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Foreign Affairs Issues



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**Comptroller General
of the United States**

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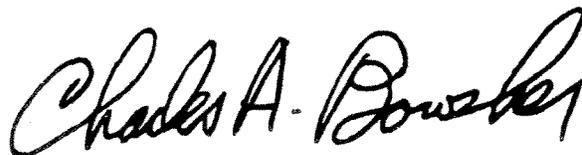
The Speaker of the House of Representatives
The Majority Leader of the Senate

In response to your request, this report discusses major foreign affairs policy, management, and program issues we have identified through our evaluations of several key State Department and U.S. Information Agency activities. The issues discussed in this report include (1) adjusting to post-Cold War diplomacy, (2) addressing the future of international broadcasting, (3) implementing management improvements, (4) improving U.S. participation in United Nations organizations, (5) improving the effectiveness of international narcotics control programs, and (6) improving the administration of refugee programs.

As part of our high-risk series on program areas vulnerable to waste, fraud, abuse, and mismanagement, we are issuing a related report, Management of Overseas Real Property (GAO/HR-93-15, Dec. 1992).

The GAO products upon which this transition series report is based are listed at the end of the report.

We are also sending this report to the President-elect, the Republican leadership of the Congress, the appropriate congressional committees, and the designated heads of the appropriate agencies.



Charles A. Bowsher

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Foreign Affairs Issues

To cope with the management challenges posed by the end of the Cold War and the demise of the Soviet Union, the Congress and the new administration need to consider how the State Department and other foreign affairs agencies will be able to operate more efficiently with declining resources and how these agencies and their programs will effectively interact or coordinate their expanding overseas activities. Traditional Cold War institutions, like the Voice of America and Radio Free Europe, and the planned billions of dollars in costs to operate and modernize them need reevaluation. Two other key foreign policy issues, foreign economic assistance and security assistance, are addressed in separate reports in this transition series, Foreign Economic Assistance Issues (GAO-93-25TR) and National Security Issues (GAO-93-9TR).

In our 1988 transition series, we reported that the State Department needed to improve its management and more effectively support activities in international organizations, international counternarcotics programs, and refugee relief programs. Effective policies, management, and programs directed to these issues remain as priorities today. While there has been some progress in addressing management

problems the State Department has experienced in managing over \$8 billion of overseas real property, a continued commitment to addressing management concerns of this and other Department programs is needed from the Congress and the new administration. The increased volatility of a post-Cold War world with pressing economic problems has increased the criticality of the U.S. role with international organizations, the international war against drugs, and the increasing tide of refugees.

Adjusting to Post-Cold War Diplomacy

With the end of the Cold War and the demise of the Soviet Union, the United States faces a challenge in adjusting its foreign policy and diplomatic activities to fit a new era. The biggest challenge will involve moving from a primary concern with a monolithic threat to a more global foreign policy that promotes broader U.S. interests. Fostering democratic institutions, especially in the former Soviet Union and Warsaw Pact countries, and enhancing U.S. economic competitiveness throughout the world are two examples of the emerging agenda.

Our recent work shows that the State Department has begun the process of expanding U.S. involvement in Eastern Europe and the former Soviet republics by opening 14 new embassies. However, the opportunities to help that region make the transition to market economies and democratic institutions may be lessened by limited staff and resources.

State is beginning to focus more attention on economic issues. In 1989 and 1991, the Deputy Secretary of State called on embassies to assist U.S. businesses in finding markets and investment opportunities. This is a new emphasis for the Department, which in the past was reluctant to have its officials

become involved with individual businesses. To be effective in this new role, State will have to adequately train its people and coordinate its activities with other agencies, such as the Departments of Commerce and Agriculture, that provide similar services. Our recent work shows that State has increased staff and improved interagency coordination to address international economic issues in Japan and Korea. Similar efforts will be needed in other countries for the United States to be competitive internationally. For further information on international trade and finance issues, see the transition series report International Trade Issues (GAO/OCG-93-11TR, Dec. 1992).

Many experts believe that fundamental organizational and operational changes are needed at State. The Department recently drafted a report on the kinds of changes necessary to meet the foreign affairs challenges of the 1990s. Some of the key proposals, which seem to have merit, involve

- merging domestic and international priorities into a single foreign policy;**
- streamlining the organization and policy process; and**

Adjusting to Post-Cold War Diplomacy

- **focusing on key policy and management issues such as global programs involving human rights, democracy, and narcotics; economic and environmental issues; international security; and regional and multinational affairs.**

The Congress and the new administration should focus on how well the Department is managing its resources and implementing changes in its operations to meet the domestic and foreign policy challenges of the 1990s.

Addressing the Future of International Broadcasting

Technology and world events are changing the outlook for U.S. international broadcasting. Currently costing over \$500 million annually, U.S. radio broadcasts by the Voice of America and Radio Free Europe/Radio Liberty are seen by some in the Congress and the administration as a relic of the Cold War. In Eastern Europe and the former Soviet Union, governments that previously denied their own populations access to reliable news and information have, to various degrees, allowed the liberalization of their domestic media sources. These governments have terminated efforts to block external broadcasts, as was done by the Soviet jamming of U.S. radio broadcasts.

This opening to a freer flow of information has prompted calls for the termination of broadcasts by Radio Free Europe to Eastern Europe and by Radio Liberty to the former Soviet Union. Such a move could save the \$200 million a year spent on these radio broadcasts and the additional costs of building or upgrading transmitters now aimed at the former Soviet Union.

A 1991 presidential task force on U.S. government international broadcasting reported its belief that Radio Free

**Addressing the Future of International
Broadcasting**

Europe/Radio Liberty broadcasts should continue at least through the end of the decade. We believe that even if such broadcasts are considered to be necessary, serious consideration should be given to eliminating the potential duplication in U.S. broadcasting organizations and to achieving operating economies. Both the Voice of America and Radio Free Europe/Radio Liberty have recognized that there is increasing pressure to reduce U.S. broadcast costs. They are sharing facilities and other resources such as audience research. Absent the elimination of Radio Free Europe/Radio Liberty or the reduction of spending on new shortwave facilities, such sharing appears to have the greatest near-term potential for minimizing the costs of U.S. international broadcasts.

Currently, the Voice of America's radio broadcasts are one of the few sources of objective news and information to the people of China, Laos, Cambodia, and Vietnam. This situation has prompted calls for increasing U.S. broadcasts to this part of the world. Similar demands for direct broadcasts to Cuba prompted the establishment of Radio and TV Marti. However, these broadcasts have been criticized for not having a means to ensure

that they adhere to the Voice of America's standards for objective coverage of news and information. While free access to broadcasts is still an issue in these parts of the world, declining resources still warrant careful consideration of the additional costs of starting up a "Radio for Free Asia" as well as the cost-effectiveness of continuing TV Marti.

Shortwave signals are the primary medium used by international radio broadcasters. The quality of these signals is poor, and increasing competition from higher-quality indigenous media, both television and radio, may be making inroads on shortwave radio listening.

The traditional U.S. reliance on shortwave as an international broadcast medium should be reviewed. The Voice of America is currently spending over \$100 million annually to upgrade and replace its aging shortwave facilities. In 1991, the Voice of America proposed a plan to build new, and refurbish existing, facilities at a cost of \$1.5 billion. Prior modernization plans to be accomplished from 1983 through 1991 were less than successful. Only 4 of 16 planned facilities were built or were under construction at a cost of about \$580 million.

**Addressing the Future of International
Broadcasting**

This prior experience, changing world events, and impending technological advances in other broadcast media, such as satellite broadcasts, raise serious questions about whether substantial investments in shortwave types of facilities make sense.

Correcting State Department Management Deficiencies

The State Department is responsible for conducting U.S. foreign policy, managing embassies and other real property overseas, and providing support services to over 50 other federal agencies with overseas offices. Appropriations totaled \$3.8 billion for an estimated 22,000 positions in fiscal year 1992. State's overseas real property is valued in excess of \$8 billion. In 1988, we identified key management control weaknesses that reduce the efficiency of State's operations and increase the agency's vulnerability to fraud, waste, and abuse. State has taken some steps to strengthen its management capability. Nevertheless, the following significant deficiencies remain:

- State's financial operations are weak and have been for many years. They continue to be hampered by inexperienced and inadequately trained staff; to operate with incompatible domestic and overseas systems that are unable to meet cost, performance measurement, and other information needs; and to fail to provide managers with necessary data on overseas real estate.**
- Personnel management problems continue to affect operations. These include staffing gaps at embassies, inadequately trained staff in management areas requiring specialized**

**Correcting State Department
Management Deficiencies**

skills, and inadequate integration of civil service and other personnel.

- **Although State has initiated reforms to correct long-standing management weaknesses in overseas real property and construction programs, some reforms will take years to implement, and continued commitment to reform is essential. A fuller discussion on this issue is contained in our high-risk series report.**
- **Major problems continue in the Foreign Affairs Administrative Support System, which is supposed to provide reasonably priced overseas support services to other agencies. These problems include difficulties in recovering costs reimbursable from other agencies, poor record-keeping and inaccurate data, and outdated regulations and procedures.**
- **Serious internal control deficiencies of cashiering operations and the management of personal property continue, including weak oversight and controls over consular collections and property inventories.**

In a period of tight budgets and limited resources, State managers must continue to make sustained efforts to improve the

**Correcting State Department
Management Deficiencies**

management of the agency's global operations and to identify opportunities to optimize resources. In the past, we have reported that in preparing its real estate plans, State should consider the disposal of some of its overseas property. For example, the sale of just a few high-value properties could generate billions of dollars that could be used to offset the cost of future property acquisitions around the world.

U.S. Participation in the United Nations

Until recently, the United States viewed the United Nations as an inefficiently managed organization that could not act decisively on matters of international importance. To prompt the United Nations to fulfill its mission more effectively, the United States withheld a portion of its assessed contribution—nearly \$292 million as of August 1992—throughout the 1980s.

The United Nations has begun a number of management reforms, and in February 1992, the Secretary-General announced a major restructuring of the Secretariat to improve the efficiency of administrative and financial functions. Management reforms are continuing, and although these actions are encouraging, it is too soon to assess their success.

More important than the management reforms, the emergence of an era of cooperation among former Cold War adversaries has created an historic opportunity for the United Nations to fulfill its primary mission of maintaining international peace and security. However, fulfillment of this mission carries a high price tag at a time of severely constrained national budgets. The Secretary-General noted that the convergence of these events

has created a serious financial crisis at the United Nations. As of October 1992, only 18 member countries had paid their assessments in full. The remaining owed about \$1.2 billion—more than \$550 million for the regular budget and \$605 million for peacekeeping operations.

**Payment of U.S.
Arrearages**

In September 1988, the administration announced that it would seek full funding for its assessed contributions to the United Nations and explore the feasibility of paying U.S. assessments in arrears. In our November 1988 transition series report, we noted that the Department of State needed to develop, in partnership with the Congress, a clear program that would institutionalize the management improvements achieved from its withholdings and allocate arrearage payments to specific useful purposes. The amounts owed were originally assessed primarily for activities that were budgeted and programmed for in prior fiscal years. U.S. officials said that, in principal, the money was no longer needed if those activities were rescheduled in later fiscal years because they would be included in the more recent budgets. Thus, it was important that any arrearage payments be made in a

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way that would avoid unplanned cost growth.

The United States planned to pay its arrearages over a 5-year period starting in fiscal year 1991, disbursing about 20 percent of the total arrearages each year through fiscal year 1995.¹ According to the Department of State, \$115.6 million was paid in 1992 for assessments made prior to December 31, 1991—\$40.6 million for the regular budget and \$75 million for peacekeeping accounts—and about \$44 million was proposed for arrearage payments for 1993.

Peacekeeping Operations

Since 1948, the United Nations has established 25 peacekeeping operations, including 8 that were established during 1991 and 1992. Through 1991, the total cost of these operations was about \$8.3 billion. However, the cost of peacekeeping operations has grown dramatically, particularly since the advent of

¹The United States does not plan to pay about \$89 million in arrearages that represent its contribution for activities the Congress and the executive branch do not approve of. These activities include programs benefiting the Palestine Liberation Organization and the South West Africa People's Liberation Organization; construction of a conference center in Addis Ababa, Ethiopia; cost-of-living increases for United Nations employees in New York; and alleged kickbacks from some United Nations employees to their home governments.

peacekeeping missions to Yugoslavia (estimated to cost \$293 million through February 1993), Cambodia (estimated to cost \$1.6 billion through July 1993), and Somalia (estimated to cost \$124 million through April 1993, not including Department of Defense costs for Operation Restore Hope).

Since 1973, nearly all peacekeeping operations have been funded by a special scale of assessments whereby the United States pays 30.4 percent of total costs. With the growing number and cost of peacekeeping operations, this assessment scale places a significant financial burden on the United States at a time when other countries may have a greater capacity to share in peacekeeping costs. Accordingly, we recommended that State seek a reexamination of the United Nations' special assessment scale for peacekeeping operations.

The United Nations' financial oversight of peacekeeping operations could be strengthened. The United Nations' Board of Auditors has been requested to expand its coverage of peacekeeping operations, and beginning in 1992 the Board will provide separate reports on its peacekeeping reviews. In addition, concerns have been

raised about the adequacy of the General Assembly's budget reviews and the lack of information available to member countries on internal audits of peacekeeping operations. Finally, the Department of State has not monitored peacekeeping operations in the field to ensure that they are functioning efficiently and thus minimizing the cost to the U.S. government. During our visits to peacekeeping missions, we saw indications of duplicate peacekeeping roles and overstaffing and potential opportunities to reduce costs and improve efficiency.

**Need for Central
Audit and
Evaluation
Authority**

The United Nations' internal and external audit and evaluation structures do not ensure program accountability or provide member states with adequate oversight of the United Nations' finances and operations. The United Nations has improved its audit and evaluation standards and procedures, but significant problems remain. These include

- fragmented audit and evaluation functions that at times either duplicate efforts or produce gaps in coverage;**

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- **internal audit and evaluation units that lack independence;**
- **external audit and evaluation mechanisms that are not fully effective because of frequent staff turnover and an inability to routinely perform systems-based audits;**
- **internal control mechanisms that are inadequate; and**
- **weak reporting and follow-up systems.**

If the existing internal and external audit and evaluation structures were centralized under an independent, central audit and evaluation authority, the United Nations could resolve many of these problems. This suggestion is not new. It was proposed over 30 years ago by a former Secretary-General, in 1979 by Canadian consultants to the Auditor General of Canada, throughout the 1970s and 1980s by us, and in 1991 by the U.S. permanent representative to the United Nations.

As envisioned, a central audit and evaluation authority would be responsible for conducting and supervising audits, evaluations, inspections, and investigations. The office would (1) promote the implementation of the common auditing

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standards adopted by the International Organization of Supreme Audit Institutions and internal control standards throughout the United Nations, (2) strengthen follow-up mechanisms to ensure responsiveness to recommendations in audits and evaluations, and (3) prescribe standardized accounting principles and standards and ensure that United Nations' bodies use them.

Improving the Effectiveness of International Narcotics Control Programs

Since the adoption of a national drug strategy in 1989, which included a key goal of stopping illegal drugs from entering the country, the U.S. government has greatly expanded its overseas counternarcotics programs to cut drug production in, and shipment from, source countries. The expanded programs have not yet shown that they can slow the production of drugs and the flow of them to the United States. Many obstacles to effective overseas counternarcotics programs, such as insufficient source country cooperation and capabilities, cannot be easily overcome, and experts acknowledge that, at best, progress in the overseas drug war will take many years. Nevertheless, our reviews indicate that more can be done to improve the management and accountability of the U.S. programs.

The State Department has the lead responsibility for directing the U.S. overseas counternarcotics programs. The international portion of the U.S. National Drug Control Program budget has grown from \$209 million in 1988 to about \$768 million for fiscal year 1993. State's fiscal year 1992 program of narcotics-related aid totaled \$171 million. State, particularly in South America, has challenges not only in

**Improving the Effectiveness of
International Narcotics Control
Programs**

effectively managing its programs, but in coordinating regional and country programs with (1) the international intelligence-gathering, technical assistance, and law enforcement activities of the Drug Enforcement Administration; (2) security assistance provided by the Defense Department to foreign military and law enforcement agencies and its drug shipment monitoring and detection activities; and (3) the economic development assistance programs of the Agency for International Development and other international entities.

The Department must improve its management of activities that support both State's and other agencies' overseas counternarcotics activities. We and State's Inspector General have reported numerous problems with overseas programs, including inadequate policy implementation; reliance on unqualified/untrained staff and other resource management weaknesses; unclear functional responsibilities; and inadequate procurement, budgeting, accounting, and evaluation practices. The State Department has taken some steps to correct these deficiencies, and some of the overall general management improvements for State we have discussed earlier in this report will also

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Programs**

improve program management for the agency's counternarcotics responsibilities. However, our ongoing work indicates that serious problems remain.

The Congress and the new administration, as they consider the future U.S. drug control strategy and the national security objective of preventing unchecked narcotics dealers from destabilizing other nations' governments, will have to determine the appropriate levels of U.S. resources to be allocated to direct U.S. international counternarcotics efforts and to coordinate with other foreign governments. The steps needed to streamline State's counternarcotics programming and management system—designing and using better review and evaluation procedures and promoting more international cooperation and support—will require a long-term commitment to be successfully implemented.

Increasing Emphasis on Refugee Issues

In the last 4 years, refugee populations have increased (from 13 million to 17 million), and their plight has worsened. Violent and dangerous events throughout the world continue to force people from their homelands, creating an insistent demand for international actions to provide relief and safety for these refugees. Even when temporary refuge is obtained, the world is faced with millions of displaced people needing support in temporary camps, and when some resolution of the homeland crisis is reached, continuing conflicts have delayed the refugees' repatriation.

While the worldwide refugee problem will require coordinated international efforts from the public and private sectors, the United States has, and will continue to have, a major role to play in the international refugee relief programs. The U.S. Refugee Coordinator (who is responsible for coordinating U.S. policy and programs for refugees), the State Department, and other agencies dealing with refugee problems will be faced with the question of the extent to which the United States should place more emphasis on forging international solutions. For example, the new administration and the Congress will have to consider the levels of U.S. diplomatic efforts and support needed

Increasing Emphasis on Refugee Issues

to facilitate and coordinate international and/or direct U.S. efforts to deal with emerging refugee crises and repatriations.

The United States also has policies and programs to (1) determine the numbers of refugees allowed annually to resettle in the United States, (2) verify their refugee status, and (3) cover some of their transportation and resettlement costs. The number of refugees entering the United States has increased from 107,000 in fiscal year 1989 to an estimated 131,000 in fiscal year 1992, but federal funding for the resettlement costs has not kept pace. Although the Immigration and Nationality Act, as amended, authorizes the federal government to pay for 100 percent of eligible refugees' needs for up to 36 months, subject to available appropriations, assistance has been reduced to cover needs for 12 months because of federal budget constraints. As a result, a significant proportion of the refugee assistance burden has shifted to state and local governments. These governments are complaining about this additional burden on their already strained social welfare and assistance programs.

Changes after the end of the Cold War may also require the United States to review how

Increasing Emphasis on Refugee Issues

its allocation of the numbers of refugees from different regions of the world is determined. U.S. legislation and presidential executive orders have afforded special consideration to prospective refugees from the former Soviet Union and Vietnam, contributing to their large proportion of admissions—about 83 percent of all admissions into the United States over the last 4 years. The prospect for continual pressure to accept refugees from other parts of the world means that the administration and the Congress will have to reconsider both the financial impacts of increasing admissions on the states and the apportioning of numbers of admissions to different refugee populations.

Related GAO Products

Management of Overseas Real Property
(GAO/HR-93-15, Dec. 1992).

Financial Management: Serious Deficiencies
in State's Financial Systems Require
Sustained Attention (GAO/AFMD-93-9, Nov. 13,
1992).

U.N. Audit and Evaluation (GAO/NSIAD-93-72R,
Oct. 19, 1992).

State Department: Facilities in Eastern
Europe and the Former Soviet Union
(GAO/NSIAD-92-284, Sept. 22, 1992).

United Nations: U.S. Participation in
Peacekeeping Operations (GAO/NSIAD 92-247,
Sept. 9, 1992).

Overseas Staffing: Embassies in the Former
Soviet Union (GAO/NSIAD-92-306, Aug. 31, 1992).

Voice of America: Management Actions
Needed to Adjust to a Changing
Environment (GAO/NSIAD-92-150, July 24, 1992).

The Drug War: Extent of Problems in Brazil,
Ecuador, and Venezuela (GAO/NSIAD-92-226,
June 5, 1992).

Related GAO Products

TV Marti: Costs and Compliance With Broadcast Standards and International Agreements (GAO/NSIAD-92-199, May 6, 1992).

Overseas Staffing: U.S. Economic, Commercial, and Agricultural Staffing in Japan and Korea (GAO/NSIAD-92-162, Apr. 24, 1992).

The Drug War: Counternarcotics Programs in Colombia and Peru (GAO/T-NSIAD-92-9, Feb. 20, 1992).

State Department: Management Weaknesses in the Security Construction Program (GAO/NSIAD-92-2, Nov. 29, 1991).

State Department: Efforts Under Way to Enhance Management of Overseas Real Property (GAO/NSIAD-91-279, Sept. 5, 1991).

Soviet Refugees: Processing and Admittance to the United States Has Improved (GAO/NSIAD-91-245, July 11, 1991).

State Department: Need to Improve Maintenance Management of Overseas Property (GAO/NSIAD-90-216, Sept. 24, 1990).

Related GAO Products

Refugees Program: The Orderly Departure Program From Vietnam (GAO/NSIAD-90-137, Apr. 11, 1990).

Need for Study of U.S. International Broadcasting (GAO/T-NSIAD-90-24, Mar. 22, 1990).

United Nations: Issues Related to Payment of U.S. Contributions (GAO/NSIAD-90-31, Nov. 20, 1989).

Department of State Issues (GAO/OCG-89-19TR, Nov. 1988).

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