

UN scales back efforts to deal with internal corruption

January 12, 2010

The Associated Press

By John Heilprin

UNITED NATIONS (AP) — The United Nations has cut back sharply on investigations into corruption and fraud within its ranks, shelving cases involving the possible theft or misuse of millions of dollars, an Associated Press review has found.

At least five major cases in Afghanistan, Iraq and Africa are among the inquiries halted as the U.N. scaled back on self-policing over the past year.

The world body was rocked in the past decade when more than 2,200 companies from some 40 countries colluded with Saddam Hussein's regime to bilk \$1.8 billion from a U.N.-administered oil-for-food program for Iraqi humanitarian relief.

In response, it established a special anti-corruption unit, the Procurement Task Force, in 2006 that over the next three years uncovered at least 20 other major schemes affecting more than \$1 billion in U.N. contracts and international aid.

But at the beginning of 2009, the United Nations shuttered the agency and diverted its work to the Office of Internal Oversight Services' permanent investigation division.

Since then, the number of cases opened, pursued or completed has dropped dramatically and the division has let go most former task force investigators, the AP found in an examination of U.N. documents, audits and e-mails, along with dozens of interviews with current and former U.N. officials and diplomats.

Over the past year, not a single significant fraud or corruption case has been completed, compared with an average 150 cases a year investigated by the task force. The permanent investigation division decided not to even pursue about 95 cases left over when the task force ceased operation, while another 80 unfinished cases have languished.

It also stopped probes into contractors and cut qualified staff and other resources — and halted five major corruption investigations documented by the task force in the final days of 2008.

Nancy Boswell, president of anti-corruption watchdog Transparency International-USA, fears the U.N. is greatly diminishing its self-policing capabilities.

"One year after the (Procurement Task Force) was terminated, it is deeply troubling that allegations persist that the (Office of Internal Oversight Services) has not vigorously pursued open cases, that its leadership has not put in place a permanent head of investigations and that it may be narrowing its scope of inquiry," Boswell said.

U.N. officials — who operate a \$5 billion annual budget and whose extended agencies and funds spend at least \$20 billion a year more — say their commitment to rooting out corruption is undiminished.

"The investigations division, I am convinced, is doing a very good job, and is continuing the good work," U.N. management chief Angela Kane said in late October. She repeated the assertion last week.

But the U.N.'s track record over the past year suggests otherwise:

— Nothing has come of a task force report completed in December 2008 that found \$1 million a day flowing out of a safe in a U.N. project office in Kabul — part of \$850 million intended for Afghanistan's rebuilding and elections between 2002 and 2006. A year later, U.N. managers say the case is still under review.

— Task force staff ran out of time before they could complete two more investigations on Afghanistan. One involved evidence that a U.S. firm padded its charges by \$1 million and the other that U.N. staff diverted millions of dollars from Afghan elections, roads, schools and hospitals, according to U.N. documents and officials.

Task force investigators found evidence some of the money went to expand U.N. operations in Africa, Asia and the Middle East without authorization. And they found no documentation to confirm how the Kabul office used tens of millions of dollars meant to promote democratic elections in Afghanistan.

— No action has been taken on a task force finding that about half of \$350,000 in U.N. funds intended to launch a radio station for women in Baghdad was used to pay off personal loans, a mortgage, credit card bills and taxes, as well as for cash withdrawals from a bank in Jordan. The task force recommended disciplining a U.N. staff member and referring the case to national prosecutorial authorities. Neither has happened.

— A task force investigation of collusion and bid-rigging involving a transport company in Africa found contracts steered to one company and two of its senior officers. The task force recommended the case be prosecuted; nothing has happened. U.N. managers say the case is under review.

— In another case, task force investigators obtained evidence of major corruption involving more than \$200 million in transportation contracts for U.N. peacekeeping throughout Africa. U.N. procurement records show Russian companies held a large proportion — a quarter of about \$400 million in U.N. air transportation contracts in 2009. The case has since been dropped.

At the end of 2008, the U.N. General Assembly refused to fund the task force for another year. Russia and Singapore, in particular, protested findings of wrongdoing involving citizens or companies from their nations, though the U.N. Board of Auditors concluded the task force acted impartially and helped deter fraud and corruption.

The Government Accountability Project, a Washington-based nonprofit law firm that defends whistleblowers, says the U.N. quashed the task force, buried its cases and retaliated against an investigator trying to protect some probes' computer files.

"We did talk to investigators. They were concerned that investigations which were substantial and which had accumulated credible evidence of wrongdoing had not been zealously pursued since the task force was disbanded," said Bea Edwards, the firm's international program director. "It appears there was political pressure brought to bear that may have been instrumental in delaying or stopping (task force) investigations."

The task force had 20 white-collar crime investigators, led by a veteran former U.S. federal prosecutor, Robert Appleton. Its work has led to at least four convictions, millions of dollars in restitution orders, misconduct findings against 17 U.N. officials and the banning of 47 U.N. contractors due to fraud, other illegality or rules violations.

Now, all but two task force investigators are gone from the investigation division, in most cases because the U.N. would not renew their contracts. Some vacancies have been filled, but with staff lacking experience in fraud and corruption cases. U.N. officials told the AP that investigators were instructed to interview witnesses using a standardized form rather than relying on case-specific examination techniques and pointed questioning.

In July, the investigation division quietly let the task force's contract expire with the firm that examined computer data, reconstructed deleted files and provided other expert forensic support services. Investigators were never given a reason.

Edric Selous, a senior legal officer for the U.N.'s Office of Legal Affairs, said the investigation division made "a huge effort" to close out the task force's remaining 175 cases — but none were sent to his office for review.

"There's been a diminution in the number of cases received since December," said Selous, whose office advises the U.N. secretary-general on referring cases for prosecution outside the United Nations.

Whenever the task force identified suspected criminal activity, it recommended sending the case to a national criminal authority immediately. Legal experts say speedy action is essential to prevent evidence from being destroyed and to provide the best chance of recovering proceeds from fraud.

Several task force reports from December 2008 still await a final decision from Secretary-General Ban Ki-moon more than a year later, including cases involving large sums of money and accusations of major fraud, theft or embezzlement by U.N. staff.

In 2009, the secretary-general referred only one case for prosecution outside the U.N., and only after reports by the AP and The Washington Post. U.S. prosecutors are now pursuing task force allegations that the former American head of the U.N. project office in Kabul, Gary K. Helseth, diverted a half-million dollars to lease luxury cars, fly first-class on private trips, buy expensive meals and install high-end home appliances.

The permanent investigation division's acting head, Michael Dudley, barred new inquiries into anyone outside the U.N., including former staff, contractors and other employees. In a Jan. 30, 2009, memo obtained by the AP, Dudley wrote that "employees of a third party" are outside his division's mandate and cases involving ex-U.N. staff "should be reassessed to determine whether the matter should be closed without further investigation."

The move undercuts oversight of billions of dollars in U.N. spending and more than 6,600 U.N. contractors who receive that money, say U.N. officials, diplomats and legal experts. Additionally, they say, U.N. staff members could avoid scrutiny — and potentially get away with fraud, embezzlement or theft — by simply quitting.

The document closed a task force investigation into allegations that an Israeli U.N. staff member steered contracts to Israeli companies for work with the U.N. Economic Commission for Africa in Ethiopia, and that other U.N. officials cut personal deals with bidding companies. The probe was closed on grounds that, under Dudley's new policy, the vendor was beyond the investigation division's responsibility.

Inga Britt-Ahlenius of Sweden, who supervises the Office of Internal Oversight Services, said she asked Dudley whether he wrote such a document and he denied it.

Dudley told the AP he did not recall writing the memo, even though his initials and name were on it, and he denied changing the investigation division's mandate. "Every case that is possible or merits investigation is being investigated," he said.

Edwards, who interviewed top U.N. officials for her whistleblower probe for the Government Accountability Project, said Dudley spoke about changing the mandate, keeping the number of investigators to a minimum and closing cases when the officials involved leave the U.N.

"He told us that he felt that if someone who was charged with misconduct had retired or left the organization, there was no point in investigating since the person was beyond sanction by the U.N.," she recalled. "He told me and my assistant that. There were two of us there. We were absolutely astonished."

Ban Ki-moon says he has seen "steady progress" in U.N. self-policing since the Office of Internal Oversight Services' creation, and he pledged "full support" for the agency.

But the investigation division has not had a permanent director for more than 2½ years in a hiring process bogged down by Ban's office, which twice opposed the selection of an American for the job, say U.N. officials and diplomats.

Kane, the U.N. management chief, said greater diversity is needed among candidates for the top investigative post. But an independent panel unanimously deemed the American the most qualified candidate after two full recruitment rounds, with global advertising, that drew more than 70 applicants globally.

Edwards says the appointment is improperly "bottlenecked" in Ban's office.

Former U.S. Comptroller General David Walker, chairman of the U.N.'s Independent Audit Advisory Committee, said his panel is concerned whether valid cases are still being pursued and insisted a permanent investigations director must be chosen quickly.

In February, the committee, which advises the General Assembly, said it had serious concerns whether the Office of Internal Oversight Services could be effective since more than a quarter of its jobs were vacant. It particularly urged that "strong leadership and management are critical" for the investigation division.

U.S. Ambassador Susan Rice told the AP the loss of the task force "remains a source of concern to the United States," as does the lack of a permanent investigations director.

"The fact that there remains a disagreement within the U.N. as to how to put in place optimal leadership for the investigative division, which we think is an important tool for the U.N., is a problem," she said.