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INTERNATIONAL ENVIRONMENT

U.S. Funding of Environmental Programs and Activities





United States
General Accounting Office
Washington, D.C. 20548

**Resources, Community, and
Economic Development Division**

B-272926

September 30, 1996

The Honorable Jesse Helms
Chairman, Committee on
Foreign Relations
United States Senate

Dear Mr. Chairman:

In recent decades, nations have entered into an increasing number of agreements to address a variety of environmental concerns, both regional and global. Since 1972, when over 130 nations took part in the United Nations Conference on the Human Environment, the number of such agreements in which the United States participates or in which it has a significant interest has grown from fewer than 50 to more than 170. The parties to an international agreement implement the agreement domestically by establishing the necessary legislation, regulations, and administrative systems and by providing the requisite funding. In addition, to administer the agreement and to monitor results, the parties establish a secretariat, which they support financially and report to periodically. With the increase in the number of international environmental agreements has come a corresponding increase in spending by the world community to address specific transboundary environmental concerns. The U.S. government's expenditures to address these concerns have also increased in this period.

You expressed concern about the absence of consolidated budget information on the funding of international environmental activities by the federal government and asked that we determine the overall level of federal funding for international environmental activities, including specific programs, treaty negotiations, information exchanges, conferences, and research. Specifically, you asked us to identify (1) funding by individual federal agencies and (2) federal financial support for the environmental programs and activities of specialized agencies of the United Nations as well as the World Bank and other multilateral financial institutions.

In subsequent discussions with your office, it was agreed that in the interest of providing an expeditious response, we would limit our data collection to five federal agencies that individually represent significant shares of federal spending for international environmental activities. These agencies are the Departments of State, Commerce, and Energy; the

United States Agency for International Development (USAID); and the Environmental Protection Agency (EPA). It also was agreed that we would obtain spending information—exclusive of assessed and voluntary contributions—related to 12 prominent international environmental agreements (rather than the entire universe of such agreements) and for the 3 most recent fiscal years for which spending data are generally available (fiscal years 1993 through 1995). Finally, it was agreed that because of time constraints, we would gather limited data related to the funding of multilateral development banks and other multilateral organizations. (App. I provides additional information on the scope of our work, including the international agreements covered, and on the methods employed to collect the agencies' spending data. App. II describes the organization, roles, and missions of each of the five federal agencies and provides an overview of the activities they perform in relation to the international environmental agreements that were covered by our review.)

Results in Brief

In fiscal years 1993 through 1995, the Departments of State, Commerce, and Energy; USAID; and EPA spent a combined total of \$975.2 million in support of programs and activities related directly or indirectly to the concerns and objectives of the 12 international environmental agreements that were covered by our review. The greatest share of this spending, about 71 percent of the total, was related in some way to the objectives of the United Nations Framework Convention on Climate Change. The next largest shares of the spending, about 20 percent and 5 percent, respectively, related in some way to the concerns and objectives addressed by the Convention on Biological Diversity and the International Tropical Timber Agreement. USAID accounted for the largest single share—61 percent—of the total spending by the five federal agencies. USAID was followed by the Department of Energy (DOE), which contributed nearly 31 percent of the agencies' spending. The spending by both agencies was primarily related to fulfilling the individual missions of those agencies. In both cases, the spending was devoted principally to funding specific projects and programs—in the case of USAID, bilateral development assistance projects, and in the case of DOE, research projects and programs constituting an important part of the multiagency U.S. Global Change Research Program. In both cases, moreover, this spending related more closely to the objectives of the United Nations Framework Convention on Climate Change than to the other international environmental agreements covered by our review. (See the discussion under Agency Comments for important qualifications about the spending data reported by these two agencies.)

The U.S. government's financial support for the international environmental programs and activities of nonfederal agencies consisted primarily of financial support for the programs and activities of the United Nations Environment Program (UNEP) and for the activities of the World Bank and other multilateral financial institutions, including the Global Environment Facility. From 1992 through 1995, the United States contributed a total of \$74.61 million to UNEP's Environment Fund. This amount represented about 23 percent of all nations' contributions to the fund during that period. From 1992 through 1995, the United States also contributed a total of \$7.09 million to the special purpose trust funds administered by UNEP. This amount was approximately 11 percent of all nations' contributions to these funds in that period. In fiscal years 1993 through 1995, the United States provided a total of \$4.73 billion to support the overall activities of multilateral development banks and other international financial institutions. While it is not possible to determine precisely what percentage of this amount went for environmental projects, the World Bank, which received approximately 70 percent of this funding, recently reported that almost 10 percent of its investment portfolio was devoted to projects with primarily environmental objectives. Another recipient of funds for environmental purposes was the Global Environment Facility, which in the same period received U.S. contributions totaling \$120 million to provide developing countries with grants and loans, at favorable terms, for projects and activities designed to protect the global environment.

Background

While the U.S. government's spending to address international environmental issues and concerns has increased significantly in recent decades, it is not a simple matter to precisely quantify this spending or to identify that portion of the spending attributable to or in some way related to the international agreements to which the United States has become a party. In large part, this is due to the fact that the United States has long been a leader in identifying and attempting to deal with environmental problems that have national, regional, and global significance. Often the United States has taken action in the absence of international accords, while at the same time seeking to mobilize other members of the world community to address such problems in a concerted manner. As a result, many federal agencies established and administer environmental programs under legislative mandates and presidential directives that predate or have no direct connection with particular international agreements. Because spending on these programs would likely occur even in the absence of international environmental accords, agency officials and others tend to

view these programs as being related to and supporting these international agreements only indirectly and incidentally.

One result of this view is that there is generally no mechanism within these agencies or elsewhere in the federal government for systematically tracking agencies' spending—other than voluntary or assessed contributions—that relates to and supports the objectives of particular international environmental agreements. Consequently, there is no body of readily available statistical information concerning such spending, either on an agency-by-agency or on a governmentwide basis. Such statistics must be generated, instead, on an ad hoc basis, relying on historical program spending data and the judgment of officials with knowledge of the ways in which their agencies' program activities relate to and support the objectives of particular international environmental accords.

Total Spending for Five Agencies and 12 International Agreements

The total spending, exclusive of salaries and overhead, for the five agencies and 12 international environmental agreements covered by our survey amounted to \$975.2 million during fiscal years 1993-95.¹ The largest share of the funding support for the 12 agreements covered was related directly or indirectly to the objectives and concerns of the United Nations (U.N.) Framework Convention on Climate Change (the Framework Convention). This share accounted for approximately 71 percent of the total spending. The Framework Convention was followed by the Convention on Biological Diversity, which represented approximately 20 percent of the total spending, and by the International Tropical Timber Agreement, which represented approximately 5 percent of the total. The remaining nine agreements together accounted for only about 4 percent of the total spending. (App. III shows the spending on the 12 agreements covered by our review and describes the general problem addressed by each agreement.)

The great majority of the five agencies' spending in connection with these agreements was devoted to the agencies' specific programs and projects, which accounted for about 98 percent of the spending. These include scientific research programs and projects that only indirectly and incidentally support one or more of the agreements. Information

¹The Departments of State and Commerce, as well as EPA, provided us with expenditure data, as requested. DOE and USAID provided us with data on their spending in the form of obligations. Officials of these two agencies told us that program managers use obligations, rather than expenditures, to track programs by fiscal year and that for their agencies, data on obligations give a clearer picture of current spending priorities. They also noted that providing expenditure data would require a substantial and costly investment of staff resources and would be difficult to accomplish within the reporting deadline specified by GAO.

exchanges and training, the second largest purpose category, accounted for about 2 percent of the total spending. All other purpose categories combined—including sponsorship of conferences, travel to attend meetings and conferences, environmental research not included in specific programs and projects, and other nonspecified uses—accounted for less than 1 percent of the total spending. (App. IV gives a complete breakdown of the total spending by purpose.)

The five federal agencies covered by our review exhibited significant differences in spending, both in the total amounts and in the purposes for which the money was spent. They also differed with regard to the agreements the spending supported or to which it related in some way. In large measure, these differences are explained by the differing roles, missions, and activities of the agencies, including whether their spending was primarily for activities carried out within the agency itself or in the form of grants and contracts for activities largely performed outside the agency. (App. V compares the agencies' spending by international agreement, while app. VI compares the agencies' spending by major purpose.)

The State Department is responsible for coordinating and overseeing the U.S. government's activities in the international environmental arena. During fiscal years 1993-95, the State Department reported that it spent a total of \$886,024 in connection with the international environmental agreements covered by our survey. The largest share of the Department's funding, about 47 percent, related most closely to the objectives and concerns of the Framework Convention. The State Department expended these funds principally for specific projects and programs, which accounted for about 45 percent of the reported expenditures.

USAID is the principal foreign development assistance agency of the U.S. government. In fiscal years 1993-95, USAID obligated a total of \$593.54 million in support of the objectives of the agreements covered by our review. The largest portion of this amount, about 56 percent, directly or indirectly supported the objectives of the Framework Convention. USAID reported that the predominant share of its spending, about 99 percent, went for specific projects and programs.

DOE is a major participant in the multiagency U.S. Global Change Research Program, the objective of which is the improved prediction of global change, including climate change, as a basis for sustainable development. DOE reported that it obligated a total of \$300.12 million in fiscal years

1993-95 in connection with the agreements covered by our review. Nearly all of this amount, approximately 98 percent, was for scientific research programs and projects that in indirect ways relate to the concerns and objectives addressed by the Framework Convention. DOE's documents show that most of these research activities were carried out by the universities, research institutes, and national laboratories that are the primary recipients of DOE's grants and contracts.

EPA is the federal government's chief technical and regulatory agency for environmental matters. Its expertise causes it to play an important role in international, as well as domestic, environmental activities and programs. In the 3-year period covered by our review, EPA reported that it spent a total of \$77.7 million in direct or indirect support of the objectives and concerns of the environmental agreements that were our focus. The largest portion of this spending, 80 percent, was most closely related to the concerns and objectives of the Framework Convention. With respect to the general purposes for which EPA spent these funds, the largest single share, about 85 percent, went for specific projects and programs.

The Department of Commerce, largely through its National Oceanic and Atmospheric Administration, conducts a variety of research and data-gathering activities aimed at providing policymakers with the environmental information needed to make decisions. Conserving and managing the nation's coastal and marine resources is also part of the Department's mission. In fiscal years 1993-95, Commerce's agencies spent a total of \$3.03 million in direct or indirect support of the environmental agreements covered by our survey. Commerce devoted the greatest shares of its spending to direct or indirect support of the Protocol of 1978 Relating to the International Convention for the Prevention of Pollution From Ships (MARPOL Convention) and the Whaling Convention—about 63 percent and 27 percent, respectively. The single largest portion of these expenditures, 40 percent, was devoted to environmental research.

U.S. Financial Support for the Environmental Programs and Activities of International Organizations

The U.S. government's spending to address transboundary environmental concerns is not limited to direct spending by federal executive branch agencies. The U.S. government's financial contributions to UNEP and U.S. funding of the World Bank, regional development banks, and other multilateral financial institutions also support an increasingly significant worldwide investment in programs, projects, and other activities having largely environmental objectives or exhibiting important environmental components.

U.S. Financial Support for the United Nations Environment Program

UNEP was established in 1972 by the U.N. General Assembly, following the recommendations of the 1972 U.N. Conference on the Human Environment, to provide a mechanism for international cooperation in matters relating to the environment and to serve as a catalyst, coordinator, and stimulator of environmental action. The broad objectives of UNEP are to maintain a constant watch on the changing “state of the environment” and to promote action plans or projects leading to environmentally sound development. UNEP’s specific environmental priorities currently include (1) the sustainable management and use of natural resources—atmosphere (climate change, ozone depletion, transboundary air pollution), water (freshwater and coastal and marine waters), biodiversity and land (agriculture, deforestation, and desertification); (2) sustainable production and consumption patterns (cleaner production processes, energy efficiency, environmentally sound technologies); (3) a better environment for human health and well-being (toxic chemical and hazardous waste management, urban environment, environmental emergencies); and (4) global trends and the environment (impact of trade; environmental economics; and environmental law, assessment, and information).

An Environment Fund, which receives voluntary contributions from the United States and other U.N. member states, is used to finance or partially finance the initiatives of UNEP and cooperative projects with other U.N. bodies, other international organizations, national governments, and nongovernmental organizations. In addition, a number of trust funds established for specific purposes (several of them as a result of treaties or conventions negotiated under UNEP’s auspices) also receive contributions from U.N. member nations. During 1992-95, the United States contributed a total of \$74.61 million to UNEP’s Environment Fund to help support a variety of environmental programs and activities ranging from performing environmental assessments to enhancing environmental awareness, assisting in the development of environmental law, building institutional capacities, and fostering technical and regional cooperation. This amount constituted approximately 23 percent of all nations’ support for UNEP’s environmental programs in this period. (See app. VII for a more complete accounting of U.S. participation in UNEP’s environmental programs.) During 1992-95, the United States contributed a total of \$7.09 million to the special purpose trust funds administered by UNEP. This amount was slightly more than 11 percent of all nations’ contributions to these trust funds. (See app. VIII for a list of these trust funds and U.S. contributions.)

U.S. Financial Support for Multilateral Development Banks and Other International Financial Institutions

Financing of environmental projects, particularly in developing countries, is also made possible by loans, grants, and other assistance provided by multilateral development banks and affiliated international financial institutions supported by the United States and other governments.² In fiscal years 1993-95, the U.S. government provided the World Bank, regional development banks—such as the Inter-American Development Bank—and a variety of other international financial institutions with over \$4.7 billion to finance an array of development projects around the world. The World Bank received approximately 70 percent of this amount.³ (See app. IX for a list of the recipients of this U.S. financial support.) While only a minority of the projects funded by these entities could be classified as primarily environmental in nature, a significant proportion of their projects—for example, those pertaining to agriculture and rural development, infrastructure and urban development, and public health—often exhibit an important environmental component or dimension. The World Bank, in a recent “green accounting” of its lending portfolio in the 3 years following the Rio Earth Summit, reported that almost 10 percent—some \$6.5 billion—of its cumulative portfolio was devoted to projects with environmental objectives. These have included emergency assistance to Russia to contain and clean up a massive oil spill near the Arctic Circle, support for pollution control and abatement in India, protection of the Baltic Sea from ecological degradation in Latvia, and improvement of solid waste collection and disposal in Lebanon.

The funding of environmental activities and projects in the developing world, in particular as they relate to the global environment, is also the mission of the Global Environment Facility (GEF), another international financial institution. Established in 1991 as a pilot program and restructured and refinanced in 1994 through a 4-year replenishment of just over \$2 billion of its core trust fund, GEF provides developing countries with grants and low-interest loans for projects and activities that aim to protect the global environment and thereby promote environmentally sound and sustainable development. GEF grants and other forms of funding are available for projects and other activities that address climate change, biological diversity, international waters, and depletion of the ozone layer.

²The primary purpose and predominant use of this financial support is not for environmental purposes but, rather, to facilitate the development assistance initiatives of the World Bank and other multilateral financial institutions. An exception is the North American Development Bank (NAD Bank) which was established under a bilateral environmental side agreement to the North American Free Trade Agreement (NAFTA) expressly for the purpose of financing a variety of environmental infrastructure projects and other environmental needs in the U.S.-Mexico border region.

³The World Bank consists of the International Bank for Reconstruction and Development and the International Development Association.

Activities addressing land degradation—primarily desertification and deforestation—as they relate to these four focal areas are also eligible for GEF funding. In fiscal years 1993-95, the U.S. government provided a total of \$120 million toward its agreed-upon share of GEF’s trust fund replenishment (set at \$430 million) to support the institution’s activities (see app. IX⁴).

Agency Comments

We provided the Departments of State, Commerce, Energy, and the Treasury; the Environmental Protection Agency; the United States Agency for International Development; and the United Nations Environment Program with a draft of this report for their review and comment. All of these agencies and organizations offered minor technical or editorial corrections, which we have incorporated in the report as appropriate. USAID and DOE commented that only a small fraction of their reported spending had a reasonably close and direct relationship to the agreements covered by our review. The bulk of their spending, they stressed, had only an indirect and incidental relationship to these agreements. USAID noted that its reported spending included \$15 million obligated to the Montreal Protocol as a result of an earmark on the agency’s appropriation and several thousand dollars to train officials of newly independent states on the compliance procedures of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The remainder of USAID’s spending was reported primarily because the agency considers the environment to be a key element of economic development. USAID noted that it began including the environment as an integral part of its development programs 20 years ago, long before many of the accords covered by our review were conceived, and would be funding these environment-related programs as a basic part of its mandate even if the accords did not exist. DOE commented, similarly, that only about \$2.2 million of its reported spending had a reasonably direct relationship with the U.N. Framework Convention on Climate Change. This amount represents the funds that DOE’s grantees and contractors spent on activities related to assessments of the Intergovernmental Panel on Climate Change, which provides technical advice to the Framework Convention. The remainder of the \$300.1 million, DOE noted, represents funding for scientific research that relates to the Framework Convention and other international environmental agreements only indirectly and incidentally.

⁴At the end of fiscal year 1993, the \$30 million appropriated by the Congress for GEF was transferred, instead, in accordance with provisions of the law, to USAID to support activities associated with GEF and the Global Warming Initiative.

We have added language throughout the report, as appropriate, to make it clear that the spending reported by the agencies that were part of our review includes both expenditures that relate directly to the concerns and objectives of the 12 agreements covered and expenditures that have a much more indirect and incidental relationship to these agreements. We also note that much of the agencies' spending is legislatively or presidentially mandated and would take place even in the absence of international environmental agreements. These qualifications and caveats, in our estimation, minimize the potential for misunderstandings and misinterpretations of the data contained in our report. (See apps. X and XI for State's and Commerce's general concerns about the data contained in this report.)

We conducted our review from November 1995 through September 1996 in accordance with generally accepted government auditing standards.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time we will send copies to the Secretaries of State, Commerce, Energy, and the Treasury; the Administrators of USAID and EPA; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Please call me at (202) 512-6111 if you or your staff have any questions. Major contributors to this report are listed in appendix XII.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Peter F. Guerrero". The signature is stylized with a large, looped initial "P" and a long, sweeping tail.

Peter F. Guerrero, Director
Environmental Protection Issues

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Abbreviations

ADB	Asian Development Bank
AFDB	African Development Bank
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DOE	Department of Energy
EBRD	European Bank for Reconstruction and Development
EPA	Environmental Protection Agency
GAO	General Accounting Office
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
MARPOL	Protocol of 1978 Relating to the International Convention for the Prevention of Pollution From Ships
MEDB	Middle East Development Bank
NAD Bank	North American Development Bank
NAFTA	North American Free Trade Agreement
NOAA	National Oceanic and Atmospheric Administration
UNEP	United Nations Environment Program
USAID	United States Agency for International Development

Objectives, Scope, and Methodology

The Chairman, Senate Committee on Foreign Relations, requested that we determine or identify the overall level of federal funding for international environmental activities, including specific programs, treaty negotiations, information exchanges, conferences, and research. Specifically, he asked us to identify the (1) funding of international environmental programs and activities by federal agencies and (2) federal financial support for the environmental programs and activities of specialized agencies of the United Nations and multilateral financial institutions such as the World Bank, regional development banks, and the Global Environment Facility.

In subsequent discussions with the requester's office, it was agreed that the scope of the work should be narrowed from a governmentwide survey of spending related to more than 170 international agreements to a more feasible review of spending by a smaller group of agencies in connection with a select number of agreements. It was agreed that we would determine the spending—exclusive of assessed and voluntary contributions, which were the subject of a separate GAO review requested by the Chairman—of a sample group of five federal agencies in connection with 12 selected international environmental agreements and that we would obtain expenditure data for the 3 most recent fiscal years for which such data were available (fiscal years 1993 through 1995). It was agreed, furthermore, that the agencies would be requested to provide us with spending data whether or not their spending directly resulted from the United States' having become a party to a particular international environmental agreement, as long as the spending was generally supportive of the purposes and objectives of the agreement in question. Finally, it was agreed that we would obtain limited data on contributions to the United Nations Environment Program, the World Bank and other multilateral development banks, and the Global Environment Facility.

After consultations and discussions with representatives of a number of executive branch agencies, we judgmentally selected five agencies from which to gather environmental spending data. These agencies—the Department of State, the United States Agency for International Development (USAID), the Environmental Protection Agency (EPA), the Department of Energy (DOE), and the Department of Commerce—were selected on the basis of such considerations as the Committee's interest and jurisdiction (the Department of State and USAID), the nature of the agencies' roles, missions and activities, the magnitude and importance of their environmental programs, and our assessment of the agencies' ability to respond in a timely manner to our requests for data. Similarly, on the basis of discussions with knowledgeable agency officials, consultations

with experts on international environmental matters, and prior GAO work dealing with international environmental agreements, we judgmentally selected 12 agreements in connection with which agencies' spending data would be sought. (See app. III for a list and description of these agreements.)

We used a data collection instrument, in combination with interviews of agency officials and reviews of agencies' documents, to collect the financial and programmatic information for this report. While we asked the agencies to provide us with data on actual expenditures as opposed to obligations, two agencies—DOE and USAID—said that they would have difficulty doing this in the time frame stipulated and provided us with spending data in the form of obligations instead. Significant amounts of funds were appropriated to one department or agency but spent by another. To avoid double counting, we asked agencies surveyed not to report obligation and expenditure information for funds transferred to other agencies. In instances in which funds were transferred between agencies, the figures in our report show obligations and expenditures as reported by the agency that received the funds. We did not verify the accuracy and completeness of the information provided to us.

Organization, Roles and Missions, and Environment-Related Activities of Agencies Included in GAO'S Review

Department of State

By federal statute, the Department of State has been assigned the role of coordinating and overseeing the U.S. government's activities in the international environmental arena. Under section 504 of the Foreign Relations Act of Fiscal Year 1979 (P.L. 95-426), as amended, the Secretary of State is given primary coordination and oversight responsibility for all major science or science and technology agreements and activities between the United States and foreign countries, international organizations, or commissions of which the United States and one or more countries are members. The Department's role includes recognition, support, assessment, and continuing review of international environment, science, and technology matters to maximize the benefits and minimize the adverse consequences of such matters in the conduct of the nation's foreign relations.

While cooperative international environment, science, and technology activities principally originate in and are implemented by other executive branch departments and agencies of the U.S. government (many of which make significantly greater expenditures for such purposes than does the State Department), they are subject to the Department's oversight and coordination to ensure consistency with overall U.S. foreign policy. This oversight and coordination responsibility rests primarily with the Department's Bureau of Oceans and International Environmental and Scientific Affairs, which ensures that the U.S. government's international environment, science, and technology interests and activities are integrated into U.S. foreign policy and that they receive appropriate consideration, focus, and emphasis in foreign policy deliberations and conclusions. The Bureau of Oceans and International Environmental and Scientific Affairs, assisted by other bureaus and offices, manages the interagency process for authorization to negotiate and conclude cooperation agreements. Under the auspices of the National Security Council, the Bureau chairs a series of Interagency Working Groups to oversee policy deliberations in the fields of oceans, the environment, and science and technology. It also oversees the interagency U.S. Climate Change Country Studies Program, which provides developing countries and countries with economies in transition with financial and technical assistance to address the threat of global climate change.

Recently, the Secretary of State elevated the priority of environmental considerations to the highest level within the Department, instructing top officials to integrate environmental and natural resource issues into their planning and daily activities both within the United States and in operations abroad. Asserting that "America's national interests are

inextricably linked with the quality of the earth's environment" and that "worldwide environmental decay threatens U.S. national prosperity," the Secretary pledged that the administration would seek further reductions in greenhouse gases (emissions that contribute to global warming) and push for Senate ratification of the U.N. Convention on Biological Diversity and an international agreement known as the Law of the Sea Treaty.

United States Agency for International Development

As the nation's principal foreign development assistance agency, USAID provides less-developed nations with substantial funding, primarily in the form of grants and contracts, to assist them in achieving economic growth and at the same time addressing environmental and other practices that impede development. The recipients of USAID's funding may include other U.S. government agencies, foreign government ministries, international multilateral organizations and programs, nongovernmental organizations, private corporations, expert consultants, universities, and private voluntary groups, among others. Since USAID is primarily a conduit of funding to others, most of the programs and activities it supports are actually implemented outside the agency by nonagency personnel.

In recent years, USAID has fundamentally redefined its mission and long-term objectives. Created in 1961 to respond to the threat of communism and to help poorer nations develop and progress, USAID has approached the challenge of development more directly since the end of the Cold War, unconstrained by considerations of superpower competition. In so doing, it has articulated a strategic vision that embraces the concept of sustainable development as a defining principle of its mission. This concept, which was endorsed by the world community at the 1992 United Nations Conference on Development in Rio (the "Earth Summit") has been defined, in the simplest terms, as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

In 1994, USAID published a document, Strategies For Sustainable Development, that articulated the agency's long-term objectives, specified their relevance to U.S. interests, described how the objectives would be pursued, and identified implementing mechanisms as well as standards for measuring success. Recognizing the threats that pollution, environmental degradation, resource depletion, and unsustainable population growth posed for international peace, stability, and the economic and political interests of Americans and others, the document placed considerable emphasis on strategies for linking development assistance and protection

of the environment. In this major area of emphasis, USAID announced that it would pursue two strategic goals: (1) reducing long-term threats to the global environment, particularly the loss of biodiversity and climate change, and (2) promoting sustainable economic growth locally, nationally, and regionally by addressing environmental, economic, and developmental practices that impede development and are unsustainable.

In pursuing an integrated approach to environmental issues, USAID said that it would focus on programs that involve, among other things,

- energy efficiency improvements, expanded use of renewable energy technologies, and limiting deforestation and the burning of forests and agricultural lands;
- promoting innovative approaches to the conservation and sustainable use of the planet's biological diversity at the genetic, species, and ecosystem levels;
- improving agricultural, industrial, and natural resource management practices that play a central role in environmental degradation;
- strengthening public policies and institutional capacities to protect the environment; and
- supporting, as resources permit, applied research on key environmental issues, technology transfer, scientific exchanges, the development of human resources, and public education on issues affecting the environment.

Department of Energy

DOE is a major participant in the U.S. Global Change Research Program, which has as its objective the improved prediction of global change, including climate change, as a basis for sustainable development. Mandated since 1990 by the Global Change Research Act (P.L. 101-606), this multiagency research program focuses on the scientific study of the Earth system and its components, including the oceans, the continents, snow cover and sea ice, and the atmosphere. The program is under the overall direction of the National Science and Technology Council's Committee on Environment and Natural Resources, which defines national goals for federal investments in environmental and natural resource research and development and provides leadership for the strategic planning for, the coordination of, and the ranking of environmental research and assessment objectives across all federal agencies.

Global change research is aimed at improving capabilities for documenting and assessing potential short- and long-term changes in the Earth system and the implications of these changes on climate, surface ultraviolet radiation, land cover, the health of terrestrial and marine ecosystems, and the future availability of resources such as water and food. Global change research assists in the development of improved predictions of extreme events such as floods, droughts, and heat waves, thereby allowing actions to reduce the vulnerability of people and property to natural disasters. The research is organized around a framework of observing and documenting change, understanding processes and consequences, predicting future changes, and assessing options for dealing with change. The large quantities of data generated through these activities require the design and implementation of a sophisticated data- and information-management system to make global change data readily accessible to researchers worldwide.

DOE's Global Change Research Program supports policy needs for scientific information and analyses on greenhouse gases, climate change, and biological effects related to climate change. It also supports the Energy Policy Act of 1992 (P.L. 102-486) and the scientific contribution to international negotiations on climate and provides DOE with the scientific and basic economic tools to evaluate legislative proposals to combat global warming. DOE's program addresses chiefly the impacts of energy production and use on the global Earth system, primarily through studies of climate response, and includes research in climate modeling, carbon sources and collectors, impacts on vegetation and ecosystems, critical data needs for global change research and early detection of climatic change, and funding for educating and training scientists and researchers in global change.

DOE's program also supports research on technologies and strategies to mitigate the increases in carbon dioxide and other energy-related greenhouse gases, and plays a major role in implementing the President's Climate Change Action Plan on reducing greenhouse emissions through changes in energy supply and improvements in energy efficiency and conservation. In addition, DOE conducts research related to energy issues, including studies of chemical processes in the atmosphere related to energy production and use; atmospheric studies of the lower atmospheric boundary layer; solid Earth processes related to the formation of energy resources and possible changes in surface interactions; long-term solar interaction with the Earth; basic research in plant and microbial biology;

technologies to reduce or replace carbon-based fuels for energy production; and international environmental policy studies.

Consistent with its key role in the Global Change Research Program, virtually all of the more than \$300 million spent by DOE in fiscal years 1993-95 in connection with the 12 agreements covered by our survey was related in some way to the concerns and objectives addressed by the U.N. Framework Convention on Climate Change.

Environmental Protection Agency

EPA is the nation's chief technical and regulatory agency for environmental matters. As such, it plays a major role not only in domestic environmental protection activities but in international environmental programs and activities as well. For example, the agency is an important participant in international efforts to address such global environmental concerns as climate change, stratospheric ozone depletion, marine and coastal pollution, and loss of biological diversity.

EPA's international programs also serve important U.S. economic, foreign policy, and security interests. EPA's environmental expertise qualifies the agency to support U.S. negotiations with foreign governments on international environmental agreements such as the Montreal Protocol, the Environmental Side Agreements to the North American Free Trade Agreement, and the recent agreement under the London Convention to ban the disposal of radioactive and industrial wastes at sea. EPA's international cooperative programs allow the United States to benefit from scientific and technical breakthroughs and regulatory innovations achieved in other countries, while cooperation on the development of international environmental standards helps eliminate unnecessary barriers to trade. EPA's capacity-building programs help other, less-advanced nations develop the institutional and human resources capability to deal with their own environmental protection needs while, at the same time, opening commercial opportunities for U.S. businesses.

EPA's Office of International Activities serves as the focal point and catalyst for the agency's international agenda, providing leadership and coordination on behalf of EPA's Administrator. This office works with other EPA headquarters program offices, with EPA's regions and laboratories, and with other federal agencies, international organizations, and foreign governments to mobilize the scientific and technical expertise available throughout the agency in support of U.S. environmental objectives overseas. For example, EPA's Office of Air and Radiation works closely

with the State Department to implement U.S. responsibilities under the Montreal Protocol, including providing resources for the Montreal Protocol's Multilateral Facilitation Fund, which financially assists developing countries to phase out ozone-depleting chemicals. EPA's Office of Enforcement and Compliance Assurance provides nations that seek to build an institutional capacity with technical assistance to develop and implement environmental assessment, enforcement, and compliance techniques. The agency's Office of Policy, Planning and Evaluation supports international efforts to address biodiversity concerns, contributing to work on the economic aspects of biodiversity and the economic incentives for conservation and sustainable use of biodiversity. The office also supports international efforts to assess and improve environmental performance and establish credible measures of environmental quality. The agency's Office of Research and Development conducts collaborative research with the Peoples' Republic of China to quantify the effects of air pollutants on children's lung function, thereby strengthening epidemiological information on the relationship between air pollution and respiratory health.

Department of Commerce

The Department of Commerce is an umbrella organization housing a diverse assortment of agencies, including the Patent and Trademark Office, the International Trade Administration, the Economics and Statistics Administration, the National Telecommunications and Information Administration, the National Oceanic and Atmospheric Administration, and the National Institute for Standards and Technology. The Department's broad mission is to serve and promote the nation's international trade, economic growth, and technological advancement. It does this through programs that, among other things, offer assistance and information to increase the international economic competitiveness of American business, seek to prevent unfair foreign trade competition, provide business and government planners with social and economic statistics and analyses, improve the understanding of the Earth's physical environment and oceanic resources, and provide research and support for the increased use of scientific, engineering, and technological development.

The environmental activities and expenditures of the Department are largely carried out by its National Oceanic and Atmospheric Administration (NOAA), encompassing the National Weather Service, the National Environmental Satellite Data and Information Service, the National Ocean Service, the Office of Oceanic and Atmospheric Research,

**Appendix II
Organization, Roles and Missions, and
Environment-Related Activities of Agencies
Included in GAO'S Review**

the National Marine Fisheries Service, the Climate and Global Change Program, the Coastal Ocean Program, and the Data and Information Program. NOAA's activities implement two primary missions: (a) environmental assessment and prediction and (b) environmental stewardship. NOAA's environmental assessment and prediction goals are to advance short-term weather warning and forecast services, implement seasonal to interannual climate forecasts, predict and assess decadal to centennial change, and promote safe navigation. NOAA's environmental stewardship goals are to build sustainable fisheries, recover protected species, and sustain healthy coastal ecosystems.

These goals are implemented through NOAA's historic mission and activities to explore, map, and chart the global ocean and its living resources; protect and provide for rational use of living marine resources and their habitats, including protecting marine mammals and endangered species; conduct research and development aimed at providing alternatives to ocean dumping; provide leadership in promoting sound management of the nation's coastal zone; describe, monitor, and predict conditions in the atmosphere, oceans, Sun, and space environments; issue warnings against impending destructive natural events; assess the consequences of inadvertent environmental modification over several scales of time; and manage and disseminate long-term environmental information. NOAA provides satellite observations of the environment by operating a national environmental satellite system and conducts an integrated program of research and services relating to the lower and upper atmosphere, space environment, and Earth to increase the understanding of the geophysical environment. In addition, it acquires, stores, and disseminates worldwide environmental data through a system of meteorological, oceanographic, geodetic, and seismological data centers.

Embracing the concept of sustainable development that has gained currency since the 1992 United Nations Conference on Environment and Development (the "Earth Summit"), NOAA has articulated a strategic vision for the period from 1995 through 2005 in which societal and economic decisions are coupled strongly with a comprehensive understanding of the environment. In accordance with this vision, NOAA has interpreted its mission as describing and predicting changes in the Earth's environment to provide the environmental information needed to inform policy decisions and conserving and managing the nation's coastal and marine resources to ensure sustainable economic opportunities.

Total Expenditures/Obligations by Five Federal Agencies Related to International Environmental Agreements, Fiscal Years 1993-95

Agreement	Problem addressed	Total funds related to objectives of agreement, 5 agencies	Percent of all agencies' funds related to agreement objectives
U.N. Framework Convention on Climate Change	Greenhouse gas emissions/global warming	\$693,335,474	71
Biological Diversity Convention	Loss of habitat and biological diversity	189,900,191	20
International Tropical Timber Agreement ^a	Deforestation	49,592,370	5
Montreal Protocol	Stratospheric ozone depletion	17,539,945	2
La Paz Agreement	Environmental pollution in U.S.-Mexico border region	12,270,810	1
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	Loss of species	3,562,470	<1
Trilateral Environmental Side Agreement to NAFTA ^b	A variety of environmental issues of concern to the parties (U.S., Canada, and Mexico)	2,886,543	<1
London Dumping Convention	Marine pollution caused primarily by ships dumping at sea wastes generated on land	1,975,627	<1
International Convention for the Prevention of Pollution from Ships (MARPOL)	Marine pollution caused by ships	1,942,139	<1
Whaling Convention	Loss of species	992,166	<1
NOx Protocol	Air pollution and acid rain	533,574	<1
Basel Convention	Generation, transportation, and disposal of hazardous wastes	77,483	<1
Total, all agreements		\$975,225,792^c (\$974,608,792 plus \$617,000)	100

(Table notes on next page)

Appendix III
Total Expenditures/Obligations by Five
Federal Agencies Related to International
Environmental Agreements, Fiscal Years
1993-95

Legend: < = less than

^aThe International Tropical Timber Agreement (ITTA) is primarily a commodity trade agreement, but it also has an environmental component since it promotes the sustainable management of tropical forests. The preponderance of agency spending in connection with this agreement is in direct or indirect support of the sustainable forest management objective of ITTA.

^bThe North American Free Trade Agreement (NAFTA) has two environmental side agreements, one a trilateral agreement entered into by the United States, Canada and Mexico and the other a bilateral agreement involving only the United States and Mexico. The agreement covered by our survey was the trilateral North American Agreement on Environmental Cooperation, which deals with a variety of environmental concerns and environment-related trade matters of interest to the parties to the agreement.

^cTotal includes \$617,000 in travel expenditures reported by USAID. The agency did not indicate the specific agreements to which the travel expenses related.

Total Expenditures/Obligations by Five Federal Agencies, by Major Purpose, Fiscal Years 1993-95

Purpose	Expenditures/obligations related to agreement objectives, by major purpose	Percent of total expenditures/obligations related to agreement objectives
Specific projects and programs	\$951,870,273	98
Travel expenses to attend conferences and meetings	3,276,373 ^a	<1
Sponsorship of conferences	541,199	<1
Information exchanges and training	17,309,678	2
Environmental research	2,226,700	<1
Other	1,569	<1
Total	\$975,225,792	100

^aSee explanatory notes relating to USAID's reported travel expenditures in apps. V and VI.

Federal Agencies' Expenditures/Obligations, by International Environmental Agreement, Fiscal Years 1993-95

International agreement	State Dept.	USAID	DOE	EPA	Commerce Dept.	Total spending related to agreement objectives
U. N. Climate Change Convention	\$418,156	\$330,532,000	\$299,871,238 ^a	\$62,402,580	\$111,500	693,335,474
Biological Diversity Convention	70,834	189,784,000	None	22,228	23,129	189,900,191
International Tropical Timber Agreement	25,070	49,538,000	None	17,300	12,000	49,592,370
Montreal Protocol	45,660	15,000,000	200,000	2,212,285	82,000	17,539,945
La Paz Agreement	1,470	2,769,000	50,000	9,449,340	1,000	12,270,810
CITES	16,900	3,500,000	None	None	45,570	3,562,470
Environmental Side Agreement to NAFTA	6,200	None	None	2,868,103	12,240	2,886,543
London Dumping Convention	61,260	1,800,000	None	102,867	11,500	1,975,627
MARPOL	3,880	None	None	21,559	\$1,916,700 ^c	1,942,139
Whaling Convention	190,614	None	None	None	801,552	992,166
NOx Protocol	24,550	None	None	509,024	None	533,574
Basel Convention	21,430	None	None	47,053	9,000	77,483
Total spending by agency	\$886,024	\$593,540,000^b (\$592,923,000 plus \$617,000)	\$300,121,238	\$77,652,339	\$3,026,191	975,225,792 Total, all agreements

^aAccording to DOE officials, only a relatively small fraction of DOE's expenditure (about \$2.2 million) has a reasonably direct relationship with the U.N. Framework Convention on Climate Change. This amount represents the funds that DOE's grantees and contractors spent on activities related to assessments of the Intergovernmental Panel on Climate Change (IPCC), which provides technical advice to the Convention. The remainder represents support for scientific research that supports the Framework Convention and other international environmental agreements only indirectly and incidentally.

^bThe total includes \$617,000 in travel expenditures reported by USAID in connection with these agreements without an indication of the specific agreements to which the expenditures applied.

^cOnly \$16,700 of this amount is related specifically to MARPOL. The balance, \$1,900,000, was expended on a program of domestic implementation of Annex 5 to MARPOL (Plastics and Garbage). This program was terminated at the end of fiscal year 1995.

Federal Agencies' Expenditures/Obligations, by Major Purpose, Fiscal Years 1993-95

Purpose	State Dept.	USAID	DOE	EPA	Commerce Dept.	Total
Specific projects and programs	\$395,500	\$591,595,000	\$293,543,000	\$65,600,773	\$736,000	\$951,870,273
Travel expenses to attend conferences and meetings	291,965	617,000	1,267,238	646,588	453,582	3,276,373
Sponsorship of conferences	98,559	None	396,000	45,700	940	541,199
Information exchanges and training	100,000	358,000	4,915,000	11,304,578	632,100	17,309,678
Environmental research	None	970,000	None	54,700	1,202,000	2,226,700
Other	None	None	None	None	1,569	1,569
Total spending by agency	\$886,024	\$593,540,000	\$300,121,238	\$77,652,339	\$3,026,191	\$975,225,792

^aUSAID officials commented that the agency spent a total of \$58,000 during fiscal years 1993-95 on travel directly related to the agreements covered by our review, primarily to ensure that the agency's programs were not compromised and to leverage additional resources from other donors for USAID-initiated sustainable development programs. The balance of USAID reported travel expenditures (\$559,000), according to these officials, was for the purpose of sending USAID project managers on site visits to design, oversee, and evaluate the specific projects and programs reported by the agency in connection with the 12 agreements covered by our review.

U.S. Government's Contributions to UNEP's Environment Fund and Estimated U.S. Financial Participation in UNEP's Environmental Programs, 1992-1995

UNEP funding	1992-93	1994-95
Total UNEP Environment Fund receipts	\$162,818,600	\$166,829,500
Total U.S. government contributions to UNEP Environment Fund	\$ 38,609,000	\$ 36,000,000
Percent of UNEP Environment Fund receipts from U.S. government contributions	24	21
Total expenditures for UNEP environmental programs ^a	\$ 94,600,745	\$121,323,353
Estimated U.S. financial participation in UNEP environmental programs	\$22,704,178	\$25,477,904

^aDoes not include program support costs (i.e., administrative overhead).

U.S. Government's Contributions to UNEP-Administered Trust Funds

Table VIII.1: U.S. Government's Contributions to UNEP-Administered Trust Funds, 1992-93

Trust fund	Total receipts by trust fund	U. S. contribution to trust fund	U. S. contribution as a percentage of total receipts
Mediterranean	\$8,558,498	None	None
Kuwait Action Plan	3,371	None	None
CITES	6,710,271	1,896,142	28
East Asian Studies	143,637	None	None
Caribbean	2,931,801	354,580	12
West and Central African Region	70,209	None	None
East African Regional Seas	1,470,289	None	None
Environmental Training Network	188,148	None	None
Montreal Protocol	5,146,737	827,000	16
Vienna Convention	1,279,519	148,000	11
Conservation of Migratory Species	1,285,225	None	None
Basel Convention	1,422,874	80,000	6
Implementation of Basel Convention	208,627	None	None
Biodiversity Convention	\$2,626,343	(25,000) ^a	Not Applicable

^aThis U.S. contribution was earmarked for specific purposes and is not counted as a contribution to the Biodiversity Convention Trust Fund.

**Appendix VIII
U.S. Government's Contributions to
UNEP-Administered Trust Funds**

**Table VIII.2: U.S. Government's
Contributions to UNEP-Administered
Trust Funds, 1994-95**

Trust fund	Total receipts by trust fund	U.S. contribution to trust fund	U.S. contribution as a percentage of total receipts
Mediterranean	\$10,149,000	None	None
Kuwait Action Plan	4,157	None	None
CITES	9,980,047	2,021,930	20
East Asian Studies	358,223	None	None
Caribbean	3,076,631	446,000	14
West and Central African Region	87,975	None	None
East African Regional Seas	1,235,386	None	None
Environmental Training Network	30,151	None	None
Montreal Protocol	6,988,736	840,000	12
Vienna Convention	981,942	190,000	19
Conservation of Migratory Species	1,748,520	None	None
Basel Convention	4,613,930	287,201	6
Implementation of Basel Convention	885,186	None	None
Biodiversity Convention	\$7,732,275	None	None

U.S. Financial Support for Multilateral Development Banks and Selected Other International Financial Institutions, Fiscal Years 1993-95

International financial institution	Fiscal year 1993	Fiscal year 1994	Fiscal year 1995	Totals, fiscal years 1993-95
International Bank for Reconstruction and Development (IBRD)	\$ 62,180,100^a	\$ 27,910,500	\$ 23,009,101	\$ 113,099,701
International Development Association (IDA)	1,024,332,000	1,024,332,000	1,175,000,000	3,223,664,000
Global Environment Facility (GEF)	None ^b	30,000,000	90,000,000	120,000,000
Inter-American Development Bank (IDB)	56,466,000	56,166,000	28,111,959	140,743,959
Fund for Special Operations- IDB	20,272,000	20,164,000	21,338,000	61,774,000
Inter-American Investment Corporation-IDB	None	None	190,000	190,000
Multilateral Investment Fund-IDB	90,000,000	75,000,000	75,000,000	240,000,000
Asian Development Bank (ADB)	38,014,303	13,026,366	None	51,040,669
Asian Development Fund-ADB	62,500,000	62,500,000	167,960,000	292,960,000
African Development Bank (AFDB)	None	None	133,000	133,000
African Development Fund-AFDB	103,893,000	135,000,000	62,214,500	301,107,500
European Bank for Reconstruction and Development (EBRD)	60,000,000	None	69,180,353	129,180,353
Middle East Development Bank (MEDB)	None	None	None	None
North American Development Bank (NAD Bank)	None	None	56,250,000	56,250,000
Total Paid-in Capital and Concessional Contributions	\$1,517,657,403	\$1,444,098,866	\$1,768,386,913	\$4,730,143,182

^aFigures in bold represent U.S. government paid-in capital to multilateral development banks. Figures in normal typeface represent U.S. concessional contributions negotiated with multilateral development banks for affiliated financial institutions.

^bFor fiscal year 1993, the Congress appropriated \$30 million for the Global Environment Facility. At the end of the fiscal year, however, this amount was transferred, in accordance with the law, to the United States Agency for International Development (USAID) to support activities associated with GEF and the Global Warming Initiative.

Comments From the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Chief Financial Officer

Washington, D.C. 20520-7427

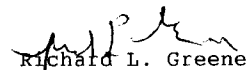
SEP 12 1996

Dear Mr. Fultz:

We appreciate the opportunity to review your draft report, "INTERNATIONAL ENVIRONMENT: U.S. Funding of Environmental Programs and Activities," GAO/RCED-96-234, GAO Job Code 160326.

Department officials have reviewed the report and provide the enclosed comments. If you have any questions, please contact Mr. Robert Benzinger, OES/EX/PSD, at (202) 736-7376.

Sincerely,


Richard L. Greene

Enclosure:
As stated.

cc:
GAO/RCED - Mr. Lowry
STATE/OES/EX/PSD - Mr. Benzinger

Mr. Keith O. Fultz
Assistant Comptroller General,
Resources, Community, and Economic
Development Division,
U.S. General Accounting Office.

Appendix X
Comments From the Department of State

Department of State Comments
GAO Draft Report
"INTERNATIONAL ENVIRONMENT:
U.S. Funding of Environmental Programs and Activities"
GAO/RCED-96-234, Job Code 160326

See comment 1.

The Department of State is concerned that the structure of this report and the presentation of figures, especially in Appendices III and V, could lead the reader to erroneous conclusions about U.S. international environmental policy. The charts classify expenditures by their relationship to specific international environmental agreements. The expenditure figures do not make the distinction between funds expended directly in support of the agreements and funds used in ways which support the agreements "only indirectly and incidentally." While footnotes to the tables and explanations in the text provide some clarification of the figures, the presentation lends itself to misinterpretation, especially if figures are taken out of context or cited without the explanations.

See comment 2.

It is essential for the reader to understand that the attribution of expenditures to international agreements in the report does not correlate with the processes by which policy is made and money is allocated. These processes focus on finding solutions to international environmental problems. By and large, the twelve international agreements cited in this report figure strongly in the development and implementation of U.S. policy, but they are a means to an end, not an end in themselves. The reader must examine the expenditure figures in light of the explanations and caveats inserted by the authors, especially with regard to development assistance, the largest single item of expenditure.

See comment 3.

It should also be underlined that this study does not include assessed and voluntary contributions to international organizations, some of which directly support international environmental agreements. These contributions are to be enumerated in a separate GAO report (job code 711158) being prepared by a different team. In responding to the requests for information for these studies, the Department took care to ensure that funds were not counted twice. Thus, it is necessary to read both reports to achieve an understanding of the U.S. expenditures in support of these agreements. We have been assured by the GAO that the final report will make this point, which was insufficiently emphasized in the draft.

Finally, the Department thanks the GAO team for its cooperation in addressing the concerns raised by the Department and in adding explanatory material to clarify the above points. We remain concerned that the report, however carefully explained and footnoted, could easily be misinterpreted.

GAO Comments

The following are GAO's comments on the Department of State's letter dated September 12, 1996.

1. We believe that the wording of our report and the many caveats and qualifications contained in footnotes to the accompanying appendixes minimize the possibility that readers might draw erroneous conclusions about the agencies' spending related to transboundary environmental concerns or about U.S. international environmental policy. Because the requester of our review specified that we should identify spending generally supportive of the purposes and objectives of the 12 treaties included in our review, we did not structure our methodology to distinguish among direct, indirect, and incidental categories of spending—a task that would have greatly increased the difficulty of our work and the resources and time required to perform it.
2. As noted above, we believe that the wording of our report, particularly the discussion in the Background section and the many caveats and qualifications found elsewhere in connection with the data reported by the agencies that responded to our survey, minimizes the possibilities for misunderstanding and misinterpretation. For example, we make it clear that the U.S. government's identification of particular environmental problems and its decision to take action to confront such problems has led to the creation of many governmental programs completely independent of international environmental agreements. We also note that the U.S. government has often been in the forefront in urging other nations to join with it in taking concerted action to deal with transboundary environmental concerns—appeals which have led to the negotiation and conclusion of a large number of international environmental agreements to which the U.S. and other nations are parties.
3. We have added language to our report clarifying that the data reported relate only to direct expenditures, not to voluntary or assessed contributions to international organizations and programs. The latter were the subject of a separate GAO review requested by the Chairman, Senate Committee on Foreign Relations.

Comments From the Department of Commerce

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
CHIEF FINANCIAL OFFICER/CHIEF ADMINISTRATIVE OFFICER

SEP 9 1996

Mr. Victor S. Rezendes
Director, Energy, Resources and Science Issues
Resources, Community, and Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Rezendes:

Enclosed is a copy of the Department of Commerce's reply to the General Accounting Office draft report entitled "International Environment: U.S. Funding of Environmental Programs and Activities."

These comments are prepared in accordance with the Office of Management and Budget Circular A-50.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Kammerer".

Joseph T. Kammerer

Enclosure

**Appendix XI
Comments From the Department of
Commerce**

GENERAL COMMENTS:

Thank you for the opportunity to comment on your Draft Report on U.S. Funding of Environmental Programs and Activities.

In February 1996, in response to your request, the National Oceanic and Atmospheric Administration (NOAA) and the International Trade Administration (ITA) provided direct expenditures, as defined by the General Accounting Office (GAO), on selected international agreements for FYs 1993, 1994 and 1995. These expenditures were not to include assessed or voluntary contributions. In part, reporting was to include actual monies spent on 12 specific international agreements and the expenditures were coded according to "purpose." The definition of purpose was provided by GAO. NOAA's portion of direct expenditures totalled \$3,004,191; ITA's portion of direct expenditures totalled approximately \$22,000.

In order to verify NOAA's portion of expenditures associated with the respective international agreement (Appendix V) and ascertain whether the "purpose" of the expenditure (Appendix VI) was accurately reflected in the draft report, NOAA officials met with GAO staff. In comparing the crosswalk from NOAA's input against the report's charts, coding errors for "purpose" were found. This significant change will reflect that NOAA spent most of its funds on support for environmental research - not on conference or meeting support. GAO officials will incorporate this change, as appropriate, in the final report.

As expressed in the GAO draft report, there are "significant differences in spending, both in total amounts and in the purposes for which spending was made." A variety of reasons are cited on pages 4-6. These significant differences are most prominent with regard to Appendix V on reported expenditures and obligations relevant to the Framework Convention on Climate Change.

The report also contains another possible disparity: as stated in the report, the Department of Energy (DOE) has reported funding provided to universities, research institutes and national laboratories for climate change as a contribution to the Framework Convention on Climate Change; NOAA did not include similar expenditures in our submission. Further, although NOAA supports research activities which contribute in part to the Intergovernmental Panel on Climate Change (IPCC), as described in "NOAA Contributions to the 1995 IPCC Assessments", NOAA did not consider these activities to meet the guidelines for this request. This highlights the difficulty in comparing submissions from Federal agencies.

See comment 1.

See comment 2.
Now on p. 5.

See comment 2.

GAO Comments

The following are GAO's comments on the letter from the National Oceanic Atmospheric Administration, Department of Commerce, dated September 9, 1996.

1. The data discrepancies referred to have been corrected.
2. Our purpose in citing differences in the agencies' spending and in noting possible reasons for these difference was to highlight what is evident from the data, not to sound a cautionary note regarding interagency comparisons. However, as NOAA correctly states, varying interpretations of our request for spending data by the five agencies and different decisions taken by these agencies regarding which spending to report provide yet another possible explanation for the differences in spending reported by agencies responding to our survey.

Major Contributors to This Report

Resources,
Community, and
Economic
Development Division

Edward Kratzer, Assistant Director
Ralph Lowry, Evaluator-in-Charge
Denise Dias, Senior Evaluator

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