

GAO

Report to the Chairman, Committee on
Appropriations, U.S. Senate

December 1991

REFUGEES

U.S. Assistance to Bulgarian Ethnic Turks in Turkey



National Security and
International Affairs Division

B-246685

December 18, 1991

The Honorable Robert C. Byrd
Chairman, Committee on
Appropriations
United States Senate

Dear Mr. Chairman:

In response to your request, we have reviewed the \$10 million project to assist Turkey with the resettlement and assimilation of ethnic Turkish refugees fleeing Bulgaria. Specifically, our objectives were to (1) determine how the project to assist the Bulgarian Ethnic Turks was developed, (2) assess the management and progress of the project, and (3) identify the amount of project funds disbursed to date.

We briefed your staff on the results of our review on September 9, 1991. This report summarizes and updates the information provided at that briefing.

Background

At the end of May 1989, ethnic Turks began to leave Bulgaria in large numbers to escape Bulgarian Government repression. By the end of August 1989, approximately 320,000 Bulgarian Ethnic Turks had arrived in Turkey. About 100,000 of them subsequently returned to Bulgaria, leaving about 220,000 in Turkey.

In November 1989, the Congress enacted the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1990 (P.L. 101-167). This act earmarked \$10 million for food, shelter, and other basic needs to assist Turkey in assimilating Bulgarian Ethnic Turks into its society. The government of Turkey, however, with assistance from the European Rehabilitation and Reconstruction Organization was able to meet the Bulgarian Ethnic Turks' food and shelter needs. The \$10 million appropriation evolved into a vocational training and job placement project for the refugees.

Results in Brief

The State Department's Bureau of Refugee Programs entered into an agreement with the United Nations Development Program (UNDP) to carry out the project. On June 15, 1990, the UNDP signed a letter of agreement with the government of Turkey to implement a \$9,957,000 U.S.-funded project. The project was to provide vocational training for

10,500 unskilled Bulgarian Ethnic Turks, job placement for 25,000 other Bulgarian Ethnic Turks, and Turkish orientation classes for all 35,500.

State Department and UNDP officials acknowledged that the project started slowly. It did not reach full implementation until about 14 months after its starting date. As of July 31, 1991, only about 15 percent of the target population had graduated from vocational training courses, and about 37 percent of project funds had been expended. Based on progress to date, it is doubtful whether the project's target objectives will be met by its scheduled expiration date of June 15, 1992. UNDP and Turkish government officials are considering requesting a 6-month extension for the project.

At the time of our review, the State Department's Bureau for Refugee Programs and the U.S. Embassy at Ankara were not adequately monitoring the project's progress, and UNDP project personnel were not properly verifying project expenditures.

A total of \$3,683,000 had been expended on the project as of July 31, 1991. Our review indicated that at least \$285,000 had been improperly expended. Funds were paid for vocational training classes that were not held. After we brought this matter to its attention, UNDP reported that steps were taken to recoup these funds.

Project Development

The \$10 million for the Bulgarian Ethnic Turks was to be conveyed through the State Department's Bureau for Refugee Programs. However, according to Bureau officials, the Bureau does not normally make direct bilateral cash donations to other countries; therefore, with Turkey's concurrence, the Bureau channeled the funds through the UNDP.

In discussing possible uses for the U.S. funds, Turkish government and U.S. Embassy officials in Ankara identified employment as an immediate need. In March 1990, the U.S. Embassy recommended that the Bureau enter into an agreement with the UNDP for the preparation, implementation, and management of a project for vocational training and job placement for Bulgarian Ethnic Turks. Demographic studies conducted by the Turkish Ministry of Labor were used to establish the project's targets.

UNDP and the Turkish government signed a letter of agreement on June 15, 1990, to implement the project, contingent upon UNDP's receipt of the U.S. grant. On August 2, 1990, a Treasury check for \$9,957,000

was issued to UNDP. The agreed-upon duration of the project was 24 months, commencing June 15, 1990, and terminating June 15, 1992. The State Department's agreement with UNDP stipulated that any project funds left unexpended as of December 31, 1992, would be returned to the Department.

The project's objectives were to provide vocational training and subsequent job placement for 10,500 unskilled Bulgarian Ethnic Turks, job placement assistance for an additional 25,000 Bulgarian Ethnic Turks, and Turkish orientation classes for all 35,500. UNDP was responsible for developing and managing the project; the Turkish Employment Organization (TEO)—an agency of the Turkish government—was responsible for carrying it out; and the State Department was charged with monitoring and overseeing its implementation.

Although the primary beneficiaries of the project were to be the 35,500 targeted Bulgarian Ethnic Turks, the Turkish government was to also benefit. The Turkish government would experience a reduction in the subsistence payments it was providing Bulgarian Ethnic Turks because the refugees who were offered employment would cease to be eligible for these payments. TEO would benefit from staff training programs, the refurbishment of TEO training centers, and equipment and supplies that would be provided through the project.

Status of Project

State Department, U.S. Embassy at Ankara, and UNDP officials initially said the project was progressing well; however, our review indicated that the project had gotten off to a slow start and was not likely to meet its target objectives by June 1992 when it was scheduled to end.

As of July 31, 1991, about \$3,683,000 of the \$9,957,000 had been expended on the project. In other words, 37 percent of funds had been expended during the first 14 months of the project. UNDP estimated that \$3,532,000 would be spent during the remainder of 1991, and \$2,742,000 would be spent in 1992 during the last 6 months of the project.

Table 1 shows UNDP's actual and projected expenditures for the project.

Table 1: Project Budget, Expenditures, and Projections

Budget category	Project budget	Expenditures through July 31, 1991	Projected expenditures	
			Aug. 1-Dec. 31, 1991	Jan.1-June 15, 1992
Personnel	\$355,000	\$248,501	\$135,735	\$191,200
Subcontracts*	8,030,708	2,907,133	2,646,898	1,914,785
Fellowships	90,000	3,004	15,000	121,996
Equipment	760,000	402,952	503,218	83,476
Miscellaneous	140,000	91,718	38,100	43,475
UNDP management fees	581,292	29,459	192,865	387,485
Total	\$9,957,000	\$3,682,767	\$3,531,816	\$2,742,417

*Includes \$7,792,000 for vocational training courses.

Source: UNDP.

The project started slowly and remained behind schedule as of July 31, 1991. Even though the project was more than 50 percent through its schedule duration, only about 15 percent of the targeted unskilled Bulgarian Ethnic Turks had completed vocational training courses; about 47 percent of the other Bulgarian Ethnic Turks targeted for assistance in finding jobs had been placed in jobs; and about 6 percent of the total had attended the project's orientation classes. Recognizing that the project's objectives will probably not be achieved before the scheduled expiration of the project, UNDP and Turkish government officials have indicated that they are considering requesting a 6-month extension for the project.

One of the project objectives was to provide vocational training and guaranteed job placement for 10,500 unskilled Bulgarian Ethnic Turks. As of July 31, 1991, TEO had provided, or was in the process of providing, vocational training to 4,143 who enrolled, or 39.5 percent of its objectives. Of the 4,143 unskilled Bulgarian Ethnic Turks, 1,542 had completed training, 1,394 had been placed in jobs, and 148 were awaiting placement. An additional 2,200 Bulgarian Ethnic Turks were enrolled in on-going training courses. Another 401 did not complete or were unsuccessful in the courses they were enrolled.

According to UNDP and TEO officials, vocational training candidates are becoming increasingly difficult to find because most Bulgarian Ethnic Turks in Turkey are now employed and are reluctant to attend courses at night or on weekends. Increasingly, the courses are being scheduled

for those hours to conform to the Bulgarian Ethnic Turks' work schedules. As of August 1991, UNDP project staff in Turkey had not yet identified vocational training course participants for the courses scheduled for the remainder of 1991 and 1992.

A second project objective was to provide jobs for an additional 25,000 Bulgarian Ethnic Turks. From August 1990 through July 1991, 24,352 Bulgarian Ethnic Turks, or about 97 percent of the project's objective, had registered and filled out applications with the TEO. A total of 11,462 Bulgarian Ethnic Turks from this group were placed in jobs during the period. In essence, 47 percent of the second project objective had been achieved.

A third objective was to provide orientation classes to all 35,500 Bulgarian Ethnic Turks targeted by the project. The classes, which included information on Turkey's political, economic, and social systems and day-to-day activities such as public transportation, were designed to ease their transition into Turkish society. As of July 31, 1991, only 2,115, or about 6 percent of the 35,500 Bulgarian Ethnic Turks, had attended the 6- to 8-hour classes. The Bulgarian Ethnic Turks have been in Turkey for over 2 years and most are working and functioning in the society.

Although not envisioned in the initial project design, self-employment assistance schemes—intended to assist Bulgarian Ethnic Turks in establishing their own businesses—evolved as the project matured. As of July 31, 1991, 16 self-employment efforts had been completed, employing 312 Bulgarian Ethnic Turks in such fields as beekeeping, textile printing, and automotive and electronic repair services.

Project Management and Oversight Responsibilities Have Not Been Met

UNDP, the Bureau for Refugee Programs, and the U.S. Embassy in Ankara all had certain responsibilities for designing, implementing, and monitoring the project. UNDP was responsible for developing and managing the project, assisting the Turkish government in the project's implementation, managing the disbursement of project funds, and monitoring the project's progress. The Bureau and the U.S. Embassy were responsible for monitoring and overseeing the project's progress. We found that none of these organizations was fully meeting its responsibilities for the project.

UNDP Project Management Responsibilities

UNDP designed the project within the parameters provided by Turkish government and U.S. Embassy officials. It also assisted TEO in implementing the project, at times going beyond its facilitator role. For example, it often took on TEO project implementation responsibilities, identifying Bulgarian Ethnic Turks that needed training, and placing them in vocational training courses.

UNDP project personnel were also responsible for verifying project expenditures and certifying them for payment. However, UNDP was not adequately managing the disbursement of project funds. Our review indicated that expenditures had been certified and payments made to TEO without adequate verification that the expenses had been incurred. More specifically, we found that TEO was paid \$389,801 for 45 vocational training courses that were not held and that 33 of these courses, valued at \$285,000, were certified for payment by the project staff and paid for by UNDP. Documents were not available to determine whether payment certification had been made for the remaining 12 courses. UNDP project staff had begun reviewing vocational training courses before our visit to determine if they had been satisfactorily completed.

At the conclusion of our August visit to Turkey, we discussed this matter with UNDP officials in Turkey, as well as officials from the U.S. Embassy and the State Department. In October 1991, UNDP officials in Turkey informed the Embassy that the payments for canceled courses had been recovered and that receipts would be provided to the Embassy. However, State Department officials were unable to provide documentation on the amount that had been recouped.

State Department Oversight Responsibilities

The Bureau for Refugee Programs and the U.S. Embassy had done little to monitor the project's progress until they learned of our pending review. In addition, Embassy officials stated that they were not aware of their oversight responsibilities on the project.

The Bureau was the State Department's key organization for implementing the project for the Bulgarian Ethnic Turks. While the Bureau chose to employ UNDP as its agent for developing and managing the project, the Bureau was still responsible for monitoring the implementation of the project. However, we found that the Bureau had not regularly monitored the project and was not current on its progress. Bureau officials told us before we examined project files that they believed the project was progressing well. They were unaware of the project's slow progress and UNDP project management difficulties.

The State Department's letter of agreement with UNDP on the project included a provision naming the U.S. Embassy "the designated U.S. government agency responsible for monitoring and overseeing the conduct" of the project. Bureau officials told us that the Embassy was notified of its oversight responsibilities in a July 19, 1990, cable to the U.S. Mission to the United Nations in New York, in which the Embassy was listed as an "information" recipient. High-level Embassy officials in Ankara told us, however, that they had no knowledge of having project-monitoring responsibilities and that they had not seen the letter of agreement that designated them the responsible U.S. project-monitoring agency.

Bureau officials told us that, in their opinion, the July 1990 cable constituted adequate notification to the Embassy of its project monitoring responsibilities, particularly since the Embassy had been heavily involved in the project's development. However, we found no evidence that the Bureau required more active monitoring and reporting by the Embassy, even though it was not comprehensively monitoring or reporting on the project's progress.

Embassy officials told us that they had talked to TEO officials and UNDP's Resident Representative in Turkey about the progress of the project, but not because they knew of any specific responsibility they had to monitor the project. They pointed out, however, that even if they had known of this responsibility, they may have been unable to adequately monitor the project because the Persian Gulf crisis erupted shortly after the project got underway. This consumed much of the Embassy's attention and efforts.

Recommendations

We recommend that the Secretary of State require the Bureau for Refugee Programs and the U.S. Embassy in Ankara to fulfill their monitoring and oversight responsibilities by

- actively monitoring the project's progress to ensure that remaining funds are appropriately expended,
- ensuring that UNDP verify the correctness of all payments to the TEO and that UNDP recoup erroneous payments, and
- ascertaining whether the orientation classes are still relevant or if the classes can be terminated and the funds used for other purposes.

Scope and Methodology

We reviewed pertinent legislation, source documents and files on the Bulgarian Ethnic Turks project and interviewed officials in the State Department's Bureau for Refugee Programs in Washington, D.C., and UNDP in New York. We visited Turkey in August 1991 where we met with U.S. Embassy and Turkish government officials and the UNDP Resident Representative, his staff, and UNDP project staff. We also reviewed project files and visited several vocational training courses and self-employment projects in Turkey. We did not independently verify project expenditures against source documents during the course of our review.

We performed our review during August and September 1991, in accordance with generally accepted government auditing standards. As requested, we did not obtain written agency comments on this report. However, we discussed our draft report with agency program officials and have incorporated their comments as appropriate in the text.

We are sending copies of this report to the Chairmen, House and Senate Committees on the Judiciary; the Secretary of State; the Administrator of UNDP; and the Director of the Office of Management and Budget. We will also make copies available to others upon request.

If you or your staff have any questions concerning this report, please contact me at (202) 275-5790. The major contributors to this report were David R. Martin, Assistant Director, and Neyla Arnas, Evaluator.

Sincerely yours,



Harold J. Johnson
Director, Foreign Economic
Assistance Issues

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