

At the United Nations, the Curious Career of Maurice Strong

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February 8, 2007

Fox News

Original Source: <http://www.foxnews.com/story/0,2933,250789,00.html>

Before the United Nations can save the planet, it needs to clean up its own house. And as scandal after scandal has unfolded over the past decade, from Oil for Food to procurement fraud to peacekeeper rape, the size of that job has become stunningly clear.

But any understanding of the real efforts that job entails should begin with a look at the long and murky career of Maurice Strong, the man who may have had the most to do with what the U.N. has become today, and still sparks controversy even after he claims to have cut his ties to the world organization.

From Oil for Food to the latest scandals involving U.N. funding in North Korea, Maurice Strong appears as a shadowy and often critically important figure.

Strong, now 77, is best known as the godfather of the environmental movement, who served from 1973-1975 as the founding director of the U.N. Environment Program (UNEP) in Nairobi. UNEP is now a globe-girdling organization with a yearly budget of \$136 million, which claims to act as the world's environmental conscience. Strong consolidated his eco-credentials as the organizer of the U.N.'s 1992 environmental summit in Rio de Janeiro, which in turn paved the way for the controversial 1997 Kyoto Treaty on controlling greenhouse gas emissions.

But his green credentials scarcely begin to do justice to Strong's complicated back-room career. He has spent decades migrating through a long list of high-level U.N. posts, standing behind the shoulder of every U.N. secretary-general since U Thant. Without ever holding elected office, he has had a hand in some of the world's most important bureaucratic appointments, both at the U.N. and at the World Bank. A Canadian wheeler-dealer with an apple face and pencil mustache, Strong has parlayed his personal enthusiasms and connections into a variety of huge U.N. projects, while punctuating his public service with private business deals.

Along the way, Strong has also been caught up in a series of U.N. scandals and conflicts of interest. These extend from the notorious Oil-for-Food program to the latest furor over cash funneled via U.N. agencies to the rogue regime of North Korea, which involves, among other things, Strong's creative use of a little-known, U.N.-chartered educational institution called the University for Peace. Above all, the tale of Maurice Strong illustrates the way in which the U.N., with its bureaucratic culture of secrecy, its

diplomatic immunities, and its global reach, lends itself to manipulation by a small circle of those who best know its back corridors.

Officially, Strong cut his ties to the U.N. Secretariat almost two years ago, as federal investigators homed in on the discovery that back in 1997, while serving as a top adviser to then-Secretary-General Kofi Annan, he took a check for almost \$1 million that was bankrolled by Saddam Hussein's U.N.-sanctioned regime. The check was delivered by a South Korean businessman, Tongsun Park, who was convicted last summer in New York Federal Court of conspiring to bribe U.N. officials on behalf of Baghdad. Strong denied any wrongdoing and said he would step aside from his U.N. envoy post until the matter was cleared up.

Since then, Strong has receded, as he often does, into the shadows. He is currently spending most of his time in China. His name flickered recently through the speaker lineup for a gala dinner for clean technologies in San Francisco, but the organizers say he then canceled because "he has so much going on" in China.

China is a special place for Strong, a self-declared, life-long socialist. It is the burial place of a woman said to be one of his relatives, the famous pro-communist American journalist Anna Louise Strong, a vociferous supporter of Lenin and Stalin until the mid-'30s, and a strong booster of Mao Zedong's China. Maurice Strong's presence in Beijing, however, raises awkward questions: For one thing, China, while one of the world's biggest producers of industrial pollution, has been profiting from the trading of carbon emissions credits – thanks to heavily politicized U.N.-backed environmental deals engineered by Strong in the 1990s.

Strong has refused to answer questions from FOX News about the nature of his business in China, though he has been linked in press reports to planned attempts to market Chinese-made automobiles in North America, and a spokesman for the U.S.-based firm that had invited him to speak in San Francisco, Cleantech Venture Network, says he has recently been "instrumental" in helping them set up a joint venture in Beijing. Strong's assistant in Beijing did confirm by e-mail that he has an office in a Chinese government-hosted diplomatic compound, thanks to "many continuing relationships arising from his career including 40 years of active relationships in China."

And from China, Strong has to this day maintained a network of personal and official connections within the U.N. system that he has long used to spin his own vast web of non-governmental organizations, business associates and ties to global glitterati. Within that web, Strong has developed a distinctive pattern over the years of helping to set up taxpayer-funded public bureaucracies, both outside and within the U.N., which he then taps for funding and contacts when he moves on to other projects.

Working With Kofi Annan

Working as a top adviser to Annan from 1997 to 2005, Strong was the author of Annan's first big round of U.N. reforms, which broadly shifted power away from the member

states and toward his boss in the Secretariat. These changes included adding the post of a deputy secretary-general to help manage the expanding turf of the Secretariat. Annan first gave that job to a Canadian, Louise Frechette, who ultimately drew criticism for mismanaging Oil-for-Food and left the U.N. early last year to join a Canadian institute that included Strong on its board of governors. Annan replaced Frechette with one of Strong's former colleagues from a stint dating back to the mid-1990s at the World Bank, Mark Malloch Brown, who — with Strong as one of his special advisers — had then served under Annan from 1999-2005 as head of the U.N. Development Program (UNDP).

More ominously, Strong's reforms also created the Office of the Iraq Program, which consolidated ad hoc operations into one department inside the U.N. Secretariat that was better known as the Oil For Food program. That office was headed by Benon Sevan, who was indicted last month in New York federal court for taking bribes via Oil-for-Food deals (Sevan, beyond reach of U.S. extradition in Cyprus, has denied any wrongdoing).

Strong also had a hand around 1997-1998 in creating the Byzantine structure of Ted Turner's ground-breaking \$1 billion gift to the U.N., which Turner since 1998 has been doling out in installments from his Washington-based U.N. Foundation. Turner's funding, augmented in recent years by money from other donors, flows into the U.N. from the U.N. Foundation through a specially created U.N. department set up under Annan in 1998 and administered not by the budgetary arm of the U.N. General Assembly, but by the secretary-general.

Styling himself as a guru of global governance, Strong also helped to launch a major campaign for the U.N. to entwine its murky and graft-prone bureaucracy with big business, via so-called public-private partnerships. Strong introduced this process in his 1997 reform proposal as the bland notion of "consultation between the United Nations and the business community."

Through his maneuvers, Strong has nurtured the U.N.'s natural tendencies to grow like kudzu into a system that now extends far beyond its own organizational chart. In this jungle, it is not only tough to track how the money is spent, but almost impossible to tally how much really rolls in – or flows through — and from where, and for what.

The U.N. today claims to have a core annual budget of only about \$1.9 billion. But its total budget is more on the order of \$20 billion per year, trailing off at the edges into opaque trusts, complicated in-kind donations and odd projects shielded by U.N. immunities — and accounting complexities — from any real oversight. And the potential for conflicts of interest is huge — and often overlooked by the U.N. itself.

Strong's behind-the-scenes maneuvering has also put him in the cockpit of global power politics. From 2003 to 2005, he served as Annan's personal envoy to the nuclear-crisis-wracked Korean peninsula. That role took him to Pyongyang, and also brought him into close contact with the South Korean government, where Ban Ki-moon, who last month took over from Annan as U.N. Secretary-General, was then foreign minister. In 2004, for

example, Ban and Strong shared a head table at the annual dinner of the Korea Society in New York.

South Korean diplomats have downplayed any connections between Ban and Strong. But one of Ban's first acts when he took charge at the U.N. last month was to appoint as his head of management a Strong protégé, Alicia Barcena, a Mexican environmentalist. It was Strong who brought Barcena into the U.N. orbit, in 1991, to help organize the Rio summit on the environment, which he chaired in 1992. To prepare and then follow up on the Rio agenda, Strong founded a network called the Earth Council Alliance, in which Barcena served until 1995 as the founding director of the flagship chapter, based in Costa Rica. She then moved on to jobs inside the U.N. system, including work with UNEP and UNDP. When Strong took charge of the University for Peace along with his other projects eight years ago, he invited the Costa Rica Earth Council to move its offices onto the university campus, where it was absorbed into the U Peace structure and curriculum.

In her current slot as chief of the U.N.'s administrative and financial operations, Barcena looks likely to have a managerial hand in an audit that Ban has promised of U.N. related flows of money to North Korea — in which Strong's University for Peace played a part.

Means to an End

Indeed, as a microcosm of how Strong navigates the U.N. universe to achieve ends that are often far from visible, there is no better example than the use he has made of the odd little U.N. offshoot in Central America called the University for Peace.

Located on the outskirts of the Costa Rican capital of San Jose, U Peace was set up back in 1980 with the approval of the U.N. General Assembly as a school to promote "the interdisciplinary study of all matters related to peace." From the start, it enjoyed a curious status. It was chartered by the U.N., and its governing council has always been dominated by appointees of the U.N. secretary-general. But at the same time, U Peace operates with no regular U.N. funding, and is subject to no U.N. oversight — even though occasional reports on U Peace are given by the secretary-general to the U.N. General Assembly.

Strong himself, in memoirs he published about six years ago under the title "Where on Earth Are We Going?", may have been one of the first to seize on U Peace's stealth-like possibilities. He noted that while working for Annan in 1997 on U.N. reform, "I studied the constitutions of each of the U.N. organizations and was intrigued to find that the autonomous nature of the University for Peace exempted it from the normal reporting, administrative, personnel and other bureaucratic requirements."

At the time Strong observed those traits, U Peace had become little more than a shell. As described by various sources, it was low on students and lower on funding; its activities, such as they were, were confined to Central and South America.

Two years later, in 1999, Annan suddenly gave U Peace a major upgrade. He re-stocked the institution's governing council with fresh appointees, who promptly elected Maurice

Strong as their president. Strong, who already had interests in Costa Rica, including not only the Earth Council offices opened by Barcena, but some beachfront property he had purchased in 1978, took on the revamping of U Peace alongside his duties as a close adviser to Annan, and then as Annan's Pyongyang envoy.

The result, after more than seven years of Strong's stewardship, is a small school in Costa Rica, handing out degrees in fields such as "peaceology," while serving in effect as Strong's unofficial branch office — one of the quiet hubs for his global network. Sporting the U.N. emblem, but with no U.N. oversight, U Peace has also opened offices in Addis Ababa, Geneva and New York. The Geneva and New York offices both have the strange feature that they have no dealings with students, but enjoy close ties to U.N. facilities via the UNDP for moving people and money around the globe.

And for a tiny outfit in Central America, U Peace has developed an extraordinary recent interest in North Korea. Starting with a push by Annan in 2003 for a U.N. development strategy for North Korea, that interest appears to have migrated from an inter-agency task force convened by Strong inside the UNDP, to an initiative pursued by Strong via U Peace — a vehicle exempt from any normal U.N. oversight.

In 2004, with a seed donation of about \$330,000 from the Canadian International Development Agency (of which Strong was the founding president from 1968-1970), U Peace set up a trust fund dedicated to North Korean projects, called the DPRK Trust Fund. That same year, 2004, Strong hosted a conference in Vevey, Switzerland, on North Korean "energy scenarios." That conference served as a basis for a 2005 report supervised by Strong, and underwritten by U Peace. Along with Canadian money, U.S. government records show that the funding for the report also included a \$25,000 grant from the U.S. Department of Energy. A former Energy Department assistant secretary, William Martin, worked on the 2005 report, and recently took over from Strong as head of the U Peace governing council.

Among the contributors to the U Peace energy report, described in it as acting "in a personal capacity," is a former head of UNDP's regional bureau for Asia and the Pacific, Nay Htun, who spends part of his time working in the New York office of U Peace, according to the head of that office, Narinder Kakar. (Nay Htun, an engineer, unsuccessfully ran last year to become head of the World Health Organization, as a candidate sponsored by Burma.)

At this point the cross ties grow at a blinding pace between U Peace and other U.N. ventures in which Strong played a leading role.

The U Peace report concludes, for example, with proposals for a \$1.4 million energy project for North Korea, one third of that supported in cash and in-kind by the government of North Korea, and the rest to be funded by \$150,000 from the UNDP and \$750,000 from a U.N. outfit called the Global Environment Facility, or GEF.

The GEF, spawned by the 1992 Rio conference (which Strong chaired) is a joint effort of UNEP (which Strong founded) and the World Bank (where Strong was appointed in 1995 as a senior adviser to the president) and the UNDP (run from 1999-2005 by Strong's former World Bank colleague, Mark Malloch Brown, and from 2005 to the present by another of Strong's former World Bank colleagues, Kemal Dervis).

The report prescribes that the follow-up on its energy project be implemented by North Korea's "National Coordinating Committee for the Environment" and "the DPRK Academy of Sciences" – an outfit that quite likely includes North Korean officials involved in the country's missile and nuclear bomb programs.

And last summer, using the UNDP's staff and diplomatically privileged facilities to handle the travel arrangements, and the money, U Peace paid to send a delegation of 10 North Korean officials to an energy conference at Lund University, in Sweden. U.N. internal documents seen by Fox show that the payment for the North Korean travel was requested by the U Peace office in Switzerland, handled by former UNDP official Nay Htun in New York, and involved bankrolling the airfares and transferring cash stipends to the traveling North Korean officials via the UNDP office in Pyongyang.

Junket Financier

The use of U Peace as the financier of the junket served at least one important purpose: it allowed UNDP to declare, if asked, that it had not violated any internal rules about financing North Korean travel or using hard currency for the benefit of North Korean officials. This is a charge that has been vigorously brought by the U.S. Government concerning U.N. funding via its offices in Pyongyang, which are run by UNDP. Those accusations prompted Ban Ki-moon last month to promise a full external audit of U.N. operations world-wide, starting in North Korea.

But the Lund affair may involve still further twists and turns. According to lists leaked from within UNDP, the ten North Korean officials who went to Sweden were all listed for purposes of the trip as functionaries of North Korea's energy industry. Yet the names that have been leaked point to other intriguing possibilities.

For example, the group included someone named Jon Yong Ryong, described in the leaked UNDP list as "Expert, Environment and Energy." That is the same name, as it happens, of a North Korean official posted a few years ago to the North Korean mission to the U.N. in New York. That official spoke up at a 2003 meeting of the U.N. Disarmament Commission to lambaste the U.S. and assure the commission that in North Korea, "nuclear activities will be confined at the present stage to the production of electricity" – a promise belied by North Korea's test last October of a nuclear bomb.

Another name on the leaked list, this one described as "Senior Officer, Power Resources Development," is that of Ri Kwang Su. There was a broadcaster with that same name on North Korean radio, whose commentary as translated by the BBC monitoring service on

March 28, 2005, included, “Our army and people will keep enhancing the nuclear deterrent forces.”

What exactly is going on, who these traveling North Koreans actually were, or what U Peace is really doing, is hard to determine. A spokesman for the UNDP would only say that “UNDP often acts as a kind of central service provider for the U.N. system ... so it would be normal for a UNDP country office to assist the University for Peace on something like transferring funds for travel and arranging tickets.”

But there is nothing normal about this setup, starting with the relationship between U Peace and the “U.N. system.”

In response to questions emailed by FOX News, a U Peace official confirmed that “U Peace does not come under the purview or oversight” of U.N. auditors. A confidential assessment of U Peace carried out in 2004 by the Canadian International Development Agency, which bankrolled what U Peace calls the “DPRK Trust Fund,” noted that “an evaluation would normally benefit from periodic monitoring and evaluation reports produced by the institution itself or by external observers. Such reports do not exist.”

This below-the-radar arrangement is rationalized by both U.N. and U Peace officials on the grounds that the U Peace does not depend on the U.N. for funding (although over the past five years U Peace has received at least \$280,000 in grants from UNDP, along with in-kind support). But in rattling the cup for donations, and apparently in pursuing projects, U Peace appears to trade heavily on the fact that it wears the U.N. label. On its website, it advertises that “although U Peace is not subject to U.N. regulations and does not receive regular U.N. funding, it has strong links with the U.N. Secretary-General’s office and many other parts of the U.N. system.” (Nor do the “strong links” stop there. The rector of U Peace from 2005-2006 was Julia Marton-Lefebvre; she is the sister-in-law of Richard Holbrooke, formerly U.S. Ambassador to the U.N. under President Bill Clinton.)

The question is, what is the “U.N. system?” Most of those links appear to have involved Maurice Strong himself, who shortly before taking on U Peace had added to his multitude of other U.N. roles a new one as part of a new, privately funded financial center inside the U.N. Secretary General’s office.

In fact, records show that at the same time that he first took over U Peace, Strong was on both sides of the biggest single donation that rolled in to support his revamping of the institution.

Channeling Ted Turner's Money

Strong’s role as a private U.N. financier dates back to 1997 and early 1998, while working on Annan’s reform plan for the entire Secretariat. In the midst of that effort, Strong helped structure a new office inside the Secretariat called the U.N Fund for International Partnerships (UNFIP), dedicated to a novel enterprise: channeling Ted

Turner's \$1 billion gift to the U.N. directly through the Secretariat, in annual allotments of \$100 million, to select projects within the U.N. system. Turner later cut back on his own annual contributions, supplementing his money with donations from others, and thus stretching out the UN Foundation's direct link to the Secretary-General for years to come.

Turner's U.N. Foundation money began flowing in 1998. That same year, while listed in the U.N. phone book as affiliated with UNFIP, and working as a special adviser to Annan, Strong joined the U.N. Foundation's board of directors. In effect, Strong stood at a special new crossroads within the U.N., where a variety of private funders would be taking a major role in funding future U.N. plans.

In 2000, UN records show that the UN Foundation., with Strong still a board member, approved a \$2 million grant that flowed through the U.N. via UNFIP to U Peace, where Strong had just taken charge. Strong then resigned from the U.N. Foundation board.

At the same time, Strong was getting private funding from other sources that would eventually prove even more questionable. Last summer, at the trial of Tongsun Park, Saddam's illicit lobbyist, it emerged in court testimony that a few years after Strong accepted from Park the check for almost \$1 million funded by Baghdad, the two men had set up yet another business arrangement. In the year 2000, according to evidence presented in court, Tongsun Park was paying the rent for a private office Strong used in Manhattan. This was in parallel with his official work as an Under-Secretary-General and special adviser to Annan at the U.N., and his new post as head of U Peace.

To whatever conflicts of interest this might have entailed, Strong added another one by hiring his own stepdaughter, Kristina Mayo, to work in his official U.N. office, without declaring the family relationship to the U.N.. Mayo's name also came up at Park's trial, as the person who in 2000 handled the checks sent on behalf of Park to pay for Strong's private New York office. In June, 2000, for example, Mayo sent a fax providing details for the money to be deposited directly into Strong's account at the U.N. branch of the Chase Manhattan Bank. Why Strong, often described as a tycoon, would have been relying on Park to pay his private office rent at that time has not been explained.

But then, it seems Park and Strong had known each other, and had business dealings, for years. Strong himself told the press in 2005 that when he took on the role from 2003-2005 as Annan's personal envoy to the Korean peninsula, Tongsun Park served as one of his advisers.

This was a relationship in which it's unlikely that Strong could have been oblivious to Park's earlier history as one of the star players in the 1970s congressional bribery scandal known as Koreagate. In that saga, Park was indicted on federal charges including money laundering, racketeering and acting as an unregistered agent of South Korea's Central Intelligence Agency. He testified in exchange for immunity, and for a while dropped out of sight.

But by the early 1990s, Park was back on the East Coast power corridor social scene, and had befriended the U.N.'s then-Secretary-General Boutros Boutros-Ghali, paying calls on him at the U.N.'s official residence on Sutton Place, and sending flowers to his wife. In the autumn of 1996, before Annan took the top U.N. job, Strong served as a special adviser to Boutros-Ghali. That same autumn, around October, 1996, Strong and Park did some business together, lobbying for the sale of Canadian nuclear reactors to the Korean peninsula. The man who recruited them jointly for this assignment was a Canadian, Reid Morden, then head of a Canadian Crown corporation, Atomic Energy of Canada Limited, with which Park at the time had a consultancy.

What goes around at the U.N. apparently never ceases to come around: nearly a decade later, from 2004 to 2005, Reid Morden worked for Paul Volcker as the operating head of the U.N.-authorized probe into Oil-for-Food – in which both Park and Strong again turned up. The early relationship between Morden and the two men was revealed only in a terse footnote on page 100 in the second volume of Volcker's four-volume final report, along with the notice that Morden had recused himself from the sections of the investigation involving his two former associates.

Beyond that, Maurice Strong's ties to movers and shakers in other parts of the "U.N. system" multiply in dizzying directions – not least involving Kojo Annan, the U.N. Secretary General's son, whose own possible conflict of interest in the Oil for food scandal was among the factors that first sparked the Volcker investigation. Kofi Annan called for the independent probe after press reports revealed that his son, Kojo Annan, had been working for a Switzerland-based firm, Cotecna Inspection, which in 1998 had won the U.N. contract to inspect goods shipped to Saddam's Iraq under the U.N. program.

'Sustainable Tourism'

On Dec. 28, 1999 — around the same time that Strong was concurrently taking charge of U Peace, and serving as a special adviser to Annan, and sitting on the board of Turner's U.N. Foundation — Maurice Strong and Kojo Annan simultaneously joined the board of a company called Air Harbour Technologies. Registered in the Isle of Man and Cyprus, Air Harbour was a venture put together by a young Saudi businessman, Hani Yamani, whose father, Sheikh Ahmed Zaki Yamani, was once Saudi Arabia's powerful oil minister.

Air Harbour aspired to a role in "sustainable tourism," mapping out a number of projects in Switzerland, Cyprus and Africa, which appear never to have fully materialized. Strong spent just over six months on the board, then resigned in July, 2000. Kojo Annan remained on the board, where he was joined in January 2001 by a family friend and former associate from Cotecna, Michael Wilson. Six months later they both resigned, at which point, according to Volcker's probe, Air Harbour had ceased operations .

And Paul Volcker had his own links to Strong. One of these ties ran through the World Bank. Strong, while running a Canadian firm called Power Corporation of Canada in the

1960s, had hired a young Australian, James Wolfensohn, who went on to found his own investment firm, Wolfensohn Associates, where Volcker took a job in 1988 after leaving his post as Chairman of the U.S. Federal Reserve. In 1995, Wolfensohn, with Strong's backing, became President of the World Bank, and promoted Volcker to take his place as chief executive of Wolfensohn Associates. At the World Bank, Wolfensohn then hired his old employer, Strong, as a special adviser. And when Volcker, nine years later, was tapped by Annan to run the UN inquiry into Oil-for-Food, it was from the World Bank, then still under Wolfensohn, that Volcker drew the initial team to set up his investigation.

Volcker for many years, and at least until 2003, also held a seat alongside Yamani senior – the father of Air Harbour's chairman — on the advisory board of the Power Corporation where Strong, serving as president in the 1960s, had then employed Wolfensohn.

All this is just a sampling of the tangled nest of personal relationships, public-private partnerships, murky trust funds, unaudited funding conduits, and inter-woven enterprises that the modern U.N. has come to embody—and which Maurice Strong has done so much to create. Yet another potential conflict of interest involves a company called Zenon Environmental Inc., a manufacturer of water purification equipment, which in April, 2000 was registered as an approved Canadian vendor to the U.N. procurement department. Six months later, Strong joined Zenon's board, and remained there through at least 2005, while also serving as a special adviser to Annan. Zenon was acquired last year by General Electric, and the board was dissolved.

To clean up the U.N., Ban has called for auditors to work their way through the offices and agencies of the system one by one, starting with operations in North Korea. That circuitous approach is unlikely to work. To cut to the core, the real starting point could well be for Ban to launch an investigation into the past and current career of Maurice Strong himself.

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