

# **Reforming the United Nations: Lessons Learned**

**Testimony before the House Committee on Foreign Affairs**

**The Honorable Mark D. Wallace**

**Rayburn House Office Building, Room 2172**

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## **Introduction**

Madame Chairman and distinguished members of the Committee, thank you for the opportunity to appear before you today to discuss ideas on how to reform the United Nations and make it a more efficient and effective institution, one which better serves both the interests of the United States and the broader international community. I would like to stress the link between the United States' and the international community's interests for the following reason: I firmly believe that a more effective United Nations will be more responsive to the interests of the United States and will better serve the important needs of the international community. While the United Nations has and continues to do vital work in a number of areas, it is an institution after six decades that is in need of critical reforms.

I would like to stress at the outset that my remarks today are intended to provoke discussion on how to make the United Nations a more efficient and effective institution. Too often, people who suggest ways to reform the United Nations are viewed as having an ulterior motive – specifically an agenda to dismantle, abolish or otherwise undermine the legitimacy and

efficacy of the United Nations. On the contrary, my remarks should be viewed firmly in the context of someone who is trying to make the United Nations a more effective and transparent institution that is accountable to Member States. I believe it is in the interests of the United States to achieve a more vibrant and rejuvenated United Nations, one that can better fulfill the goals originally outlined in its charter over six decades ago.

With that in mind, I would like to share some of my experiences and lessons learned during my time as the United States Representative for United Nations Management and Reform between 2006 - 2008. I valued my time at the U.S. Mission to the United Nations greatly and was able to witness firsthand both the strengths and weaknesses of a number of key institutions committees, agencies and funds within the expansive UN system.

### **Mandate Review and a Call for Transparency and Accountability**

To help set the stage for some of the reforms I will discuss in a moment, allow me to recount for you an important but frustrating experience with UN reform that provides key context. This experience involved an effort, in the wake of the commitment by the world leaders during a gathering at the UN near the end of 2005, to update the work of the United Nations to make it a more ‘efficient, effective, transparent and accountable organization.’ This effort came to be referred to as “mandate review” – a UN euphemism for almost all budget-based things that the UN does. When I arrived at the U.S. Mission in New York in 2006, I was tasked by the Administration to lead the United States effort during mandate review by assisting the United Nations to conduct a thorough review of existing mandates and evaluate the degree to which they aligned with both the modern priorities of Member States and the capabilities of the United Nations, including the Secretary General and UN agencies. In sixty years such a task had never

been conducted by the United Nations. However in this time, the UN has added such mandates but never evaluated or eliminated them.

The consequence of this inaction should not have been a surprise. The United Nations, like all bureaucracies, has a strong tendency to expand. And expand it did. Since its founding the number of mandates issued for the United Nations to fulfill swelled to an astronomical number, with over 9,000 mandates identified. These 9,000 mandates, the vast majority of which had budgetary implications requiring the expenditure of resources, were often outdated, duplicative, unclear, or impossible to fulfill given the core competencies and capabilities of UN agencies. It was clear that by attempting to do everything imaginable, the United Nations was eroding its ability to accomplish and fulfill its key priorities most effectively.

Unfortunately, from the outset a majority of Member States from outdated country groupings decided to thwart our attempts to conduct a meaningful review of UN mandates. As a result, after months of arduous negotiations in 2006, only some 400 out of the 9,000 mandates had even been discussed, and none of them had been repealed, combined, or even modified. The consequence is that to this day, the General Assembly has a number of redundant and duplicative mandates, which result in overlapping committees that serve no clear purpose. For example, there are several overlapping committees considering questions related to the Palestinian territories and a number of UN personnel tasked with writing essentially the same report on a multitude of issues.

This redundancy and bureaucratic disarray has fueled an opaque culture at the United Nations which denies public transparency. The consequence of the failure to realign priorities and budgets to modern day priorities was perhaps best described by Paul Volcker, who

commented several years ago that the problem plaguing the United Nations was less a ‘culture of corruption’ but a ‘culture of inaction.’ Vested interests cling ferociously to their individual agendas and mandates. Not surprisingly, as the bureaucracy grows, so do budgetary expenditures. In the past decade, using constant 2000 U.S. dollars, the UN regular budget more doubled from \$2.49 billion in 2000-2001 to \$5.16 billion for 2010-2011. Keep in mind this is just the regular UN budget, and does not take into account the skyrocketing budgets for peacekeeping operations, some of which have long outgrown their intended mandate and have yet to be shut down.

Unfortunately, during my time at the U.S. Mission I found that this lack of transparency and accountability manifests itself in ways that are far more subversive than duplicative reports and ballooning budgets. For example, we uncovered that the United Nations Development Program (UNDP) was acting in violation of its own rules regulations and had served as a large and steady source of hard currency to the Democratic People’s Republic of Korea (North Korea) and Kim Jong Il’s regime. In addition to hard currency, we discovered that dual-use equipment on the U.S. Commerce Control List were sent to North Korea without UNDP obtaining proper licenses for re-export in contravention of U.S. export control laws. We discovered that a number of other fiduciary controls related to the hiring and management of local personal and project oversight had been grossly neglected. Most troubling, in the course of our investigation, a whistleblower that had cooperated with both the U.S. Mission as well as the Senate Permanent Subcommittee on Investigations, was mistreated by UNDP management in retaliation for raising legitimate concerns about UNDP’s operations in North Korea.

The failure of mandate review and concerns raised by the lack of transparency and accountability in United Nations operations prompted the Bush Administration to establish the

U.N. Transparency and Accountability Initiative (UNTAI) at the U.S. Mission to the United Nations, in order to track the adoption and implementation of eight specific management reforms within the UN's Funds, Programs and Specialized Agencies. Despite being voluntarily funded, a number of the Funds, Programs and Specialized Agencies lacked even the most basic management reforms e.g. Member State access to internal audit reports and documentation; effective ethics offices; independent oversight bodies; adoption of International Public Sector Accounting Standards and financial disclosure policies, among others. As you can see, in creating UNTAI, we were hardly placing an unreasonable burden on the UN. We were merely calling on the UN to adopt the same basic set of management and oversight tools that would be found in any responsibly managed and viable public or private sector organization in the 21<sup>st</sup> century. UNTAI created an accessible and user-friendly way for anyone interested in UN reform, notably many taxpaying Americans, to evaluate the progress being made on key reform issues to ensure that funds were utilized efficiently and effectively for their intended purpose.

I applaud the efforts of the Chairman to restore the UNTAI program. I have often said that transparency is the foundation of accountability. To not have transparency or accountability is to simply invite another 'Oil for Food' or UNDP's 'Cash for Kim' scandals. These scandals not only compromise the reputation and budgetary viability of the UN via corruption or diversion of resources, but also compromise our fundamental national security interests. Our money must go to its intended purposes. That is our responsibility to the taxpayer.

In this regard, I would like reiterate the need to adopt and apply meaningful reforms to the Office of Internal Oversight Services (OIOS). OIOS is the watchdog of the United Nations but is plagued by a lack of independence and autonomy. At times, OIOS finds itself in a position of investigating individuals to whom they report, creating a clear conflict of interest. Finally,

OIOS must be more transparent in their findings. We sought to do just that by posting OIOS reports on our website – redacted appropriately. Such publication should continue.

### **Fostering Competition**

While transparency is a necessary condition for accountability, it is not always the case that it is sufficient. There are times when it is necessary to design proper incentive structures to channel the productive energies of personnel at institutions and agencies. The United Nations is not unique in this regard. Unfortunately, what we observe today is that a number of UN agencies are essentially guaranteed a budget without having to develop, much less meet, even the most basic performance criteria. The consequence is that a number of UN agencies are not operating nearly as efficiently or effectively as possible and are therefore failing in their mission to meet the needs of not only Member States, but many of the world's most desperate and indigent people.

Yet we also observe some UN agencies performing at a higher standard than their counterparts. What accounts for this variation? While there is no single variable or factor to be sure, it should not come as much of a surprise that many of the UN's best performing agencies do so because they have to actually compete with their counterparts in the world of non-governmental organizations. The World Food Program (WFP) is but one such example. The WFP, unlike many UN agencies, must compete against other NGOs for resources from governments and corporations alike. Its budget is based entirely on voluntary contributions. The impact on the culture at WFP has been profound. Many of you here know Catherine Bertini, former director WFP and also the former Under Secretary for Management Reform at the United

Nations. The quote I'm about to recite you may have heard before, but it bears repeating. In her own words:

“[V]oluntary funding creates an entirely different atmosphere at WFP than at the U.N. At WFP, every staff member knows that we have to be as efficient, accountable, transparent, and results-oriented as is possible. If we are not, donor governments can take their funding elsewhere in a very competitive world among U.N. agencies, NGOs, and bilateral governments.”

The United States should strongly consider promoting the application of this funding model to other UN agencies. Contrary to what some critics have suggested, this will not necessarily result in the United States abandoning the United Nations. Consider the example I just mentioned of the World Food Program. In 2010, the WFP received \$3.82 billion in contributions. The United States government was by far the largest contributor, donating just over \$1.57 billion, or over 40 percent of the budget.

Some critics suggest a flaw of the voluntary contribution funding mechanism is that it will create uncertainty in income flows. I submit that this is not a negative, but a positive. Given the inability of the UN to reduce superfluous mandates and implement the most basic performance requirements for many agencies, it is time for Member States, and by extension the taxpayers, to begin imposing those standards ourselves. It is time for agencies within the UN community to know that, in many cases, there is competition. The net winners will be not only Member States, but the people many of these agencies are designed to help in the first place.

Consider what happens when you do not have any performance criteria. In addition to the example of UNDP's program in North Korea, we can consider the case of the Human Rights

Council. The United States has been and remains the world's foremost champion of human rights. Does it make sense, though, for our tax-payer dollars to go to a UN agency which serves as little more than a sounding board to criticize Israel and by extension the United States while empowering human rights violators? When the U.S. voted against the creation of the Council in 2003, it did so because it felt that there should be actual membership criteria to determine which Member States have a seat on the Council. That view was rejected and today many egregious human rights abusers have found their way on the Council. Unfortunately, the Human Rights Council is by no means alone. It should give us considerable pause for concern, for example, that tomorrow, Friday, March 4<sup>th</sup>, will coincide with the day that Iran will take a seat as a full member of the United Nations Commission on the Status of Women.

For these reasons, I believe the United States should make clear that future funding levels will be contingent on the adoption of needed reforms. Committees and agencies within the UN system should know that the United States is watching and measuring their performance, and that their failure to provide performance metrics in a transparent way will not be viewed favorably in Washington. This isn't to deny that many UN organizations do important work and often advance U.S. interests, but they should be much more transparent in their activities. That is the first, albeit not only step to achieving accountability.

## **Conclusion**

In closing, I would like to thank Chairman Ros-Lehtinen and the members of the House Committee on Foreign Affairs for hosting this important hearing and allowing me to testify before you today. The stakes of today's discussion go well beyond the price figure of \$6.3 billion given by the United States to the United Nations in fiscal year 2009. While the budgetary

implications are no doubt important, we are also talking about issues vital to our long-term national security interests. By adopting reform measures to make the United Nations more accountable and transparent, we are also taking steps to help the United Nations fulfill the goals outlined in its original charter to promote international peace and stability. The United States plays a unique and powerful role in this regard. We should not shirk this responsibility, not only for our own sake, but for the millions throughout the world who are the recipient of assistance from vital UN programs.

Thank you for your time. I will be happy to answer any questions you have.

United States House of Representatives  
Committee on Foreign Affairs

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<b>1. Name:</b>  AMBASSADOR MARK D. WALLACE	<b>2. Organization or organizations you are representing:</b>  UNITED AGAINST NUCLEAR IRAN
<b>3. Date of Committee hearing:</b>  THURSDAY, MARCH 3, 2011	
<b>4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>6. If you answered yes to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.</b>  _____	
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