



*REPORT TO THE COMMITTEE
ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES*

**Comments And Suggestions For
Independent Review And Evaluation
Of International Organizations
And Institutions** B-161470

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

DEC. 4, 1970



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

B-161470

Dear Mr. Chairman:

In your letter of July 14, 1970 (see enclosure III), you referred to the material I sent you a week earlier and asked for our comments relative to the establishment of independent review and evaluation bodies for international organizations.

As U.S. participation in multilateral organizations and programs has become increasingly evident as part of the total U.S. developmental assistance effort, we have been seeking ways of promoting and encouraging a better awareness on the part of U.S. representatives to the governing bodies of the organizations as to the need for mechanisms which would provide them with assurances that funds contributed by the United States are being used in an effective and efficient manner and to accomplish intended objectives.

GENERAL ACCOUNTING OFFICE
REVIEWS AND RECOMMENDATIONS

During the last few years, we have made reviews of U.S. financial participation in a number of international organizations. These included United Nations agencies and the Organization of American States. On the basis of our reviews, we made a number of specific recommendations aimed at improving the management of such participation with the view to increasing the effectiveness of the international organizations themselves in contributing to their respective objectives. We have recommended that the Secretary of State, in concert with other U.S. departments and agencies, take the following specific actions.

Develop and promulgate policy objectives and priorities relative to U.S. support of the organizations.

Emphasize to the organizations that future U.S. contributions will have to be justified by demonstrations that assistance projects are responsive to the priority needs of the less-developed countries and can be carried out efficiently, effectively and timely.

B-161470

Instruct U.S. diplomatic missions to enlist the support of other governments in expediting the needed management improvements in the United Nations development system.

Improve the effectiveness of U.S. appraisals of the need and priority of proposed and continuing projects.

Intensify efforts to increase employment of experienced U.S. nationals by the organizations as one way of improving management.

Until more adequate internationally constituted means of evaluation are developed, increase efforts to make effective evaluations of international organizations' activities by U.S. overseas posts.

In line with the last enumerated recommendation to the Secretary of State and on the basis of our review of U.S. participation in the Organization of American States, we recommended that the Secretary of State direct U.S. representatives to work toward a continuing, periodic, independent review of the Organization's management practices and to have the reviewers report the results to the Organization's governing body.

On the basis of our reviews of U.S. participation in United Nations agencies, we recommended that the Secretary of State encourage the establishment of a United Nations-wide review and evaluation body of appropriate size and competence to meet the need for effective, independent evaluation of United Nations programs and activities. We elaborated on this recommendation before your Subcommittee on International Organizations and Movements on March 5, 1970. We stressed the need for the body to have broad authority and responsibility and to report to the United Nations General Assembly.

Our position with respect to the need for independent review and evaluation of the programs and activities of these organizations has thus been well established in our specific recommendations to the Department of State.

CURRENT GENERAL ACCOUNTING OFFICE
REVIEW EFFORT

Significant amounts of U.S. assistance funds are channeled through the United Nations and other organizations such as the Organization of American States. The Department of State estimated that the United States would contribute \$369 million to these organizations in fiscal year 1970. The levels of U.S. assistance funds being channeled through the international lending institutions, such as the World Bank and the Inter-American and Asian Development Banks, are likewise significant. The United States has purchased capital or otherwise has contributed about \$4 billion to these institutions.

Although we are just beginning our review of U.S. financial participation in the lending institutions, we can see that representatives to the governing bodies of these institutions are faced with problems similar to those encountered by representatives to the governing bodies of the United Nations agencies.

We have noted that the lending institutions prepare financial reports and have annual audits made of their financial statements. Representatives to the governing bodies of these institutions, however, have not had the benefit of independent, comprehensive evaluations of the institutions' operating results. Hence the need for independent reviews and evaluations of the activities of the international lending institutions and the need for such reviews and evaluations of the activities of the United Nations organizations are not dissimilar.

ESSENTIAL ELEMENTS OF REVIEW
AND EVALUATION FUNCTION

The purpose of an independent review and evaluation function is to provide the governing body of an international organization which consists of representatives of member governments, and through it member governments, with adequate information regarding the manner in which the organization's management officials are discharging their responsibilities in meeting the goals and objectives of the organization.

We believe that there are certain essential elements which are necessary for achieving an effective, independent review and evaluation of the programs and activities of the major international organizations and institutions. These elements relate to organization, staffing, review guidelines, and performance and reporting standards.

For example, we believe that the review and evaluation group should be set apart and completely independent of management officials and should have adequate professionally qualified staffing. It is also important that the group concentrate on substantive administrative and management issues and make complete and timely reports to the organization's governing body. These elements are discussed in greater detail in enclosure I.

ESTABLISHMENT OF REVIEW
AND EVALUATION FUNCTION

The creation of any review and evaluation group is in the hands of the governing body of each international organization and institution. So far as the United States as a member of an organization is concerned, we believe that the U.S. representative to the governing body should propose and actively seek the establishment of the review and evaluation function.

As noted above, we have made specific recommendations in this regard relative to the United Nations system of organizations and to the Organization of American States. We have had informal discussions with officials of the Department of the Treasury and with other participants in the work of the National Advisory Council on International Monetary and Financial Policies as to the need for establishing such a function for the World Bank and for its affiliated institutions. There are doubtless other organizations or groups of organizations which would be appropriate for application of a review and evaluation function. One which immediately comes to mind is the Asian Development Bank.

Precedent for an independent review and evaluation group reporting to the governing body of an international organization can be

found in the case of the Inter-American Development Bank. Such a group was established by that Bank's governing body in 1968. Although there were delays in the appointment of the three principal members of that group and further delays and problems in implementing and completing work programs, we fully endorse the concept of the function and are hopeful that any remaining problems will be overcome.

The group for the Inter-American Development Bank was proposed by the U.S. representative to the Bank's governing body, pursuant to a legislative mandate contained in a 1967 amendment to the Inter-American Development Bank Act. In this connection, if the Congress wishes to consider legislation requiring the establishment of review and evaluation bodies for other international organizations and institutions, we would be happy to assist the Committee to draft legislative language which would accomplish this objective.

ROLE OF GENERAL ACCOUNTING OFFICE
IN ESTABLISHMENT OF
REVIEW AND EVALUATION FUNCTION

As noted in the preceding section, we believe that it is the responsibility of U.S. representatives to the international organizations to propose and actively seek the establishment of review and evaluation functions. At the same time, we believe that we can and should assist in this effort.

We would cooperate with the U.S. representatives by preparing a statement of objectives, standards, and guidelines for the professional conduct of and reporting on the reviews and evaluations, for use by the representatives in proposing and assisting in the formulation of the terms of reference for the review and evaluation function. We would expect to periodically examine reports on the reviews and evaluations-- as well as the statement of objectives, standards, and guidelines adopted by the governing bodies-- and from time to time to submit to the executive branch and to the Congress any suggestions we may have for improving the reviews and evaluations

B-161470

Whether there will be a need for legislation to ensure participation by the General Accounting Office in the development of terms of reference for the reviews and evaluations depends, of course, on the posture of the executive branch and of the U.S. representatives in this matter. If it becomes apparent that legislation ensuring such participation by the General Accounting Office will be necessary, we will be happy to assist the Committee to draft the language which would accomplish this objective.

U.S. EXECUTIVE BRANCH ORGANIZATION

In addition to making recommendations for effective reviews and evaluations, we have, as noted above, made other specific recommendations to the executive branch aimed at improving the management of U.S. financial participation in the United Nations and in related agencies. We believe that it is important to point out, however, that, until clearer lines of responsibility and authority, together with effective machinery, are established within the executive branch, there is, in our opinion, little likelihood that the most urgently needed improvements to which our recommendations were directed can be made.

In April 1970, we furnished your Subcommittee on International Organizations and Movements with an outline offering suggestions for certain organizational realignments which, we believe, would lay a foundation upon which to build permanent improvements.

The outline, a copy of which is included as enclosure II, sets forth a conceptual framework for accomplishment of those steps which, we believe, must be taken for the Department of State to effectively carry out its responsibility for directing and coordinating the activities of all departments and agencies with respect to the developmental assistance activities of international organizations. We communicated our views on this matter to the Department of State and to the Office of Management and Budget. On September 16, 1970, the Department of State advised us that, to improve its operations, it had

B-161470

initiated action to make organizational and staffing changes essentially in line with the steps set forth in our outline.

We also previously expressed the belief that there were organizational problems attending the international activities of the Department of the Treasury that should be dealt with. Our current review work, which is directed toward the formulation of recommendations for improving the management of U.S. participation in the international lending institutions, will include an assessment of the adequacy of the recently announced impending reorganization in the Office of the Assistant Secretary of the Treasury for International Affairs. This reorganization is said to be designed to increase the Department of the Treasury's contribution to international economic, finance, and trade policies.

We welcome the opportunity for continued participation in the development of means for improving the management of U.S. participation in international organizations and institutions.

Sincerely yours,



Comptroller General
of the United States

Enclosures - 3

The Honorable Thomas E. Morgan
Chairman, Committee on Foreign Affairs
House of Representatives

GENERAL ACCOUNTING OFFICE
COMMENTS AND SUGGESTIONS FOR
INDEPENDENT REVIEW AND EVALUATION OF
INTERNATIONAL ORGANIZATIONS AND INSTITUTIONS

This document sets forth General Accounting Office views on the essential elements considered necessary for achieving effective independent reviews and evaluations of the programs and activities of the major international organizations and institutions of which the United States is a member.

The purpose of the review and evaluation program contemplated is to provide the governing body of the international organization, and through it the organization's member governments, with adequate information with respect to the manner in which the organization's management is discharging its responsibilities in meeting the goals and objectives of the organization. Reports from such reviews would provide the governing body with a basis for actions directed toward promoting improvements in the organization's structure, policies, programs and related operating activities, and management and control systems consistent with the terms of the agreement under which the organization was established.

ORGANIZATION AND STAFFING

One of the primary considerations in establishing an effective review and evaluation group of the type discussed above is to ensure that the group is set apart from and completely independent of the president and other management officials of the international organization. The group should be headed by a qualified individual of high stature in the financial and administrative management area. He should report to and be directly responsible to the governing body which would oversee the work of the review group.

Another vital consideration for the successful operation of a review and evaluation group is the matter of adequate professionally qualified staffing. The group should be built around a cadre of seasoned accountants, auditors, economists,

and management analysts having experience in international financial and/or developmental assistance programs. One important source of competent personnel would be international public accounting firms, national auditing authorities, and international management consulting organizations.

The review and evaluation group should be given broad authority and responsibility for examining into, analyzing, and evaluating activities; for reporting on the activities examined into; and for reporting its conclusions to and making recommendations to the governing body of the international organization.

The head of the review and evaluation group periodically should prepare and submit its proposed work programs for review and approval by the governing body. Funds for financing the activities of the group should be approved by the governing body, without influence or prerogative of the organization's management officials, and should be derived from the same sources and in the same manner as are funds for financing other operations and activities of the international organization.

REVIEW GUIDELINES

Concentration on substantive administrative and management issues is crucial to the effectiveness of any review and evaluation program developed. The types of reviews contemplated are not restricted to accounting matters or to books, records, and documents. Rather, the reviews extend beyond those usually performed by independent public accountants that lead to the expression of opinions on financial statements. The reviews are intended to be analytical examinations, in depth, of all important operations, functions, and procedures of the international organization, with particular emphasis on how effectively the organization's programs and activities are being implemented and administered. These examinations would require giving consideration to such matters as whether:

1. The international organization is carrying out activities and programs within the scope and intent of the terms of the agreement establishing the organization.

2. The activities and programs of the organization are conducted effectively, efficiently, economically, and in a manner likely to accomplish intended objectives.
3. The organization's accounting and information system is adequate to serve the purposes of management and others consistent with their interest and concern.
4. The reports and information on operations are properly utilized.

It would be impracticable, however, to require that all activities of the organization be examined in a single year. Therefore, to systematically provide for the required coverage on a selective basis over a reasonable period of time and for the assignment of priorities in the conduct of the work, the review group should develop a time-phased plan which can be revised periodically for consideration and approval by the governing body, as noted above. In the formulation of this plan, particular consideration should be given to those matters which appear to be in need of attention or which offer prospects for significant improvement.

In establishing the specific scope of work to be performed and in devising specific review and evaluation procedures, consideration should be given to the nature and effectiveness of the international organization's system of management controls, including internal auditing and other forms of internal reviews. Also care should be taken so as to avoid unnecessary overlap with the activities of those groups and with the work of the independent public accountants. Particular attention should be given to the controls for ensuring that the projects and activities financed by the organization are progressing and are completed timely.

PERFORMANCE STANDARDS

The unique position of independence bestowed upon the review and evaluation group places an obligation on the group for objective consideration of facts and for unbiased judgments in performing reviews and formulating conclusions. The goal in each case is to ascertain what the actual situation is and to convey the most accurate knowledge possible to the report readers. The group should develop all significant and

pertinent information, pro and con, and should give genuine consideration to all such information in reaching its conclusions. Convincingness as to findings and recommendations must be based primarily on portraying the situation that exists.

The review group should take measures to ensure that the confidential nature of information in the international organization's records provided by prospective recipients of assistance will be honored.

REPORTING STANDARDS

The effective discharge of review responsibilities requires the prompt reporting of findings and related recommendations to the governing body of the international organization. Reports normally would include comments of the management of the organization on the findings and recommendations, unless the governing body specifies otherwise.

The review group's reports should be significant, clearly written, accurate, and fully supported by facts. Review findings and related conclusions and recommendations should be presented in an objective, concise, complete, constructive, and convincing manner. Also the reports should clearly state the general scope and extent of the review and evaluation, as well as any restrictions on the review work, so that the reader can clearly understand the coverage of the work.

AN OUTLINE FOR A MORE EFFECTIVE
EXECUTIVE BRANCH ORGANIZATION
FOR MANAGEMENT OF U.S. PARTICIPATION
IN THE DEVELOPMENTAL ASSISTANCE ACTIVITIES
OF INTERNATIONAL ORGANIZATIONS
(EXCLUDING FINANCIAL ORGANIZATIONS)

U.S. GENERAL ACCOUNTING OFFICE
APRIL 1970

Contents

	<u>Page</u>
Secretary of State Has The Responsibility	1
Practical Working Mechanisms Are Lacking	1
Low Stature in the Department	2
State Does Not Assert Authority	2
Foundations Needed	3
Stature and Support Are Essential	4
Need to Strengthen the Internal Organizational Structure	5
More Effective Inter-Departmental Working Arrangements	12
 Attachments:	
	<u>Attachment</u>
Memorandum For the Heads of Departments and Agencies dated March 15, 1966	1 14
Memorandum for the Secretary of State dated January 8, 1970	2 19
Estimated utilization of appropriated funds within the Department of State --Fiscal Year 1970	3 21

AN OUTLINE FOR A MORE EFFECTIVE
EXECUTIVE BRANCH ORGANIZATION
FOR MANAGEMENT OF U.S. PARTICIPATION
IN THE DEVELOPMENTAL ASSISTANCE ACTIVITIES
OF INTERNATIONAL ORGANIZATIONS
(EXCLUDING FINANCIAL ORGANIZATIONS)

In our reports, we have made a number of recommendations aimed at improving the management of U.S. participation in the developmental assistance activities of international organizations. However, until clearer lines of responsibility and authority, together with effective machinery, are established within the Executive Branch, and more particularly within the Department of State, there is in our opinion little likelihood that the most urgently needed improvements can be made. In this paper, we offer suggestions for realignments which would lay a foundation upon which to build permanent improvements.

SECRETARY OF STATE HAS THE RESPONSIBILITY

The President has charged the Secretary of State with the responsibility for directing and coordinating the activities of all U.S. departments and agencies involved in international organization affairs and for appointing and instructing U.S. representatives to the organizations. The President has also called on the heads of other departments and agencies to cooperate with the Secretary of State in discharging his responsibilities. (See attachments 1 and 2).

PRACTICAL WORKING MECHANISMS ARE LACKING

It would seem that the Secretary of State has adequate authority to carry out the responsibilities given to him by the President. However, during our reviews, we found that in most cases there was no effective working mechanism for the Department of State to direct and coordinate

the activities of the other departments and agencies in this regard.

There is a need for more focus within the Department of State itself on individual international organizations as opposed to a broad functional and sometimes vague approach to, for example, "U.N.-economic" or "U.N.-social" or "U.N.-budgetary" matters.

LOW STATURE IN THE DEPARTMENT

There is widespread feeling among individuals associated with U.S. participation in international organizations, both within and outside the State Department, that the Department accords a very low priority to the review and evaluation of the programs and accompanying budgets of the international organizations. There is likewise concern over the disparity that exists between the management level of the action officers in the State Department's Bureau of International Organization Affairs and the near Cabinet level officers that they have to deal with in other departments and agencies. For example, in the absence of direct and present support from the top of the Bureau, the Department of State officers directly responsible for FAO and ILO affairs who are both in grade GS-15 obviously have difficulty in achieving parity in dealing with the Assistant Secretary of Agriculture who is the U.S. representative to the FAO Conference or the Deputy Under Secretary of Labor who is the U.S. representative to the ILO Conference.

STATE DOES NOT ASSERT AUTHORITY

Another problem lies in the fact that officials from other U.S. Government agencies sit with relative autonomy on international organizations' program and finance committees, frequently in a personal capacity pursuant to the constitutions of the organizations. The State Department

often has little or no input into the preparation for these meetings or feedback from the deliberations, and little application of its directing and coordinating responsibility.

A fairly general practice has developed, particularly in the case of some of the major organizations which were the subjects of our review, whereby the Department of State reviews and prepares U.S. positions on "budgets", while the other agencies review and prepare U.S. positions on "programs" or "substantive matters" of the international organizations. For example, the Department of State reviews the administrative budget proposals of ILO without regard to the substantive programs that are to be administered. The Department of Labor and other agencies are supposed to review the substantive programs of ILO, but to the extent this is done, it is without regard to the nature and cost of the administrative machinery associated with implementation of the programs. In our opinion, both review processes are thus incomplete and inadequate adding up to incoherent management. As a corollary, it leaves a lot of room for the officer in the State Department to say, "that is the responsibility" of the other department, and vice versa. Under these conditions important functions go unattended.

FOUNDATIONS NEEDED

In order for the Department of State to carry out its charge to effectively direct and coordinate the activities of all departments and agencies with respect to the developmental assistance activities of international organizations, we believe that three things are required:

1. The Department of State must give a higher priority to the matter of U.S. financial participation in international organizations than it has in the past.
2. The Department of State's Bureau of International Organization Affairs should be realigned and strengthened.
3. The President through Executive Order, should establish a working mechanism to include necessary inter-departmental advisory committees with specific responsibilities and duties, each under the active leadership of a designated Department of State representative as chairman.

These are discussed in detail below.

1. Stature and support are Essential - Obviously, the Secretary of State does not have the time to give continuing attention to international organization affairs and must depend on the individual to whom responsibility has been delegated--currently the Assistant Secretary for International Organization Affairs. On the other hand, to enhance the stature of the Office with the view of putting substance in the Department of State's authority, the Secretary of State should make clear to other departments and agencies that pursuant to authority delegated to him by the President, he expects the Assistant Secretary to act for him and that the Assistant Secretary has his full support. We believe that nothing less than full support of the Secretary can overcome the present diluted and fragmented approaches.

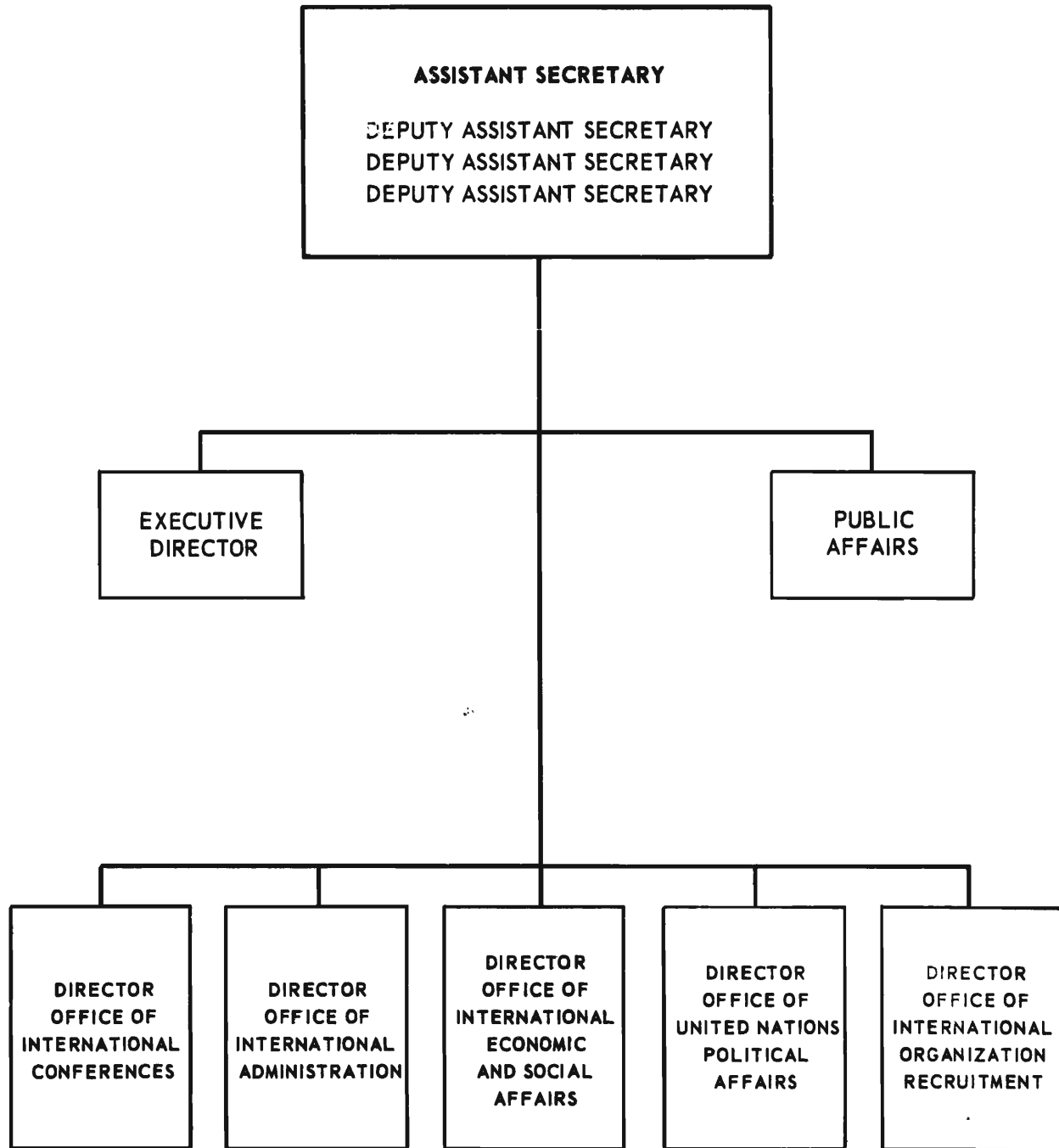
The exercise of the Department's authority might be furthered by elevating the position of the Assistant Secretary to a Deputy Under Secretary. A case for this could be made on the basis of relative financial stewardship.

The estimated fiscal year 1970 expenditures by the Department of State for all its activities other than those under the direction of the Bureau of International Organization Affairs amount to \$280 million. These are under the direction of some 18 Bureaus and Offices and include domestic and overseas activities.

The Bureau of International Organization Affairs will be responsible for managing expenditures of \$317 million in 1970. This is more than all the other 18 Bureaus and Offices combined. (See attachment 3) This includes, in addition to funds appropriated to the Department of State, funds appropriated pursuant to the Foreign Assistance Act of 1961, as amended, and the value of commodities donated pursuant to the Agricultural Trade Development and Assistance Act of 1954, as amended, but managed by the Bureau of International Organization Affairs.

2. Need to Strengthen The Internal Organizational Structure -

The Department of State's Bureau of International Organization Affairs is presently organized as follows:



The three Deputy Assistant Secretaries do not have continuing specific functional responsibilities but act on the Assistant Secretary's behalf as assigned. Their areas of responsibility are not well defined. We believe that except for the senior deputy any realignment of the Bureau should vest in the others specific line responsibilities.

Organizational changes to the Offices of United Nations Political Affairs, International Organization Recruitment, and International Conferences are not particularly pertinent to the implementation of the recommendations made in our various reports relating to better management of developmental activities. Hence, our considerations for realignment of the Bureau exclude these organizational units.

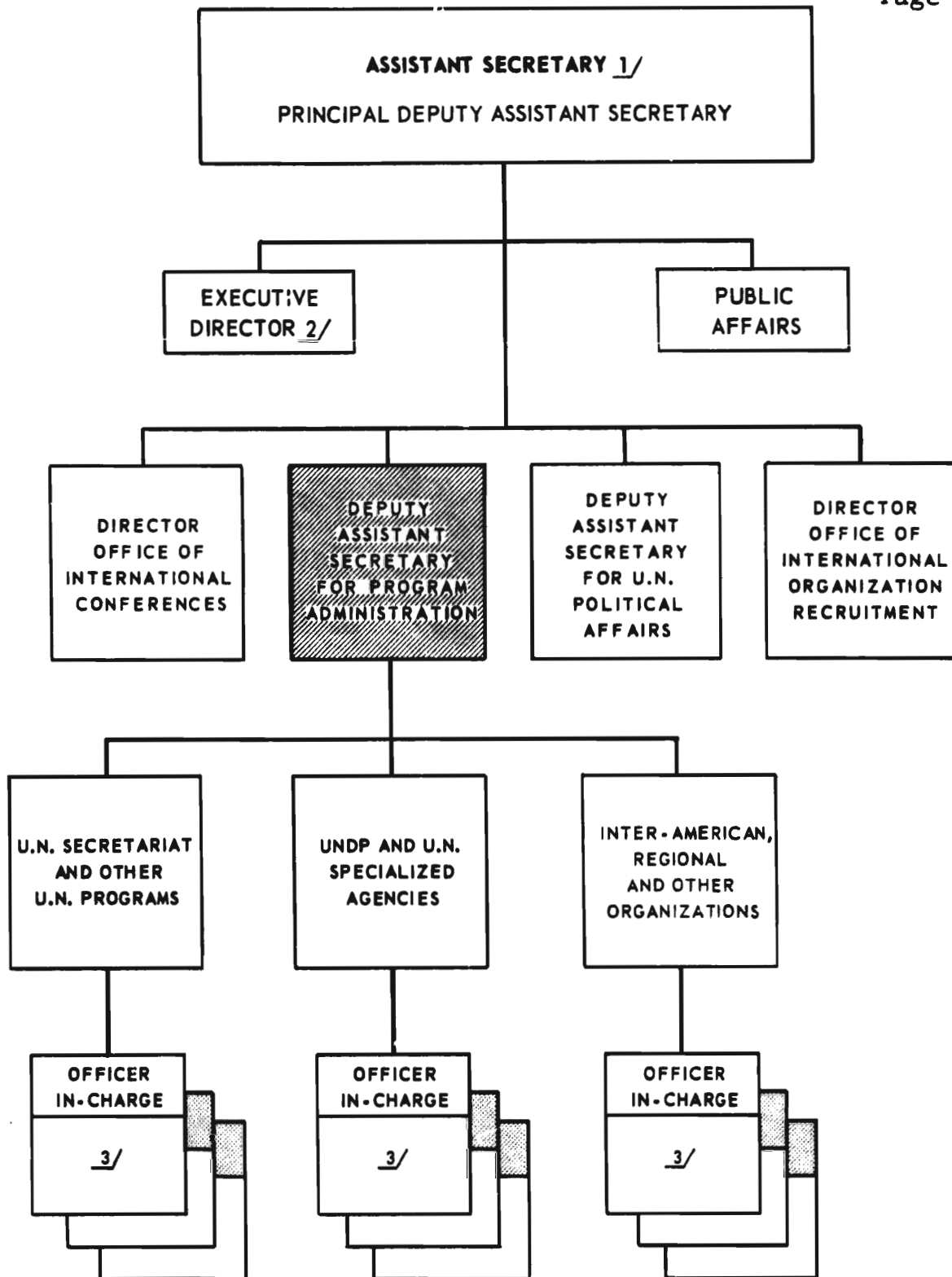
The key organizational unit for formulating and implementing U.S. policies affecting economic and social development activities as carried out by the international organizations presently is the Office of International Economic and Social Affairs. This office is responsible for U.S. policies on the constitutional development of international organizations, their programs, jurisdictions, the coordination of their activities, and conducting relationships with other departments and agencies on matters relating to U.S. participation in these organizations.

Other input with respect to economic and social development activities is provided by the Office of International Administration. This office administers U.S. appropriations for international organizations and is responsible for coordinating overall U.S. policy with respect to financial problems of the international organizations and the general administration and management of the organizations.

Although officers in both Offices are assigned responsibilities relating to specific international organizations, these responsibilities are not always clear as between the two Offices or indeed as between the two Offices collectively and other departments and agencies. Moreover, there is no formal vehicle for coordinated direction of the activities of the two Offices. In our opinion, it is difficult at best to separate the responsibility relative to general administration and management of an international organization from the appraisal and evaluation of the organization's programs.

In our view, prospects for improvements would be enhanced by combining the Office of International Economic and Social Affairs and the Office of International Administration, establishing identifiable lines of responsibility, and vesting responsibility for all matters relating to one or more international organizations in one individual (or group) whom we shall call the Officer-in-Charge. Appropriate provision would be made for coordinating the activities of the Officers-in-Charge as discussed below.

We do not attempt here to draw firm lines as to any grouping of international organizations. However, a conceptual framework for realignment of the Bureau with emphasis on more effective participation in the economic and social development responsibilities of such participation follows:



- 1/ AS DISCUSSED ABOVE, CONSIDERATION MIGHT BE GIVEN TO UPGRADING THIS POSITION TO DEPUTY UNDER SECRETARY.
- 2/ THIS OFFICE COULD HANDLE BUDGETARY JUSTIFICATIONS FOR BUREAU OF THE BUDGET AND THE CONGRESS, AND STATISTICAL AND FINANCIAL REPORTS AND OTHER MATTERS PREVIOUSLY PERFORMED BY THE OFFICE OF INTERNATIONAL ADMINISTRATION.
- 3/ THESE GROUPINGS WOULD BE DETERMINED ON THE BASIS OF THE WORKLOADS DICTATED BY THE INDIVIDUAL ORGANIZATIONS.

Under this structural plan the Deputy Assistant Secretary for Program Administration working through the various sub-groups would be responsible for the formulation and implementation of overall U.S. policies and objectives governing U.S. participation in the programs and budgets of international organizations. He would also be responsible for the preparation of instructions, except those relating to political matters, for the U.S. delegations to the various deliberative bodies and international forums of the international organizations.

The heads of the three immediate offices under his direction would be expected to work closely with each other in developing and implementing policies aimed at improving the financial administration and management of the international organizations for which they are responsible. They would be expected to promote more uniform and informative budget presentations by the international organizations with a view toward making their programs more complementary to each other and keeping them consonant with overall development objectives.

It seems to us that one of the more urgent matters for consideration in any realignment of the present organization is the need to delegate to individuals or groups a clearly defined authority and responsibility not only for appraising the budgets proposed by each of the international organizations, but also for appraising and monitoring the implementation of programs and projects covered thereunder. This appraisal and monitoring process should be applied to the programs financed from extra budgetary activities, such as the UNDP, as well as those programs financed from the organizations' regular budgets, and the process should provide

for assessing the interrelationships between the programs financed from both sources. The responsibilities of these groups should also include the monitoring and assimilation of results from evaluations, whether carried out under the auspices of the U.N. or U.S. overseas posts.

Each group could be established to handle U.S. position matters in regard to either one or more of the international organizations as the relative workloads of the organizations may dictate. The groups should maintain close liaison with each other for effective coordination. In any event the groups so established would become the primary source of information needed for making the policy decisions guiding U.S. participation in the international organization.

Having this responsibility, the groups should be granted the authority to call upon other departments and agencies for their assistance, and have necessary support, which has not always been forthcoming in the past, to obtain such assistance. The Officers-in-Charge of these groups, acting in their capacities as chairmen of the inter-departmental advisory committees, which we are recommending be established, should be granted the authority to convene sessions of these committees when and as needed, and to lead the activities of the committees.

Special issues sometimes develop intermittently within the framework of the U.N. that cut across the lines of authority of several organizations. The recently completed study of the capacity of the U.N. development system and the current move for a cost benefit analysis of U.N. evaluation exercises are cases in point. There should, therefore, be some provision made in the office of the Deputy Assistant Secretary for Program Administration for handling such matters as they arise.

3. More Effective Inter-Departmental Working Arrangements - Although the Officer-in-Charge within the State Department would be the focal point and have primary responsibility relative to the international organizations assigned to him, he needs assistance and advice in the form of the expertise in substantive areas found in other departments and agencies. In the past this assistance has been uneven; sometimes non-existent. In some cases, even the initiative has been taken away from the Department of State so that decisions were being made and acted on outside the Department of State. This should not be permitted.

To provide formal and systematic advice and assistance to the Department of State, we believe that the President should establish through Executive Order a number of inter-departmental advisory committees. The jurisdiction of these committees would conform to the groupings of organizations assigned to the Officer-in-Charge discussed above.^{1/} One such logical grouping would include FAO, WFP, and perhaps others. In addition to the State Department member, members of the inter-departmental advisory committee covering such an area would be drawn from the Departments of Agriculture and Interior, AID, and other departments as appropriate.

Whatever the composition, efforts must be made to eliminate the possible recurrence of some of the past experience and futilities associated with inter-departmental committees. For example, a diffusion of authority has been noted in past inter-departmental committees which were established to formulate and coordinate actions relative to U.S. foreign policy matters. The overall consequence has been an absence of clear formulation of U.S. policy objectives in some areas, along with inability to pinpoint responsibility.

^{1/} We do not envision an inter-departmental committee for each sub-grouping under an Officer-in-Charge; only in those cases where continuing and systematic coordination and assistance is required.

To avoid this condition and to enable the United States to speak with a single voice in its deliberations with the international organizations, it is imperative that the recommended Presidential Executive Order clearly establish Department of State representatives not only as nominal chairmen but to carry the responsibility for active working leadership of the inter-departmental committees. These chairmen must be given the responsibility and corresponding authority to direct the operations of the committees. Any outstanding orders to the contrary should be rescinded. We envision that the appropriate State Department Officer-in-Charge would be the active chairman of the committee.

We believe that the President's Executive Order should clearly establish the role of the inter-departmental committee as "advisory". The committee members should provide coordinated assistance in the review, appraisal, and evaluation processes applied by the Department of State to the programs and budgets of the international organizations. The Department of State would consider the recommendations of the committees in terms of overall U.S. policy objectives.

The Executive Order should direct department and agency heads to make available to their representatives on the committees such staff support as is required for the representatives to effectively perform their duties.

The Executive Order should provide that the committees meet in formal sessions according to the needs of the Department of State in discharging its responsibilities for directing and coordinating U.S. participation in international organizations, but in no case should the formal sessions be less frequent than is required to arrive at a coordinated U.S. Government position for presentation in the international forum.

Attachment 1

THE WHITE HOUSE
WASHINGTON

March 15, 1966

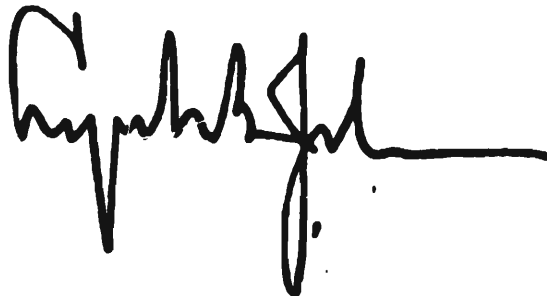
MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

Subject: United States participation in international organizations
and programs

I have today sent the attached memorandum directing the Secretary of State to take certain actions which I believe are essential to effective participation by the United States in international organizations.

I expect the heads of all departments and agencies that contribute to the Government's activities in this field to give their full cooperation to the Secretary of State in carrying out my instructions.

This work must receive high priority and the personal attention of the responsible officials in all agencies concerned if this Nation's interest in improving international organizations as instruments for peace and progress is to be fulfilled.



THE WHITE HOUSE
WASHINGTON

March 15, 1966

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: United States participation in international organizations and programs

The Federal Budget for 1967 contains this statement--

" . . . we intend to play an increasingly active role in reviewing the program and budgetary proposals of the various international organizations."

The purpose of this memorandum is to set forth what I believe that increasingly active role should be.

No nation has been a greater supporter of the United Nations, its specialized agencies and other international organizations than the United States. We are today a member of some 65 such agencies.

Our continued strong support is necessary and desirable--

if the world community is to live in peace,
if we are to cooperate internationally in extending the benefits of modern agriculture, health, and education to the less fortunate, and
if international problems in such fields as meteorology, telecommunications, and aviation are to be given the joint attention required for their resolution.

The United States has by far been the largest financial contributor to the international organizations.

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was of poor quality.

- Since 1946, we have provided a total of \$3.6 billion in direct contributions.
- Since 1956, our annual contributions have grown from \$100 million to an estimated \$237 million for the next fiscal year, an overall increase of 137%.

Moreover, we can expect the programs and budgets of these international agencies to expand further in future years to meet the growing needs of the world community. The United States shall continue to meet its fair share of the financial requirements of these organizations.

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

- future expansion of the activities of the international organizations is governed by the tests of feasibility and reasonableness.
- the programs of the organizations are vigorously scrutinized so that funds are allocated only to high priority projects which we are convinced are in the interests of the international community and of our own country, and
- each international agency operates with a maximum of effectiveness and economy.

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To achieve this purpose, we must

- decide what we can best accomplish through multilateral action, as compared to action through our own direct programs,
- clarify the objectives of our membership in each international agency,
- organize ourselves for more effective participation in each organization, and
- insist that the money we spend through international agencies is in our national interest and in the best interest of the world community.

I expect you to continue to direct and coordinate the activities of the U.S. departments and agencies involved in international organization affairs and to instruct our representatives to those organizations. I shall look to you to direct this Government's work in

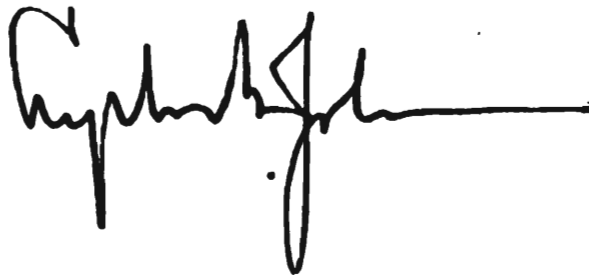
- reviewing and establishing our long-term policy objectives in each major international organization,
- analyzing and determining the U.S. position on programs and budgetary needs of each organization on a timely and continuing basis, and
- recommending steps to improve the effectiveness of each organization in contributing to the objectives of the world community and the United States.

Ambassador Goldberg has unique responsibilities in a wide range of matters relating to the United Nations system. I shall continue to rely heavily on his advice and counsel.

The heads of other Federal departments and agencies have significant interest in activities of the various international organizations. I expect them to provide you with expert assistance in their specialized fields. In this work, the close cooperation of all agencies is needed to provide the essential unity of our effort.

I expect the Director of the Bureau of the Budget to work with you and other agency heads to help assure that the positions we take on the budgets of international organizations reflect a searching scrutiny of requirements and priorities for the expenditure of funds.

I am sending copies of this memorandum to all department and agency heads.

A handwritten signature in black ink, appearing to be "Dwight D. Eisenhower", written in a cursive style with a long horizontal line extending to the right.

Attachment 2

THE WHITE HOUSE
WASHINGTON

January 8, 1970

MEMORANDUM FOR

THE SECRETARY OF STATE

SUBJECT: United States Participation in International Organizations and Programs

The President believes it should be a special aim of this Administration to make our participation in international organization affairs as effective as possible. He has therefore asked me to convey to you his wish that, consistent with U. S. legislation and in coordination with the President where appropriate, you (a) direct, coordinate, and supervise all activities of the executive agencies relating to our participation in international organizations, programs, and conferences; (b) determine the composition of U. S. delegations, and (c) issue instructions to our delegates and representatives.

In this connection, he anticipates that you will keep under constant review how our worldwide responsibilities can best be served through such participation, identifying priority areas for the investment of our resources and efforts in international programs, formulating the United States position on programs and budgets, conducting a continuing evaluation of each major organization's program performance, and recommending measures designed to improve their effectiveness.

He also asks that you call on appropriate executive agencies and departments to help you in these efforts with technical support and expert assistance in their specialized fields.

I am sending a separate memorandum to the Director of the Bureau of the Budget conveying the President's wish that he give you all the assistance possible in your efforts. In particular, he should work with you in seeing that the budgets and programs of international organizations in which we participate receive the same searching scrutiny that is applied to our own Federal programs.

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Copies of this memorandum are being sent to all department
and agency heads.



Henry A. Kissinger

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Attachment 3

ESTIMATED UTILIZATION OF APPROPRIATED FUNDS
WITHIN THE DEPARTMENT OF STATE
FISCAL YEAR 1970
(millions of dollars)

Funds appropriated to the Department of State	\$419.1 ^{d/}
Less: Funds associated with U.S. participation in international organizations and conferences	<u>139.0^{b/}</u>
Balance: Funds administered by 18 Department of State Bureaus and Offices other than the Bureau of International Organization Affairs	<u>\$280.1</u>
Funds appropriated to the Department of State and administered by the Bureau of Interna- tional Organization Affairs	\$139.0 ^{b/}
Funds appropriated for the Agency for Interna- tional Development but allocated to and administered by the Department of State's Bureau of International Organization Affairs	138.6 ^{c/}
Value of Public Law 480 commodities donated to international organizations as part of U.S. pledges to the organizations	<u>39.4^{d/}</u>
Total: Administered by the Department of State's Bureau of International Organization Affairs	<u>\$317.0</u>

a/ Additionally, in fiscal year 1970, an estimated \$138.5 million will be spent by U.S. Embassies for reimbursable services provided to other U.S. agencies operating overseas.

b/ Consists primarily of contributions to the assessed budgets of international organizations and related Department of State administrative expenses.

c/ Consists of voluntary contributions to international organizations.

d/ In addition, Public Law 480 commodities estimated at \$6 million will be contributed to the United Nations Children's Fund by the U.S. Department of Agriculture.

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Congress of the United States
Committee on Foreign Affairs
 House of Representatives
 Washington, D.C. 20515

BOYD CRAWFORD, STAFF ADMINISTRATOR
 ROY J. BULLOCK, SENIOR STAFF CONSULTANT

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

July 14, 1970

Dear Mr. Staats:

I have reviewed with great interest the enclosures to your letter of July 7, 1970, in which you describe the views of the General Accounting Office concerning the role of the United States Government in auditing international organizations in which the United States Government is a participant.

Because of the proliferation of regional, multinational and international organizations and the increasingly heavy U. S. participation, I have long felt the need for the Congress to have greater assurance that these organizations are being effectively managed. I believe it is necessary, therefore, that the United States aggressively support the establishment within these organizations of independent audit, review and evaluation staffs which would report their findings to the highest policymaking body (Board of Executive Directors, Council, Council of Ministers, General Assembly, etc.) on which each contributing government has a representative.

The description of the General Accounting Office role, contained in the material supplied with your letter, does not adequately deal with this problem area. The role of your Office should not be limited to reviewing reports when such reports become available.

I believe that your organization should take the initiative, through the U. S. representatives to the various multi-financed operations, actively to propose and follow up on the early establishment of such audit and review staffs, suggest organizational and staffing steps, as well as the audit, review and reporting procedures that will provide the comprehensive coverage necessary for your Office to render an informed judgment of the operations.

In short, what I would like to see is an external-type audit and management review staff group, somewhat analogous to the General Accounting Office, which would serve all of the contributing governments in their overall

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Committee on Foreign Affairs

Honorable Elmer B. Staats
July 14, 1970
Page 2

need to know that the organization's affairs are being run in a competent and efficient manner. Such a staff would be independent, and the scope of its operations and functions would be determined at the country representative level and not by the President or other top management official.

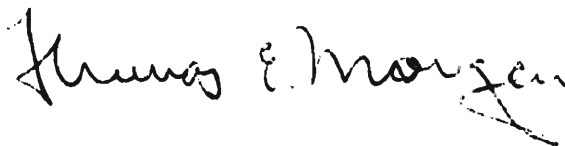
It seems to me that it is essential that the U. S. representative and the General Accounting Office should have access to all audit reports on which a judgment as to the effectiveness of an international agency's operations is based in order that you can evaluate the adequacy of the coverage by such audits as well as the quality of the agency's operations. Presumably the governing body of any international organization is as interested in adequate auditing as is the United States. There appears to be a danger, however, that member countries may take the position that if the auditors will avoid stirring up trouble with respect to operations in "our country", we will not stir up trouble in "yours." It is essential that the General Accounting Office be in a position to provide guidance to the United States representatives to international organizations so as to prevent this happening.

I would very much appreciate any comments or suggestions you might have concerning my views above, including the need for additional legislation, if any.

Since my views relate to multinational and regional undertakings as well as international organizations, I am sending a copy of this letter to the Secretary of State, the Secretary of the Treasury, and the Administrator of the Agency for International Development.

With best wishes.

Sincerely yours,



Chairman

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U.S. GAO, Wash., D.C.