

RESOURCE AMBIGUITIES

Any governmental organization at any level should provide the public with straight-forward and comprehensive information on the resources it was given and how they were allocated and used. In the UN, however, this has always been very difficult. However, the UN's handling of its funds and reporting thereon has always been rather disorderly, and extremely nontransparent. Finding out what is really going on has always been quite difficult, whether it concerns financial resources, staffing, or fund raising.

On **FINANCES**, as Shirley Hazzard noted in 1987:

"The myth that the annual United Nations budget runs around \$200 million was circulated for so long that even UN leaders appeared to believe it. Declaring the United Nations' cost to be 'less than that of the Fire Department of New York City,' Kurt Waldheim echoed, in 1972, the UN's favorite, and unfounded, slogan. A recent schizophrenic UN press release [containing that figure] ... [later remarks that] 'Member States are contributing about \$870 million a year to the United Nations system ...

References to waste ... are cheerful -- 'I'd be satisfied,' one official declares, 'if what we're doing is fifty per cent effective.' Achievements are cited, and re-cited, with triumph and even with wonder -- as if an organization that has, over nearly three decades, employed tens of thousands of persons at a cost of tens of billions of dollars could scarcely have been expected to have much to show. In some United Nations operations the effort to augment funds has consistently taken precedence over the need to develop quality. An attempt at public discussion of United Nations financing will bring the Pavlovian and often belligerent reply 'Only a fraction of what nations spend on armaments' ..."

Shirley Hazzard, Defeat of an ideal: A study of the self-destruction of the United Nations, Macmillan, London, 1973, pp. 118-120.

Sixteen years later, little had changed. She examined the situation again and found that:

"Press reports concerning the United Nations' 'regular budget' refer mainly to funds committed for administrative needs, and exclude the far greater operational costs of the U.N. System. The annual over-all budget of the U.N., has, of recent years, been informally estimated at six billion dollars. However, I find it impossible to establish a reliable yearly total for the U.N.'s attestable over-all expenditures, which appear to be vastly in excess of that sum. The organization informs me that no comprehensive figure can be provided. And piecemeal calculation cannot hope to include the costs of every affiliate, subsidiary, and ad-hoc undertaking of the U.N. system. ... *It is my impression that no one knows even the approximate cost, to world citizenry, of the United Nations*

enterprise.

in June of 1979, [an article by Ronald Kessler, in the *Washington Post*] dealing with the U.N.'s finances brought denunciation from both the United Nations and the U.S. State Department, [The latter] _ conceded that the *Post's* figures were accurate, but claimed, according to the *Post*, that the intricate nature of the United Nation's system ... cumbersome administrative structure, ... jealously guarded in [many agencies,] ... precluded assessment by outsiders.'

Shirley Hazzard, on a 1979 attempt to track UN finances, and her own inability to do so 12 years later, in "Breaking Faith I", *The New Yorker*, **September 25, 1989**, pp. 63-99, [89]. [emphasis added.]

A 1986 assessment of UN financial decision-making by Frederick Lister outlined the unique, complex, and tortured nature of basic UN financing processes:

" In drawing up [budgets] ... , the Secretary-General must calculate the costs involved in carrying out the many activities that the U.N.'s intergovernmental bodies have approved. At the same time, he tries to ensure that the total budget does not exceed what member states, and particularly the main contributors, are prepared to pay. ... it is not easy to find a generally acceptable balance ...

[In addition] ... the regular budget controls only a fraction of the total [UN] expenditures. As much as 70 percent of the U.N.'s outlays are funded by other means ... the various peacekeeping forces ... most of the humanitarian and development activities ... and the main voluntary funds ...

Finally, ... the power to initiate and in effect authorize program activities is shared among [many] intergovernmental organs. ...

... Since all the many [approved] activities cannot be adequately carried out ... there is a good deal of uncertainty as to which of them will in fact be pursued and with what degree of due diligence. The latitude that this leaves to lower-level intergovernmental organs and to Secretariat officials may have certain advantages, but it increases the difficulty of setting central priorities and of allocating limited financial resources in a rational way. This great dispersion of programming power prevents the Assembly from taking full charge ... a situation that concerns (or should concern) all the U.N.'s members, whether big or small."

Frederick K. Lister, , Fairness and accountability in U.N. financial decision-making, United Nations Management and Decision-Making Project UNA-USA, by the United Nations Association of the United States of America, New York, **1986**, pp. 13-16, 22-24.. [emphasis added.]

A 1987 US analysis noted the burgeoning growth of the UN Secretariat over the years:

"The call for U.N. reform

U. S. taxpayers always have borne the lion's share of the U.N.'s assessed and voluntary contributions, pouring more than \$15 billion into the organization since the first General Assembly in 1946. Then, the U.N. staff numbered 1,500; last year it was over 11,000. Meanwhile, the budget of the entire U.N. system has grown five times faster than the inflation rate.

There seems to be a near consensus within the U.N. that management has not kept pace with this dizzying growth. Throughout almost every level of the U.N., financial, administrative, and personnel controls have been either nonexistent or broken...

Congress and the Administration should insist that the Secretary-General

become more involved in the U.N.'s financial management. His aloofness thus far, compounded by the various U.N. bodies' inability to take reform seriously, casts a pall over the promise of U.N. reform."

"The United Nations continues to duck needed reforms", The Heritage Foundation, Backgrounder, No. 593, Washington, D.C., **July 9, 1987**, pp. 2, 8.

Pressured by the General Assembly for better control of resources and particularly to deal with "management irregularities," the Secretary-General solemnly informed the General Assembly in 1992 that:

The Secretary-General attaches great importance to his fiduciary responsibility vis-à-vis Member States for the prudent management of resources entrusted to the Organization. Care is taken to ensure that these resources are utilized for the purposes for which they were provided, that they are spent with all due regard for economy and that there is accountability at all stages for their use."

"Measures to facilitate reporting by staff members of inappropriate uses of the resources of the organization: : Report of the Secretary-General", UN document A/47/510 of **October 8, 1992**, paras. 9-14. [emphasis added]

However, the 1993 Thornburgh report found quite a different, and much less reassuring picture. He stressed that the chaotic status of financial and programme decision-making and budgetary controls had expanded and worsened under the pressure of new, major peacekeeping missions:

"The current [UN] budgeting process [is] ... almost surreal. It is overly complicated ... A great detail of effort, for example, is extended to ensure that the Secretariat carries out ... [General Assembly] priorities."

[In fact,] these 'priorities' are constantly skewed and distorted by activities and expenditures by United Nations entities outside the Secretariat. ... some 70 percent of the Organization's ... social and economic development expenditures, for example, are made without ... the intricate [regular] budgetary processes ...

Ironically, the ... problems ... in the regular budgeting process are nearly reversed in the peacekeeping area which now well exceeds the regular budget. ... Peacekeeping funding is still much like a financial 'bungee jump', often undertaken strictly in blind faith that timely appropriations will be forthcoming. The irony is that far more vast and costly operations are undertaken and appropriated for in the peacekeeping area on a more or less ad hoc basis, than those pursued in such meticulous detail in the regular budget process.

The answer, it seems to me, is ... far less scrutiny of the minutiae of the regular budget and for more attention to the ... process utilized in financing peacekeeping budgets."

Dick Thornburgh, Under-Secretary-General for Administration and Management, "Report to the Secretary-General of the United Nations" ["The Thornburgh report"], **1 March 1993**, pp. 15, 17-18. [emphasis added.]

Erskine Childers and Brian Urquhart had noted in a 1994 report on UN renewal that:

"The financing and management of the United Nations have been under evaluation and reform of one kind or another for most of its life. Member-governments have initiated eight, and Secretaries-General three of eleven major exercises at scarcely five-year intervals [1955, 1961, 1964, 1965, 1968, 1970, 1975, 1980, 1983, 1985-1987, 1992-].

Most of these exercises took place in the midst of financial crises ...

The effect of all this has been seriously to debase the coinage of UN management reform rather than to address the UN system's real problems in this area. The UN remains in deep financial crisis. It certainly also needs improved management."

Erskine Childers with Brian Urquhart, "Renewing the United Nations System", Development Dialogue, 1994:1, Dag Hammarskjold Foundation, Uppsala, Sweden, **1994**, p. 142.

In 1995 the JIU compiled one of the rare looks at the overall total funding of the UN and the UN system. For the year 1993, the UN system resources totaled about \$12.8 billion, of which \$9.9 billion was spent by the "UN." This in turn broke down to \$4.7 billion for the UN Secretariat -- \$1.0 billion for approved regular budgets, about \$0.7 billion from voluntary contributions, and \$3.0 billion for peacekeeping. The UN semi-autonomous, voluntary-funded programmes also had substantial expenditures totaling some \$5.2 billion, which included \$1.5 billion for WFP, \$1.3 billion for UNHCR, \$1 billion for UNICEF, and \$0.9 billion for UNDP. The specialized agencies of the UN system added about \$2.9 billion more. These are not trivial sums.

Joint Inspection Unit, "Accountability, management improvement, and oversight in the United Nations System", Part II, UN document A/50/503, **1995**, Table I. "Total financial and staff resources of the organizations".

[Note: the above acronyms are explained in the introductory section of UN Management Accountability Struggles .

Also, information on UN finances and financial management problems can be found in several sections under UN management system reform attempts in this archive, and somewhat-updated total information is noted further in the later subsection on the "Poor little UN".

A very technical and lengthy report which does *not* add up the numbers for the UN system has been published biennially since 1991. It is

"Budgetary and financial situation of organizations of the United Nations system: Note by the Secretary-General ...", UN document A/57/265 of **25 July 2002**.]

The financial crises referred to above were particularly severe in the mid-1990s. A 1995 article presented a chart which summarized efforts of a new very experienced financial manager who was trying to "impose fiscal sanity on an organization tottering on the brink of insolvency", thanks to the refusal of member countries, and especially the United States to pay their dues. A chart summarized the elements of the UN's

"Midlife Crisis:

- *No liquidity* The organization suffers from a chronic shortage of cash. A \$250 million reserve fund was cleaned out long ago.

- *Inability to raise capital* The U.N. lacks standing in the financial markets. The World Bank says it cannot lend to the U.N.
- *Unpredictable cash flow* A majority of the 185 member states have stopped paying their dues on time.
- *No write-off of bad debt* The biggest member, the United States, owes more than \$1 billion and will not pay.
- *Declining revenue* Smaller peace-keeping assessments cannot cover unpaid expenses or reimbursements to countries that contribute troops.
- *Lack of financial management expertise* The U.N. does not have an executive training program. Hiring and promotions are sometimes guided by politics instead of management skills."

Christopher S. Wren, "The U.N.'s master juggler: An accountant copes with deadbeats and bad debt," New York Times, **December 8, 1995**.

During the 1990s the Board of Auditors, the General Assembly, the JIU, the ACABQ and others expressed much continuing concern at the lack of financial management skills, weak internal controls, and problems with numerous trust funds which many managers scarcely knew how to control. A JIU report in 1995 concluded that:

"The area in which the most work remains to be done is financial management. In two 1994 reports Member States and an intergovernmental working group stressed the need to improve and strengthen United Nations financial administration and disciplinary rules, procedures, and measures."

Joint Inspection Unit, "Management in the United Nations: Work in progress", UN document A/50/507, **1995**, para. 65 (d).

Since that time, the financial crisis has abated, and financial management systems appear to have been strengthened, but the lack of clear information on overall resources and their use seems to continue, and reforms are still needed. Secretary-General Annan admitted in 2002 that some of the major problems cited above continue, stating that:

"The present United Nations programming and budgeting system is complex and labour-intensive. It involves three separate committees, voluminous documentation and hundreds of meetings. Changes proposed ... include a medium-term plan covering only two years (rather than four) ...

The budget document itself would be less detailed and more strategic, and would give the Secretary-General some flexibility to move resources according to needs. Also ... intergovernmental review should henceforth be conducted exclusively in the Fifth Committee of the General Assembly [rather than shared with the CPC] ... [and] measures will be taken to streamline peacekeeping budgets, and to improve the management of the large number of trust funds through which Member States provide voluntary contributions to supplement the regular budget."

"Strengthening of the United Nations: An agenda for further change: Report of the Secretary-General," UN document A/57/387 of **9 September 2002**,

"Summary, section V." [emphasis added.]

A very unique UN funding source must also be mentioned. In

1997 the US media executive, Ted Turner, made a \$1 billion pledge to the UN through his United Nations Foundation, spread over 10 years. (He also made a one-time \$34 million gift in 2000 to facilitate a deal whereby other countries would increase their required UN contributions while the United States reduced its share.) The funding has slowed as Mr. Turner's fortune encountered difficulties, but the UN Foundation still picks out projects annually after UN consultations. Mr. Turner later added \$250 million to finance arms control work, and other individuals have contributed lesser amounts to other organizations (for instance, Elton John to WHO).

But it is awkward that there is no UN Member State called "Ted Turner", since it seems that he pays more each year than about 170 UN Member States (and more than all the less-developed countries combined). Serious technical and legal questions have also been raised about private funding of the UN programmes involved, including the choice of projects financed, the Turner Foundation's policy influence, and prohibitions on individuals paying national dues to the UN.

"First round of Turner's billion dollar gifts", Secretariat News (New York), **April-May 1998**, pp. 8-9,

"More Turner grants imminent", Secretariat News (New York), **June-July 1998**, p. 9,

Cliff Kincaid, "Ted Turner's United Nations Foundation: Making the UN a pawn for tax-exempt special interests", Foundation Watch, **March 1999**,

Barbara Crossette and Christopher S. Wren, "UN members close to accord that would trim U.S. dues", International Herald Tribune, **December 21, 2000**,

Jonathan Peterson, "WTO seeks cash to educate members", Los Angeles Times, **December 30, 2000**,

"Turner to bankroll arms control body", WP, International Herald Tribune, **January 8, 2001**, and

Julia Preston, "Despite plunging fortunes, Ted Turner says he'll honor UN gift", International Herald Tribune, **December 13, 2002**.

On **STAFFING**, UN processes and categories are almost as tortuous and complex as those for finances. As noted previously, the UN staff grew from 1,000 to 11,000 in the late 1980s, and then to more than 35,000 now as field operations have grown so tremendously. Most of them are extrabudgetary. The JIU did an extensive report on problems and lack of controls in this area in 1990, and the OIOS confirmed continuing problems in 1998, when it found that:

"extra budgetary posts have become an institutionalized part of [the UN's] core resource base. ... existing guiding policies for [these] posts were ill-defined and [their] implementation was inconsistent. The audit also highlighted ... frequent contract renewals, which were ... administratively costly ...

The report recommended [many improvement measures for extra budgetary posts and policies.] ...

OIOS also conducted an audit of the use of consultants ... During 1996, the Organization employed some 2,675 consultants at a cost of \$19.4 million. The audit

found [deficiencies and inconsistencies in this field as well.]

"Report of the Secretary-General on the activities of the OIOS", UN document A/53/428, **1998**, paras. 79-81.

[Note: current staff figures are in "Composition of the Secretariat: Report by the Secretary-General", UN document A/59/299 of **26 August 2004**, and are discussed further in a later section on "Poor little UN" .]

These very large staff, temporary assistance, and consultant numbers are complicated further by UN contractual arrangements (which are now entering a major phase of further change). A "100 series" of staff is appointed by the Secretary-General, in two broad classes: "permanent" contracts and fixed-term contracts. A "200 series" applies to project personnel, and a "300 series" of appointments for limited duration for field missions and other assignments of up to 3-4 years was added in 1994.

"Appointments of limited duration", UN document ST/AI/395 of **2 June 1994**.

Three special categories with mysterious and vague elements of their own must be noted (and rather conspicuous "double-dipper" employment of sometimes quite aged retirees could be another), although they only occasionally bob to the surface of public notice. First, as noted in 1992 and probably not much different now:

"The most egregious example of organizational bloat [in the United Nations system] is the one closest to home for Mr. Butros-Ghali: the U.N. Secretariat. the top echelon of the Secretariat originally consisted of eight assistant secretaries. Now it has 20 assistant secretaries, a new super-layer of 27 under secretaries and a director-general -- plus 21 more top-level officers who are not on the regular budget, for a total of 69.

Reformers urge clearing out the deadwood and bringing in officials chosen on merit who can provide the Secretary-General with background reports, analyses of complex situations, options for decisions and ideas for future missions."

Bonnie Angelo, "United Nations: Challenges for the new boss," Time, **February 3, 1992**, pp. 40-41 [41].

Second, as the UN's field programmes for humanitarian, peacekeeping, and other missions expanded so rapidly, a better individual division of labour was essential. In addition to the above staff complexities, the UN has therefore done a quite considerable amount of "subcontracting" of tasks to NGOs and others. This important development was analysed in considerable detail in a 1998 book.

Thomas G. Weiss, ed., Beyond UN subcontracting: Task-sharing with regional security arrangements and service-providing NGOs, St. Martins, New York, **1998**.

Third, a 1999 article provided a rare look at a large, and

certainly the most hidden and mistreated, category of UN employees -- those who may work for years for the Organization under a series of precarious temporary contracts. Their number was estimated at 30 percent of UN staff in Geneva, and similar or larger percentages in other UN and UN system organizations. Such staff have no health insurance nor pensions, and are stuck at the base of the UN salary scales. Worst of all, they have a very precarious existence where the smallest mistake, or misstep, or abusive manager, can end their UN "careers" from one day to the next, without even the faulty and slow recourse and appeals that "regular" UN staff have.

Andre Allemand, "Quatre fonctionnaires sur dix seraient des travailleurs sans droits: Terrifiés à l'idée de perdre leur travail, les temporaires courbent l'échine", Tribune de Genève, **20 décembre 1999**, p. 26.

As if all the above was not complex enough, the biggest changes may be yet to come. In the ambitious attempts to establish a grand global mobility programme for UN staff, the Secretariat stumbled over all the mixed contractual types. As a result, and to become more flexible, the Secretary-General proposed in 2000 to abolish permanent staff contracts (which comprised less than 50 percent of total serving UN staff). The staff and some Member States objected, believing that this would undermine the international civil service. The Secretary-General disagreed, but did agree to seek further views on this issue.

Mr. Annan made new proposals in 2000 to meet fluctuating field workloads in the future. They would provide only three types of contracts for UN staff worldwide: short-term, up to six months; fixed-term, with extensions of up to a maximum five years; and continuing open-ended contracts for those providing competent and satisfactory service, and providing separation benefits at the end of service.

"Human resources management reform: Report of the Secretary-General", UN document A/55/253 of **1 August 2000**, paras. 45-50, and Annex IV.

IO Watch will continue to try to explore and decipher more of the shuffling, and especially the abuses and problems of UN staff in lesser employment categories and status. The General Assembly seems to be on the same track of discovery. In May 2003, it called on the Secretary-General to explain at least part of the long-standing and important (and often abused, as noted above, because of their precarious status) category of temporary staff:

"[The General Assembly] requests the Secretary-General to report on the function, relevant operational factors and incidence of temporary staff appointed at the Professional level or above for less than one year under the 100 series of the Staff Rules of the United Nations, and the implications for substantive appointments to the

Secretariat."

"Human resources management", General Assembly resolution 57/305 of **1 May 2003**.

On **FUND RAISING**, the third and final piece of the UN resources puzzle, the voluntary-funded and extra-budgetary programmes of the UN Secretariat and its various semi-autonomous programmes now dominate UN financing. The sums again are huge: for 2003, for instance, the consolidated UN annual fund appeal sought \$3 or perhaps \$4 billion to aid areas ravaged by war and other crises. That target was also set in 2004, although Mr. Annan noted that only 66 percent of the 2003 amount had been received, and was very unevenly distributed among the amounts requested for various target areas.

Irwin Arieff, "UN seeks \$3 billion to aid 50 million in crisis", Reuters, **November 19, 2002**, and

"Annan launches UN's 2004 humanitarian appeal for \$3 billion", UN News Center, **19 November 2003**.

Yet this annual consolidated appeal is only the biggest of many spigots, as seemingly continuous fund donations are sought from many UN sources for many worthy causes on many occasions. The UN is thus, in many ways, a gigantic money-seeking machine, always pleading for more multi-billion dollar inputs. Crudely but accurately, insiders have long observed that most UN debates are in fact about money, with developing countries saying "More!" and developed countries saying "only a little!"

Unfortunately, there is a severe lack of information on outputs -- how all this money is actually spent (and indeed even on how much money is raised in total from all the spigots.) The UN is engaged in a never-ending search to generate funds to "administer", competing with the far greater flows of billions of dollars transferred worldwide each year through other channels -- trade and investment, bilateral aid programmes, or billions more in people-to-people transfers through NGOs, foundations, or even family remittances sent home by expatriates.

The above summary on UN resource ambiguities is a jumble, but that is because historical and factual material on UN finances, staffing, and fund raising over the decades is itself a jumble, and because the UN seldom if ever lets the totals, and the uses, be known.

An organization that spends between \$6 to \$10 billion a year should never operate in this way. For that reason, IO Watch will return in subsequent subsections to the very misleading

plaints at its impoverishment in a subsection on "Poor little UN" under Other Major Problems , and on Annual status reporting to the General Assembly under Answers: A Starting point , a reform which could put an end to this resources "shell game" through clear and transparent annual reporting.

As Anne Applebaum observed in 1994, ending with a very legitimate question that is still unanswered:

"Not long ago, an editor at the *New York Times* told me that he was uninterested in stories critical of the UN, because the UN is a 'necessary failure' and always would be. But why does it have to be so? Why do we need to continue supporting the UN's more wasteful projects? There is nothing inherently good or moral about an institution, merely because it is multilateral, merely because most countries in the world belong to it, or because it claims to be interested in Children or Health. **Why is there never any examination of how the agencies spend their money?**"

Anne Applebaum, "An anarchy of abounding acronyms", The Spectator (UK), **12 November 1994**, pp. 9-11 [11].