

CORRUPTION IN THE UN

Introductory quotes

"The WHO [World Health Organization] like all United Nations agencies, specializes in the production of pious verbiage, which skilfully combines highmindedness with the self-interest of its staff ... the fact is that agencies such as WHO are inherently corrupt and corrupting, regardless of who directs them.

This is not to say that the WHO does no good work at all ... or that it does not have sincere and competent staff in its lower echelons. But at its higher levels politicking and jockeying for position overwhelm any lingering concern for the health of the world's population.

....

The WHO hires not by competence but by allocation of jobs among member nations. This not only amounts to positive discrimination in favour of the incompetent but ensures that political skills matter more than technical capacity.

I once worked in a small tropical country where the WHO representative, though personable, was the most incompetent man ... I have ever encountered. He [never visited the country's only hospital] ... in his two and a half years there. When he was finally removed from the country, it was by promotion to the regional headquarters."

Anthony Daniels, The Sunday Telegraph (UK), **25 April 1993**.

Note: The WHO and other UN system specialized agencies do indeed have such performance difficulties, but people who know the system's flaws would say the above situation and incidents are most grievous in the United Nations Secretariat itself.

"Another week, another UN scandal

Why are scandals so frequent in [global] institutions ? What makes them so vulnerable to corruption, inefficiency, and personal aggrandisement?

The first problem is leadership. Leaders are selected by an inefficient and labyrinthine process from a pool of poor quality talent.

Second, the waste and inefficiency can only be reduced if they are visible to public opinion. [but] international institutions [lack] accountability

The third problem is the weakness of a law-governed culture.

.... The UN Charter [Article 100] focuses on the Secretary-General and staff as international officials accountable only to the Organization.....

Here, rooted in idealism, lie the clues in what can go wrong. All too often the heads of UN agencies signaled their autonomy through grandeur

.... The agency's task became subordinate to old bureaucratic instincts of self-perpetuation and resistance to outside scrutiny.

Sir Brian Urquhart has [suggested that] no secretary-general should serve more than one term in office.

Extended throughout the [UN system, this] would remove electioneering and diminish

the incentive to patronage. It may not be much, but it would be a start."

"Perri 6 and Michael Sheridan, "A world order of scandal and graft: What is it about international agencies that invites corruption", The Independent (UK), **May 11, 1995**.

"What should be done to prevent corruption in international agencies? Here's a list of [some] key measures:

- Impose a limit of one term on chief executives of all international agencies.
- Give auditors power to requisition any information they believe they need.
- Require the public registration of all the private interests of international diplomats, UN agency chief executives and senior managers. ...

The most important problem is the lack of a global public opinion before which international agencies may stand accountable. Part of the way forward may be for the national parliaments of the world's leading nations to set up scrutiny committees to review the work of all the international institutions of governance. Just as the EU has been kept, in some measure, on its toes by the European legislation committees of the national parliaments, so global bodies could be made subject to some measure of national political discipline.

Until the international 'great and the good' feel that they are being closely watched by a lively political community, they will be tempted to take advantage of our lack of vigilance."

Perri 6, "How to win global war against corruption," The Independent (UK), **May 11, 1995**.

Chronological quotes

"It is my belief that each member of the UN is responsible for what the Organization is, how it defines its mission, and how it carries it out.

Too often, we remain silent when bosses or superiors take actions which may be contrary to the purposes and spirit of the [UN] Charter -- or don't make sense in terms of good management. [in public institutions], the managers are not less accountable to the public than are the employees Because we are paid from public funds, we all share in the responsibility of ensuring an effective Organization. Hence, very plainly the future of the UN is in our hands, yours and mine. We cannot put the burden on those above us, except to demand from them the kind of leadership required by the Charter and able performance of the duties for which the world public pays them."

Lowell Flanders, "The future of the UN In whose hands?", [President of the Staff Union], address at a preparatory meeting of the United Nations Community Forum, Secretariat News (NY), **April 16, 1979**, pp. 10-11.

"The United Nations staff union has called for an independent investigation into allegations of corruption and maladministration in UN internal affairs.

Longstanding discontent among the 2,700 professional staff at the New York headquarters burst into the open when a senior UN official was allowed to resign quietly although serious allegations had been made about his financial affairs and staff appointments.

... Staff morale is low. Most staff members indulge in place-seeking and status preferment rather than the original spirit of dedication to UN principles. Finding jobs for one's

own group, or for those sharing ideologies, is a major pre-occupation."

Colin Legum, "UN staff call for corruption probe", The Observer (UK), November 2, **1980**

"There have recently been widespread rumours of corruption in the Secretariat, alleging misuse of official position for personal gain. No evidence has been presented to substantiate the rumours ... If they are left unverified, however, ... such rumours cannot fail to [damage] the good name of the Secretariat. The Secretary-General has decided that action should be taken ... and has accordingly ordered an inquiry by a [two-member] panel Any staff member [with relevant information] should approach the panel ... with such information, which will be held in strictest confidence."

"Inquiry into rumours of corruption in the Secretariat", UN Information Circular ST/IC/80/33 of **13 November 1980**.

Note: This circular clearly responded to the above staff union initiative. This particular episode seems to have, eventually and quietly, disappeared, probably because of staff mistrust in "approaching the panel".]

"The Administration has recently dealt with a number of cases of alleged fraud relating to taxes and education grants within the Secretariat. In the process, different administrative actions have been undertaken ... [including] summary dismissal, referral of cases to the Joint Disciplinary Committee, resignation and recovery of overpayment.

- What are the criteria according to which summary dismissal -- the hardest penalty -- has been meted out to some, but not to others?
- Under what circumstances it is decided that a case should be submitted to the [JDC]?
- What are the circumstances under which the Administration accepts the resignation of staff involved?
- By what criteria is it decided that only the recovery of the overpayment should be made?

We are concerned that the established judicial procedures which are intended to guarantee staff a minimum of due process should not be undermined. ... There is a need to explain to the staff the circumstances governing the choice of measures being invoked. In cases that are similar, justice will require that staff are not only equitably treated but that they are seen to be equitably treated."

From a "Group of concerned staff", "Fraud and due process," Secretariat News (NY), **16 July 1986**, p. 2.

"In a year when U.N. spending is under unusually close scrutiny, Yukio Takasu of Japan said there is a problem when administrations spend money freely ... and the role of member states is limited to considering and approving budgets.

Takasu said there were significant cases of fraud or presumptive fraud and unless [the Administration] offered a full explanation of the problem and cited measures taken to deal with it, member states were bound to feel less confident in [UN management].

[The Administration's written reply stated that] comprehensive audits uncovered relatively few cases of misappropriation of UN funds and in those cases disciplinary measures were taken.

From 1984 [to late 1986 it had identified] 35 possible fraud cases involving education grants ... [in] amounts ranging from \$187 to \$31,600.

Turning to charges that some staff cheated on their [US] tax returns, [the reply said that 19 such cases had been processed] An audit in progress identified ... 12 possible future cases

....

[The Secretariat reply] emphasized that it initiated a comprehensive audit, ... promptly took action to recover misappropriated funds [and] ... disciplinary measures ... and improve procedures to detect past fraud and deter future fraud."

"U.N. management challenged, defended", UN Special (Geneva) [excerpted from Diplomatic World Bulletin, N.Y.], **October 1986**, p. 13.

"Typical of the U.N.'s stubborn resistance to reform was the response to the [Group of 18 report's] suggestion that the Secretary-General would get more reliable data if the U.N.s [internal audit unit were made independent, rather than being a subordinate unit of the UN's management division]. To this sensible recommendation, the [head of Administration] said that 'it is indeed theoretically possible for the Internal Audit Service to report directly to the Secretary-General. The advisability of this move would have to be seen in relation to other factors, such as whether the already heavy schedule of the Secretary-General should be burdened by further direct supervisory responsibilities."

"The United Nations continues to duck needed reforms", The Heritage Foundation, Backgrounder, No. 593, Washington, D.C., **July 9, 1987**, p. 6.

"To continue with the charade [of official development assistance] seems to me to be absurd. Garnered and justified in the name of the destitute and the vulnerable, aid's main function in the past half-century has been to create and then entrench a powerful new class of rich and privileged people. In that notorious club of parasites and hangers-on made up of the United Nations, the World Bank and the bilateral agencies, it is aid -- and nothing else -- that has provided hundreds of thousands of 'jobs for the boys' and that has permitted record-breaking standards to be set in self-serving behavior, arrogance, paternalism, moral cowardice and mendacity. At the same time, in the developing countries, aid has perpetuated the rule of incompetent and venal men whose leadership would otherwise be utterly non-viable; it has allowed governments characterized by historic ignorance, avarice and irresponsibility to thrive; and, last but not least, it has condoned -- and in some cases facilitated -- the most consistent and grievous violations of human rights that have occurred anywhere in the world since the dark ages.

... the time has come for the lords of poverty to depart."

Graham Hancock, Lords of poverty: The freewheeling lifestyles, power, prestige, and corruption of the multi-billion dollar aid business, Macmillan, London, **1989**, pp 192- 193.

"[Two years after the United Nations launched a drive .. to raise funds for clearing land mines inside Afghanistan, a UN official has charged that money, including about \$10 million donated by the U.S. government, is being wasted.

Rae McGrath, a land mines specialist who spent 18 years in the British army before joining the UN ... program as its field supervisor, said that the United Nations had grossly exaggerated the impact of its program, in part to raise money ...

He added that large sums had been wasted on poorly planned and badly monitored educational programs for refugees. "We're not running a mine eradication program, which is what the donors are giving the money for and what needs to be done" Mr. McGrath said.

After a dispute with his superiors ... [he] is leaving the United Nations. Others associated with the program ... said they agreed with the thrust of Mr. McGrath's criticisms. In its solicitations for funds, the United Nations says it has trained 20,000 Afghans in mine awareness and mine clearance. But it has sent only one team of 27 into Afghanistan to clear mines."

Steve Coll, "Afghan funds wasted, UN official says", *Washington Post Service*,

International Herald Tribune, 22 March 1990.

"The images are familiar: blue-bereted U.N. peace keepers ... humanitarian relief workers fighting poverty and hunger ...

But behind these images lies an enormous, largely uncontrolled bureaucracy, subject to abuses and deficiencies that impair its effectiveness, a nine-month study by *The Washington Post* has found.

... U.N. food aid and other resources have been pilfered with impunity by governments and armies for years.

Peace-keeping operations, some of which drag on for decades, have become a source of soaring costs with minimal oversight. ...

... voluminous yearbooks [are] published years out of date and esoteric technical studies ... go largely ignored.

... top officials operate with few checks and balances in the absence of [U.N. management] standards The system currently has no inspector general, and a Joint Inspection Unit in Geneva is made up mostly of retired diplomats. ...

The United Nations, its internal critics say, has been self-protecting and self-perpetuating, rather than self-policing. . . .

[the executive director of the human rights group Africa Watch says] "There's a hell of a lot of shocking things going on ... I think there's a great deal of incompetence, there's a lot of corruption, and there's no accountability."

William Branigin, "The U.N. empire: polished image, tarnished reality", "As U.N. expands, so do its problems: Critics cite mismanagement, waste", Washington Post, **September 20, 1992**, pp. 1-2.

" ... [The UN programs which eat] up the great bulk of U.N. resources ... the economic, social and humanitarian programs aimed at development, emergency relief and 'better standards of life' around the world ... [get little scrutiny.] ...

Clearly, the United Nations employs many hard-working and idealistic people. [but] ... Parts of the system are overstaffed and lethargic, while others, particularly field offices in unpleasant places, are overstaffed and overworked. ...

Local employees tend to bear the brunt of disciplinary action ... when fraud or abuse are discovered ... while erring international professional staffers often survive and even advance in the organization. At the same time, U.N. employees who complain about irregularities [lose promotions or must transfer elsewhere.]

It is a system that tends to cover up its abuses and discourage whistle-blowers. ...

A European U.N. official, who recently left his agency in frustration, [said] 'A certain enabling environment ... allows {fraud} to happen. The question is not whether you do it or not, but whether you're stupid enough to be caught.'

"Basically, there's a lack of determination to combat the sleaze factor' he said. 'In an environment where mediocrity has a strong self-protective interest, these things flourish.'"

William Branigin, "The U.N. empire: polished image, tarnished reality", "As U.N. expands, so do its problems: Critics cite mismanagement, waste", Washington Post, **September 20, 1992**, pp. 3-4.

"UN officials who advocate a cleanup ... say that management by ... top officials has been inept and, occasionally, corrupt. 'There is no [regular] supervision of any agency' ... said [a senior official.] Governing councils ... are 'basically rubber-stamp bodies.'

The U. N. Board of Auditors ... cites numerous [problems] and 'weak internal controls' ... during 1990 and 1991 ... [in a] 136-page report that enumerates irregularities or deficiencies in

hiring, cash and property management, internal audits and purchases of everything from project equipment to airline tickets. ...

Many anomalies [that they report] 'appear to be recurring' and point to a 'lack of determination to enforce regulations and rules and make the heads of units of the organization accountable,' the report says.

A recent confidential internal paper circulating in the U. N. Development Program ... put the problem more bluntly. Citing 'a deplorable vacuum of basic ethics' in the system, it noted widespread criticism of 'prolific structures, pompous-Byzantine attitudes of ranking officials, operational inefficiency and ... gross mismanagement of financial and personnel resources.'

The 10-page paper listed a dozen cases of corruption involving the development agency's staffers or programs that totaled millions of dollars in pilfered funds."

William Branigin, "The U.N. empire: polished image, tarnished reality", "As U.N. expands, so do its problems: Critics cite mismanagement, waste", Washington Post, **September 20, 1992**, p 4.

"[Concerning allegations of corruption at UNHCR in articles in the Washington Post in September 1992] with respect to discipline in UNHCR, a courageous staff member in Angola immediately brought the Boubakar wrongdoing to my attention. The case was airtight, and U.N. headquarters found it impossible to avoid our recommendation for dismissal.

In the more complicated Lukika case in Uganda, UNHCR's recommendation for dismissal was equally strong. The Secretary-General's office rejected it (on grounds that the United Nations lacks precedents in firing for incompetence) and forced UNHCR to take Lukika back. Threats and intimidation in no way dampened our efforts in UNHCR to deal with corruption and incompetence. The Secretary-General at the time just did not support us. Ensuing troubles with Lukika after headquarters directed that he stay in UNHCR should surprise no one.

Arthur E. Dewey, "No laxity", UN Special (Geneva), **November, 1992**, p. 31.
[emphasis added]

[Note: Mr. Dewey was deputy high commissioner of the United Nations High Commissioner for Refugees from 1986-1990.]

"The United Nations presently is almost totally lacking in effective means to deal with fraud, waste and abuse by staff members [as] ... recently highlighted in ... the news media.

... The chronically fragmented and inadequate ...[UN internal oversight structure] is currently so ineffective that, time and again, we have been called on to create *ad hoc* teams to carry out investigations of serious wrongdoing. The delay [in organizing] ... these teams often allows the trail to 'grow cold' [and] ... deprives the investigation of the vitality ... professionalism and impartiality [of] ... more regularized procedures.

... I believe that few of the reports [presently] ... produced will be taken seriously by the auditees until the 'muscle' of your office is placed firmly behind a consolidated effort carried out by a strong Inspector General's office.'

As noted in the Volcker-Ogata report, 'support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent.' ... [so that] all Member States [can reassure] ... their taxpayers, the ultimate supporters of all United Nations activity.

This reassurance can only come ... from the prompt and effective activation of a strong Inspector General's office ..."

Dick Thornburgh, Under-Secretary-General for Administration and Management, "Report to the Secretary-General of the United Nations", **1 March 1993**, pages 29-31.

"With the vast increase in United Nations activities and expenditures resulting from the organization's newfound status as a global 911 emergency number, its capacity for ensuring the integrity of its operations is more important than ever.

The recent report by the UN Financing Advisory Group, led by Paul Volcker and Shijuro Ogata, noted specifically that 'support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent.'

Unfortunately, the mechanisms in place to promote such a perception ... are creaking leftovers from more placid times.

What is needed is an Office of Inspector General, staffed to audit, investigate and lay the basis for remedial action in serious cases of conflict of interest, misappropriation of funds or other corrupt practices.

The inspector general's office is the centerpiece of [the] agenda for reform [that I presented to Secretary-General Butros Butros-Ghali upon completion of my one-year assignment at the United Nations."

Dick Thornburgh, "How to clean up the United Nations", International Herald Tribune, **March 26, 1993**. [emphasis added]

[Note: Mr. Thornburgh was United Nations undersecretary-general for administration and management]

"The United Nations is losing an estimated £270 m. each year because of corruption, waste and mismanagement

While the organization appeals for tens of millions of pounds in voluntary donations, senior U.N. officials enjoy perks and career expectations .. unthinkable to most employees in the private sector.

Among the abuses at the U.N., Insight has discovered:

-- Thirty-nine of the U.N.'s top officials ... are being kept on the payroll despite being unemployed. Dubbed "desk warmers", some sit at home doing nothing on salaries of up to £100,000 a year.

-- Millions of pounds are paid out to "double dippers", retired U.N. officials who are paid lucrative consultancy fees on top of their generous pensions.

-- A U.N. internal report [by former UN top manager Richard Thornburgh] was suppressed and later shredded. He said 'there are a number of senior people who have positions and no assignment and yet there is no capability to terminate these people's jobs.' ...

Insight's three-month investigation has drawn on thousands of pages of U.N. internal reports, and interviews with more than 20 top U.N. officials in New York, Geneva, and London."

Nick Rufford, Ian Burrell and David Leppard, "Scandal of U.N. 'lost' millions", The Sunday Times, **15 August 1993**, as excerpted in UN Special (Geneva), October 1993, pp. 20, 22, 27.

"... In early July, eight members of the U.N. procurement office [in New York were suspended following allegations of irregularities in the procurement of goods and services for UN peacekeeping operations]

So why did the U.N. hierarchy suspend the eight staff members? ... leaks came to the ears of Mike Wallace of '60 minutes', who has been terrorizing senior U.N. officials by, well, asking them questions ...

[Colleagues say] ... the suspended and humiliated staff have despaired of getting a fair hearing. [They made many judgment calls about bidder [performance capabilities], but they were ... responsible for [everything needed by] the 14 U.N. peacekeeping operations and their 87,000 personnel ... [and] worked 12 hours a day and weekends [under extreme pressure], which has redoubled their resentment at the shabby treatment they have suffered.

By contrast, the eight's boss ..., who signed many of the documents in question, received a similar job he wanted in Geneva, while no action was taken against the senior officials on the

contracts committee who are supposed to approve all deals.

A [staff member] explained '... the unique hierarchical structure of the U.N. which leaves all decisions to the underlings. When everything works, they take the credit. When it goes wrong, they wash their hands of it.'

At the U.N., the presumption of innocence ought to be enhanced, if only because all too often the guilty there are promoted, not punished."

Ian Williams, "Free the U.N. eight! Travelgate on First Ave.", The New York Observer, **September 13, 1993**, pp. 1, 10.

[Note: In 1997 the UN Administrative Tribunal completely exonerated the eight staff members charged, with blunt criticism of the UN's lack of due process and apparent knuckling under to outside political pressure. The eight received \$20,000 each in damages, but barely an apology, and the investigation and appeal case cost the UN millions of dollars. Apparently, no hint of a reprimand was given to the senior officials who decided to prosecute.

"Skylink case closed", UN Staff Report, March 1997, p. 14.]

"UN budgeting is haphazard, wasteful habits are scandalous and corruption is slackerly checked. At the least, a vigilant inspector general needs to be named. As a recent '60 minutes' programme documents, offenders are rarely fired and never prosecuted. Granted, by the standards of many members UN malfeasance is small change. If the United Nations is to gain the world's confidence, however, it has to set a better example."

"About peacekeeping", a New York Times editorial, in the International Herald Tribune, **September, 1993**.

"The United Nations is not exempt from [worldwide] ... waste, fraud, abuse and corruption problems ... UN [audit officials] acknowledged that investigations of complaints of violations are neither centralized or organized. ...

The only firm data ... come from personal grievances and managerial disciplinary actions appealed to [OHRM] ... [they] show a very disturbing recent increase in ... mismanagement and fraud cases as field operations have rapidly expanded worldwide:

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>First half of 1993</u>
Total new cases referred	28	30	40	70
subtotal: mismanagement/fraud	15	17	13	45
leading to: dismissal of staff	2	4	4	1
appropriate action	8	10	4	3
lack of evidence	4	2	5	29
other	1	1	1	13

The biennial reports by the Board of Auditors include some information ... [but] cover only the 1986-1991 period, [and thus] ... do not reflect fraud problems [from the vast] ... expansion of [UN] operational activities. Meanwhile, partial [internal audit] statistics on recovery against fraud, which is the responsibility of the managers concerned, show serious problems. Between 1988 and mid-1993, the internal auditors recommended \$3,500,000 for recovery, but only \$85,000, a mere 2 percent of the total, had actually been recovered."

Joint Inspection Unit, "Accountability and oversight in the United Nations Secretariat", UN document A/48/420, 1993, p. 14. [emphasis added]

"The General Assembly,
III. ... 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 ...

2. Also decides to this end to establish an ad hoc ... working group of experts ... to report to the General Assembly [in 1994] ... on the possibilities of new [or] improved jurisdictional and procedural mechanisms."

"Review of the administrative and financial functioning of the United Nations",
General Assembly resolution 48/218 A, **23 December 1993**, sections II. And
III. [emphasis added]

"RECENT CASES OF MAJOR FRAUD UNHCR

[In August 1993] The former UNHCR Special Representative to Uganda and Djibouti ... was forced to resign after ... the auditors found more than £2 million in losses from his relief operations: 'food aid worth £250 000 disappeared from a warehouse on orders bearing his signature. ... more than £ 300 000 of UN vehicles were sold or given away. ... After his transfer to Djibouti, a further £450 000 in UN funds went missing, apparently paid to companies that did not exist. On his forced resignation, Mr. L. was denied his severance pay but allowed to keep his pension. The [*Sunday Times*] alleges tht Mr. L. had 'powerful friends in the UN's Africa hierarchy' and that the UN tried to cover up this scandal.

If the Sunday Times allegations are correct, why was Mr. L. not summarily dismissed following the UNHCR financial losses caused by his mismanagement? Why was he allowed to be transferred to another assignment, and then, why was he allowed to resign instead of being summarily dismissed? If the newspaper's allegations are false, why did the UN not reply to them publicly?"

Corruption problems in **1993**, as discussed in Yves Beigbeder, The internal management of United Nations Organizations: The Long Quest for Reform, Macmillan, London and St. Martins, New York, 1997, Chapter 7, "The extent of fraud and losses," pp. 106-107.

"Betrug und Mismanagement, Schützlingswirtschaft and bürokratischer Wildwuchs verschlingen jährlich Millionen und bringen die Uno in Finanznot. Kommt nicht bald neues Geld in die Kassen, steht die Welt-organization vor der Pleite. Dabei könnte Generalsekretar Butros Butros Ghali im eigenen Haus mächtig sparen."

[informal translation: "Fraud and mismanagement, nepotism and bureaucratic wilderness swallow up millions a year and lead the UN into financial emergency. If new funds don't arrive in the cashbox, the world organization is approaching bankruptcy. The Secretary-General, however, could save a lot in his own house."]

"Vereinte Nationen: Die korrupte Weltmacht", [UN: The corrupt world power"], Der Spiegel, Germany, 4/1994, **January 24, 1994**, pp. 124-136 .

"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. ...

During this first year, [the new office] has addressed symptoms but has not yet been able

to address the root causes of many [UN] problems. I refer to such issues as recruitment and promotion policies, the administration of justice, management reporting systems, staffing and financing of peacekeeping operations and contract management.

A vast amount of work remains to be done before the United Nations has management structures and a management culture adequate to the great tasks entrusted to it.... "

Mohamed Aly Niazi, transitional head of the new UN oversight office, in the introduction to "Report of the Office of Inspections and Investigations", UN document A/49/449, **28 September 1994**, pages 5-6.

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

"As part of the investigation function, we now have procedures for receiving confidential information ... I will guarantee complete confidentiality to all those who wish to provide us with information on problems. ... Having said this I must add immediately that I am not comfortable with receiving anonymous messages, and will certainly do nothing to encourage this practice. In any case, this should be seen as a system of last resort. The first, and by far the most important way, for staff to voice complaints and make suggestions must be to and through their immediate supervisors.

When I was told I would have to take anonymous tips into account in my new job I was reminded of ... Hamlet,... who was given a suggestion by a ghost ... [and] then proceeded to procrastinate. He was a rational man and had his doubts about acting on the advice of ghosts. I hope I am not put in a similar situation myself too often."

"Statement by Karl Th. Paschke ... to the Fifth Committee," **5 December 1994**, pp. 11-12 .

"Karl T. Paschke's introductory remarks to the Fifth Committee reveal a man curiously laid-back for a job that requires cracking down on waste, abuse, and corruption. Could it be that Paschke is finessing?

True, coming on like gangbusters would have been a mistake, given the well-known misgivings in the higher echelons of the Secretariat about the whole enterprise. So Paschke went out of his way to acknowledge that Boutros Boutros-Ghali still is boss in the house, although his emphasis on his own role as 'adviser' may have been a bit exaggerated. ...

Paschke does not invite anonymous tips and would prefer that staffers go through their immediate supervisors with complaints. If meant seriously, that's perhaps a little naïve. Supervisors like to have a tidy shop and who among them would look kindly on a subordinate whistleblower. As long as guarantees of confidentiality can be maintained, far better ... [that

staff] pass it along through the dedicated telephone line ..."

"Diplomatic pouch" by Petronius, Diplomatic World Bulletin (NY),
December 12, 1994.

" ... the bulk [of financial abuses] usually occurs ... in emergency operations where cash or supplies are being moved ... [urgently], or where contracts must be issued under great pressure. Given the appalling under-staffing of peacekeeping operations and the disorganized state of humanitarian emergency assistance the surprise if any is that there is not more fraud and waste in these operations. ...

A further ironic consequence of zero-growth demands has been the severe under-staffing of the Internal Audit Division [IAD.] ... neither Secretaries-General nor member states have paid enough attention ... [thus there have been only some 30 fully qualified auditors and 6 [professional evaluation staff] to cover the entire [UN} work programme in thousands of expenditure lines, carried out at New York, Geneva, Vienna and Nairobi, five Regional Commissions, over a hundred country offices, huge world conferences and in addition over a dozen complex peacekeeping operations. ..."

Erskine Childers, with Brian Urquhart, "Renewing the United Nations system",
Development Dialogue, 1994:1, Dag Hammarskjold Foundation, Uppsala,
Sweden, **1994**, p. 146.

"Internal procedures to enable staff to report palpable misconduct without fear [and on the other hand without creating an atmosphere of witch-hunting] should be improved. The UN's ability to pursue miscreants through national jurisdictions needs to be strengthened. 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 credibility 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.

"Somalia

The theft of \$3.9 million was discovered ...[in April 1994] at the headquarters of the UN Operation in Somalia ... This sum had been kept in the bottom drawer of a reinforced filing cabinet. A [subsequent] investigation was carried out by a UN headquarters team ...

A detailed report ... was only submitted by the Secretary-General ... on 2 February 1995 ... in response to the 'deep concern' expressed by the General Assembly ...

The stolen funds were not recovered, nor the thieves identified. [The 'assumed'] insiders were not identified. The officials in charge ... were found to have been 'grossly negligent' ...

An internal audit [report of December 1993 had questioned cashier's office security] ... but none of the recommended security measures had been installed by the time of the theft. Appropriate measures were taken only after the theft ...

The Director ... resigned on 12 May 1994, the former Chief Finance Officer [had] his repatriation grant and annual leave balance withheld ... The Chief Cashier received a written reprimand.

... why was the internal audit report not implemented immediately? Who was responsible for recruiting, assigning and retaining incompetent or negligent officials in such positions of responsibility?"

Corruption problems in **1994-1995**, as discussed in Yves Beigbeder, The

internal management of United Nations Organizations: The Long Quest for Reform, Macmillan, London and St. Martins, New York, 1997, Chapter 7, "The extent of fraud and losses," pp. 107-108.

"UNICEF - Kenya

UNICEF lost approximately \$10 million, out of its \$37 million budget for 1993 and 1994, to serious fraud and mismanagement in its Kenya office. [The problems were first found by an unannounced auditor visit to Nairobi in November 1994.] The fraud included payments for non-existent services, double billing, bogus contractors, and insurance claims for non-existent medical treatment. An additional \$8 to \$9 million was due to mismanagement, including spending beyond the authorized budget [and] failing to oversee contract services ... By June 1995, 24 staff members had been suspended or dismissed, and 23 more were being investigated. ... the two successive Directors of the Kenya Office ... were suspended without pay ... The fraud was probably facilitated by the doubling of the Office's budget in that period, caused by the drought and an influx of refugees from the war in Somalia. ...

Here again, there was a serious lack of supervision and control on the part of the Directors, showing at best their incompetence and at worst their collusion in the financial irregularities. Were these Directors qualified for their assignments, and why were their operations not more closely supervised and controlled by their UNICEF supervisors?"

Corruption problems in **1994-1995**, as discussed in Yves Beigbeder, The internal management of United Nations Organizations: The Long Quest for Reform, Macmillan, London and St. Martins, New York, 1997, Chapter 7, "The extent of fraud and losses," pp. 108-109.

"Corruption is the main cause for the UN deficit of 375 billion pesetas. A mafia-style law of silence protects the corrupt staff members and covers up the scandals of money or sex which keep recurring. The Geneva Police has also established the relationship between the UN diplomats and the underworld, who steal [everything] from computers of the international headquarters to luggage of VIP visitors.

The UN corruption goes beyond the embezzled millions. ... with the inside mafia who 'fabricate' work positions with very high salaries and cover each other, the abuse of auxiliary staff which, at times, reaches the slavery levels, the sexual and drugs scandals, or the connections of high ranking personnel with the crime world.

Within the UN Geneva office circulates a clandestine magazine denouncing rackets, abuses and mafia of the organization. The law office dedicates now all its efforts in trying to find the editors of the accusing pamphlet."

English translation of "Mafia, corruption and orgies at the UN", Tiempo magazine (Spain), **19 June 1995**.

"I believe that some of the deficiencies and weaknesses which an increasingly critical public nowadays seems to detect in the United Nations have something to do with the traditionally weak oversight functions: the bureaucracy has grown without pruning for too many years ...

... efforts must be made to do away with the widespread tendency of staff, even in key positions, to shun responsibility and accountability. OIOS backs measures taken by the DAM [Department of Administration and Management] to achieve this goal and will focus its own recommendations to management accordingly. ...

... Many UN managers are not used to and seem to be quite reluctant to accept criticism, particularly when it comes to applying accountability criteria rather than settling for the promise that some specific problems won't recur. This feature of the United Nations culture must

be changed if we are ever to develop staff awareness and acceptance of responsibility and accountability. United Nations managers must stop being defensive and enter into a critical dialogue with OIOS. In order to make oversight effective, we offer ourselves as partners, not adversaries."

Comments of Mr. Paschke in his 1995 annual report, "Report of the Secretary-General on the activities of the [OIOS]", UN document A/50/459, **2 October 1995**, "Preface." [emphasis added]

"Introduction: A good idea fallen among thieves

The UN has the media relations of a 1950s state bureaucracy. It doesn't like reporters looking into its inner workings, and it threatens dire penalties to staff found leaking information to the media.

Time and time again, when journalists have exposed scandals in the UN, senior officials set up an enquiry -- into who leaked!"

Williams, Ian, The UN for beginners, Writers and Readers Publishing, New York, **1995**, p. 1.

"The Investigations Unit of the Office was to some extent still under construction in terms of staffing and establishing appropriate procedures ... The Unit addressed cases submitted to it mostly through the so-called "hot-line." The Unit's work was mostly involved with staff who had personnel grievances and believed that the Unit was another appeals board. That was not true, but the grievances were analyzed and referred to the appropriate part of the Administration.

[In response to a question] Mr. Paschke said that the Unit had five staff and needed about 12 to 15 professional investigators."

"Press briefing by [OIOS], " **8 February 1996**. [emphasis added]

"Lifting the rock barely - The Inspector General's first report

Short on time, funds, and staff, the first [OIOS] report produced little surprise ... but is reported to have 'demoralized' much of the organization's staff. ... But even that first limited swipe uncovered \$16.8 million in outright fraud and waste. [He found]

- In Somalia, \$369,000 was paid for fuel distribution services that a contractor did not provide.
- A project director ... for Palestine refugee [aid] kept \$100,000 of agency money in his private bank account ...
- In Nairobi ... a staff member arranged loans worth \$98,000 for a company ... with whose director she was 'closely associated.'
- A travel assistant ... for a special commission ... on dismantling Iraq's nuclear weapons program misappropriated \$28,000 in travel checks.

[Yet Mr. Paschke] stated, "I have not found the UN to be a more corrupt organization ... than any other comparable public organization."

... U.S. ambassador to the United Nations Madeleine Albright -- no UN buster -- suggested that Paschke had [so far been] a 'junkyard puppy' [rather than a trusty watchdog.]

The [OIOS], in short, may well become another typical UN effort to deflect criticism without addressing the central problem. ..."

Stefan Halper, A miasma of corruption: The United Nations at 50, Cato Policy Analysis No. 253, Cato Institute, April 30, 1996, pp. 6-7.

"Halfway through his term and answerable only to Member States, [Mr. Paschke] can look forward to a comfortable couple of years ... But United Nations observers are beginning to ask what has been achieved in exchange for ... a free hand for Paschke. The answer is not encouraging.

... the original conception of Paschke's post was a combination of Grand Inquisitor and Super Sleuth. The final product, insiders say, falls far short of either. ... "The problem is that half the OIOS staff do not know anything about the UN" we are told, "and the other half know everything there is to know but are part of the establishment and they are not going to make waves." The results of OIOS's travails are paltry indeed

There are whispers that senior staff need not fear their peccadilloes will be exposed. Paschke's Finest, it is said, will rake no muck above a certain level of political or bureaucratic influence."

"Diplomatic pouch", Diplomatic World Bulletin, **July 29-August 6, 1996**, p. 10.

"He ... reiterated the fact that any staff who come forward with complaints, criticisms and information on mismanagement, waste and abuse, will be protected by his office. He has no difficulty in approaching supervisors directly to ensure that staff do not suffer reprisals for providing OIOS with information."

Assurances to staff on hotline use by Mr. Paschke, in "Interview with USG/OIOS," What's New, Staff Union journal (NY), **August 21, 1996**, p. 4.

"He had been asked that question before, and would repeat his answer now. He believed that the United Nations was certainly no worse than other comparable institutions. ...

In the first two years of his work he had come to the conclusion that fraud was not the main concern of the OIOS, but rather administrative weakness and a very limited administrative expertise, with many people handling sizeable amounts of money. It was, therefore, also a problem of enhancing management expertise and management savvy ..."

Response by Mr. Paschke to a question about his assertion that the UN had no more corruption problems than other comparable organizations, in "Press briefing by Under-Secretary-General for Internal Oversight Services," UN, New York, **31 October 1996**.

" ... I categorically reject the suggestion that I would in any way discriminate against a staff member who reports problems or uncovers fraud."

"Statement to the Fifth Committee by Karl Th. Paschke, [USG for OIOS]," **December 2, 1996**.

[UN Staff who had been or were being "sold out" by Mr. Paschke even as he made this statement were not impressed.]

"The image of the UN is disastrously bad not only for the public at large, but even among diplomats or delegates to the U.N. who are in constant touch with the Secretariat members. It is extremely bad among the few reasonable and honest 'senior U.N. officers' who remain in the service of the Organization. One of them told Maggie O'Kane, the well-known investigative reporter (who has also won the 'Journalist of the Year' award) that, 'This is the most corrupt organization I have ever worked for; everybody is on the take.'"

Houshang Ameri, Politics of staffing the United Nations Secretariat, Major Concepts in Politics and Political Theory, Vol. 8, Peter Lang, New York, **1996**, p. 399.

[Note: the concluding quote is from The Guardian (UK), August 26 1993.]

- "The General Assembly, ...
Expressing deep concern about the persistence of problems and defects observed by the Board of Auditors in the financial administration and administration 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 heads of the organizations concerned to take the disciplinary measures necessary in cases of proven fraud and to enhance the individual accountability of United Nations personnel, including through stronger managerial control;
13. Requests the Secretary-General to report [thereon] to the General Assembly ..."
"Financial reports and audited financial statements, and reports of the Board of Auditors", General Assembly resolution 51/225 of **16 May 1997**, paras. A.11 and 12.

"UN employees -- who request anonymity because they fear they will suffer more professional harm than the corrupt officials they want to expose -- have provided numerous accounts of officials' being transferred rather than dismissed after being caught breaking the rules.

This happens frequently in cases of sexual harassment, nepotism, and occasionally violence, according to these accounts. Whistle-blowers are neither encouraged nor rewarded."

Barbara Crossette, "In war on corruption and waste, UN confronts well-entrenched foe", International Herald Tribune, **3 November 1997**.

"It is ... my observation that the [Investigations Section] is increasingly seized with more and more complex investigation matters, many of which are raised with us by programme managers ...

This year ... major commitments to investigate [such cases] were made by the Governments of Kenya and Switzerland. There is also substantive and consistent commitment to [such cases] by the concerned programme managers in ... Geneva and Nairobi. ... These decisions by programme managers to seek criminal prosecutions, in order to send a message that criminal conduct can result in criminal prosecution ... represent hard evidence of the realization of the Secretary-General's determination to increase accountability as part of his reform programme. "

Comments by OIOS head Karl Paschke, in "Report of the Secretary-General on the activities of the OIOS", UN document A/53/428, **23 September 1998**, Preface, para. 8, and para. 121.

"The Second UN Conference on Human Settlements ... is perhaps the crown jewel among the scandals recorded by OIOS ... because of the all-round incompetence involved. The 'secretariat [hired] consultants at a total cost of \$2.5 million without ... competitive bidding.' The [conference] Secretary-General ... incurred travel costs of \$370,000 ...' The Conference 'never submitted a cost plan for the use of the \$8.2 million in voluntary contributions ... [and] accounting for donor contributions was incomplete ...' *OIOS does not address ... how this situation developed and was allowed to continue. How was Mr. N'dow picked to organize a major UN conference? What were his credentials? Why was nothing done when the first alarm bells went off?*"

OIOS has investigated several cases of fraud. One of which we have written before

involves an UNCTAD staff member (a United States citizen of Cuban origin) who bilked the agency of over \$600,000 by claiming travel and per diem expenses for non-existent experts attending imaginary meetings. *OIOS does not record the fact that this imaginative individual was caught only because he was hospitalized for a time and could not keep up the charade. This is surely material for a Hollywood comedy.*"

"Reviewing 3+ years of work, [OIOS] sees continuing problems - but reforms are afoot," International Documents Review, **2 November 1988**, pp. 1-4.

"One [OIOS investigation of field operations] concerned a report alleging that ... from 1992 to 1998, two UNHCR staff members accepted kickbacks from vendors in exchange for the disbursement of inflated payments and the procurement of excessive quantities of rice seeds ... and [that] ... a false United Nations audit report [thereon] ... had been circulated to a local newspaper. [OIOS determined] that the investigation ... did not substantiate the allegation of the acceptance of kickbacks, ... [and] the staff members accused [were cleared.] On the other hand, [OIOS established that] a purported United Nations document was false and that it had been circulated to a newspaper by a former UNHCR staff member *mala fide*.

The Investigations Section considers that [such a case] highlights a function of the Section that is valuable, but often overlooked. Through its recommendation to clear staff members, the Investigations Section affords protection to those individuals who have been either wrongly accused or against whom sufficient evidence does not exist."

"Report of the Secretary-General on the activities of the Office of Internal Oversight Services" A/54/393 of **23 September 1999**, paras. 56-57.

[Note: the concern for managers' rights expressed here is impressive, but in this case the other party was a UN auditor, who was fired. There appears *never* to have been a corresponding OIOS reporting of an instance in which it upheld a whistleblower, and sanctioned the manager involved.]

Note: Discussion of this topic, and a list of useful sources, continues in the subsection on Corruption in the UN II.