

INVESTIGATION EFFORTS: IS THE OIOS A FIG LEAF?, II

The gravest danger of OIOS and its unreported and unexamined results and impact is that in fact the OIOS "fig leaf" allows the UN barons to operate with even more impunity. The UN and the OIOS itself, as discussed above, have never yet attempted to set up a determined plan of action to prevent waste, fraud, and mismanagement such as that addressed by UNEP above (the quote of 28 October 1997.)

Inspectors general too are only human, and may -- and do -- themselves sometimes turn out to be "the enemy." A U.S. Congressional subcommittee in 1990 reported that:

" ... some of the [U.S. inspectors general] -- the persons supposed to be sounding the alarm about federal wrongdoing -- have become 'lapdogs' instead of watchdogs for their agencies. [the] ... panel found 15 cases involving 10 inspectors general, past and present, who abused their authority, harassed or exposed whistle-blowers or thwarted probes into waste and fraud. The officials ... represent 40% of the 25 federal inspector generals."

"People watch," USA Today, **September 30, 1990**.

Two much more recent articles show how such units can go seriously wrong:

"The question is as old as Ancient Rome: *quis custodiet ipsos custodiet?* (Who will guard the guards?) ... [At the U.S. Department of Housing and Urban Development (HUD)] there are growing allegations of wrongdoing ...

In place of seasoned and senior investigators ... a growing 'good-old-boy' network ... [is] systematically giving Congress misleading information about the scope and success of those inquiries it conducts. ...

Scores of documents ... suggest senior officials who have engaged in chronic wrongdoing."

[In a confidential letter a dozen top current and former IG officials] ... say current leadership of the HUD IG office 'cannot be trusted' [and] ... engage in cover-ups, 'abuse their office to remain in power, ruthlessly crush all dissent and resist any external accountability.'"

Martin Edwin, "Investigative report: Who is guarding the HUD guards", Insight, *The Washington Times*, **March 18-31, 2003**, pp. 34-35.

"Good government and environmental activists from three continents have written to Inter-American Development Bank president Enrique Iglesias to complain about

a 'general lack of transparency and effectiveness' in the bank's Independent Investigation Mechanism (IIM).

The creation of IIM, the letter notes, was meant to ... ensure that due diligence has been exercised by the bank ... in projects. Unfortunately, the IIM operates with limited transparency and no clear timelines ...

The complaints came amid growing concerns heard about the effectiveness off the IDB auditor-general's office in investigating wrongdoing, and an apparent showdown between bank management and ... the evaluations-department head credited with restoring the integrity of that office. ...

The letter points to 'consistent' procedural problems revealing 'systemic flaws' in the body's operations that prevent it from becoming an 'effective accountability mechanism.'

"Watchers of the world turn their eyes to IDB", Insight, *The Washington Times*, **March 18-31, 2003**, pp. 10 (and 4-5).

IO Watch doubts that OIOS operations are as troubled as those at the Inter-American Development Bank, but the cited cases do emphasize that the performance of even inspector generals' offices must be carefully overseen, especially since they have so much power, and procedures to guard their independence. In the OIOS situation, only two studies have been done. The UN Board of Auditors, as discussed previously, examined OIOS internal procedures and systems and noted a need to improve working papers and (more relevant here) a lack of guidelines for closing out investigations.

"Report of the OIOS", UN document A/57/451 of **4 October 2002**, p. 8.

Similarly, the US General Accounting Office made a review in 1997 that found that OIOS efforts "provided a framework" for a good internal oversight mechanism in the UN. However, GAO's lack of direct audit authority and access to records meant that the GAO could not test whether OIOS actually exercised its authority and implemented its procedures in an independent manner.

US General Accounting Office, "United Nations: Status of internal oversight services," Letter report, GAO NSIAD-98-9, **11/19/97**.

Yet the evidence presented throughout this (and subsequent) sections of this archive indicates that Mr. Paschke and Mr. Nair, however excellent they may be as individuals, are not the right men for the "inspector general's" job, by training or by nature. The OIOS situation, after a decade of operation, seems sadly to be more that found in a corrupt and non-transparent organization than a corruption-fighting one, according to a template developed a quarter of a century ago.

Note: see the Corruption subsection of the archive section on UN Management Accountability Struggles , first introductory quote, and the Corruption characteristics subsection, from

Gerald E. Caiden and Naomi J. Caiden, "Administrative corruption", originally published in Public Administration Review (USA). 37:3, (**May-June 1977**), 301-309.

IO Watch wishes to recall the original important objectives for the OIOS, which clearly remain unfulfilled. Several wise observations underscored what is required for a truly responsible and effective OIOS. The UN Secretariat itself had clearly marked the path to ensuring accountability in two reports, the first in 1994, the second in 2000:

"... [UN staff and managers' capacity and expertise at all levels] must correspond to the responsibility assigned and authority delegated and must be balanced by full accountability through appropriate accountability mechanisms. An efficient organizational oversight machinery will monitor the operation of the system and conduct audits, inspections, evaluations and investigations ... The systematic control of the interrelated processes ... will provide the key to success ... and contribute to the Organization's effectiveness and efficiency.

"Establishment of a transparent and effective system of accountability and responsibility: Report of the Secretary-General", UN document A/C.5/49/1 of **5 August 1994**, paras. 12 and 109. [emphasis added]

"The chain of accountability

1. Specifying responsibility, authority and results to be achieved ...
2. Providing guidance and support ...
3. Monitoring and assessing the exercise of responsibility and authority ...
4. Taking appropriate action

Follow-up must be capable of distinguishing between and dealing appropriately with the following

- (a) Excellent or satisfactory execution of responsibility and authority;
- (b) Unsatisfactory execution of responsibility and authority as a result of carelessness or ignorance;
- (c) Unacceptable exercise of responsibility and authority due to deliberate flouting of policies, rules and regulations, or exceeding the limits of authority;
- (d) Misconduct or fraud."

"Accountability and responsibility: Report of the Secretary-General," UN document A/55/270 of **3 August 2000**, Annex II. [emphasis added]

The UN did establish the OIOS as the appropriate mechanism to monitor the system and conduct oversight. But when the Secretariat pulled on the "chain of accountability," nothing happened because, or so IO Watch believes, the OIOS cannot or will not take "appropriate action" to address deliberate flouting of rules, exceeding authority, misconduct, or fraud, at least as it concerns those recognized as most likely to commit those acts -- programme managers and senior officials.

Why did this leadership choice go so awry? IO Watch would cite:

- failure to appoint a top-flight professional to take the lead;

- Member states' failure to "oversee the overseer";
- OIOS failure to investigate misconduct systematically, rather than selectively;
- Secretariat inability to promptly prosecute and apply sanctions (concerning which, see particularly the Major Ongoing Flaws subsection under Where is the Rule of Law? later in this archive; and
- reliance on a "diplomatic culture" approach to investigation, instead of the strong figure dedicated to independent investigation no matter who is involved.

Once again, the five following quotations help tell the tale of what competent and effective investigation and oversight require:

"After decades of periodic suggestions for an Inspector General to be attached directly to the Office of the Secretary-General, this issue is now being actively pressed. This may, on balance, be helpful but not really effective if the IAD remains so grossly understaffed. To carry maximum credulity and universal confidence the appointee must be of impeccable repute and with top-calibre qualifications for such work."

Erskine Childers, with Brian Urquhart, "Renewing the United Nations system", Development Dialogue, 1994:1, Dag Hammarskjold Foundation, Uppsala, Sweden, **1994**, pp. 146-147. [emphasis added.]

" ... The United Nation's fiscal and management inadequacies are serious, and ... 'reform is not popular' in the UN Secretariat. ...

... It is to the credit of President Clinton's policy team that it overcame [the suspicion of American motives] and forged consensus on an independent and objective inspector general. ...

The United Nations now will have what many in Washington have long argued for: an independent office to oversee its fiscal and management operations. As Congress does with U.S. inspectors general, U. N. member states will have to keep a watchful eye on its performance, safeguard its independence and aggressively follow up on its findings. A serious, workable instrument is in place."

Sherman M. Funk and Jeffrey Laurenti, "Watch-dog for the U.N.", Washington Post, **August 8, 1994**. [emphasis added.]

"Taking action against wrongdoing

"Taking action against violation of standards is the shared responsibility of managers and external investigative bodies. ...

Although public service managers have the primary responsibility for initiating disciplinary measures in their agencies in a timely manner, they may also receive assistance from specific external institutions. These external institutions are the primary instruments for investigating and prosecuting misconduct in the public service. These bodies have the power to bring suspected cases of corruption directly to court in all OECD countries. Moreover, two-thirds of countries have procedures and mechanisms to enable the public to signal wrongdoing to bodies exercising independent scrutiny on public service activities."

"Annex I: OECD public management policy brief on building public trust:

Ethics measures in OECD countries," in Organisation for Economic Cooperation and Development, Public sector transparency and accountability: Making it happen, OECD, Paris, **2002**, p. 192. [emphasis added]

"The effectiveness of an oversight office depends to a large extent on how senior officers perceive their roles. The concept of management accountability in the United Nations has not been consistently applied. ... no system of accountability will be effective without the assurance that sanctions will be promptly applied when violations occur. I strongly recommend that any new system of accountability and responsibility include specific penalties or sanctions for United Nations managers and other staff who disregard United Nations regulations and rules or who are negligent in the conduct of their duties and responsibilities. ...

A vast amount of work remains to be done. "

"Report of the Office of Inspections and Investigations", UN document A/49/449, **28 September 1994**, "Letter of transmittal", pages 5-6.

[emphasis added]

[Note: the letter was prepared by Mohamed Aly Niazi, a very experienced senior UN internal auditor, who served as head of the transitional oversight unit which preceded the OIOS in 1993-1994.]

" ... the *sine qua non* is a power figure dedicated to independent investigation of an allegation on its merits, who will protect the anti-corruption authority from improper pressures or will allow it ... to resist and ignore threats of career retaliation."

"Crime prevention and criminal justice ... : Practical measures against corruption: Manual prepared by the [UN] Secretariat," Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders," Havana, Cuba, UN document A/CONF.144/8 of **29 May 1990**, paras. 36-38.

Please contrast this wise guidance, and particularly the last item above on the requirement of a strong power figure, with Mr. Paschke's basic philosophy of his role as an Inspector General (which now seems to have fit Mr. Nair as well):

" ... permit me to tell you briefly my basic philosophy for the fulfillment of my duties ... in general and for the [OIOS] in particular.

First of all, I do not consider myself an antagonistic type of person. ... I believe in consensus-seeking. ... Results are better achieved through dialogue and quiet reasoning, in an atmosphere of mutual trust.

... above all, I see myself as an adviser to the Secretary-General and to senior officials, and as a counsel to line managers and to the Organization as a whole, for better management.

... My approach will not be primarily that of a critic. OIOS ... should offer assistance to managers in implementing our recommendations ... [and give] ... advice on putting into practice the measures we propose.

... I understand that the primary responsibility for programme implementation rests with programme managers. The role of OIOS is to ensure that adequate systems for monitoring are in place in each department and office. ... I hope to encourage greater concern by managers throughout the United Nations with the results of their activities ..."

"Statement by Karl Th. Paschke [first head of the new OIOS] ... to the Fifth Committee," **5 December 1994**, pp. 4-5, 7-8. [emphasis added]

In fact, two recent articles on a major corruption scandal and subsequent reform efforts in Germany underscore and help explain Mr. Paschke's leadership failure even more clearly:

"Call it Europe's Enron. For the financial scandal [of] ...Bankgesellschaft Berlin is every bit as breathtaking as its American counterpart ... [except that] in Germany the response ... has been almost the opposite -- public indifference and ... [attempts] ... to shroud the case in 'extreme secrecy', according to corruption watchdog group Transparency International. ...

It is a very Continental tale of cronyism ...

[that] ... highlights not only a massive failure of oversight, but the continuing immunity of large state-protected sectors ... to public control. ... [which is] the very heart of the so-called "German disease."

'Germany is a country without sanctions,' says [one observer] ...

... [A Transparency International official calls it] the 'unholy Prussian tradition' of corporate and bureaucratic secrecy. German confidentiality laws make it extremely difficult ... to penetrate white-collar crime ...

A German court last month strengthened employers' rights to fire whistleblowers for 'breach of loyalty.' ...

The obstacles to prosecuting white-collar crime, the almost complete lack of sanctions against politicians and managers, the Berlin government's willingness to keep [paying for BGB] and other failed public companies ... 'Our ethic of protecting society from future harm is not developed,' says [a] ... German scholar.

Stefan Theil, "Europe's Enron: A lurid corporate scandal highlights the weaknesses in the German system. Too bad no one seems to care," Newsweek International, **June 7/June 14, 2004**, pp. 32-33. [emphasis added.]

"What century do Germany's corporate boards think this is? Certainly not the 21st. A voluntary code has been in effect for more than two years, but ... Germany, Inc., experts say, has a habit of paying lip service to good governance while violating it in spirit and practice. ... supervisory boards often fail to control or sanction management even for disastrous results; conflicts of interest abound; and boards disregard voluntary guidelines ... [for many actions].

But German companies' staunch resistance ... is about to backfire. Angry politicians, shareholder activists, and corporate-governance experts are mounting an offensive, drafting laws that will mandate better behavior. ...

One way to close these gaps is to make shareholder suits easier. Two draft laws ... will increase executives' and board members liability for negligence and for disseminating false information. ...

Germany Inc. might have one last change to thwart the legal onslaught: by racing to implement best corporate-governance practices before the country's legislators do it for them."

Gail Edmondson, "Germany, Inc.: Come clean or else", Business Week Europe, **October 25, 2004**. [emphasis added]

Germany apparently is still not ready for the new UN Convention against Corruption, and Mr. Paschke indeed seems to have brought along this German attitude to the worst possible location: a high-level leadership post as the UN's first corruption fighter. Yet UN Member States are also indifferent or "asleep at the switch", as the abusive and incompetent UN

managers who were to become the "sanctioned" for any poor performance in 1993 have since become the "sanctioners" in the new millenium.

It is useful to conclude this analysis of OIOS investigative weaknesses by first setting Mr. Nair's objectives for investigation in 2001 against the UN corruption and scandals situation which prevailed at the end of 2004. An article on Mr. Nair's work, apparently coincidentally, provided an interesting contrast of UN selective application of "the rules" concerning a highly-publicized case of mismanagement and improprieties by a very senior manager, in contrast to the treatment given a hapless and severely punished lesser staff member in Nairobi:

"[Mr. Nair] noted [OIOS's] strong criticism of the management of the UN Office for Drug Control and Crime Prevention in Vienna, which was investigated [note: in the spring of 2001] after allegations of fraud and mismanagement. Last month, the United Nations announced that Pino Arlacchi, who heads the office will leave his post in mid-2002. ...

In northwest Somalia, investigators said allegations of corruption and mismanagement were unfounded, but the audit discovered that a senior U.N. officer had not strictly adhered to U.N. rules. The [OIOS] recommended that he should be held strictly accountable for approximately \$50,000 in losses as a result of his actions."

Edith M. Lederer, "UN watchdog agency suggests savings," Associated Press, **October 24, 2001.**

In 2004 the situation seems to have spun out of control, particularly because of the inadequacy of the investigative resources devoted to combating the UN's mounting scandals over the past decade, but also because of the very dubious quality of some of the "investigations" made, as indicated by the following assessments of the many allegations and charges that have emerged.

"Uday [Hussein explained that] ... the Iraqi government would [let Luguev buy] ... Iraqi oil at below-market prices. He could ... sell [it] .. at a higher price, and pocket the profits. ... the deals were entirely legal under the Oil for Food program ... the money Luguev paid ... would be ... used to feed starving Iraqi kids.

[Lugaev paid \$60,000, with part to go to the Husseins, but they simply kept his money.] Luguev did something remarkable: he [filed] ... a formal complaint to the United Nations. Luguev's allegations provide, for the first time, hard evidence of how Saddam has cleverly used ... oil profits ... to bypass the sanctions imposed on his regime ...

United Nations officials, who are now investigating the charges, could hardly pretend to be shocked ... For years it had been an open secret that Saddam was plundering the Oil for Food program ... U.S. government figures estimate that Iraq has received at least \$2.3 billion in oil-contract kickbacks since 1997. ... Yet ... U.N. officials in charge of policing the oil sales instead unwittingly approved corrupt deals ... [and] Western countries ... seemed willing to ... ignore the dubious trade. ..."

Mark Hosenball, "Iraq's black gold: How Saddam skimmed oil profits while the United Nations looked the other way," Newsweek International, **November 11, 2002**, pp. 37-40.

" ... the UN has [examined the] ... Secretariat's perception of its own integrity. ... [The Integrity Survey politely explains there are concerns about accountability] ... More directly ,,,, [the report notes (p. 11) that] 'Staff members feel unprotected from reprisals for reporting violations of the codes of conduct. This is not a perception confined to a few staff in remote locales and/or dangerous circumstances. Forty-six percent (46%) gave unfavourable response to this item, whiles only 12% gave favourable responses.'

This is of course just one of the U.N.'s various investigations into itself. Best-known this season is the investigation into Oil-for-Food ... Beyond that, there is an entire division [the OIOS] ... which produces in-house investigations ... An April 14 U. N. Staff Union resolution expresses concern 'over recent events regarding an OIOS investigation into its own investigators ...'

Someone needs to help this institution, and it is not a consulting team ... nor a batch of investigators operating under terms defined by the U.N. ...

I'm working around to the belief that in the matter of reforming the U.N., the only thing worse than having the U.N. ignore a problem is to have the U.N. investigate it."

Claudia Rosett, "The problem with the Secretariat", The Wall Street Journal, **June 16, 2004**. [emphasis added]

" ... Staff [in the Integrity Survey] believe that not enough action is taken to investigate and address instances of unethical behaviour, and that those who expose such breaches may put themselves at risk of reprisal. Staff also perceive that the disciplinary process is applied unevenly, ... that the outcome of the process is generally not known. ...

... [and] that breaches of integrity and ethical conduct are insufficiently and inequitably addressed by the disciplinary system. At the same time, they voice concern about the consequences of 'whistle-blowing' or reporting on misconduct, and uncertainty about the mechanisms for such reporting. ... The [OIOS and Office of Ombudsman channels] ... need to be better known and made more accessible to staff at large. We will inform all staff about the means available to them for reporting on suspected misconduct. We will also develop measures to reinforce formal protection for whistle-blowers, while ensuring that they are not used to cloak false accusations."

"Dear colleagues", letter from Secretary-General Annan to UN staff on the findings of the Integrity Survey, of **4 June 2004**, pp. 2-3.

Having [found] ... that Secretariat staff don't trust the top management and are afraid to speak out for fear of reprisals, Mr. Annan's response will be to convene a group of top managers and invite staff members to speak out. ...

Does anyone see a problem here?

The basic flaws are simple: Anytime you create a large institution, accord it great privileges of secrecy, give it a big budget and have it run immune from any sane standard of accountability, you are likely to get a corrupt organization. ...

The problem with the Secretariat isn't 'tone' at the top. It's accountability at the top and secrecy throughout. ...

[A real solution] ... would probably require setting up a competing international institution, based on openness and accountability."

Claudia Rosett, "The problem with the Secretariat", The Wall Street Journal, **June 16, 2004**.

"The United Nation's anti-corruption department has been rocked by accusations that the office itself is corrupt.

The head of the [OIOS] ... , Dileep Nair, has been accused of promoting and recruiting people in ways that are not consistent with U. N. rules and regulations. Also, a senior investigator has been suspended ...

The scrutiny ... comes at a delicate time, as the UN is under intense scrutiny for alleged abuse of the Iraqi oil-for-food program.

... [Nair's office] has carried out 55 audits of the [oil-for-food] process. ...

... [The UN Staff Union urged Secretary-General] Annan in April to ... make an independent investigation of OIOS.

Annan recently wrote to Nair asking him to answer the allegations ...

Nair, who is currently on sick leave from his position, denied all the accusations to Fox News.

Asked if he would resign if any of the charges are proven true, Nair said, "of course." ...

Other allegations of impropriety include charges that some inside the OIOS received financial kickbacks in return for promoting people and that some people were promoted in exchange for sexual favors.

Nair, a former banker and civil servant from Singapore, was picked by Annan in 2000."

Jonathan Hunt, Watching the UN's watchdog", Fox News, **June 16, 2004**.

"Fraud awareness, prevention plan and policy

... *The United Nations* has, to some extent, an established framework on this issue. However, in terms of implementation, it did not have a comprehensive internal anti-fraud and anti-corruption infrastructure, and did not include anti-corruption and anti-fraud elements in the various rules, procedures and internal controls, which means that such internal risks may not be properly addressed. ...

Owing to the lack of a comprehensive internal fraud plan, a large number of United Nations system offices, funds and programmes have:

- (a) No sufficient framework for prevention, detection, resolution, and reporting;
- (b) No decentralized corruption and fraud risk-assessment mechanisms and no corruption and fraud-prevention committee;
- (c) No appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud (although reliance is placed on the [OIOS] in this regard."

"Financial reports and audited financial statements for the biennium ended 31 December 2003 and Report of the Board of Auditors", Vol. I, UN document A/59/5 of **22 July 2004**, p. 12, item (u), paras. 15(f) and 344-346.
[emphasis added]

"The Board [of Auditors] recommends that the Administration (i) implement a comprehensive and well-communicated corruption and fraud prevention plan in the United Nations system, (ii) establish a corruption and fraud prevention committee that would serve as an effective framework and coordination point for a United Nations system corruption and fraud prevention mechanism, (iii) conduct ethics, corruption and fraud-awareness training sessions and workshops among managers, international and local employees and other stakeholders, (iv) develop appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud, and (v) review the investigation processes at Offices away from Headquarters."

"Financial reports and audited financial statements for the biennium ended 31

December 2003 and Report of the Board of Auditors", Vol. I, UN document A/59/5 of **22 July 2004**, p. 12, item (u), paras. 15(s) and 349.

[Note: The Administration airily responded that "some of the Board's comments may give the mistaken impression to the uninitiated reader that the potential for large-scale fraudulent and corrupted activities is widespread. The Administration assigns high priority to the issues of fraud and corruption ..."

[emphasis added]

"First report on the implementation of the recommendations of the Board of Auditors ... for the financial period ended 31 December 2003: Report of the Secretary General", UN document A/59/318 of **1 September 2004**, paras. 124-126.

"Toward the end of 2000, when Saddam Hussein's skimming from the oil-for-food program for Iraq kicked into high gear, reports spread quickly to the program's supervisors at the United Nations. ...

In the halls of the UN, the programme became a battleground for the competing commercial interests and political agendas of the 15 individual nations that made up the Security Council [who also served on the sanctions committee], diplomats said. ...

While the diplomats were deadlocked over how to address violations of the sanctions, money and contracts continued to flow through the Office of the Iraq Program ... The work of that office, and its former director Benon Sevan, are the focus of a UN investigation of mismanagement and corruption in the program ...

Sevan ... has said in a statement that his office was not responsible for ferreting out corruption. Evidence of fraud passed from office to office in a round robin ending nowhere. ...

... While UN auditors produced 55 reports on the program, several diplomats on the sanctions committee said in interviews that they never even saw them.

In the end, a complicated set of political and financial pressures kept the program ripe for corruption."

Susan Sachs and Judith Miller, "Saddam's oil-food fraud: 'UN let him do it'", International Herald Tribune, **August 13, 2004**.

"Rosemarie Waters, [the UN Staff Union President], said that ... in the last six years, [UN] ... management had been reforming itself and increasing managerial authority, while reducing accountability. The Staff Union [had great respect for the Secretary-General's vision and reform programme goals.] ... It could not support, however, the erosion of staff rights and dissolution of oversight mechanisms as a means of implementation, [or legitimize] ... actions in which staff, through their elected representatives, had no meaningful role to play. ...

The [integrity survey] ... revealed that staff ... feared reprisals for exposing breaches of ethics, and they perceived that the disciplinary process was applied unevenly. Their view of integrity among senior managers was less than positive..

The Organization had yet to establish concrete measures for individual accountability, she continued. It was essential that areas with expanded delegation of authority for personnel decisions should be carefully examined and, if abuses were found, such delegation should be revoked. ... The [OHRM] had informed staff representatives of its inability to enforce accountability because they lacked central authority. The Fifth Committee may wish to recommend that concrete individual accountability be developed, in consultation with staff representatives, on a priority basis."

"UN staff committee representatives tell budget committee concerns ignored in

management reform report", Fifth Committee, Press Release GA/AB/3641 of **29 October 2004**, pp. 2-3. [emphasis added]

"James O. C. Jonah, ... [who worked at the UN for three decades] ... and served as head of personnel from 1979 through 1982, ... recalled that [when the Fifth Committee initiated reforms in the late 1970s], ... a staff-management consultation process was established, and it was decided that staff representatives should be allowed to appear before the Committee. Now, it was sad to see the erosion of the international civil service in the United Nations. That had serious implications. The Committee should also have a serious look at the results of the integrity study. Never had the staff perception of integrity been so low. ... In some respects, the reforms had weakened the Secretariat considerably.

When he served as head of personnel, his biggest fight had been with programme managers, who were most resistant to reform He could not believe that such measures as giving authority to programme managers would strengthen the international civil service. What had been said about the lack of authority of the OHRM was true. Without a strong personnel office, however, there would be no uniformity of rules and fairness in the system. Governments should not take what was happening lightly."

"UN staff committee representatives tell budget committee concerns ignored in management reform report", Fifth Committee, Press Release GA/AB/3641 of **29 October 2004**, p. 4.

"Integrity sponsor unit 35:

The staff council:

[Recalling its April 2004 request that the Secretary-General establish an independent investigation of violations of the delegation of authority in the OIOS] ...

Regrets the decision of the Secretary-General to accept the findings of an incomplete investigation; ...

Further considers that the failure to fully investigate the allegations ... upholds the findings of the [staff integrity survey] that there is a lack of integrity particularly at the higher levels of the organization;

Recalls that the Secretary-General declined to accept the honourable action of the deputy Secretary-General who tendered her resignation as a result of the Baghdad bombing of a UN compound that resulted in 22 staff members perishing, to hold accountable the head of UNHCR for alleged sexual harassment and to hold accountable the chef de cabinet whose son was employed by the Secretariat in contravention of staff rules;

Decides that the senior management no longer displays the level of integrity expected of all employees of the organization;

Requests:

i. The president to convey this vote of no confidence to the Secretary-General and president of the General Assembly ...

iv. to the staff at large and;

v. to issue a press release."

"Raw data: U.N. staff resolution", Fox News (US) website, **November 19, 2004**.

Note: Fox News stated that the above was the text of a UN staff resolution which it received, calling for a vote of no confidence in Kofi Annan.

"U. N. Secretary-General Kofi Annan said yesterday he was disappointed in his

son for accepting payments from a key contractor in the oil-for-food programme for more than four years longer than ... previously acknowledged. ...

But the appearance of a payoff to the Secretary-General's son was just the latest ... of revelations about the Iraqi oil-for-food program ...

While the organization scrambles to respond to oil-for-food inquiries, other troubles are piling up at the organization's doorstep. ...

The U.N. peacekeeping program is wracked by accusations of rape, sexual harassment and extortion by blue helmets and civilians in the U.N. mission in Congo. ...

International pressure also is building on the United Nations and the Security Council to do more to protect civilians in Darfur, Sudan. ...

Internally, a [staff] ... group seeks to reopen an investigation of [the head of the OIOS] ... over charges of sexual harassment and favoritism ...

The U.N. staff union also has criticized Mr. Annan's willingness to exonerate Deputy Secretary-General Louise Frechette for failing to protect U.N. staff members in Iraq ...

[Mr. Annan] also threw out an internal report finding merit in a [recent] sexual harassment complaint against ... [UNHCR head] Ruud Lubbers."

Betsy Pisik, "Another oil-food scandal emerges", The Washington Times, **November 29, 2004**.

"Imagine if U.S. troops were accused of sexually exploiting children in impoverished nations ... a U.S. Cabinet Secretary were accused of groping a female subordinate, [but then exonerated] ... by the president [an agency head] ... and the president's own offspring stood accused of complicity in [a massive embezzlement racket] ...

... [These things happened in the UN this year.]

Where's the outrage? ... Why didn't the mainstream ... devote more attention to these scandals? Far from demanding high-level resignations, they are circling the wagons.

The U.N.'s friends are doing ... no favors with this knee-jerk defense. Even [Kofi] Annan recognizes [the problems with his 1997 and 2002 management reform attempts, and reports on Rwanda, Bosnia, and general peacekeeping failures.] ...

[Yet] all the *reformistas*' efforts founder on the rocks of apathy and inertia. ... Most of the U.N.'s 191 member states ... [and] 49,000 employees ... have other priorities.

Flawed as it is, the UN does some useful things ... Leaving the U.N. ... is unrealistic. But it will never live up to the grandiose expectations of its starry-eyed supporters, unless they get mad enough to demand real change. So far there's no sign of that happening."

Max Boot, "Why U.N. stays mired in its defects: Start with too-friendly media, apathy and members' entrenched interests", Los Angeles Times, **December 9, 2004**.

"The United Nations, which extols the virtues of 'good governance', is not practising what it preaches, say [many long-time observers.] ...

The complaints ... come amidst several recent scandals, including accusations of bribery, nepotism, sexual harassment, and mismanagement of peacekeeping operations overseas.

"The underlying problem is a lack of transparency and accountability" says Hillel Neuer, [one close observer.] ..

... in 2003 the OIOS cleared the U.N. Office on Drugs and Crime in Vienna of charges of corruption and mismanagement.

... Senior U.N. officials in New York [have reportedly routinely abused] their first

class or business class airline privileges ...

[Neuer said] 'if some of the things that happen at the United Nations took place in a big corporation, people would have been fired.'

[A UN shortcoming, Neuer added, is that the investigation results emerge very slowly] ... are mostly 'white-washed' ... [and occur] only after 'a lot of prodding from the media and NGOs.'

[A reporter asked spokesman Fred Eckhard if there is] 'a record that shows that the United Nations, under Kofi Annan, has taken allegations of mismanagement and misbehaviour seriously and fired people as a result?'

[Eckhard replied] ... 'I will certainly ask for you ...'

Thalif Deen, "Corruption: U.N. failing to practice 'good governance', IPS Inter Press Service, **December 9, 2004**.

[Note: No such record seems to exist, but it definitely should, as a clear measure to confirm that the UN indeed takes accountability seriously.]

"Two lawyers for U.N. whistle-blowers urged the United Nations on Wednesday to protect staffers who want to disclose corruption at the world body, including the oil-for-food program for Iraq.

One of the lawyers said 'five or six' U.N. employees including a high-level employee had contacted him for advice on how to reveal evidence of wrongdoing in [that] ... programme without jeopardizing their careers. ...

Andre Sirois -- himself a U.N. staff member and former whistle-blower --- said ...

'In one case it was something big, that definitely would make the front page ...'

But based on his advice, none of [them] ... have gone public, he said. 'I know them. They won't. They are very quiet and under a lot of stress.' ...

While U.N. rules call for wrongdoers to be punished, they do nothing to shield staff members from reprisals when they come forward with evidence, [Tom] Devine and Sirois said.

'There is irreparable harm when freedom of speech is canceled, irreparable harm to the institution,' Devine said. 'The message is, 'Do not say anything to investigators.' ...

An independent U.N. inquiry led by [Paul Volcker is investigating] ... whether any U.N. employees received bribes or allowed kickbacks."

Irwin Arief, "Lawyers call on U.N. to shield whistle-blowers", Reuters, **December 15, 2004**.

The core principle involved, noted here one more time, comes from the UN itself.

" ... the *sine qua non* is a power figure dedicated to independent investigation of an allegation on its merits, who will protect the anti-corruption authority from improper pressures or will allow it ... to resist and ignore threats of career retaliation."

"Crime prevention and criminal justice ... : Practical measures against corruption: Manual prepared by the [UN] Secretariat," Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders," Havana, Cuba, UN document A/CONF.144/8 of **29 May 1990**, paras. 36-38.

This principle involves two UN power figures above all -- the head of OIOS, but even more so his boss, the chief administrative officer of the UN -- the Secretary-General. IO Watch believes that over the past decade, Mr. Annan, Mr. Paschke, and Mr. Nair have clearly not ensured that an effective UN

accountability system is in place and providing serious sanctions where necessary. The UN suffers ever more gravely in its operations and its credibility because of their failure.

In the final analysis, it is all about "cops." As another recent article succinctly puts it:

"A screwup so egregious you couldn't have imagined it does incalculable harm in a giant enterprise -- we've seen it before. Managerial failures this mammoth are all different, but in a way they're all the same.

The great common feature they all share is the compromising of the police. That may sound odd in a corporate context, but it shouldn't. ...

In companies the police are just as important but have a different name. They're the auditors, part of the finance organization. **When anything impedes the police, or even interferes with their incentives to do the one thing that they're supposed to do -- enforce the rules -- trouble follows. The only question is how bad it will be. ...**

True disasters always require that many things go wrong at once. But the big lesson is one that proclaims itself often when organizations damage themselves terribly: Your police have one job, and you'd better let them do it, make them do it, and not ever compromise them."

Geoffrey Colvin, "Why companies and countries need good cops," Fortune Europe, May 31, 2004, p. 32. [emphasis added.]

The Volcker report in early February 2005 made it very clear that the UN leadership kept its "cops" from doing their jobs during the Iraq oil-for-food programme, with disastrous results.

"Volcker said [his] interim report concluded that the auditing system was 'underfunded and undermanned' and hence, 'unable to meet effectively the challenge posed by a really unique, massive and complex program of humanitarian assistance.'

Despite 'the skill and dedication of auditing professionals,' he wrote, the auditing system lacked 'clear reporting lines and the management responsiveness critical to achieving a fully effective auditing process.'

Even though no evidence of 'systematic or widespread abuse' was found in [spending the program's administrative funds], Volcker wrote, the commission still found **'a clear lapse from disciplined judgement.'**

Judith Miller, "Panel calls oil-for-food program 'tainted'", International Herald Tribune, February 4, 2005.

In this case, the waste of funds created by bad UN management is very specific, beyond the whole issue of massive funds siphoned off in the programme. A concurrent article by Iraqi officials seeking return of their money from the oil-for-food program noted that the Volcker panel had spent \$30 million so far on its work, with the approval of the Security Council. This large sum, which obviously had to be taken from other UN funds and programmes, was required because the UN leadership failed to recognize grave risks, to ensure and deploy adequate audit resources accordingly, and to act on audit findings.

"Iraq seeks money back from relief program, *Reuters*, in the International Herald

Tribune, February 5-6, 2005.

When OIOS proudly reports to the General Assembly in late 2005 its total annual cost savings achieved of \$15 million or so, this \$30 million should clearly (but of course will not) be deducted from those and the subsequent year's) reported cost savings, leaving two years of no net OIOS savings whatsoever. The senior UN leadership, including especially the chief administrative officer, Mr. Annan, and Mr. Nair, should be censured for their failure to exercise due diligence, and the resulting gross waste, of the funds provided to the UN by member states.

IO Watch will continue to track OIOS efforts (and shortcomings.) But these last few observations point back to the grave lack of systematic assessments and follow-up on OIOS investigation results year-by-year. The dramatic disclosures of a "wave of fraud, waste, and corruption" at the UN in 2000, with "22 ... [cases] ... recommended for criminal prosecution by national law enforcement authorities" were not followed up on in subsequent OIOS -- or any other reports. In 2004 the UN confronted an even greater "wave" of fraud, waste, and mismanagement. **When will the UN Secretariat ever get serious about fighting corruption?**

The UN presently attempts to lead the corporate sector in ethical behaviour with its Global Compact (see this archive's subsection on Global Compact Hypocrisy). In fact, however, the corporate sector seems recently to be doing far, far better in promoting proper governance and transparency, and in fighting corruption, fraud, and mismanagement, than the UN's feeble efforts, as indicated by two recent news articles.

" ... After the collapse of Enron and other companies ... corporations and their boards are adopting zero-tolerance policies and increasingly holding their employees to lofty standards of business and personal behavior.

The result is a wave of abrupt firings as corporations move to stop perceived breaches of ethics by their employees that could result in law enforcement action, or public relations disasters. ...

The seemingly frantic reach for the moral high ground is driven as much by self-interest as by any attempt at righteousness, now that boards and chief executives have seen how public scandals can torpedo stock prices, alienate customers and end careers.

'There is a new kind of puritanism' said Marjorie Kelly, the editor of *Business Ethics* magazine, replacing what Kelly said was an era of 'arrogance and ignorance, an attitude that boys will be boys.'

... The reaction has been most severe on Wall Street, where investment banks, mutual funds and insurers have felt the sting of legal prosecution for ethical lapses most acutely."

Landon Thomas Jr., "Nervous about ethics, firms are fast to fire", International Herald Tribune, March 30, 2005.

[Note: IO Watch finds nothing "frantic" in the situation at the UN, where, other than some crowded press conferences, the senior "old boys" of the Secretariat continue quietly and calmly on with "business as usual" -- lots of talk (though none whatsoever from the General Assembly) and **no** legal action.]]

"BP sacked 252 people last year as part of a drive by the world's second biggest oil company to weed out bribery and corruption.

In its annual report on environmental sustainability, social responsibility and corporate governance, the company blamed the 50 percent yearly rise in sackings for 'unethical behaviour' on theft, fraud and harassment.

Lord Browne, chief executive said 'Human ingenuity will always find something to get up to. It is our job to track it down.'

BP has established a new team to govern legal compliance and business ethics across the group after the spate of high-profile scandals over the past few years.

It said in the report: ... 'Very clear rules on business relationships are essential when there is any scope for bribery or fraud in dealing with suppliers or governments. ...

BP is introducing a company-wide code of conduct and measures such as forcing staff to disclose gifts worth more than \$50.

Lord Browne did not provide details on the investigation into last month's explosion at BP's Texas refinery, which killed 15 people. He said the tragedy was a 'forcible reminder' that BP needed to 'learn from our imperfections.'

James Boxell and Fiona Harvey, "BP sacked 252 for unethical behaviour", Financial Times (UK), **April 12, 2005**.

[Note: the BP sustainability report is available for viewing on its website at www.bp.com/home. The UN, of course, has no reporting that is remotely comparable, especially on people fired by year. The comparative score for the year 2004 for these two huge global organizations? BP - 252 people fired. UN - apparently 0 (despite its "annus horribilus" in 2004, and continuing).]

The issue of defective UN corruption-fighting is discussed in various other subsections of this archive, especially the subsections under Answers: A Starting Point on A real UN fraud prevention programme and on External experts oversight review .