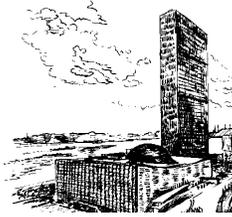


## Part 7



# Administration and Budget

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## Current Financial Situation of the United Nations

The United Nations ended calendar year 2000 with member states owing \$2.259 billion on assessments relating to the UN regular budget, the international war crimes tribunals in the former Yugoslavia and Rwanda, and UN peacekeeping operations. The United States accounted for \$1.310 billion, or 58 percent, of the total amount owed. Most of the U.S. balance, \$1.144 billion, related to assessments for UN peacekeeping operations.

The overall arrears level of \$2.259 billion in 2000 was significantly higher than the \$1.758 billion accrued in 1999. A primary reason for this is the near three-fold increase in assessments relating to UN peacekeeping operations. During calendar year 2000, total assessments for peacekeeping operations amounted to \$2.1 billion, as compared to \$826 million in 1999. For the United States alone, peacekeeping assessments in calendar year 2000 amounted to over \$667 million, as compared to \$269 million in 1999. The higher assessment level, along with the 25 percent legislated cap on the U.S. payments, were the primary factors relating to the growth in U.S. arrears for UN peacekeeping operations—from \$995 million in 1999 to \$1.144 billion in 2000.

During calendar year 2000, the United States paid over \$850 million toward current period assessments for the United Nations, i.e., regular budget, war crimes tribunals, and peacekeeping. The payments included over \$303 million for the UN regular budget (from fiscal years 2000 and 2001 funds) which enabled the United Nations to forgo any cross-borrowing from the various peacekeeping accounts. This was the second consecutive year in which the United Nations was able to avoid a cash deficit in the regular budget and the need for temporary cross-borrowing from the peacekeeping accounts.

The United States paid \$100 million in arrears to the United Nations in 1999, but made no arrears payments in calendar year 2000. The U.S. Government anticipated that it would be able to clear \$582 million in UN arrears in year 2001, consistent with the so-called “tranche II” requirements of the Helms–Biden arrears funding legislation.

Unlike previous years, the United States in 2000 was not in danger of losing its vote in the General Assembly under Article 19 of the UN Charter. The favorable situation was attributable, primarily, to the substantial increase in U.S. assessments for peacekeeping, which raised the two-year assessment threshold in the UN's calculation for loss of vote, i.e., a member state will lose its vote only if its arrears equal or exceed its assessments for the two previous years. For the United States, the situation could turn negative if its total arrears continue to increase against a fixed or declining threshold for two-year assessments. A substantial reduction in the level of U.S. arrears would provide a firm barrier against the future possibility of loss of vote.

## **UN Budget**

On December 23, the UN General Assembly adopted by consensus Resolutions 55/238 and 55/239 regarding the revised UN budget for the biennium 2000–2001, and Resolution 55/233 regarding the UN budget outline for the biennium 2002–2003. The United States joined consensus on all resolutions. The approved levels for the revised 2000–2001 UN budget and the 2002–2003 budget outline were consistent with the U.S. objective of maintaining budget discipline in the United Nations.

As approved, the revised 2000–2001 budget of \$2,533,125,400 was \$2,563,900 below the initial level of \$2,535,689,300 (as adopted in 1999). Cost increases relating to higher inflation, decisions of policy-making organs, and unforeseen/extraordinary expenses relating primarily to peacekeeping activities, were more than offset by savings from favorable rates of exchange—particularly from the continued appreciation of the U.S. dollar against the Swiss franc. The savings from favorable rates of exchange amounted to nearly \$60 million in the revised 2000–2001 UN budget. Some savings in the budget also were derived from the higher vacancy rate relating to professional staff, where the actual vacancy rate of 8 percent exceeded the approved level of 6.5 percent. There was no change in the vacancy rate for General Service and other staff. The actual rate of 2.5 percent was identical to the rate approved for the full biennium.

In accordance with the procedure prescribed in the Annex to Resolution 41/213 (1986), the UN budget outline is intended to provide a preliminary indication of resource requirements for the next biennium and to form the basis for the preparation by the Secretary General of the detailed budget estimates for the biennium, including program priorities of a broad sectoral nature. As approved by the General Assembly in Resolution 55/233, the budget outline for the 2002–2003 biennium reflects a preliminary resource level of \$2,515,300,000. The outline is approximately \$20 million below the revised UN budget for 2000–2001 and \$30 million below the budget outline approved for the 2000–2001 biennium in 1998. At that time, the approved outline level was \$2.545 billion.

The 2002–2003 budget outline includes \$93,700,000 for special political missions, but does not include specific dollar figures for implementation of the Brahimi panel report on improving UN peacekeeping operations, nor the Secretary General’s proposals for enhancing the safety and security of UN personnel. The absence of specific dollar figures for the above activities reflects existing uncertainties regarding potential cost and/or future mandate; however, there is expectation that these will be clarified in the near future. Accordingly, the General Assembly in Resolution 55/233 instructed the Secretary General to include in his budget request for 2002–2003 cost estimates relating to implementation of the Brahimi panel report and the safety and security measures for UN personnel. The resolution noted that such estimates would be subject to any further decisions on these matters that may be taken up by the General Assembly.

Consistent with past practice, the General Assembly decided to maintain the Contingency Fund at a level corresponding to 0.75 percent of the budget outline (“the preliminary estimate”), or \$18.9 million for the full 2002–2003 biennium.

The General Assembly’s approval of the 2002–2003 budget outline reflected the initial step in the budget cycle for the next biennium. The detailed estimates for the 2002–2003 budget will be prepared by the Secretary General in spring 2001 and considered by the General Assembly in the autumn at the Assembly’s 56th session. The detailed estimates could be higher than the \$2.515 billion level approved for the outline due to additional costs for implementation of the Brahimi panel report, enhancements to safety and security of UN personnel, inflation and exchange rate factors, and other budget enhancements which may be requested by the Secretary General or other member states. The United States will continue to advocate budget discipline in the United Nations, while ensuring that U.S. program priorities are adequately funded in the next biennium.

## **Scale of Assessments**

The UN General Assembly, at its 55th session, approved two scales of assessment relating to the apportionment of expenses of the United Nations for the period 2001–2003: the scale of assessments for the UN regular budget and the scale of assessments for UN peacekeeping operations. The negotiations surrounding both scales were among the most difficult at the General Assembly due, in part, to efforts by the United States to reduce the ceiling rate for the regular budget from 25 to 22 percent, and to establish a ceiling rate of 25 percent for assessments relating to peacekeeping. The establishment of the new ceiling rates would comport with U.S. legislation regarding payment of U.S. arrears. At the same time, the new rates would require several members to pay more in order to accommodate the reductions for the United States.

Agreement on both scales was reached at the very end of the General Assembly session. The approved scales included a new ceiling rate of 22 percent for the regular budget, but made no provision for a fixed ceiling rate for peacekeeping assessments. By its actions, however, the General Assembly established a formal scale of assessments for peacekeeping to replace the *ad hoc* methodology that had been used since 1973. Under the new scale, the U.S. assessment rate for peacekeeping would decline from 30.2816 percent in calendar year 2000 to 27.6307 percent by the end of year 2001. It would decline further in years 2002 and 2003, but not to the 25 percent rate sought by the United States.

Resolution 55/5 B–F, the scale of assessments for the UN regular budget for the period 2001–2003, was adopted by the General Assembly on December 23, 2000 by consensus. In addition to a reduction in the ceiling rate from 25 to 22 percent, the elements of the new scale include:

- the retention of Gross National Product as the primary measure of a country's capacity to pay;
- a statistical base–period for the scale comprising the average of three and six years;
- retention of the 80 percent gradient level to measure the adjustment for low per capita income (PCI);
- the use of “debt stock” to measure the debt burden adjustment in the overall scale calculation. The use of “stock” (as opposed to “flow”) represents a theoretical measure of a country's repayment of principal on external debt; and
- retention of the existing floor rate of 0.001 percent, and the maximum assessment rate for least developed countries of 0.01 percent.

The resolution language called for the above elements to be retained in the scale of assessments until 2006, as opposed to 2003 when the elements for the next three–year scale normally would be negotiated. The one exception related to the 22 percent ceiling rate, which could be renegotiated at the end of 2003 based on a review of the UN's financial position at that time. The resolution also stressed that the new 22 percent ceiling rate shall apply only to the United Nations, and should have no automatic implication for the apportionment of expenses of the UN specialized agencies or the International Atomic Energy Agency.

In an unprecedented act regarding the UN scales, the United States offered to compensate countries in year 2001 in order to mitigate the impact of the reduction in ceiling rate from 25 to 22 percent. This is reflected in paragraphs 5 and 6, Part B, of Resolution 55/5:

“5. Notes that the United States of America has decided to pay to the United Nations in 2001 an amount equal to 3 percent of the amount assessed on member states pursuant to General Assembly resolution 55/239 of 23 December 2000;”

“6. Decides, as an exceptional measure and notwithstanding the provisions of the Financial Regulations and Rules of the United Nations, that this amount should be credited against the assessed contributions of the other member states for the program budget for 2001, as reflected in annex I to the present resolution.”

Annex I of the resolution provided a list of the 91 countries that will benefit from the U.S. payment, and the percentage benefit for each. The U.S. agreement to make this payment was the result of an offer from the Turner Foundation to provide funds as a conditional gift to the U.S. Department of State, which will in turn provide the funds to the United Nations.

In another unprecedented act, the General Assembly approved an assessment rate of 1.2 percent for the Russian Federation. The rate was not based on any objective statistical measure and was therefore not reflective of capacity to pay. It was negotiated by the Russian delegation to avoid a significant decline in the rate for the Russian Federation in the next UN scale. Owing to its deteriorating economic situation, the rate for the Russian Federation would have declined from 1.077 percent in 2000 to approximately 0.6 percent in 2001–2003.

The scale of assessments for UN peacekeeping operations was adopted by consensus on December 23, 2000, in Resolution 55/235. The new scale will be effective from July 1, 2001 through the end of calendar year 2003. A second resolution, 55/236, was adopted by consensus on the same date to identify those member states that decided, on a voluntary basis, to move to new assessment levels under the new scale.

The new scale for peacekeeping is comprised of ten assessment levels, which are structured largely in accordance with defined economic criteria. Each level prescribes the rate of discount that is accorded to member states for peacekeeping assessments, relative to their assessments for the regular budget. For example, a member state assigned to level J would receive a 90 percent discount on its peacekeeping assessment, and, thus, would be assessed at a rate that is equivalent to 10 percent of its rate for the regular budget. As under the previous *ad hoc* scale, to accommodate the discounts given to members, the five Permanent Members of the Security Council would be assessed a premium—or surcharge—relative to their respective rates for the regular budget.

The following summarizes the 10 assessment levels for the new peacekeeping scales, reflecting the amount of discount/premium for each level and the economic criteria by which member eligibility for each is determined:

- Level A: Comprised of the five Permanent Members of the Security Council. The Members are assessed a premium over their rates for the regular budget.

- Level B: No discount. The assessment rates for peacekeeping and the regular budget are identical. Eligibility for level B is open to all members, except those in level A.
- Level C: Discount is 7.5 percent. Comprised of the following named members: Brunei Darussalam, Kuwait, Qatar, Singapore, and United Arab Emirates.
- Level D: Discount is 20 percent. Comprised of members whose PCI (per capita income) is below twice the world average (under \$9,594).
- Level E: Discount is 40 percent. Comprised of members whose PCI is below 1.8 times the world average (under \$8,634).
- Level F: Discount is 60 percent. Comprised of members whose PCI is below 1.6 times the world average (under \$7,675).
- Level G: Discount is 70 percent. Comprised of members whose PCI is below 1.4 times the world average (under \$6,715).
- Level H: Discount is 80 percent (or 70 percent on a voluntary basis). Comprised of members whose PCI is below 1.2 times the world average (under \$5,756).
- Level I: Discount is 80 percent. Comprised of members whose PCI is below the world average (under \$4,797).
- Level J: Discount is 90 percent. Comprised of the least developed countries.

The resolution prescribed transition criteria for movement by member states into new levels. For the scale period 2001–2003, member states that previously had lower assessment rates for peacekeeping—and under the new scale are assigned to levels B, C, or D—would be subject to a three-year transition period for movement to the new levels. The members assigned to level E would have a two-year transition period. After the 2001–2003 scale period, a two-year transition period would apply to countries moving up by two levels, and a three-year transition period would apply to countries moving up by three levels or more. The composition of the various levels (except level A) would be updated on a triennial basis by the Secretary General, in conjunction with the review of the scale of assessments for the regular budget. The General Assembly would review the structure of the new scale (levels A through J) after nine years.

The resolution included language that addressed separately the assessment rate for the Republic of Korea (ROK). Under the previous *ad hoc* methodology, the ROK received an 80 percent discount and, thus, was assessed at a rate representing 20 percent of its rate for the regular budget. Under the new scale for peacekeeping, the ROK will be assessed as follows: 36 percent of its regular rate (64 percent discount), with effect on July 1, 2001; 52 percent of its regular rate (48 percent discount), with effect in 2002; 68 percent of its regular rate (32 percent discount), with

effect in 2003; 84 percent of its regular rate (16 percent discount), with effect in 2004; and 100 percent of its regular rate (no discount), with effect in 2005.

The new peacekeeping scale provides a substantial reduction in the assessment rate of the United States, although not fully to the target level of 25 percent. The U.S. rate will decline from 30.2816 percent in 2000, to 28.1340 percent in the first half of 2001, and to 27.6307 percent in the second half of 2001. The rate will decline further in 2002 and 2003, but not to 25 percent. As a result of this outcome, the Administration will work with Congress to modify the 25 percent requirement in current U.S. legislation.

### **Financing Peacekeeping Operations**

The upswing in the scale of UN peacekeeping operations continued in 2000. Assessment for the new operation in Ethiopia/Eritrea lagged behind its start as the United Nations prepared the budget for the mission preliminarily funded in Resolution 55/237. Earlier in the year, UN peacekeeping operations in Haiti, Tajikistan, and the Central Africa Republic were terminated. The United States continued to press for reform of UN peacekeeping administration and financing in several related resolutions and for implementation of sections of the Brahimi Report. In addition, as noted in the section on Scale of Assessments, there was a significant reduction in the U.S. peacekeeping scale of assessment.

The majority of the resolutions provided authorization of funding levels for operations started in previous years. These were for the UN Disengagement Observer Force on the Golan Heights (Resolution 54/266); UN Interim Force in Lebanon (Resolutions 54/267 and 55/180); UN Mission for the Referendum in Western Sahara (Resolution 54/268); UN Observer Mission in Georgia (Resolution 54/271); UN Iraq/Kuwait Observation Mission (UNIKOM) (Resolution 54/18b); UN Peacekeeping Force in Cyprus (UNFICYP) (Resolution 54/270); the UN Mission in Bosnia and Herzegovina (Resolution 54/273), which also funds the UN Mission of Observers in Prevlaka and the International Police Task Force; operations in Sierra Leone (Resolution 54/241B) and East Timor (Resolutions 54/20B, 54/246, and 55/228); and the UN Interim Administration Mission in Kosovo (Resolutions 54/245 and 55/227). Funding for the War crimes Tribunals was approved as follows: for Rwanda, Resolution 55/226 and for Yugoslavia, Resolution 55/225. In the cases of the Iraq/Kuwait border and Cyprus operations, the relevant resolutions continued the provisions established in 1993 for significant voluntary funding by the local interested parties, i.e., Kuwait for UNIKOM and Greece and Cyprus for UNFICYP.

### **Committee for Program and Coordination (CPC)**

The CPC held its 40th session from June 5 through June 30 to review the Medium-Term Plan for 2002–2005, with a resumed session held August 21 through August 29. CPC, with 34 members elected to regional

seats, is the main subsidiary organ of the Economic and Social Council and the General Assembly for planning, programming, and coordination. Its terms of reference are the following: review and recommend priorities among UN programs as defined in the Medium-Term Plan; give guidance on translating mandates into programs; develop evaluation procedures; assess the results of current programs; and recommend where duplication should be avoided. It is this Committee's role to ensure that the proposed Medium-Term Plan reflects the priorities of membership and places them in a performance-based programmatic context. The Committee also considers programs and activities of the UN system on a sectoral basis to recommend guidelines for the specialized agencies which take into account the need for system-wide coherence and coordination.

The Medium-Term Plan constitutes the foundation of the program planning, budgeting, monitoring, and evaluation cycle of the United Nations. The Plan, translating mandates approved by the General Assembly into programs, provides the principal policy directive for the United Nations. The Medium-Term Plan also serves as a framework for the formulation of the biennial program budgets within the plan period and for the evaluation of programs.

The Secretary General's proposed Medium-Term Plan for 2002-2005 set out the parameters of the challenges facing the United Nations as it goes forward. In his introduction to the plan, the Secretary General highlighted globalization, gender equality, and technological development as the three most important factors guiding the UN's work during the next planning cycle. The Secretariat produced comprehensive documentation in a timely fashion for the CPC's 40th session, and after years of prompting by the United States and others, this year reformatted the Plan to include performance-based management principles throughout the organization's 25 programs. Each UN program must now include clearly stated objectives, strategies, expected accomplishments, and performance indicators. As a result of CPC's 40th session, the United Nations has moved still further toward a culture that is results-oriented and based on performance principles.

During the June session, after study and consultations, the Committee came to consensus and recommended approval of all 25 programs except for the highly contentious Human Rights Program. During the August session, the Committee considered reports on two key documents dealing with program performance and ways to improve monitoring of program implementation. The Committee also considered the budget outline for 2002-2003. In its final report, the Committee took note of the proposed budget outline, approved the priorities suggested by the Secretary General, and recommended that the General Assembly give the outline further consideration.

The General Assembly accepted most of the recommendations of the CPC, including, *inter alia*, the adoption of the Medium-Term Plan and changes in the planning and budgeting process, which will lead to a more results-oriented system. The Medium-Term Plan had been approved initially, pending a decision on the Human Rights Program. Approval of the draft resolution was delayed, as negotiations on the Human Rights Program were protracted for four weeks by a small group of member states who launched an attack on the notion of “indicators” of achievement for the program. A compromise was reached in which the word “measures” was substituted for the term “indicators” in chapter subheadings, and the concept of measures of achievement was defined using the same terms which could be used to accurately define “indicators.”

Successfully promoting a results-focused planning and budgeting process was a major achievement for the United States.

## **Audit Reports**

The Board of Auditors serves as the external auditor of the accounts of the United Nations, its funds and programs, and the International Court of Justice. The Board is composed of the Auditors-General of three member states—the Philippines, South Africa, and the United Kingdom. In 2000, the Board prepared fifteen audit reports and submitted them to the General Assembly.

On December 18, the General Assembly adopted, without a vote, Resolution 55/220 that approved the conclusions and recommendations regarding Financial Reports and Audited Financial Statements and the Reports of the Board of Auditors. The General Assembly agreed to accept the financial reports and audited financial statements of the following entities whose accounts were audited during the audit cycle: the United Nations, UN Children’s Fund, UN Relief and Works Agency for Palestine Refugees in the Near East, the International Trade Center, UN Conference on Trade and Development/World Trade Organization, UN Institute for Training and Research, UN High Commissioner for Refugees, UN Environment Program, UN Habitat and Human Settlements Foundation, UN Office of Project Services, and International Criminal Tribunals for Yugoslavia and Rwanda. The General Assembly also commended the Board of Auditors for the quality of its reports.

The Board of Auditors qualified its opinion on the financial statements of four organizations because one organization had included unpaid pledges as income and three other organizations could not provide sufficient evidence that the funds that they had advanced for national execution projects had been used for their intended purposes. The latter deficiency was troubling because the Board of Auditors made qualified opinions for the same reason for its audits at these organizations for the 1994–1995 and the 1996–1997 biennia. Other audit reports indicated that some agencies

continue to suffer from significant problems regarding internal management controls.

In its report to the 55th session of the General Assembly (Document A/55/487) regarding these audited financial statements, the Advisory Committee on Administrative and Budgetary Questions stressed that this pattern of qualified audit opinions identified serious problems in the financial position of the audited entities. The Committee recommended that the Secretary General should discuss corrective actions with the directors and governing bodies of those agencies. The Committee also recommended that all affected administrations, and as appropriate their governing bodies, should urgently address the weaknesses that the reports identified.

For the first time, the Board of Auditors reported separately on the International Criminal Tribunals for Yugoslavia and Rwanda. The United States commended the Board of Auditors for its audit work and recognized the progress the Tribunals made in improving their proceedings. The United States has been a strong supporter of these Tribunals from the start. The U.S. Government urged the Tribunals' administrators to continue to improve the timeliness of their trials, which is crucial to their credibility.

While endorsing the recommendations of the Board, the United States' efforts in the Fifth Committee focused on the need for agencies to take immediate action to correct the problems that led the Board to qualify its opinion of the financial statements. Making program managers more accountable for UN funds and getting complete information on corrective actions should benefit UN agencies for years to come.

### **Joint Inspection Unit (JIU)**

The JIU is an external oversight body accountable to member states. Its 11 inspectors serve a five-year term each and have broad powers of investigation in performing the Unit's mission to evaluate and make recommendations concerning the effectiveness of the activities of the organizations in the UN system. The Unit strives to improve the management of the United Nations and its agency programs and encourages greater coordination at all levels. Mr. John D. Fox (United States) served as an inspector until the completion of his term on December 31, 2000. Mr. Fox narrowly lost a bid for reelection to a second term.

The JIU issued 9 reports: 1) Administration of Justice at the United Nations; 2) Use of Consultants in the United Nations; 3) Senior Level Appointments in the United Nations and its Programs and Funds; 4) Review of Management and Administration at UNESCO; 5) UN System Common Services at Geneva: Case Studies; 6) Delegation of Authority for the Management of Human and Financial Resources in the UN Secretariat; 7) Young Professionals in Selected Organizations in the UN System: Recruitment, Management, and Retention; 8) Review of Management and Administration in the Registry of the International Court of Justice; and 9) Strengthening the Investigations Function in UN System Organizations.

The report on senior level appointments was an especially interesting study. It identified dilemmas in filling senior level posts when the overall number of posts at the United Nations has been declining. The report concerning young professionals in UN organizations revealed retention problems among the junior level staff. The United States supported the JIU's recommendations regarding terms of office for senior UN officials, probationary terms of newly recruited staff at the D-2 level, and mentoring and management programs for the professional staff. The Fifth Committee plans to discuss the reports in its March 2001 session.

During deliberations and informal meetings of the Fifth Committee, the United States emphasized the importance of effective oversight in the United Nations. The United States joined consensus with other member states in passing Resolution 55/230 on December 23. This resolution acknowledged the JIU's Annual Report and its Work Program. In addition, the General Assembly emphasized the importance of follow-up by all concerned organizations and highlighted the role of legislative bodies, their secretariats, and the JIU itself in making it an effective oversight body. U.S. Government delegations to the United Nations and to its affiliated and specialized agencies urged those organizations to seriously consider the JIU's recommendations and put them into practice.

### **Office of Internal Oversight Services (OIOS)**

The United States views the establishment of the OIOS in 1994 as one of the most significant management reforms adopted by the General Assembly in many years. OIOS performs the inspector general functions of the United Nations. It provides independent internal oversight to assist the Secretary General with his oversight responsibilities over resources and the staff. OIOS has proven its competence and the value of independent oversight through its well-written reports on fraud, abuse, and systemic problems.

In November 1999, Mr. Karl Paschke's term as the first Under Secretary General for Internal Oversight Services ended as the Secretariat was still interviewing candidates for his successor. In the interim, the Secretary General appointed Mr. Hans Corell, UN legal advisor and former judge, as the acting head. The Secretary General then proposed the appointment of Dileep Nair (Singapore) as the Under Secretary General of Internal Oversight Services. After the General Assembly approved his nomination, Mr. Nair began his duties on April 24, 2000. In the preface to the OIOS annual report, Mr. Nair expressed his commitment to improving and maintaining OIOS' credibility. He wrote, "The Office of Internal Oversight Services is now recognized, both within and outside the organization, as an objective source of reliable information and as an agent of change in the United Nations, in particular with regard to strengthening internal controls and improving management performance." These words echoed General Assembly Resolution 54/244 (January 31, 2000) that reaffirmed the

importance of OIOS as one of the principal organs of the United Nations and recognized its importance in assisting the Secretary General with his oversight responsibilities.

OIOS' sixth annual report, covering July 1, 1999 through June 30, 2000, summarized the significant findings and recommendations of 137 audits, evaluations, investigations, and inspections of UN programs and operations. The Office's investigators started 287 new cases this reporting period, an increase of 16 percent over the previous period. More importantly, OIOS reported that 73 percent of the audit recommendations it had made since 1996 had been implemented.

The priority areas of oversight during this time frame were peacekeeping operations, humanitarian and related activities, human resources management, and procurement. During this period, 69 percent of the OIOS recommendations concerned the improvement of efficiency, effectiveness, or management controls. The Office anticipated \$17 million in cost savings that would result from the implementation of its recommendations and identified \$5.3 million in actual cost reductions. While significant, these amounts were lower than in previous years because most of the audits and evaluations dealt with policy issues and investigations of wrongdoing. As OIOS has become more familiar with the internal policies and operating procedures of the United Nations and its funds and programs, it has continued to gain credibility as an internal consulting resource and as an alternative to external consulting firms.

During Fifth Committee deliberations and informal meetings, the United States called for the expeditious implementation of OIOS' recommendations. In addition, U.S. delegates recognized the improved quality of OIOS' written products and their relevance to UN funds and programs.

On November 22, 2000, the U.S. Representative for UN Management and Reform commended OIOS in a statement to the Fifth Committee. He praised OIOS for improving operations, saving millions of dollars, and identifying fraud. He expressed the U.S. Government's high regard for the quality of OIOS' reports, written in plain language and using effective graphics that made them easy to read. He recognized that the existence of an oversight body is half the battle—operating managers who believe in the value of oversight and put its recommendations into practice are the key to effective program evaluation. The U.S. Representative also conveyed the U.S. view that since OIOS has expertise in planning and conducting many different types of evaluations, that it should play a key role in developing standard evaluation methodologies and training the UN staff to use them.

## **International Civil Service Commission (ICSC)**

The ICSC, a 15-member body of recognized experts, is responsible for making recommendations on salaries, allowances, benefits, and other conditions of service for employees of the United Nations and its specialized

agencies. Lucretia Myers, Retired Senior Advisor, Retirement and Insurance Service, at the Office of Personnel Management, continued to be a member of the ICSC. The Commission met in Vienna and New York for its 51st and 52nd sessions, respectively. The Fifth Committee considered the ICSC's annual report in November and December.

At the two ICSC sessions, the Commissioners discussed, debated, made decisions, and developed recommendations on a wide variety of topics. Based on these recommendations, the General Assembly took the following key actions:

- approved, for professional staff, a 5.1 percent increase in the base/floor salary scale by consolidating post adjustment into the base on a “no gain–no loss” basis (with a commensurate reduction in post adjustment), effective March 1, 2001;
- reaffirmed both the Commission's statute and the Commission's central role in regulating and coordinating conditions of service of the UN common system;
- requested that the Commission use its newly adopted Framework for Human Resources Management as a guide to its future work program and encouraged common system organizations to use the Framework as a basis for future work in human resources policies and procedures;
- urged organizations of the common system to reach consensus promptly on the Commission's draft standards of conduct for the whole common system so the Commission can finalize the text and submit it for consideration to the 56th General Assembly;
- urged common system organizations to harmonize their rules and regulations for providing the education allowance only to internationally recruited staff with expatriate status;
- reaffirmed both the continued use of the Noblemaire principle (use of the highest–paid civil service) for establishing salary levels for professional staff and the need for competitive conditions of service in the UN common system;
- took note of the Commission's decisions regarding the results of the grade equivalency study including that it will seek to streamline future studies without reducing their quality;
- approved an 11.89 percent increase in the children's and secondary dependent's allowances, effective January 1, 2001;
- took note of the Commission's decision regarding headquarters duty stations' salary surveys (for General Services staff) to appropriately reflect in pay any extra remuneration provided by survey companies to their staff required to work in a working language of the UN system organization that is not a local language; and

- deferred to the 56th session consideration of the Secretary General's reports on strengthening the international civil service.

The General Assembly adopted Resolution 55/223 on the Report of the International Civil Service Commission, without a vote, on December 23, 2000.

## **Human Resources Management**

At its resumed session, March–April 2000, the UN General Assembly's Administrative and Budgetary Committee (Fifth Committee) considered a range of human resources management issues on which member states reached consensus, including on Gratis Personnel, Staff Regulations, and Termination Indemnity and Repatriation Grant. Furthermore, in December, the General Assembly, by consensus, approved a resolution on the safety and security of UN personnel. The Assembly also decided to continue its consideration of human resources issues, specifically management reforms, at its March 2001 resumed session.

**Gratis Personnel.** The General Assembly adopted by consensus Resolution 54/264 (July 21, 2000) which:

- called for more detailed information concerning the 300 gratis personnel working for the International Tribunal for the Former Yugoslavia, including: the selection procedure employed and the involvement of the Secretariat in the selection exercise; the list of member states that were invited to offer such personnel; the actual dates of deployment; and the functions performed, duration of service, and specific expertise of each of the gratis personnel;
- stressed the need for an effective monitoring system in the Secretariat's Office of Human Resources Management with regard to the delegation of authority for gratis personnel stationed in offices away from headquarters;
- reaffirmed the circumstances in which the Secretary General can accept gratis personnel, indicating the need for strict compliance with the provisions of the General Assembly's previous resolutions (51/243 and 52/234) concerning the subject matter;
- expressed its concern that detailed and comprehensive information concerning the gratis personnel serving in the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 was not provided, and requested the Secretary General to submit all future reports on gratis personnel in strict compliance with the provisions of relevant resolutions; and
- decided to continue its consideration of the question of gratis personnel at the General Assembly's 55th session.

**Safety and Security of UN Personnel.** The General Assembly adopted by consensus Resolution 55/238 (December 23, 2000) which:

- agreed to increase resources for enhancing the safety and security of UN personnel;
- approved, effective January 1, 2001, the establishment of 8 additional professional posts at headquarters, 8 additional security officer posts in the field, and 16 additional local level posts to enhance the safety and security of UN personnel;
- denied the upgrade of the Security Coordinator to the Assistant Secretary General level, citing insufficient justification, but decided to consider later the reclassification of the post of Deputy Security Coordinator from the D-1 to the D-2 level; and
- requested that the Secretary General develop, in coordination with UN specialized agencies, cost-sharing arrangements for meeting future resources requirements of the security management system.

**Proposed Regulations Governing Officials Other than Secretariat Officials and Experts on Mission.** On December 23, 2000, the General Assembly adopted by consensus Resolution 55/221. Its aim is to extend the agreed disclosure requirements of UN officials (“Code of Conduct”) to more categories of UN-related individuals. This resolution proposed regulations by which it requested that the Secretary General consult with officials who perform services for the United Nations on a substantially full-time basis but who are not staff members, focusing in particular on those who are elected by the Assembly and its subsidiary organs, and to report thereon to the resumed 55th General Assembly on the following:

- compatibility with existing statutes governing the officials referred to above;
- impact, if any, on the independence of expert bodies; and
- accountability in enforcing the proposed regulations.

The Assembly also requested more information to determine whether the proposed regulations would ensure the impartiality, neutrality, and objectivity of such personnel.

## **Employment of Americans**

The U.S. Department of State assists qualified U.S. citizens in competing for professional positions in the United Nations and other international organizations. The Department’s UN Employment Information and Assistance Unit, along with numerous other federal agencies, supports these organizations by disseminating international vacancy information to Americans worldwide. In a typical year, the Department provides direct assistance to hundreds of Americans and general information about employment opportunities in international organizations to thousands of

others. U.S. Missions to the United Nations and other international organizations in New York, Geneva, Montreal, Nairobi, Rome, and Vienna, as well as some embassies, also provide direct support for this function through regular contacts with agency officials.

The following chart shows the total number of Americans in professional and senior positions in all UN agencies\* as of December 31, 2000.

<b>Professional and Senior Staff</b>			
	<b>Total</b>	<b>U.S.</b>	<b>U.S. Percent</b>
UN Secretariat	5,854	632	10.8
UN Subsidiary Bodies	7,245	650	9.0
UN Specialized Agencies and the International Atomic Energy Agency (IAEA)	<u>7,599</u>	<u>656</u>	<u>8.6</u>
Total	20,698	1,938	9.4

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\*Excluding peacekeeping missions.

The UN Secretariat and some of the specialized agencies have established a system of “desirable ranges,” or quotas, to estimate member states’ desired geographic representation. The following chart lists those UN agencies that have such ranges—UN Secretariat (UN), the Food and Agriculture Organization (FAO), the International Civil Aviation Organization (ICAO), the International Labor Organization (ILO), and the World Health Organization (WHO)—and the number and status of Americans on-board as of December 2000. (These figures represent only the professional posts that were funded from the agencies’ assessed budgets and “subject to geographic distribution.”)

UN Agency	Filled	U.S.	Americans on Board		Current Status
		Desirable Range or Quota	Number	Percent	
		Range			
UN	2,400	314-424	315	13.1	In range
FAO	992	186-248	126	12.7	Underrepresented
ICAO	221	28	16	7.2	Underrepresented
ILO	659	101-135	87	13.2	Underrepresented
WHO	1,138	174-237	152	13.4	Underrepresented

The United States recognized that, during 2000, as in other recent years, its failure and that of other member states to meet their financial obligations to the UN Secretariat, its subsidiary agencies, and the specialized agencies, has affected the staffing decisions of these organizations. As such, it was no surprise that during 2000, U.S. representation in all but one of these agencies declined. The representation of Americans in the ILO increased from 80 to 87.

In 2000, Americans held the top position in three UN agencies: UN Children's Fund (Carol Bellamy, Executive Director); Universal Postal Union (Tom Leavey, Director General); and the World Food Program (WFP) (Catherine Bertini, Executive Director).

Americans also held the second most senior post in the following agencies: IAEA (Deputy Director General), International Fund for Agricultural Development (Vice President), ILO (Deputy Director General/Executive Director), FAO (Deputy Director General), Pan American Health Organization (PAHO) (Deputy Director General), the UN High Commission for Refugees (UNHCR) (Deputy High Commissioner), and the UN Relief Works Agency for Palestine Refugees in the Near East (Deputy Commissioner General). Three other Americans held the rank of Under Secretary General at the UN Secretariat.

Throughout the year, the U.S. Government attempted to give special attention to recruiting qualified women for UN positions and encouraged UN agencies to hire and promote more women. In 2000, American women represented over 53 percent of all Americans in professional and senior positions in the UN Secretariat, and 44 percent of Americans in all UN agencies.

In addition to helping recruit for permanent, career positions throughout the UN system, the Department of State also provided candidates for UN peacekeeping and other special operations for limited tours of duty.

The U.S. Government has a long-standing policy of supporting UN agencies by assigning federal employees to them either on direct “transfer” (in which the employee is paid by the United Nations but retains reemployment rights with the U.S. agency), or on “detail” (in which the employee remains on the U.S. payroll, but serves at the United Nations). These assignments may last as long as eight years. During fiscal year 2000, a total of 114 federal employees from 16 federal agencies were on such assignments to the United Nations. Of these, 49 were on transfer, representing about 2.5 percent of the 1,938 Americans who worked in professional positions in UN agencies during that year. Of the 65 employees on detail, the vast majority was from the Department of Health and Human Services, primarily from the Centers for Disease Control—45 on assignment to WHO and 5 to PAHO.

The United States also continued to fund a limited number of Junior Professional Officer positions at UNHCR, FAO, and WFP.

## **UN Joint Staff Pension Board**

The UN Joint Staff Pension Fund (UNJSPF) was established in 1949 to provide retirement, death, disability, and related benefits for employees of the United Nations and other organizations participating in the common system. During 2000, there were 19 international organizations in the Fund and about 69,000 participants. The fund had assets of approximately \$24 billion as of December 31, 2000. The UNJSPF is administered through the UN Joint Staff Pension Board, consisting of 33 representatives of member states, member organizations, and Fund participants. Susan McLurg (United States) was reelected to a 4-year term on the UN Staff Pension Committee beginning January 1, 2001.

The Board held its 50th session in Geneva in July 2000. The Board discussed the following key items: entitlement to survivor’s benefits for spouses and former spouses; management of the investments of the Fund; actuarial matters; longer-term administrative arrangements of the Fund; and the pension adjustment system.

As a result of the Board’s recommendations and decisions, the UN General Assembly took the following key actions:

- approved amendments to the Regulations of the Fund to extend the provisions for a divorced surviving spouse’s benefit to divorced spouses of former participants who both separated before April 1, 1999 and would meet the other eligibility requirements of the Regulations;
- approved amendments to the Regulations so that approval of the participant (or former participant) would not be needed before the Fund

could provide a payment facility to meet the participant's court-ordered family obligations.

- approved amendments to the Regulations that would remove the "remarriage penalty" for surviving spouses who remarried before April 1, 1999;
- expressed appreciation for the investment performance of the Fund that contributed significantly to its actuarial surplus and requested that the Secretary General continue exploring possibilities for making Fund investments in developing countries;
- noted the Fund's improved actuarial situation and the Board's decision to lower the rate of interest used to determine lump-sum benefit computations from 6.5 percent to 6.0 percent, effective January 1, 2001.
- noted the Board's strategic plan for improving operations of the Fund, including improving the computer systems, and requested that the Standing Committee, when submitting budget proposals for the current or next biennium, provide detailed information on the costs and benefits related to implementation of the strategic plan; and
- approved changes to the pension adjustment system to lower the threshold for implementing cost-of-living adjustments of pensions in award from 3 percent to 2 percent, effective April 1, 2001.

The actions taken by the General Assembly and the Board to facilitate court-ordered support payments were of particular importance to the U.S. Government which had been urging international organizations to adopt such practices where they didn't exist to ensure that staff fulfill their court-ordered support obligations. Comprehensive debate on this issue was held at the Board session with some participants strongly opposing the proposed amendments.

The Fifth Committee considered the report of the Pension Board in November and December and recommended a resolution that would implement the Board's recommendations and note or endorse the Board's decisions. The General Assembly adopted Resolution 55/224 on the Report of the UN Joint Staff Pension Board, without a vote, on December 23, 2000.

