

TOP CORRUPTION FIGHTER CORRUPTED

Over the decades, the UN has steadily suppressed corruption stories, events, and rumours, especially concerning its senior officials. There are occasional recorded glimpses of blatant favoritism for misbehaving senior officials, versus severe penalties for other staff involved in the same or lesser cases of misconduct.

A 2001 "slap on the wrist" sanction is perhaps the most embarrassing of all, since it involved Pino Arlacchi of Italy, the Executive Director of the UN Office for Drug Control and Crime Prevention (now UNODC) (which also includes the "high-priority" UN "Global Programme against Corruption") in Vienna.

[Note: The UN Global Programme Against Corruption is found at www.unodc.org/unodc/en/corruption.html, and the parent programme, the UN Office on Drugs and Crime, is found at www.unodc.org/unodc/index .]

European media articles and a protest letter from UN staff in early 2001 had highlighted accusations of abusive personnel policy, waste, corruption and inefficiency in the Vienna office. After considerable media attention, Dileep Nair and the OIOS were called in to investigate.

"The United Nations has strongly criticized management of its drug control and crime prevention office, although it did not make the report public.

Dileep Nair [of the OIOS] said ... that the findings on fraud and mismanagement of funds ... had been forwarded to [Secretary-General Annan] with a recommendation for 'drastic and immediate change.'

... the Office ... has been a focus of controversy since publication of a ...[detailed letter from] a former senior employee ...

The letter, backed by co-workers ... takes Arlacchi to task for alleged faults in personnel policy, waste, corruption and inefficiency.

The audit follows British, Italian and Austrian newspaper reports about alleged mismanagement ... under Arlacchi who [is well-known] in his homeland of Italy as an expert on organized crime.

The Austrian daily *Der Standard* alleged in February that Arlacchi misspent money on unauthorized renovations, the purchase of a \$100,000 office Mercedes, several large TV sets, satellite dishes, valuable Chinese vases and expensive silk flowers.

Nair ['was not at liberty to discuss the report ' but said that] the agency's main weaknesses included 'overcentralized and heavily personalized decision-making.'

Barbara Borst, " Report criticizes UN crime office", AP, **June 12, 2001**,

Hugh O'Shaughnessy, "UN drug agency fiasco exposed", The Observer (UK), **July 29, 2001**,
Barbara Crossette, "UN review criticizes director of its drug and crime program", New York Times, **June 12, 2001**, and
Martin Kozlowski, "UN-organized crime", a full-page cartoon strip, Earth Times, **May 2001**, p. 36.

In July 2001, Secretary-General Annan took action on the crime office scandal, sort of:

"Pino Arlacchi, head of the [UN crime programme] has been told to step down. Kofi Annan ... told Mr. Arlacchi that he must leave ... when his contract finishes at the end of February [i.e. in 2002].

The move follows months of controversy ...

Several European donors, including the Netherlands, cut off their funding of the [Office] following allegations of Mr. Arlacchi's mismanagement, which were the focus of a damning UN investigation released last month. ...

Mr. Annan is said to have been studying a second report concerning more serious allegations of misconduct by Mr. Arlacchi relating to plans to send a 90-year-old wooden boat on a round-the-world trip 'to raise awareness' of the agency.

Diplomats who have seen the report say that it is even more damning than the first."

... [Mr. Annan's spokesman] said: We know [he] is studying the reports and I've not been informed that he's yet made a final decision.'

Diplomats say Mr. Arlacchi's fate was sealed when he lost the support of the US and Italy following the changes of administration in those two countries.

Mr. Arlacchi, who says he has been unjustly singled out, could not be reached for comment."

Carola Hoyos, "Annan orders head of UN drugs agency to step down", Financial Times (UK), **July 25, 2001**.

[Note: Mr. Arlacchi finally and quietly left his UN post, apparently with no sanctions, in January 2002.]

In a 2002 retrospective, the OIOS annual report stated that the UNODC "had taken energetic and determined corrective measures'. Six critical investigation recommendations called for improved accountability for waste and abuse or correction of high-risk systemic deficiencies. Also, in no less than five separate management audits and an inspection, OIOS had made an impressive set of 97 audit recommendations to the senior management of the Office and a further 48 to operating and field staff. Forty-six percent of these were classified as being of critical importance, and most were in the process of being implemented. The OIOS also stated that

"The new Executive Director has placed high emphasis on improving the governance of the programme and the management of the Office."

"Report of the OIOS", UN document A/57/451, **2002**, paras. 80-89.

However, this bizarre story of coddled corruption was not finished, and it may indeed still continue on. In late 2003:

"Samuel González-Ruiz, a top adviser on organized crime at the UN Office on Drugs and Crime (UNODC) has accused management of turning a blind eye to 'a pattern of misappropriation of funds' and 'clear acts of corruption and mismanagement by staff,' the *FT* has learned. ...

In his letter of resignation ... he wrote: 'One can observe a pattern of irregularities in the issuing of contracts, petty corruption, and abuses of administrative discretion committed by staff with managerial responsibilities over projects and programs within my working domain.'

Mr. González-Ruiz, a former head of Mexico's anti-mafia unit who gained an international reputation for taking on the country's drug cartels, charged that management took no action to investigate cases of internal corruption by staff, even after they were provided with detailed evidence. He also said in his letter that whistleblowers within the agency were routinely punished and that corrupt officials enjoyed 'active and/or passive protection from top management.'

Thomas Catýn, "Adviser quits over 'corruption' at UN agency," *Financial Times*, FT.com, **November 2, 2003**. [emphasis added.]

[Note: Mr. González-Ruiz is obviously an "expert witness."]

The new head of the UNODC took swift and decisive action: that is, he summoned the OIOS.

"The [UNODC] today called for an independent investigation after one of its advisors resigned, citing allegations of corruption in the body.

UNODC Executive Director Antonio Maria Costa said he was taking the allegations very seriously ...

'The severity of the allegations brought to my attention deserves a most thorough examination. They were made public without prior consultations with me ...' he said.

His comments follow the resignation of Samuel González-Ruiz, who said he could not stay on ...

Mr. Costa asked the UN's independent ... [OIOS] to begin a probe, and it has already started work on its inquiry.

Mr. Costa said he was confident that major evidence of any misbehaviour was unlikely to be found."

"UN anti-drug office calls for probe after adviser's resignation over 'irregularities', *UN News Service*, **3 November 2003**.

Mr. Costa's confidence was upheld. The desired "most thorough examination" was carried out with exemplary swiftness, and Mr. Costa and the UNODC received an OIOS "exoneration."

"The United Nations internal watchdog announced today that it has cleared the [UNODC] of allegations of corruption and mismanagement raised last month by one of its advisers.

A probe made by the ... [OIOS] found that the allegations ... could not be substantiated.

Mr. González-Ruiz, whose allegations were backed by another employee [who was also leaving] ... accused the UNODC of mismanagement and corruption, and said there were irregularities in the issuing of contracts and retaliatory actions against whistleblowers.

Yet the report by OIOS ... [concluded] that there was no abuse of travel privileges, no retaliation against complainants, and no evidence of a conflict of interest in the awarding of a contract last year to a staff member's next-of-kin.

But the probe did find ... a conflict of interest in [contracts awarded by the same staff member] between 1995 and 2001 ... It recommended that 'appropriate action be instituted' over that matter.

... [Mr.] Costa welcomed the results of the probe.

... 'our credibility is unblemished ... The Office's integrity was wrongly put in doubt and the OIOS independent investigation has put the record straight' he said."

"Internal watchdog clears UN anti-drug office of corruption allegations", UN News Service, **26 November 2003**.

It must be remembered that this "double-soft" treatment of corruption allegations occurred in the very UN office charged with leading the global battle against crime and corruption. Mr. Costa stated in a press release that the two employees who raised the "unfounded" allegations "cannot have a future in the organization" [but they knew that, and were leaving anyway.] He then went on to say:

"We strongly salute the findings of the independent investigation. ... The enormous efforts we have made over the past two years to refocus, restructure and reorganize UNODC have paid off and our credibility is unblemished. I am indeed proud of the UNODC staff whose integrity and dedication had been put in doubt.'

'The Office's integrity was wrongly put in doubt ... Personal grudges ... should not be turned into slander using the megaphone of international media', Mr. Costa emphasized. 'Yet, there should be no complacency. The Office recently brokered successful negotiations ... for the first United Nations Convention Against Corruption: the UNODC therefore needs to be, and be perceived to be well above any suspicion of wrongdoing ... I am determined to enforce a zero-tolerance policy as regards any form of conflict of interest, mismanagement and corruption.'

As an important step towards safeguarding the highest standards of transparency and integrity at the UNODC, Mr. Costa will seek the views of Member States regarding ... an Integrity Panel to advise him ... in keeping with the UNODC's role as the custodian of the United Nations Convention Against Corruption."

"Investigation clears UN office on drugs and crime of allegations of corruption and mismanagement", UN Information Service, Vienna, Press Release SOC/NAR/884 of **26 November 2003**.

This case (or two cases) provides a rare detailed view, thanks to unusually thorough media coverage, into UN "corruption-fighting" where high-level officials are concerned. Serious allegations were made, and largely upheld as evidenced by the 145 mostly "critical" recommendations made by the OIOS in 2001 and 2002 on the troubled UNODC programme, and even in the second case regarding the creative staff contract-writer. Yet OIOS was there with soothing reports and exonerations, and the subsequent punishments, if any, were very mild.

In contrast, IO Watch would note that all the whistleblowers had to exit the organization in order to speak out. That left the senior officials to proudly proclaim their exoneration and full credibility (but after substantial

corrective action initiated only because of the complaints that the whistleblowers had made), and even to speak proudly of "enforcing a 'zero tolerance' policy [of] any conflict of interest, mismanagement, and corruption", amid thoughts of establishing an advisory "Integrity Panel."

The General Assembly, much to its credit, has pressed the UN Secretariat intensively ever since the late 1980s to combat corruption, establish an investigations unit, hold managers accountable, and sanction them for serious malfeasance, including criminal cases in national courts if necessary. The 1993 resolution to establish the UN management accountability system stated that the General Assembly was

"Determined to address alleged cases of fraud in the United Nations in an impartial manner, in accordance with due process of law and full respect for the rights of each individual concerned, especially the rights of defense."

"Review of the efficiency of the administrative and financial functioning of the United Nations", General Assembly resolution 48/218 A of **23 December 1993**, II., para. 11.

A subsequent General Assembly resolution, in 1997, expressed continuing deep concern about the problems and defects of UN financial management and administration, and about "the incidents of fraud and presumed fraud reported by the Board of Auditors" (not by the OIOS). It called on the Secretary-General to act much more decisively:

"The General Assembly, ...

Expressing deep concern about the persistence of problems and defects observed by the Board of Auditors in the financial administration and management of the United Nations;

...

11. Notes with deep concern the incidents of fraud and presumed fraud reported by the Board of Auditors;

12. Requests the Secretary-General and the executive heads ... to take the disciplinary actions necessary in cases of proven fraud and to enhance the individual accountability of United Nations personnel, including through stronger managerial control; ...

"Financial reports and audited financial statements, and reports of the Board of Auditors," General Assembly resolution 51/225 of **16 May 1997**.

IO Watch believes that the handling of the UNODC cases in 2001 and 2003 highlights once again these concerns, not only because UNODC is telling the world how to fight corruption but as an office not handling accountability and corruption very well itself. It seems that the true UN corruption-fighting stance is one of firm discrimination -- tread oh-so-softly with senior officials, but get very tough with lower-level staff misconduct or their reporting thereof.

This past and present two-track system of 21st-century "UN-style accountability" is perfectly exemplified by juxtaposing two comments by Mr. Nair of OIOS in an interview in 2001, one involving Mr. Arlacchi's case and the other that of a hapless, and severely punished, lower-level staff member in (the considerably more "hardship" duty station of) northwest Somalia:

"[Mr. Nair] noted [OIOS'] strong criticism of the management of the UN Office for Drug Control and Crime Prevention in Vienna, which was investigated 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.**