81 budgets which they considered marginal.

Our analysis indicates that the status of identifying marginal activities is further along now than a year ago.

--Now, approximately 417 professional staff months can be associated with marginal activities. Then, only 32 work months had been identified.

--Now, an intergovernmental organization of the United Nations--the Committee for Program and Coordination--has approved criteria to help define what is marginal. Then, tentative criteria were just evolving.

--Now, an acceptable sequence of events has been established: program managers identify these activities, budget and programing experts review them, and the General Assembly acts on them. Then, the Secretary General terminated activities without obtaining General Assembly approval.

NEW APPROACH IS NO GUARANTEE THAT
THE METHOD OF IDENTIFYING MARGINAL
ACTIVITIES WILL BE IMPROVED

As stated earlier, member governments are dissatisfied because the results to date have been insignificant. In addition, major contributors are reluctant to increase their contributions. These two factors have prompted the Secretary General to seek a more effective method of identifying marginal activities. Currently, the Secretary General believes a new integrated programming, planning, and budgeting system will help to identify marginal programs and thereby reduce the rate of real budget growth. This system has been evolving since 1978, but is still a long way from being fully implemented. U.N. and U.S. officials could not estimate when this system would be fully operational, or when it would routinely identify marginal activities. Whether the system, even if fully implemented, can overcome the problems inherent in any identification method is questionable. These problems stem, to a degree, from the varying views of member governments and the unwillingness of U.N. program managers to identify their own activities as being marginal.

History of approach

JIU issued a comprehensive report in March 1978, indicating U.N. programming and evaluation deficiencies. Several recommendations to improve the system were made, some of which the Secretary General is using as methods in identifying marginal activities. We discussed with U.S. and U.N. officials the relationship of these changes to the prospects for successfully identifying marginal activities.

One building block of the new system is the Program Element Information Sheet. Program managers complete these information sheets and submit them to U.N. headquarters where the Office of Financial Services, and the Office of Program Planning and Coordination review and analyze them. A U.N. official explained that these sheets will be used to identify marginal activities, aid in preparing the budget and medium-term plan, and assist in selecting activities for future evaluation studies.

Managers for U.N. economic and social programs were asked to submit information sheets with their 1980-81 budget estimates. The rationale for selecting these programs was that their results are more quantifiable than others such as peacekeeping activities. This marked the first time the sheets were used. The U.N. budget and evaluation staff reviewed sheets but did not use this information in reporting marginal activities. Instead, the figures reported in November 1980 were obtained through a special canvassing of program managers and a high-level management review committee which the Secretary General appointed. This process formed the basis for the activities which the Secretary General recommended for termination in his November 1980 report.

All program managers, not just those associated with economic and social programs, were requested to complete information sheets for the 1982-83 budget. The results were not encouraging. A U.N. budget official told us that only a few program managers had recommended activities to be terminated. A U.N. programming official told us that he did not know of any instance of a program manager recommending termination of a marginal activity. Some sheets were poorly prepared and were returned to the program managers. Because not all sheets had been received (about 1,500 were expected), and because the budget was yet to be discussed and approved, no data was made available to us.

Because of the disappointing results of the information sheets, a high-level group consisting of the Assistant Secretaries General for Financial Services and for Program Planning and Coordination and the Under Secretary General for Administration, Finance, and Management, will be convened to identify more marginal activities. The Director General for Development and International Economic Cooperation will present these identified activities to the Secretary General for his review.

We noted that the Secretary General is stressing the need for identifying and eliminating marginal activities from the 1982-83 budget. In a February 1981 statement, the Secretary General indicated that he would personally review the proposed budget to satisfy himself that the resources requested are essential, that increases are warranted, and that every effort has been made to eliminate marginal activities. The Secretary General will provide a comprehensive report on the system in 1982. By that time, the United Nations will have been able to test the system in the preparation of a budget and medium-term plan. State Department and U.N. officials cautioned that 1982 should not be viewed as a target date for full implementation of the system. Rather, the report will indicate what the Secretary General has accomplished and where he believes future system improvements can be made. These officials were reluctant to estimate when this would occur. They said that most member countries and the Secretary General have accepted the concept of terminating marginal activities, but added that putting a system in place was difficult. They were unwilling to estimate when the system would be functioning and when identifying marginal activities would no longer have to rely on ad hoc exercises of judgment by high-level U.N. officials.

Difficulties encountered when identifying marginal activities

The evolving system should not be viewed as a panacea for eliminating the difficulties encountered when identifying marginal activities because some difficulties may not easily be resolved, regardless of the procedures used. For example, some program managers are unwilling to label their activities as marginal. Further, decisions at the United Nations are subject to varying interests of member governments.

Giving program managers primary responsibility to identify marginal activities has a built-in weakness. Program managers are reluctant to classify the activities they may have proposed or executed as marginal because they fear this will reflect adversely on their abilities. They realize that labeling some activities as marginal may result in budget or staff cuts. Program managers are not solely responsible for the small number of staff months which have been identified; higher-level staff members also contribute their views.

Another impediment to terminating marginal activities involves the varying interests of member countries. Member-government votes in the United Nations are not always made on the merits of the activities. Consequently, activities which have been evaluated as marginal will remain in the budget if enough support can be mustered to prevent termination. This occurred in 1978, when the Secretary General recommended terminating an activity known as the Repertory of Practice of United Nations Organs. The Repertory records the actions of the principal U.N. organizations as they relate to each article of the U.N. Charter. The Secretary General questioned whether this was the best way to analyze and report on U.N. legislation. He stated that the activity required extensive staff time and questioned its usefulness since the Repertory had a backlog of 10-years worth of actions to record. According to a State Department official, the termination of this activity was not approved when several countries objected.

JIU RECOMMENDATIONS TO SUCCESSFULLY IDENTIFY MARGINAL ACTIVITIES

In a March 1981 report, JIU officials concluded that, even though the Secretary General had made some organizational improvements, not enough progress had been made in identifying marginal activities. JIU officials stated that one reason the identification process failed was that program managers were relied upon to identify marginal activities. Because these officials believe that program managers cannot critically judge the activities they propose, several ways to separate these two functions were suggested.

The JIU report recommended that a new two-person monitoring unit be established in the Secretariat's Office of Program Planning and Coordination. Program managers would be allowed to drop up to 10 percent of their activities and replace them, provided their actions were reported to this proposed unit. The consent of the unit would be required for additional changes of up to 30 percent of the activities. Beyond this level, approval of inter-governmental bodies would be required. The report suggested that another committee be established within the Secretariat to review critical internal and external evaluation reports and propose ways to correct deficiencies. Outside the Secretariat, JIU officials suggested that groups of consultants familiar with international organizations comment on U.N. activities. JIU officials also

suggested that it might be possible to have Secretariat staff members and representatives from monitoring or inspection bodies (external auditors and JIU) jointly analyze U.N. operations.

The JIU report stated that, in virtually all cases, changes of any magnitude in major U.N. programs have come about because new activities have been added--not because resources were transferred after marginal activities had been eliminated. JIU suggested that this situation could be alleviated by providing member countries more opportunity to review and approve medium-term plans and budgets. JIU suggested that the plan be given to all major General Assembly committees for review and approval, and that a method be adopted to allow for major portions of the plan to be rejected.

We concur with JIU conclusions about the significance of the identification process and the reasons for its failure. We also believe that the suggestions contained in the JIU report deserve serious and prompt consideration by the Secretary General and the appropriate intergovernmental bodies. The report had been scheduled for discussion at the May 1981 session of the Committee for Program and Coordination, but discussion was postponed because the Secretary General had not formally responded.

CONCLUSIONS AND RECOMMENDATIONS

Member countries believe that real budget growth can be controlled in the United Nations by terminating marginal activities and replacing them with more effective ones. Member countries have been dissatisfied with the accomplishments. Their dissatisfaction is not the result of an ill-conceived notion that reducing the number of marginal activities would reduce budget growth. Rather, they are dissatisfied by the failure of the Secretary General to identify marginal activities. Despite the passage of a number of resolutions during the past 5 years, the Secretary General has yet to find a formula that yields satisfactory results. Although his reports have showed some improvement, collectively they have identified an inconsequential number of activities for termination.

Various ways to improve the process have been suggested, and several U.N. mechanisms have been tried. Currently, the Secretary General is relying on two methods which he hopes will improve past results: (1) asking all U.N. program managers to identify marginal activities, which are then scrutinized by a panel of high-level managers; and (2) reviewing data from a partially implemented programming, planning, and budgeting system. The results of both approaches have not been very promising. JIU has evaluated the situation and concluded that more radical solutions may be needed.

The JIU report concluded that the U.N. ability to terminate marginal activities should be viewed as a serious challenge to the

success of the organization, and that decisive efforts to make the identification process meaningful are still needed. JIU suggestions focus on the problems and provide solutions which, in our opinion, are both workable and acceptable to member countries. We believe that careful deliberation should be given to the JIU suggestions because they focus on specific identification problems and they provide practical solutions. We recommend that

--the Secretary of State instruct the U.S. Mission and U.S. delegates to the United Nations to call for the Secretary General and appropriate intergovernmental bodies to evaluate the JIU recommendations.

Although we concur with the need to find alternative identification approaches, we are concerned that some JIU suggestions may result in the establishment of new positions and in additional costs. We believe that groups now exist, which can make objective appraisals about the value of U.N. activities. Currently within the Secretary General's organization are the Planning, Programming, and Coordination Office and the Office of Financial Services, both of which have access to programmatic and financial data. These two organizations could both be charged with the responsibility to determine the effectiveness of activities.

Similarly, U.N. organizations which are independent of the Secretary, such as the U.N. Board of Auditors and JIU, already have access to information on the capabilities and accomplishments of U.N. components. Using the U.N. Board of Auditors in this type of endeavor would enhance the Board's role and provide it with evaluative experience.

We believe that relevant evaluative data gained by each of these groups should be provided to the Committee for Program and Coordination. After reviewing the data, the Committee could either accept or reject the suggestions. If the Committee believed insufficient information was provided upon which to base a decision, it could request a formal evaluation study.

We recommend that

--the Secretary of State instruct the U.S. Mission to suggest to the United Nations that the Office of Program Planning and Coordination and the Office of Financial Services, and the U.N. Board of Auditors and JIU, be used to identify possible marginal activities.

AGENCY COMMENTS AND OUR EVALUATION

The State Department agreed that progress toward identifying marginal activities has been slow and that more needs to be done. It disagreed, however, with our conclusion that progress had been negligible. The Department pointed out that of the 555 staff months identified by the Secretary General over the last 5

years, 417 were identified in 1980. This statistic was cited as an indication that the efforts of the Secretary General and member states to come to grips with this problem were reaching a "take off point" and that future results would be considerably larger. State commented that despite this progress there should be no slackening of effort in future years and that techniques, standards, and methods for identifying marginal programs should be continually monitored.

We maintain that the Secretary General's identification of 550 out of a total of 50,000 staff months after 5 years of effort is not a significant accomplishment. Furthermore, we question the basis for State's view that better results can be expected in future identification exercises. It is possible that a different approach may be needed.

The Department commented that it believed the Joint Inspection Unit report on this matter would prove helpful in the continuing effort to establish program priorities and to eliminate marginal activities. It did not comment, however, on whether it would call for review of the Unit's suggestions by the Secretary General and intergovernmental bodies. Neither did it comment on our recommendation that existing, rather than new, U.N. bodies be used to identify marginal activities. We reiterate our concern that the Department take a leading role in urging serious consideration of the Unit's suggestions.

CHAPTER 3

CONTINUED STATE DEPARTMENT EFFORTS

NEEDED TO ASSURE COMPLIANCE

The State Department has assumed a leading role in calling for improvements in the way marginal activities are identified and terminated. State has successfully obtained passage of several resolutions. The State Department has also expressed its disappointment at the limited number of activities the Secretary General has identified as marginal. Through its representatives to the United Nations, the State Department has attempted to obtain better compliance in several ways. The representatives have (1) continually expressed support for the resolutions in various U.N. bodies, (2) coordinated efforts with other major contributors, and (3) monitored compliance by reviewing the proposed U.N. budget. We believe the State Department should continue and intensify these efforts.

U.S. EFFORTS TO OBTAIN GREATER COMPLIANCE

The United States uses a variety of actions to encourage the adoption of resolutions and to impress upon the Secretary General the importance member countries place on compliance. In support of the initial 1975 resolution on identifying marginal activities, the U.S. representative to the Fifth Committee stressed the need for

"* * * definitive action by the Secretary General to weed out obsolete and unnecessary programs and to redeploy the human resources to new or expanding priority activities."

In intervening years, the United States has continually supported the need for an improved identification mechanism and on some occasions has co-sponsored reaffirmations of the 1975 resolution. In 1978, the United States and the Union of Soviet Socialist Republics co-sponsored a resolution, requesting that the Secretary General comply with previous resolutions to identify completed and marginal activities. The resolution passed. According to a State Department official, in 1979 the United States sought to obtain broad-based co-sponsorship for yet another resolution. As a result, the United States and 21 other countries co-sponsored the 1979 resolution, which unanimously passed the General Assembly. The State Department official believed that 1979 was significant because the concept of identifying marginal activities and replacing them with more effective ones had finally been broadly accepted by member countries. However, the State Department chose not to co-sponsor the 1980 resolution, even though documents indicated that the U.S. Mission to the United Nations was given the authority to do so. A State Department

representative to the United Nations said this decision was made because the United States believed enough other countries were disappointed with the results of the Secretary General's November 1980 report that the resolution would pass without U.S. sponsorship.

The United States uses two official U.N. bodies to make known its position on the status of U.N. actions dealing with marginal activities--the Fifth Committee and the Committee for Program and Coordination. The U.S. representatives to these committees use these forums to stress the need for the Secretary General to comply with resolutions. The Committee for Program and Coordination verbatim proceedings are not published, but U.S. officials said they pursue a similar policy in this Committee as well as in the Fifth Committee.

In 1978, the U.S. representative to the Fifth Committee cited the Secretary General's apparent lack of action in identifying marginal activities. However, the United States was encouraged when the U.N. Controller called for an organized reporting system for all U.N. activities which would help to sort out marginal activities. This reporting system, as described by the Controller, would provide feedback on how each U.N. activity started, what results were expected, and what actually happened during implementation.

In 1979, U.S. representatives to the Fifth Committee made two additional statements on the August 1979 report. One statement, delivered in October 1979, harshly criticized some program managers for not responding to the Secretary General's request to identify completed and marginal activities.

"* * * the United States believes that obsolete and marginal activities can be identified, let me repeat, can be identified, by program managers and that it is in the overall best interest of the United Nations and the individual program managers themselves to proceed with the process of identification of such activities. We strongly call for the implementation of the General Assembly resolutions on these questions and we reject totally the assertion or suggestion that the role of identification cannot be performed by competent, knowledgeable, responsible program managers."

The U.S. delegate emphasized the need for program managers to identify marginal activities in stating that:

"We would have no difficulty in supporting the arbitrary transfer of resources--let's say 20 percent per biennium--away from those program managers that find it impossible to identify low priority activities and to transfer those released resources to program managers

that comply with the General Assembly request. An internal system of rewards for compliance and penalties for noncompliance could be experimented with if the non-implementation of General Assembly resolutions continues. More resources would be made available for new activities if marginal and ineffective programs were identified by program managers."

The alternative representative to the Fifth Committee made another statement in November 1979. He urged that future reports provide further details about the costs of programs identified as completed and marginal, and that they also explain how the Secretariat hopes to recycle the resources that would be released.

These statements may have contributed to the adoption of a resolution in December 1979 that was co-sponsored by the United States. The General Assembly unanimously passed this resolution, which called upon the Secretary General to identify marginal activities and report the results to the Committee for Program and Coordination.

We were told that the annual resolutions repeating the need for the Secretary General to identify these activities are due partially to discussions State Department representatives have with their counterparts from other member countries. These discussions take place, for example, at meetings of the Western European and Other Group. Many major contributors attend these meetings. This group meets weekly during General Assembly sessions; it meets less frequently at other times. A State Department official told us that various topics are discussed, including coordinating statements on the identification of marginal activities. The common strategies reached at these meetings have facilitated passage of the resolutions.

STATE DEPARTMENT REVIEW OF THE BUDGET

The State Department Office of U.N. Budget and Administration, which is part of the Bureau of International Organization Affairs, reviews proposed U.N. budgets to verify accuracy and to determine if some areas have grown excessively. Its evaluations are used to develop the U.S. position on each budget section. In addition to this financial review, we were told that State Department program officers throughout the Bureau analyze their respective budget sections from a programmatic standpoint. In doing so, these officers sometimes identify activities which do not appear to be accomplishing their objectives; i.e., which activities appear to be marginal.

Officials of the Resource Management Section at the U.S. Mission were unaware that the State Department kept such information, even though they represent the United States at the Fifth Committee and the Committee for Program and Coordination. They believe,

and we concur, that circulation of this information to U.S. officials at the Mission would buttress U.S. criticism of the Secretary General's responses to the resolutions, and that it would add credibility to their criticism of specific budget sections. For example, mission officials could

- convey the information to U.N. budget and programming officials, suggesting that they give particular attention to these activities; and
- discuss the information with other member countries interested in reducing U.N. budget growth.

State Department officials gave several reasons why they have refrained from compiling and circulating an official list of these activities identified by program officers. First, the completeness and quality of information which program officers submit varies greatly according to their personal knowledge of program activities and their resolve and ability to get needed information on questionable activities from the field. Second, State officials believe that circulating such a list outside the Department, even if complete, could result in a counterproductive exercise where all 154 member countries prepared their own lists. Finally, and most importantly, State officials believe that the Secretary General--not member countries--is responsible for identifying marginal activities.

Despite the reservations of State officials about developing a list of marginal U.N. activities, they are trying to gather additional information. We were told, for example, that the Office of U.N. System Coordination is developing a checklist of considerations which program managers will address in reviewing the U.N. budget. This checklist would contain some of the same criteria the Secretary General has established for identifying marginal activities. The checklist has not been finalized and, therefore, will not be of much use for the 1982-83 budget review process. It is, therefore, too early to judge how useful the checklist will prove to be in identifying these types of activities.

CONCLUSIONS AND RECOMMENDATIONS

Since 1975, the State Department has been advocating the need for identifying and terminating marginal activities as one way to reduce real budget growth. The State Department has been instrumental in having several resolutions passed which embody this goal. However, the Secretary General has not fully complied with these resolutions.

We believe that State Department support for the concept of reducing U.N. budget growth by identifying and terminating marginal activities has been commendable. In our opinion, an annual

briefing to the appropriate congressional committees on the status of the Secretary General's efforts and the effect on U.S. contributions might also be useful. We believe the Congress, responsible for appropriating 25 percent of the U.N. budget, should be fully informed as to the progress being made on this issue.

The State Department has also shown an interest in identifying marginal activities through budgetary and programmatic reviews of the U.N. budget. So far, however, the Department has been reluctant to prepare an official list of what it believes could be marginal activities. U.S. Mission officials representing the United States at U.N. budget and programing committees were unaware that the Department identifies possible marginal activities during its budget review process.

Although we agree that ideally the Secretary General--not individual member countries--should be responsible for identifying marginal activities, the results of 5 years of efforts have been inconsequential. Until the Secretary General demonstrates that he has, in place, a workable process to identify and terminate these activities, we believe the United States should take steps independently and in concert with other member countries to help bring about definitive action. We, therefore, recommend that the Secretary of State:

- Continue to review in detail the proposed U.N. budget and the Secretary General's reports on marginal activities. In addition, the information developed by program managers as a result of these exercises should be shared with U.S. representatives on the Fifth Committee and the Committee for Program and Coordination. This action will enhance their credibility by demonstrating to other member countries that these activities are included in the proposed budget.
- Consult with other major contributors in the Western European and Other Group on the importance of identifying such activities so that a common strategy for reducing budget growth can be developed.
- Continue to stress the importance for the Secretary General to comply with repeated resolutions requesting him to identify marginal activities.
- Annually advise the appropriate congressional committees on the status of U.N. identification efforts and the effect on U.S. contributions.

AGENCY COMMENTS AND OUR EVALUATION

The State Department commented that it was pleased that our report gave it credit for taking a leading role in achieving a

consensus among a number of states on the importance of identifying marginal programs for the future financial health and well being of the United Nations. State disagreed, however, with our suggestion that the Department had not fully shared information on possible marginal activities with the U.S. Mission in New York. State contended that all information developed by Department officers is shared with the concerned mission officers, although the individual source of any piece of information may not be explicitly identified. We believe the U.S. Mission could more effectively use this information on possible marginal activities if the Mission were advised that it was being provided explicitly for this purpose.

The Department stated its expectation that the quantity and quality of information and guidance from the Department to its U.N. representatives would increase due to two specific actions. First, the Department is developing a checklist for use throughout the U.S. Government in reviewing the U.N. budget. Second, the Department has established a new deputy assistant secretary position specifically for international management and budgetary analysis. The Department believes these actions will enhance attention to all aspects of U.N. budgetary and management issues. We believe that these are positive steps which should support and encourage the identification of marginal U.N. activities.

The Department did not comment on our recommendation that it annually consult with the Congress on the status of the U.N.'s identification efforts and the effect on U.S. contributions. In view of congressional interest in restraining U.N. budget growth, we believe a briefing would be useful.



DEPARTMENT OF STATE
Comptroller
Washington, D.C. 20520

August 31, 1981

Mr. Frank C. Conahan
Director
International Division
U.S. General Accounting Office
Washington, D.C.

Dear Frank:

I am replying to your letter of July 31, 1981, which forwarded copies of the draft report: "Identifying Ineffective Activities Could Help Growing U.N. Costs".

The enclosed comments on this report were prepared by the Assistant Secretary in the Bureau of International Organization Affairs.

We appreciate having had the opportunity to review and comment on the draft report. If I may be of further assistance, I trust you will let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger".

Roger B. Feldman

Enclosure:

As Stated.

GAO DRAFT REPORT: "IDENTIFYING INEFFECTIVE ACTIVITIES COULD
HELP CONTROL GROWING U.N. COSTS"

The General Accounting Office has provided the Department of State an opportunity to comment on a draft of its proposed report, "Identifying Ineffective Activities Could Help Control Growing U.N. Costs."

This report deals with the efforts since 1975 of member states to achieve the development of one tool for exercising control over the UN budget; namely, the development of a system for the identification of activities that are "completed, obsolete, of marginal usefulness, or ineffective" (COMUI). We are pleased that the report gives credit to the Department for taking a leading role in this effort and for achieving a large degree of consensus among member states on the importance of this identification for the future financial health and well-being of the UN organization.

We agree with the general thrust of the draft report that progress has been slow and that more needs to be done. However, we do not believe that progress to date has been negligible. As the GAO points out, only 555 professional man-months were identified as COMUI-related in the five years following the first General Assembly resolution on this subject, but 417 of these man-months were identified in 1980 alone. We believe this to be an indication that the efforts of the UN Secretariat and of member states to come to grips with this highly complex problem are now approaching a take-off point. We expect that future results will be considerably larger. We agree, however, that there must be no slackening of effort in future years and that the techniques and standards and methods for identification must be continually monitored and refined.

In this connection we have welcomed the 1981 study by the Joint Inspection Unit which proposes several innovative approaches to the problem. Although we cannot endorse all of the recommendations, we believe that they will prove helpful to both the Secretariat and member states in the continuing effort to establish program priorities and to eliminate obsolete and ineffective activities.

In the chapter of the draft report entitled, "Continuing State Department Efforts Needed to Assure Compliance," the GAO suggests that the Department has been withholding from the mission in New York information with respect to specific activities that have been identified as obsolete, marginal, or ineffective. We fully agree that such a situation would be unjustified and unwise, but in fact the situation does not exist. All information developed by Department officers is, of course,

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shared with the concerned mission officers, although the individual source of any piece of information may not be explicitly identified. Indeed, we expect that both the quantity and quality of detailed information and guidance from the Department to its representatives at UN meetings will increase in the future. As the GAO draft report noted, the Bureau is developing a concise checklist for use throughout the U.S. Government in reviewing the UN budget. Even more important, a recent reorganization within the Bureau established a deputy assistant secretary position specifically for international management and budgetary analysis and significantly enlarged and strengthened the Office of UN System Budgets. We are confident that this will provide for enhanced attention to all aspects of UN budgetary and management issues.

We would like to propose a few specific changes in the draft report that we believe will increase its accuracy and precision: (See GAO note on the following page.)

-- P. 1, paragraph 2: In the second sentence insert the word "primarily" before the words "on its capacity to pay."

-- P. 1, paragraph 2: Insert after the third sentence: "This percentage of contribution coincides with the rate of assessment adopted by the General Assembly for 1974 and subsequent years."

-- P. 2, paragraph 1: There are 32 expenditure sections in the 1980-1981 program budget.

-- P. 3, last sentence: Change to read: ". . . supplemental funds were appropriated for the 1980-1981 biennium, and growth increased to 3.8 percent."

-- P. 4, second sentence: Change to read: "This is evident in the current U.S. administration's proposal to delay the payment of its U.N. assessment. The United States will defer one-quarter of its assessment to the following fiscal year, beginning in fiscal year 1982, and will continue this action through fiscal year 1985 when it will pay its full assessment in the final quarter of the calendar year."

This does not constitute withholding since we will have paid our entire assessment within the calendar year that it was assessed.

-- P. 9 and following: It might be well to use the short form "CPC" instead of "Programming Committee." The latter term is not generally used in the UN and might be misleading.

-- P. 9, footnote, second sentence: Delete last three words and insert: "recommends, as appropriate, their curtailment or termination." This language conforms more closely with the language of General Assembly resolution 31/93.

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-- P. 10, bottom: We believe that the meaning of the 1980 resolution is somewhat distorted by this paraphrase and we suggest that the pertinent paragraphs be directly quoted instead.

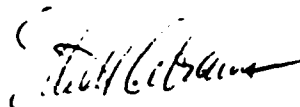
-- P. 14, 5th line from bottom: The sentence should end after the words "governmental body."

-- P. 18, last complete sentence: Delete the words "for economic and social activities".

-- P. 20, second sentence: Delete "program evaluation" and insert "for program planning and coordination".

-- P. 29, first sentence: Change "to pass resolutions" to "to encourage the adoption of resolutions".

-- P. 30, line 6 of first complete paragraph: Delete "available to member countries" and insert "published".



Elliott Abrams
Assistant Secretary of State
for International Organization Affairs

Note: This report includes the technical changes which Department officials suggested. (See app. I, pp. 2 and 3.)

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