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Report to Congressional Requesters

June 1989

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U.S. Participation in the Environment Program

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National Security and
International Affairs Division

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June 21, 1989

The Honorable Dante Fascell
Chairman, Committee on Foreign Affairs
House of Representatives

The Honorable Gus Yatron
Chairman, Subcommittee on Human Rights
and International Organizations
Committee on Foreign Affairs
House of Representatives

The Honorable Gerald Solomon
House of Representatives

This report responds to your joint letter of March 10, 1988, requesting that we review the U.N. Environment Program, to which the United States makes voluntary contributions.

We are sending copies of the report to the Department of State and appropriate congressional committees and will make copies available to interested parties upon request.

This report was prepared under the direction of Nancy R. Kingsbury, Director, Foreign Economic Assistance Issues. Other major contributors are listed in appendix II.

Frank C Conahan

Frank C. Conahan
Assistant Comptroller General

U.S. DEPARTMENT OF COMMERCE NOAA
COASTAL SERVICES CENTER
2234 SOUTH HOBSON AVENUE
CHARLESTON, SC 29405-2413

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Executive Summary

Purpose

The Chairmen of the House Committee on Foreign Affairs, and its Subcommittee on Human Rights and International Organizations and Congressman Gerald Solomon asked GAO to review selected issues concerning the U.N. Environment Program. Specifically, GAO was asked to examine (1) the Program's accounting practices, financial reserves, and the status of its trust funds; (2) the general level of efficiency and effectiveness of its headquarters and field programs; and (3) the level of U.S. influence in the Program.

Background

The U.N. Environment Program was established in 1973. The Program's purpose is to act as a catalyst, coordinating and promoting participation of all countries and international organizations in national and international efforts to (1) preserve and enhance the environment and natural resource base and (2) help all countries to deal with environmental problems.

The Program has two primary bodies—a Governing Council and a Secretariat. The Governing Council consists of representatives from 58 countries, including the United States. The Council promotes international cooperation in the field of environment and provides general policy guidance for the direction and coordination of environmental programs within the U.N. system. The Secretariat, headed by an Executive Director, is responsible for carrying out the Program's activities.

The Program is financed through the U.N. budget, voluntary contributions to the Environment Fund, trust funds, and other miscellaneous income. The United States is the major contributor to the Environment Fund. In 1988 the United States contributed $7.8 million and $9.5 million was appropriated for 1989.

Results in Brief

The Program appears to have adequate controls over its budget execution, financial and fund program reserves, and trust funds. Its financial rules and regulations, including its system of internal controls, biennial auditing by the U.N. Board of Auditors, and oversight by its Governing Council on which the United States is represented, provides a reasonable framework for financial management and accountability. Nevertheless, its financial reserve may be set too high, its support cost budget has exceeded established guidelines and it may be administering too many marginal, small-scale projects.

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U.S. government and nongovernment organization officials commented favorably on the general level of the Program's efficiency and effectiveness. The United States has a strong influence within the Program because of its high-level of contributions and leadership role in environmental issues. GAO's report is based on information provided largely on an unverifiable basis and the views of U.S. and other officials.

Principal Findings

Environment Fund, Reserves, and Trust Fund

The Environment Fund for the 1988-89 biennium budget amounted to $87.8 million funded by voluntary contributions from member states, and carryover funds from prior years. The budget consisted of $25.8 million for operating expenses, $60 million for the Program's environmental programs and projects, and a $2-million fund program reserve. The reserve is used to meet unforseen needs and to finance unanticipated projects.

The Program also has a financial reserve, which is adjusted each biennium to equal 7 1/2 percent of its biennium budget. For the 1988-89 biennium the fund was $6.6 million. The financial reserve, which has never been used, was established to guarantee the financial liquidity and integrity of the Environment Fund.

The Program administers 22 trust funds, which had a balance of $17.4 million in December 1987.

Efficiency and Effectiveness

A comprehensive self-evaluation of its headquarters and field programs indicate that the Program has achieved success in creating various conventions and protocols on environment conservation. It has also addressed several environmental issues of global importance, such as ozone depletion and the "greenhouse" effect. The evaluation identified weaknesses in project design, interlinkages among programs, and a tendency to dispense funds on many small projects rather than on a few major programs. This evaluation led to organizational changes and improved management procedures.

Department of State and several U.S. government agencies and nongovernment organizations reported that the Program has effectively

fulfilled its catalytic role and has coordinated several environmental initiatives of special interest to the United States. The Program is considered to be an effective forum for discussing and initiating actions on environmental issues and programs to which the United States attaches importance.

U.S. Influence

A general perception among participating U.S. government agencies and nongovernment organizations is that the United States has a strong influence within the Program. State officials told GAO that the United States is satisfied with the level of U.S. influence and that the Program supports activities of high priority to the United States and keeps political issues to a minimum.

Action Program Not Prepared

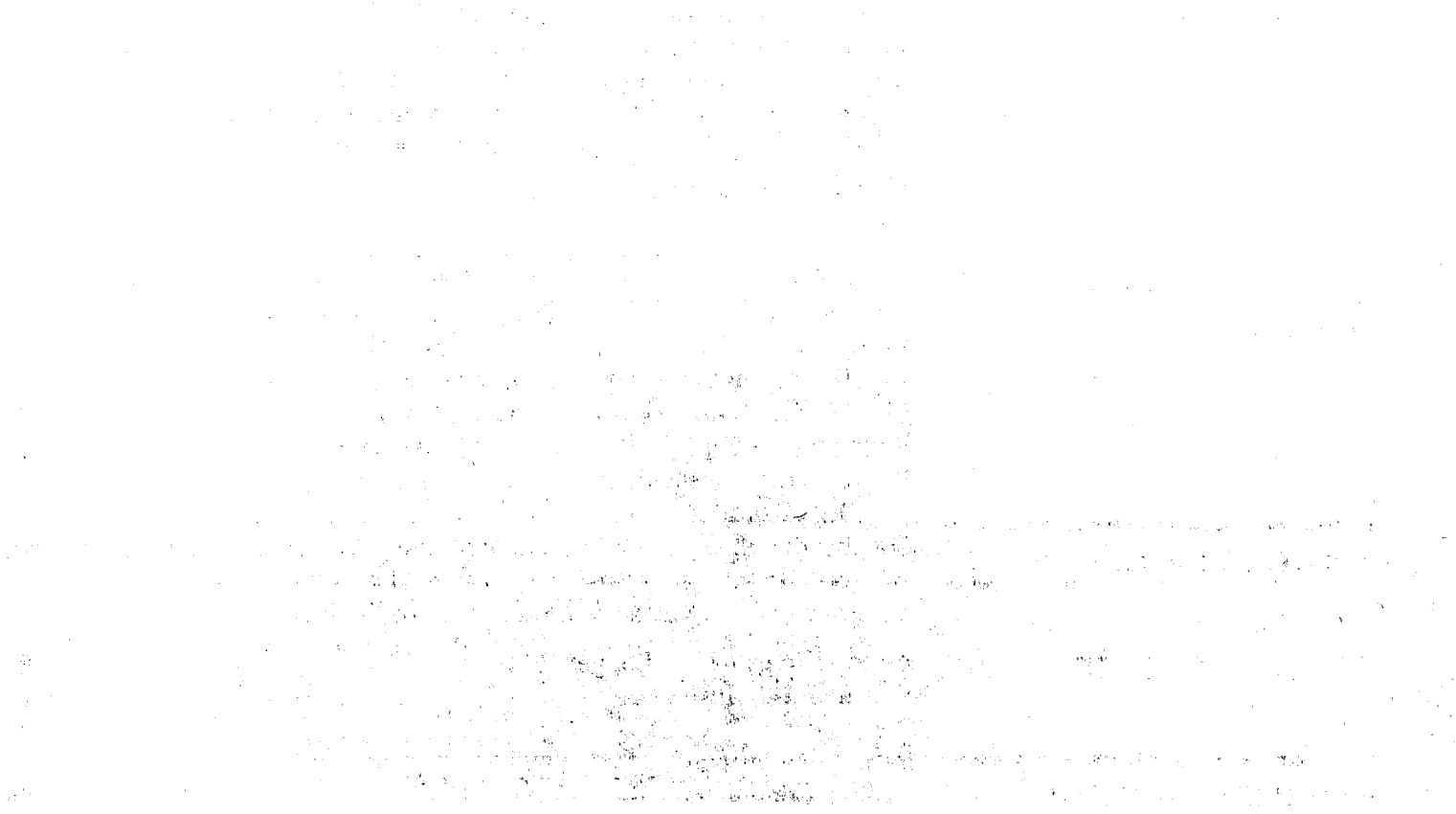
While State has established general goals to guide its participation in the Program, it has ceased annual preparation of action programs that define, in specific and measurable terms, U.S. goals and objectives and establish a specific plan for achieving them. Accordingly, even though U.S. participation appears to be going well, it is difficult to measure the extent to which U.S. interests are being served.

Recommendations

We recommend that the Secretary of State direct the Assistant Secretary of State for International Organization Affairs to establish an action program or a similar formulation that would define objectives and priorities for U.S. participation in the Program, and would specify a plan for achieving them.

Agency Comments

In its comments on a draft of GAO's report, the State Department confirmed that it no longer prepares a detailed action program but pointed out that a document is prepared with some of the same features. In subsequent discussions with GAO, State officials agreed that a more comprehensive action program to guide U.S. participation in the Program is needed and said they will develop one.



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Abbreviations

CEQ	Council on Environmental Quality
ID	International Division
IO	Department of State's Bureau of International Organization Affairs
EPA	Environmental Protection Agency
NASA	National Aeronautics and Space Administration
NOAA	National Oceanic and Atmospheric Administration
NRDC	Natural Resources Defense Council
PPSC	Program and Program Support Cost
UNEP	United Nations Environment Program

Introduction

The U.N. Environment Program (UNEP) was established in 1973. UNEP acts as a catalyst to coordinate and promote the participation of all countries and international organizations in national and international efforts to (1) preserve and enhance the environment and the natural resource base, (2) deal with environmental problems, and (3) seek financial resources for technical assistance, education, training, information, and exchange of experience. UNEP seeks to provide improved knowledge for integrated, rational, biospheric resource management, and for safeguarding human well-being, as well as that of ecosystems. UNEP encourages and supports planning and management of development (including development of natural resources), taking into account the environmental consequences, so as to achieve maximum social, economic, and environmental benefits.

Organizational Structure and Sources of Funding

UNEP has two primary bodies—a Governing Council and a Secretariat. The Governing Council consists of representatives from 58 countries—16 African, 13 Asian, 13 Western European (including the United States), 10 Latin American, and 6 Eastern European nations. The main functions of the Council, whose members serve 3-year terms, are to (1) promote international cooperation in the field of environment, (2) provide general policy guidance for the direction and coordination of environmental programs within the U.N. system, and (3) review the impact of national and international environmental policies and measures on developing countries.

The Secretariat is headed by an Executive Director, who is responsible for carrying out UNEP's program activities. The Executive Director is nominated by the Secretary-General and elected by the General Assembly. The current Executive Director, from Egypt, has been elected consecutively to four 4-year terms, beginning in 1977; the present term expires in December 1992. As of July 29, 1988, the Secretariat had a total staff of 409 at its headquarters in Nairobi, Kenya, and 133 at its 15 field locations. UNEP had 199 professional staff, of which 15 were Americans.

UNEP is financed through the U.N. budget, voluntary contributions to the Environment Fund, trust funds, and other miscellaneous income. Information for the latest biennium is shown in table 1.1.

Table 1.1: Sources and Amounts of UNEP Funding, 1986-87 Biennium

Dollars in Thousands

Source	Amount	Percent
UN Budget[a]	$10,117	11
Environment Fund[b]	61,385	67
Trust Funds[c]	16,464	18
Other Income[d]	3,839	4
Total	**$91,804**	**100**

[a]Finances 46 professional and 60 general service staff, as well as Governing Council sessions.

[b]Finances certain staff positions, as well as projects.

[c]Financed by contributing countries.

[d]Includes funds contributed by governmental, nongovernmental, and private organizations.
Source: U.N. Environment Program

The United States is the major contributor to the Environment Fund. Its share of funding relative to other member states for 1986 and 1987, the latest biennium for which this information was available, is shown in table 1.2. In 1988 the United States contributed $7.8 million and $9.5 million was appropriated for 1989.

Table 1.2: Voluntary Contributions to the Environment Fund, 1986-1987 Biennium

Dollars in Thousands

	1986		1987	
Country	**Amount**	**Percent**	**Amount**	**Percent**
United States	$8,613	28.4	$6,800	21.9
Japan	4,000	13.2	4,500	14.5
Soviet Union	3,601	11.9	4,090	13.2
Sweden	2,224	7.3	2,624	8.5
West Germany	2,196	7.2	2,599	8.4
United Kingdom	1,472	4.8	1,570	5.1
France	901	3.0	1,186	3.8
Norway	954	3.1	1,067	3.4
Canada	794	2.6	818	2.6
Netherlands	655	2.2	811	2.6
Others[a]	4,940	16.3	4,971	16.0
Total	**$30,350**	**100.0**	**$31,036**	**100.0**

[a]Includes contributions from 84 countries in 1986 and contributions from 77 countries in 1987.
Source: U.N. Environment Program

Although an increase in contributions is shown for all countries, except the United States, only Japan, Sweden, and France actually increased their contributions when exchange rates are taken into account.

Project Implementation

A standard project document is completed for each proposed project, which shows the objectives, implementing agency, cost, and outputs. A project screening committee determines whether a proposal needs to be further developed, modified, or rejected based on the program approved by the Governing Council and the priorities within the approved program as determined by the UNEP Executive Director. Projects that involve less than $50,000 in UNEP funds are approved by the Assistant Executive Director, Finance and Administration. Projects between $50,000 and $100,000 are approved by the Assistant Executive Director, Finance and Administration, and the Assistant Executive Director, Environment Program; and projects over $100,000 are approved by both Assistant Executive Directors and the Deputy Executive Director.

UNEP projects are implemented by cooperating U.N. agencies, supporting governments and nongovernmental organizations, program activity centers, as well as internally. According to the UNEP Executive Director's 1986 annual report, three major cooperating agencies implemented UNEP projects: the U.N. Educational, Scientific and Cultural Organization, with 22 projects for $930,000; the Food and Agriculture Organization, with 18 projects for $397,000; and the World Health Organization, with 13 projects for $544,000. The report also shows that supporting governments and nongovernmental organizations implemented 107 projects in 1986 at a cost of $4.1 million. The program activity centers received $3.7 million for 6 projects and 77 internal projects accounted for $4.1 million.

Objectives, Scope, and Methodology

Our objectives were to review UNEP's accounting practices, financial reserves, general level of efficiency and effectiveness, and to examine U.S. influence in the organization. Our fieldwork, which was conducted from April through September 1988, was performed principally at UNEP headquarters in Nairobi, Kenya, and at the Department of State in Washington, D.C.

Our review of UNEP's accounting practices included its financial regulations and the procedures for developing and monitoring its budget. We also reviewed the controls over funds provided to other U.N. agencies and governmental and nongovernmental organizations. We reviewed the U.N. Board of Auditors' reports and UNEP's financial statements for the 1984-85 and 1986-87 bienniums. Our work did not duplicate the Board of Auditors' work and did not constitute an audit of UNEP's accounts and financial reports. Because UNEP and other U.N. organizations are outside our audit authority, our review of U.N. documents was limited to those

that are available to member governments. Our review was further limited by our inability to verify data provided to us and to independently confirm views of U.S. and other officials.

We reviewed the Governing Council's decisions on establishing the financial reserve and the fund program reserve, and interviewed the Assistant Executive Director, Finance and Administration, on the controls over the reserves' use.

To address the efficiency and effectiveness at UNEP headquarters, we reviewed UNEP's evaluation process and performance monitoring system. We interviewed the Chief of the Follow-up and Evaluation Section on how programs and projects are evaluated, and reviewed selected evaluation reports issued from 1985 to March 1988. We also interviewed the Senior Program Coordination Officer on the performance monitoring system used to monitor program outputs and reviewed reports on the performance for the 1986-87 biennium. In Washington, we obtained comments from U.S. government officials and nongovernmental organizations.

We examined the level of U.S. influence in UNEP through interviews with the Deputy Executive Director, the permanent U.S. representative to UNEP, and U.S. government and nongovernmental organization officials. We made our review in accordance with generally accepted government auditing standards.

Environment Fund, Financial Reserves, and Trust Funds

The Environment Fund, which is $87.8 million for the 1988-89 biennium, consists of the program and program support cost (PPSC) budget ($25.8 million); the program budget ($60 million), and the fund program reserve ($2 million). UNEP also maintains a financial reserve, which is 7-1/2 percent ($6.6 million) of the Environment Fund, and administers several trust funds (which had a balance of $17.4 million in 1987). The budgets and the reserves are reviewed and approved by the Governing Council.

UNEP controls its budget execution through the allocation of funds, monthly reports on commitments, and financial reports on project expenditures. The U.N. Board of Auditors audits UNEP's financial accounts every 2 years and the Board concluded in its 1987 report that UNEP's financial statements present fairly its financial position and the results of its operation.

Program and Program Support Cost Budget

The PPSC budget, which is $25.8 million for 1988-89 biennium, covers the Secretariat's operating costs not funded from the U.N. budget. Salaries and related staff costs account for $17.5 million, or 68 percent of the budget. The remaining funds are for general operating expenses, travel, and equipment and supplies. The Governing Council has directed UNEP to keep the PPSC at 33 percent of contributions to the Environment Fund. However, the 1988-89 PPSC budget is 43 percent of the estimated contributions of $60 million.[1] UNEP's Executive Director expressed concern that unless contributions to the Environment Fund are increased it will be impossible to keep the PPSC budget to within 33 percent of the estimated contribution for 1988-1989. UNEP's Governing Council requested the Executive Director to seek ways to limit the PPSC budget to within the 33-percent yardstick, and to review regional and liaison offices' expenditures, with emphasis on reducing the cost of these offices charged to the PPSC budget. The Assistant Executive Director for Finance and Administration stated that several initiatives are being considered to reduce the PPSC budget as suggested by the Governing Council. We were unable to confirm whether adequate actions have been taken to bring the PPSC budget to within established guidelines.

Program Budget

The program budget, which finances UNEP's programs and projects, shows the funds requested for each program by type of activity, but

[1]The 1988-89 biennium budget is financed by $60 million in estimated contributions and carryover funds from prior years.

does not identify specific projects. The Executive Director has the authority to allocate funds for the program within the ceiling, depending on the level of resources available to him. The funding level of the program budget is based on the estimated contributions, current fund balance, and the status of the current biennium budget. The 1988-89 program budget is $60 million and is divided among a variety of programs, as shown in table 2.1.

Table 2.1: Program Budget, 1988-89 Biennium

Dollars in Thousands

Program	Amount	Percent
Earthwatch		
Monitoring and assessment	$8,300	13.8
Information and exchange	5,600	9.3
Environmental Management		
Oceans	6,900	11.5
Water	3,200	5.3
Terrestrial ecosystems	6,300	10.5
Decertification	6,000	10.0
Environmental health	2,100	3.5
Technology and environment	4,900	8.2
Peace, arms race, and the environment	350	.6
Support		
Support measures	11,250	18.8
Technical and regional cooperation	5,100	8.5
Total	**$60,000**	**100.0**

Source: U.N. Environment Program

The Governing Council approved the proposed budget and, according to a U.S. government official, budget allocations proposed by the Executive Director were not changed by the U.S. or any other delegation. The official stated that UNEP is conscientious in considering the priorities of the various member states when putting together the proposed budget.

In developing the program budget, UNEP divides funds into four activities—rephasings (funds needed for projects implemented slower than expected in the current biennium), ongoing projects, unimplemented projects, and new projects.

Within each activity, funds are also separated into core and supplemental activities. The core program contains the priority one activities and

represents 85 percent of the proposed budget; supplemental activities are the remaining 15 percent and are considered priority two. For the 1988-89 biennium, over $6.3 million, or 11 percent, of the budget was available for new projects. (See table 2.2.)

Table 2.2: UNEP Budget Allocation by Activity and Priority, 1988-89 Biennium

Dollars in Thousands

Activity	Core	Supplemental	Total	Percent
Ongoing	$43,250	$7,010	$50,260	84
New	4,585	1,735	6,320	11
Rephasings	2,710	0	2,710	4
Unimplemented	340	370	710	1
Total	**$50,885**	**$9,115**	**$60,000**	**100**
Percent	85	15	100	

Source: U.N. Environment Program

According to the Assistant Executive Director, Finance and Administration, the decision on funding new projects is based on guidance from the Governing Council, as well as on the need to maintain a balanced program.

Monitoring Budget Execution

UNEP controls budget execution through the allocation of funds, monthly reports on commitments by program, and financial reports on project expenditures.

Allocation of Funds

According to the Assistant Executive Director, Finance and Administration, the Executive Director makes the initial budget allocation to each program based on the cash on hand, projected income (pledges), and an assessment of the prior years' performance. The allocation is split between the 2 years of the biennium.

For the 1988-89 biennium, initially, the core budget was allocated in November 1987, splitting the allocation 50/50 for each year. In March 1988 the core budget was reallocated, splitting it 60 percent in 1988 and 40 percent in 1989.

Control Over Commitments

The execution of the budget is monitored through monthly "pipeline" reports, which show funds committed against the allocation, by program. The Assistant Executive Director, Finance and Administration,

stated that these reports allow management to identify programs that are being implemented slowly and to take appropriate action. This official stated that the reports also ensure that program managers do not overcommit resources.

Control Over Expenditures

UNEP monitors project expenditures through quarterly financial reports from the cooperating and supporting agencies, and monthly reports from the program activity centers and internal projects. These reports show a breakdown of expenditures by type, such as consultants, travel, and equipment. Supporting organizations (i.e., government and or non-governmental organizations) cannot reprogram funds between line items without prior approval from UNEP. However, U.N. agencies can reprogram up to 20 percent of the funds between line items, provided the total cost of the UNEP annual contribution is not exceeded. All increases in project costs must be approved by UNEP.

UNEP requires final, certified financial statements for all completed projects. The supporting agencies' statements must be certified by a recognized firm of public accountants or government auditors and, if requested, the agencies are to facilitate an audit of the accounts by the U.N. Board of Auditors.

The U.N. Board of Auditors issues biennial reports on UNEP. The Board's scope and responsibilities direct it to perform account audits, including trust funds, to ensure that

- financial statements agree with the organization's books and records;
- financial transactions are in accordance with rules and regulations, budgetary provisions, and other directives;
- securities and moneys on deposit and on hand have been verified by certificate received directly from the organization's depositories, or by actual count;
- internal controls are adequate; and
- satisfactory procedures have been applied in recording all assets, liabilities, surpluses, and deficits.

The auditors' reports, along with the audited accounts, are reviewed by the Governing Council and transmitted to the U.N. General Assembly.

For the past two bienniums ending in 1985 and 1987, the U.N. Board of Auditors issued opinions that UNEP's financial statements present fairly the financial position and the results of its operations for these periods.

According to the Board, the following are the most significant matters resulting from its examination of financial statements for the biennium ending in December 1987.

- Overexpenditure of $111,000 by the Geneva liaison office, under the account for supplementary services, represented 180 percent of the total allotment.
- Double recordings of obligations under the Mediterranean Trust Fund and program activities of the Fund occurred.
- Project cost overruns were incurred in 1987 for consultants, expendable equipment, and reporting costs, affecting the nonconvertible currency counterpart contributions to the Mediterranean Trust Fund. The percentage of cost overruns on the 1987 budget ranged from 95 percent to 162 percent, which exceeded the 20-percent budget flexibility limit allowed for projects.

The Board reported that matters contained in its 1984-1985 report have either been dealt with to its satisfaction or were addressed in its current report.

Financial Reserve and Fund Program Reserve

Within the Environment Fund account, UNEP maintains separate accounts for a financial reserve and a fund program reserve. The financial reserve was established to guarantee the financial liquidity and integrity of the Environment Fund, and to compensate for uneven cash flows. The fund program reserve is used to meet unforseen needs and to finance unanticipated projects.

The financial reserve was established in 1973 and set at 7-1/2 percent of resources. The level is reviewed periodically by UNEP's Governing Council on the recommendations of the Executive Director. The Council is required to keep the level and composition of the financial reserve under constant review, taking into account the estimated income and expenditures for the following financial year. The percentage has fluctuated over the years, based on the Governing Council's decisions. Currently, the reserve is at the original 7-1/2 percent of resources, which is $6.6 million for the 1988-89 biennium. According to the Assistant Executive Director, Finance and Administration, the financial reserve has never been used. This raises the question as to whether the financial reserve is needed.

The fund program reserve was also established at UNEP's inception. This reserve fund is a line item in the biennium budget used to (1) meet

unforeseen needs, (2) finance unanticipated projects or phases of projects, and (3) meet such purposes as may be determined by the Governing Council. For the 1986-87 biennium, $2 million was approved for the reserve; 16 projects totaling $1.3 million were funded through this reserve during the biennium. For the 1988-89 biennium, the Governing Council approved an appropriation of $2 million for the fund program reserve, leaving a balance of $2.7 million.

Trust Funds

Under U.N. and UNEP regulations, trust funds may be established by UNEP's Executive Director, with the approval of the Governing Council, for specified purposes. UNEP administers 22 trust funds. According to UNEP's financial report, as of December 31, 1987, the trust fund balance was $17.4 million (see table 2.3). The general trust funds are financed by various member governments. They include such programs as the several regional seas programs and the Convention on International Trade in Endangered Species. The technical cooperation and other trust funds are financed by individual countries. Since 1982, UNEP has set up a number of technical assistance trust funds to receive payments from donor countries who wish to channel contributions through UNEP to assist developing countries in solving their environmental problems. The other trust funds exist to help UNEP in its work; for instance, Denmark, the Federal Republic of Germany, Japan, and Norway have established trust funds to pay the salaries of junior professional officers from their countries.

Table 2.3: Status of UNEP Trust Funds, as of December 31, 1987

Dollars in Thousands

	Fund balance
General Trust Funds	
Mediterranean	$5,192
Kuwait Action Plan	148
Caribbean	2,738
East Asian Seas	300
East African Regional Seas	570
West and Central African Region	4,169
Convention on International Trade In Endangered Species	684
Conservation of Migratory Species	330
Environment Conservation Stamp	55
Subtotal	**$14,186**
Technical Cooperation	
Short-term Experts to Developing Countries—West Germany	$7
Environmental Management and Protection of Andean Ecosystems—West Germany	843
Control of Environmental Health Hazards and Promotion of Chemical Safety—West Germany	190
Experts to SADCC—Finland	116
Consultancies to Developing Countries—Finland	87
Experts to GRID-Finland and Denmark	257
Industrial Environmental and Raw Material Management—Sweden	74
Support to the Clearing House—Norway	2
Subtotal	**$1,576**
Other Trust Funds	
Junior Professional Officers Program:	
Denmark	$22
Norway	88
Japan	158
West Germany	146
International Prizes in the Field of the Environment	1,208
Subtotal	**$1,622**
Total	**$17,384**

Source: U.N. Environment Program.

A State official told us that the United States has had a long-standing policy of not contributing to trust funds, although an exception was made for the Convention on International Trade in Endangered Species.

The United States contributed $170,000 to this trust fund in 1988 and appropriated $650,000 for fiscal year 1989. The United States' preference is to contribute directly to projects, since this gives it better control over the use of the funds.

Conclusions

Our review showed that UNEP appears to have adequate controls over its budget execution, financial and fund program reserves, and trust funds. UNEP's financial rules and regulations, including its system of internal controls, biennial auditing by the U.N. Board of Auditors, and oversight by its Governing Council, on which the United States is represented, provide a reasonable framework for financial management and accountability. However, it appears that UNEP's financial reserves are set too high and its PPSC budget exceeds established guidelines.

UNEP Efficiency and Effectiveness

U.N. regulations require organizations of the U.N. to establish an internal evaluation system. One purpose of U.N. evaluations is to determine the efficiency and effectiveness of activities in light of their objectives. UNEP has established an internal evaluation system. A comprehensive self-evaluation was conducted in 1985-86 of all UNEP projects, past and present, that highlighted a series of achievements. UNEP realized these achievements in cooperation with governments, organizations within the U.N. system, and nongovernmental organizations. The self-evaluation also identified failures and weaknesses and, as a result, UNEP has made organizational changes and improved its procedures.

State officials, U.S. government agencies participating in UNEP's program, and nongovernment organizations have commented favorably on the general level of UNEP's efficiency and effectiveness.

UNEP's Evaluation System

UNEP's primary emphasis is on its catalytic and coordinating functions—to solve environmental and natural resources problems. Much of UNEP's action is indirect, undertaken through other U.N. agencies, governmental or nongovernmental organizations. Programs under UNEP are integrated with those of other U.N. organizations in the environmental field, under a systemwide, medium-term environment program. UNEP also executes a number of projects directly. It cooperates with U.N.-participating organizations on evaluations of environment programs. UNEP has a Follow-up and Evaluation section that consists of two professionals and one administrative staff, who are responsible for UNEP's evaluation system and who report directly to the Executive Director. They conduct in-depth and desk evaluations, and also follow up on recommendations.

UNEP's evaluation program focuses on project rather than program evaluation. According to a UNEP official, the evaluation staff is insufficient to conduct program evaluations. The Executive Director selects the projects for in-depth evaluation based on requirements in the project document or requests from UNEP management. Desk evaluations are generally conducted based on a requirement in the project design.

UNEP's in-depth evaluations include reviews of documentary evidence, interviews with project personnel, and visits to project sites in an effort to address efficiency and effectiveness, and to determine whether UNEP has demonstrated its catalytic role. In making these evaluations, the Follow-up and Evaluation staff use consultants, and several have been done in cooperation with other U.N. organizations. UNEP's desk evaluations are based on material available on file (e.g., reports, publications,

and completed questionnaires). These are usually internal evaluations carried out by project managers at the end of a project.

UNEP's Self-Evaluation

UNEP conducted an assessment of all programs and projects in 1985 and 1986 to analyze its past performance, identify areas of success and failure, and to derive general lessons from the analysis. The evaluation found that UNEP activities were successful (1) when governments were involved in defining and developing an activity, (2) in long-term programs with governments or other U.N. agencies, (3) in multidisciplinary activities addressing major problems, and (4) when they were well-equipped, knew what to do, and could take the lead in undertaking activities. Some examples of UNEP's major achievements include

- drawing attention to and addressing emerging issues of global importance, such as the effects of ozone depletion, increased concentrations of "greenhouse" gases, and unsustainable development;
- operating the International Registry of Potentially Toxic Chemicals, which includes a global information exchange network and a query response service on the effects of chemicals on the environment, and a data base for evaluating the hazards associated with chemicals;
- assisting and encouraging governments to establish international conventions and protocols for proper management and conservation of the environment, including the Convention on International Trade in Endangered Species of Wild Flora and Fauna; Convention on the Conservation of Migratory Species of Wild Animals; Convention on the Protection of the Ozone Layer; and the conventions and protocols within the framework of the regional seas program; and
- building public awareness of general environmental problems through various information programs.

The evaluation identified some failures, weaknesses, and lessons learned in several areas of UNEP's activities. The following are examples of some failures and weaknesses:

- A tendency to dispense a relatively large portion of financial and manpower resources on small projects, a number of which had negligible results in terms of addressing serious global and regional environmental problems.
- Failure of the environmental management component to use assessment in a consistent manner and to put enough emphasis on an integrated approach. Furthermore, insufficient use had been made of existing information and techniques.

- Several projects did not achieve the required results nor produce the desired impact because of poor formulation of objectives. Also, there was very little interlinkage among subprograms.

The following are examples of lessons learned:

- Special care should be taken in the selection of government departments as counterparts for joint activities. In most countries, no single ministry spans all environmental concerns.
- More attention needed to be given to program and project development, preparatory work on the identification and conceptual formulation of objectives, as well as to the actual management, monitoring, and follow up during implementation.

The 1985-1986 evaluation resulted in some organizational changes designed to increase efficiency and effectiveness and improve procedures for project design and follow up. The evaluation section was strengthened, renamed Follow-up and Evaluation Section, and placed under the direct supervision of the Executive Director.

The UNEP Governing Council, in a decision at its fourteenth session in 1987, expressed appreciation for the thorough internal review carried out by the Executive Director of UNEP activities since its inception. The Council stated that evaluation is an integral part of the programming cycle and should be undertaken using a refined methodology of project and program evaluation, prepared in consultation with UNEP's partners in the U.N. system and with participating governments. This decision was subsequently echoed in a resolution by the U.N. General Assembly in December 1987. The UNEP Secretariat, in May 1988, distributed a draft project evaluation methodology to the Committee of Permanent Representatives for review. The United States is represented on this committee.

Performance Reporting

UNEP also has a performance monitoring system that compares planned activities to those actually implemented. During the 1986-87 biennium, UNEP implemented 397, or 74.3 percent, of its 534 programmed outputs. (See table 3.1.)

Table 3.1: Programmed Activities Implemented, Reformulated, Postponed, or Terminated, 1986-87 Biennium

Category	Number	Percent
Implemented	397	74.3
Reformulated	18	3.4
Postponed	28	5.2
Terminated	91	17.1
Total	534	100.0

Source: U.N. Environment Program.

Some of UNEP's activities include advice and reports on the following programs:

- International Register of Potentially Toxic Chemicals—advice to government authorities regarding possible health and environmental impact of spillage of chemicals in the country's major port.
- Atmosphere (Outer Limits)—a report was published on the international conference, which assessed the role of carbon dioxide and other greenhouse gases in climate variations and the associated impact.
- Control of Chlorofluorocarbons—environmental law workshops were held in Rome, Italy, and Leesburg, Virginia, and several meetings of legal and technical experts on the preparation of the protocol on these substances were held.
- The Global Environmental Monitoring System—UNEP and the World Health Organizations published a report on international collaboration in monitoring pollution and health.

Views of U.S. Agencies and Nongovernmental Organizations

We interviewed officials of the Department of State, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the Council on Environmental Quality, as well as officials of the Natural Resources Defense Council and Friends of UNEP to obtain their views on the general level of UNEP's performance. While we are unable to independently confirm the views expressed and there is no systematic assessment of UNEP's overall performance by the State Department, these officials told us that UNEP has done very useful work on several environmental actions of importance to the United States. UNEP is considered to be an effective forum for discussing and initiating actions on environmental issues and programs to which the United States attaches importance. The organization has exhibited its efficiency in fulfilling its catalytic role and has effectively coordinated several environmental initiatives of special interest to the United States.

For example, a major UNEP initiative was the international negotiation for the protection of the ozone layer in 1985, followed by the adoption of a protocol in 1987 to control substances that deplete the ozone layer. Other programs of special interest to the United States were (1) Oceans and Coastal areas, which promote environmental protection and natural resource management agreements among countries bordering specified ocean regions; (2) the Global Environmental Monitoring System, which assembles, analyzes, and disseminates data on global conditions and trends; and (3) the International Register of Potentially Toxic Chemicals, which maintains a file on national regulatory actions concerning specified chemicals.

Although generally positive in their assessments, some U.S. government and nongovernment officials commented that UNEP is in too many areas and is oversubscribed, its resources are spread too thin, and its funds are farmed out to too many U.N. agencies, making it difficult for the organization to really be efficient. One official said that because of UNEP's small staffing and other resources, it has not been very effective in its role with governments. He suggested that more of UNEP's funds should be used to address its catalytic role among governments to enable the governments to better understand the problems surrounding environmental issues.

U.S. officials repeatedly cite UNEP for its fine work on environmental issues. Department of State officials told us that UNEP has been relatively efficient in achieving its goals and has effectively carried out its coordination role.

Conclusions

Indications are that UNEP has been generally successful in carrying out its catalytic and coordinating functions. It has contributed to the creation of various conventions and protocols on environment conservation and addressed several environmental issues of global importance, such as ozone depletion and "greenhouse" effect. UNEP is reportedly taking action on weaknesses in its operation, identified through its internal evaluations. UNEP, however, may be dissipating some of its resources by attempting to administer too many small-scale projects which may have marginal impact.

U.S. Influence in UNEP

Department of State officials, other U.S. government agencies, and nongovernment organizations, believe the United States has a strong influence within UNEP because of its large financial contribution and its status as a leader on environmental issues. These officials do not believe that variations in U.S. contributions have affected U.S. influence. They stated that UNEP supports programs of high priority to the United States and keeps political issues to a minimum. Nevertheless, because the Department of State's Bureau of International Organization Affairs (IO) no longer prepares action programs that define, in specific and quantifiable terms, U.S. goals and objectives for UNEP and outline a plan for achieving them, the extent to which U.S. interests are being served by UNEP is difficult to measure.

Action Programs No Longer Prepared

IO does not have action programs outlining specific goals and objectives for participating in international organizations, such as UNEP. IO officials responsible for managing U.S. affairs in UNEP stated that U.S. positions are developed when the United States prepares to meet with the UNEP Governing Council, at which time position papers on the various issues to be addressed are assembled by State and various executive branch agencies.

In 1979, following a series of our reports[1] addressing State's management of U.S. participation in international organizations, IO established a policy management process that involved the annual preparation, review, approval, and implementation of action programs to guide U.S. participation in international organizations and to monitor the process by establishing benchmarks against which U.S. participation can be evaluated. The primary purpose of preparing action programs was to establish, in specific and quantifiable terms, the major U.S. objectives to be pursued in a particular international organization. The formulation of action programs was also designed as a management tool that would provide a structured method for integrating input from various executive branch agencies and establishing an operational plan for achieving agreed upon objectives. Further, the action programs were initiated so that U.S. participation was considered in a longer term, to overcome the tendency to prepare for each meeting as an isolated event.

[1]Numerous Improvements Still Needed in Managing U.S. Participation in International Organizations (ID-74-52, July 18, 1974); U.S. Participation in International Organizations (ID-77-36, June 24, 1977); and U.S. Participation in International Organizations (ID-79-26, Aug. 10, 1979).

According to an IO policy management official, the preparation of action programs was discontinued in 1985. IO officials told us that the United States develops positions for each UNEP Governing Council session. For the June 1987 Governing Council meeting, U.S. objectives were to

- maintain UNEP's role as the principal catalyst and coordinator of environmental programs and activities within the U.N. system,
- increase reliance on scientific analyses of environmental trends and problems as the basis for improved policy making,
- continue constructive involvement of private sector institutions in international environmental protection activities,
- improve coordination with the U.N. system,
- concentrate UNEP's program on issues of priority to the United States, and
- expand support by other countries for UNEP programs.

These positions, however, are general and do not constitute specific and quantifiable objectives that can serve as a basis for measuring performance.

We were also told that other methods are used for setting policies and objectives for U.S. participation in international organizations. For example, beginning in fiscal year 1988, IO and U.S. missions to U.N. organizations began participating in an ongoing Department of State requirement of submitting annual goals and workplans to the Secretary of State. Even so, the official said the goals and work plans from the U.S. missions to the U.N. are not specific to particular U.N. agencies.

The IO officials acknowledged that action programs forced all parties concerned to (1) define and agree upon objectives and priorities, (2) explain steps to be taken to fulfill them, (3) state important steps on the way to their objectives, and (4) consider and state their budgetary implications. The programs also set up a mechanism for follow-up on actions taken and provide continuity over the years.

A Department of State Inspector General report, in 1984, noted that IO had established action programs outlining specific goals and objectives for most of the international organizations with which the missions deal. In the report, the Inspector General stated that action programs were very useful policy documents and commended IO for its initiative. The report further noted, however, that the extent of mission input into these guidelines had varied, and suggested that the IO should seek greater mission involvement in the policy formulation stage and broader

concurrence on the action programs, particularly where other bureaus and agencies are interested, so that these policy documents become statements of U.S. government goals and objectives in the international organizations.

IO abandonment of the action program process may have left State IO managers looking after U.S. affairs in international organizations without specific quantifiable goals and objectives against which U.S. participation can be evaluated. Defining U.S. objectives with cooperating U.S. agencies would help elicit the most effective involvement of the executive branch agencies concerned with international organizations and programs. U.S. participation should be considered in a longer term and broader perspective, with strategies devised toward promoting U.S. interests prior to formal meetings. Goals and workplans not specific to particular U.N. agencies are not very useful in establishing whether U.S. objectives are being achieved.

Views on U.S. Influence

Several U.S. government agencies and nongovernmental organizations participate in UNEP's program—the Environmental Protection Agency (EPA), National Oceanic and Atmospheric Administration (NOAA), National Aeronautics and Space Administration (NASA), Council on Environmental Quality (CEQ), Natural Resources Defense Council (NRDC) and Friends of UNEP. A general perception among these agencies and organizations is that the United States has a strong influence within UNEP and that UNEP keeps political issues to a minimum. Department of State officials told us that the United States is satisfied with its level of influence in UNEP. Exceptionally good relationships exist with UNEP's management and member states on environmental issues. Officials also said that UNEP's Executive Director has been very receptive to U.S. interests, and this is expected to continue.

Moreover, the United States raised its fiscal year 1989 contribution to UNEP, because it feels UNEP has been responsive to U.S. priorities. These priorities include the ozone convention and protocol, regional seas program and work with the World Meteorological Organization on global climate.

The United States is the key player in UNEP, because it is the major donor to the Environment Fund and on the forefront of environmental issues. State, EPA, CEQ, and NRDC officials stated that they did not believe that variations in United States' monetary contribution has affected its influence because of its intellectual contribution and leadership in the

environment arena. The United States, they say, represents one of the centers of technological advancement on environmental matters. A NASA observer believed that there is a perception within UNEP that the United States does not fully use the influence it has in the organization, while others thought UNEP was quite responsive to U.S. concerns and interests. A nongovernmental organization observer believed that, because the United States has been erratic in its funding, its credibility has been hurt and, in the long range, its actions may be self-defeating.

Conclusions

Although U.S. participation in UNEP appears to be going well, the IO should not lose any continuity gained following the years of effort that began when it initiated its policy management process. We believe IO managers should give serious consideration to reinstituting the action program concept or a similar formulation. It should help focus attention on U.S. participation over a longer term rather than preparing U.S. positions on an annual basis. We also believe that action programs for international organizations could provide useful policy documents that become statements of U.S. government goals, objectives, and courses of actions for participation in such organizations.

Recommendations

We recommend that the Secretary of State direct the Assistant Secretary of State for International Organization Affairs to establish an action program or a similar formulation that would define objectives and priorities for U.S. participation in UNEP, and would specify a plan for achieving them.

Agency Comments

The Department of State acknowledged that it does not, at this time prepare a detailed action program, as was done until 1985, but stated that the IO official directly responsible for UNEP prepares, as an IO management tool, a document identifying key events and issues for the upcoming year, U.S. objectives for the short- and long-term, and specific actions to be taken.

While this document is a useful management tool, it does not reflect the full range of programs and issues that the United States must deal with in UNEP, nor is it coordinated with other offices in the IO, other State bureaus, and other departments and agencies of the executive branch. Thus, it does not represent a comprehensive, fully coordinated, and approved plan to guide the management of U.S. participation in UNEP.

IO officials responsible for UNEP activities told us that they recognize the limitations of this internal planning document and that they intend to develop the type of action program we are recommending.

Comments From the U.S. Department of State

United States Department of State

Comptroller

Washington, D.C. 20520

March 16, 1989

Dear Mr. Conahan:

I am replying to your letter of January 26, 1989 to the Secretary which forwarded copies of the draft report entitled United Nations: U.S. Participation in the Environment Program (GAO code 472166) for review and comment.

The enclosed comments were coordinated within the Department and prepared by the Bureau of International Organization Affairs.

We appreciate the opportunity to review and comment on the draft report.

Sincerely,

Roger B. Feldman

Enclosure:
As stated.

Mr. Frank C. Conahan
Assistant Comptroller General,
National Security and
International Affairs Division,
U.S. General Accounting Office,
Washington, D.C. 20548.

GAO DRAFT REPORT COMMENTS: UNITED NATIONS: U.S. PARTICIPATION IN THE ENVIRONMENT PROGRAM (GAO CODE 472166)

Thank you for the opportunity to review and comment on the draft GAO Report on the United Nations Environment Program (UNEP). We recognize that the scope of the report was limited to an examination of (1) UNEP's accounting practices, financial reserves, and the status of UNEP's trust funds; (2) the general level of efficiency and effectiveness of its headquarters and field programs; and (3) the level of U.S. influence in UNEP. Nevertheless, we are pleased that the report appears to present a highly positive review of overall U.S. relations with this UN program. After careful review of the Report, there are two points on which we wish to comment.

The first of these is with regard to the Report's discussion of the Department of State's alleged lack of a "program plan which defines in specific and measurable terms U.S. goals and objectives and which establishes a specific plan for their achievement." While the Report is correct in stating that the Department does not at this time prepare such a detailed action plan, as was done until 1985, it should be pointed out that the official directly responsible for UNEP prepares, as an IO management tool, a document identifying key events and issues for the upcoming year, U.S. objectives for the short and long term, and specific actions to be taken. This document helps provide a broader perspective within IO so that the Bureau, in turn, helps assure the more general promotion of U.S. interests in the preparation of formal, widely-cleared scope and position papers for UNEP meetings.

As a second point, we note the need to update the reference to the tenure of the Executive Director of UNEP, Dr. Mustafa Tolba. The report states that Dr. Tolba's present term expires in December 1988. While this was correct at the time it was written, Dr. Tolba was reelected to another four-year term as Executive Director by the recent UNGA. His current term expires December 31, 1992.

We appreciate the opportunity to comment on this report, and we would be pleased to discuss these comments further at your convenience.

N. Shaw Smith
Assistant Secretary, Acting
Bureau of International
Organization Affairs

Major Contributors to This Report

National Security and International Affairs Division, Washington, D.C.

Nancy R. Kingsbury, Director, Foreign Economic Assistance Issues (275-5790)
Thomas R. Brogan, Assistant Director
William G. Stepp, Evaluator

European Office

Michael S. Kennedy, Evaluator-in-Charge
Syrene D. Mitchell, Evaluator

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