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MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging
Threats, and International Relations

From: Christopher Shays 
Chairman

Date: April 27, 2006

Re: Briefing memo for May 2, 2006 Subcommittee hearing.

Attached find the briefing memo required by Committee rules
for the hearing entitled *UN Sanctions After Oil-for-Food: Still a
Viable Diplomatic Tool?* The hearing will convene May 2,
2006 at 10:00 a.m., room 2154 Rayburn House Office Building
in Washington, D.C.

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April 27, 2006

MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging Threats, and International Relations

From: Elizabeth Daniel, Professional Staff 

Re: Briefing memo for the hearing *UN Sanctions After Oil-for-Food: Still a Viable Diplomatic Tool?* scheduled for May 2, 2006 at 10:00 a.m., room 2154 Rayburn House Office Building in Washington, D.C.

PURPOSE OF THE HEARING

To examine the viability of future United Nations (UN) sanctions in light of the Oil-for-Food scandal and UN management reforms.

HEARING ISSUES

1. What are lessons learned from the UN-run Iraq Oil-for-Food program?
2. How can UN management reforms impact the viability of future UN sanctions regimes?

BACKGROUND

A Diplomatic Instrument

Under the authority of the Security Council, United Nations (UN) sanctions serve as a tool of statecraft that provides an alternative to armed conflict. UN sanctions are exercised as “enforcement measures to maintain or restore international peace and security.” (**Web Resource 1**) The UN views sanctions as a diplomatic option particularly suited to it as a global institution. Paul Conlon, a former deputy secretary of the Iraq Sanctions Committee, elaborates:

Sanctions adopted by the Security Council are situated at the highest level of universal and collective authority. At this level, they are not primarily a form of managing conflict but, rather, a part of what strives to be a global monopoly on conflict measures of any kind in the interest of preserving world peace and fostering correct relations between individual members of the collectivity. [...] Most sanctioning measures taken by the Security Council are coercive. Their rationale is that a penalty or price applied to the target state will prove sufficiently harmful to outweigh the advantages of the target state's wrongful behavior and thus lead it to rescind that behavior.”¹

The Case of Iraq

As a result of Iraq's August 1990 invasion of Kuwait, the UN imposed sanctions against Iraq. (**Web Resource 4, Attachment 1**) Security Council Resolution 661 prohibited all nations from buying and selling Iraqi commodities, except for food and medicine. Resolution 661 also prohibited all nations from exporting weapons or military equipment to Iraq and established a sanctions committee to monitor compliance and progress in implementing the sanctions. Membership on the sanctions committee, known as the “661 Committee,” was the same as the Security Council, which includes the United States. Subsequent Security Council resolutions specifically prohibited nations from exporting to Iraq items that could be used to build chemical, biological, or nuclear weapons.

¹ Conlon, Paul. United Nations Sanctions Management: A Case Study of the Iraq Sanctions Committee, 1990 – 1994. Transnational Publishers, Inc., 2000, pp. 2, 5.

The Oil-for-Food Program (OFFP)

In 1991, the Security Council made several offers to let Iraq sell oil under UN supervision in order to meet basic human needs. The Iraqi government rejected the offers, and over the next five years, the UN reported food shortages and humanitarian concerns. **(Web Resource 5)** These shortages led to increased media attention and public pressure to avert a pending humanitarian crisis.

In April 1995, the UN Oil-for-Food Program (OFFP) was authorized by Security Council Resolution 986. **(Web Resource 5)** Over the next several months, bowing to continued Iraqi intransigence, the UN conceded major aspects of control over OFFP to Iraq. OFFP commenced in December 1996. The program permitted Iraq to sell up to \$1 billion worth of oil every 90 days to pay for food, medicine, and humanitarian goods. This level of sovereign control gave the Hussein regime the power to determine, with certain exclusions, both to whom to sell oil and from whom to buy needed goods. The 661 Committee, however, had veto authority over all contracts. **(Web Resources 6 and 7)**

The objectives, according to the Department of State, were “to address the humanitarian needs of the Iraqi civilian population” and “to continue constraining Saddam Hussein’s ability to use oil revenue to build a military arsenal.” **(Web Resource 7)**

Subsequent UN resolutions increased the amount of oil that could be sold and expanded the range of goods that could be imported. In 1999, the Security Council removed all restrictions on the amount of oil Iraq could sell to purchase civilian goods. **(Web Resource 6)**

The UN and the Security Council monitored and screened contracts the Iraqi government signed with commodity suppliers and oil purchasers, and Iraq’s oil revenue was placed in UN-controlled escrow accounts. **(Web Resource 6)**

OFFP appears to have eased a humanitarian crisis in Iraq. Nevertheless, Iraq found several ways around the sanctions and OFFP. Iraq signed several illicit trade protocol agreements in violation of the sanctions with Jordan,

Turkey, Syria, and Egypt, all of which were known to the UN Security Council, including the United States. The Hussein regime also engaged in illegal oil smuggling primarily through the Persian Gulf. In addition, there also have been several allegations of OFFP corruption that have generally fallen into two categories: (1) mismanagement of contracts and administration of the program by contractors and UN personnel; and (2) abuse of the UN program through surcharges on oil exports and kickbacks on humanitarian contracts by the Hussein regime. **(Web Resource 5)**

Subsequent Investigations

Pursuant to the May 22, 2003 UN Security Council Resolution 1483, OFFP ended on November 21, 2003. With the fall of the Hussein regime, oil smuggling and surcharges on oil exports stopped. As evidence of the breadth and depth of corruption began to emerge, a number of oversight and investigation committees were launched to uncover the extent and specifics of OFFP's indiscretions. **(Web Resource 15)**

Independent Inquiry Committee/ "Volcker Commission". In March 2004, UN Secretary General Kofi Annan established an independent, high-level inquiry, led by Paul Volcker, former Chairman of the U.S. Federal Reserve, to investigate the administration and management of the Oil-for-Food Program. UN Resolution 1538 affirmed the Security Council's support for the inquiry and expressed its desire for cooperation at all levels. Over the past two years, the Volcker Commission has thus far issued five substantive reports related to investigation of aspects of the OFFP including financial administration, management, impact on the Iraqi people, and more. **(Web Resource 8)**

According to the Congressional Research Service, "The IIC's final reports estimate Iraq earned \$12.8 billion in illicit revenue during 1990-2003 of which \$10.99 billion was earned from non-OFFP "trade protocols" with Jordan, Syria, Turkey, and Egypt. [...] Some critics of the IIC have argued that the Committee's investigations may have suffered because the IIC lacked legal subpoena power. Volcker reported varying degrees of cooperation from United Nations personnel, international companies, and governments, including the United States government, with his inquiry." **(Web Resource 5)** The Office of the Independent Inquiry Committee ("IIC") has now been extended to December 31, 2006 in order to continue to

respond to requests for assistance from law enforcement and regulatory authorities and liaise with the United Nations.

Iraq Survey Group (Duelfer Report). Headed by Charles Duelfer, special advisor to the Director of Central Intelligence, the Iraq Survey Group issued a report on September 30, 2004 detailing abuses in procurement, development of anti-sanction funding mechanisms, illicitly earned revenue, and questionable business deals through post-Saddam inspections and research into Iraq's weapons of mass destruction. **(Web Resource 11)**

U.S. General Accountability Office (GAO). Under the 2005 Defense Authorization Act, the GAO has conducted a number of investigations on Iraq sanctions and the Oil-for-Food program, including the recently released *United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight*. **(Web Resource 16)**

Further Executive, Congressional, and Iraqi investigations are also underway.

In the Bush Administration, the Treasury Department and Customs Service are conducting investigations of these allegations [of corruption], and several congressional committees (Permanent Subcommittee on Investigations of the Senate Committee on Homeland Security and Governmental Affairs, the House Government Reform Committee, the House International Relations Committee, and the Permanent Investigations Subcommittee of the House Appropriations Committee) have conducted inquiries and issued reports as well. Some committees have used subpoena powers to try to obtain records from BNP Paribas, and some of the other investigations have demanded records from several U.S. energy companies and other companies that participated in the OFFP. A separate investigation is being conducted by Iraq's "Board of Supreme Audit," with the assistance of independent firm Ernst and Young. The Iraqi head of the Board was killed in a car bomb in Iraq on July 1, 2004. **(Web Resource 5)**

Reforms at the United Nations

A number of the investigative reports on OFFP included recommendations for UN reform, largely related to issues of oversight, accountability, transparency, and program management found lacking in OFFP.

The September 7, 2005 Volcker report, on UN management of the OFFP, found fault with the Security Council, its 661 Committee, and the

Secretariat. Its report offers specific recommendations for management reform, improving oversight across the UN system, and improving investigations oversight across the UN system. **(Web Resource 12)**

The GAO recommends applying to future sanctions regimes principles of internationally accepted internal control standards, including risk assessments, and strengthening internal controls throughout the UN system. **(Web Resource 16)**

Timothy Wirth, president of the UN Foundation, argued in testimony before the House International Relations Committee in 2005 that reform must be targeted to the right places in the UN infrastructure, that the reform package must be robust and comprehensive, and that the process could benefit following the example of the U.S. government. **(Web Resource 2)**

H.R. 2745, the Henry J. Hyde United Nations Reform Act of 2005, proposes 39 goals toward broad U.N. reform related to budget, institutional oversight and accountability, and peacekeeping and human rights, and provides for the withholding of U.S. dues depending upon compliance. On June 21, 2005 H.R. 2745 was read for the second time in the House and placed on the Senate Legislative Calendar under general orders. **(Attachment 5)**

Secretary General Kofi Annan, as a follow-up to the outcome of the Millennium Summit, issued his most recent reform report on March 7. “Investing in the United Nations: For a Stronger Organization Worldwide” sets out sweeping Secretariat reforms involving its people, leadership, information and communications technology, delivering services, budget and finance, governance, and a change management office. **(Web Resource 15)**

Certain UN reforms are underway and mark progress in the OFFFP-related areas of accountability, management performance, ethical conduct, oversight, and organizational modernization. **(Attachment 6)**

These and other proposed UN management reforms largely target the UN Secretariat, where Sanctions Committees implement the sanctions that are formulated by the UN Security Council. As noted by Dr. Paul Conlon, there is virtually no present set of guidelines for sanctions themselves:

Relevant sanctions doctrine is almost totally lacking. What little exists concerns itself largely with the prerequisites of Security Council adoption and formulation of sanctions rather than with their practical implementation. Lack of doctrinal clarification is the upstream source of practically all downstream problems in sanctions. The basic legal relationships between the various actors (Council, committees, Secretariat, governments) have never been clarified. Neither has the role of precedent, nor the issue of legal versus political criteria for decisions at the level of the committees. Humanitarian waiver concessions are granted by the billions on the basis of non-systematically generated concepts (e.g. "commodities and products for essential humanitarian need" or "supplies intended strictly for medical purposes") which have never been defined.²

The proposed UN reforms do not address directly the weaknesses of Security Council sanctions formulation, nor the limitations described above. In other words, there is nothing definitively in place to prevent a repeat of the scandal.

UN Sanctions After Oil-for-Food: Still a Viable Diplomatic Tool? is the Subcommittee's fourth hearing related to the Oil-for-Food Program (OFFP).

The first Subcommittee hearing, *The Iraq Oil-for-Food Program: Starving for Accountability*³, was held on April 21, 2004 and addressed how the Hussein regime manipulated OFFP. The second hearing, *The UN Oil-for-Food Program: Cash Cow Meets Paper Tiger*⁴, was held on October 5, 2004 and addressed the problems the OFFP contract inspectors faced in dealing with both the Hussein regime and the United Nations (UN). The third hearing, *The UN Oil-for-Food Program: The Inevitable Failure of UN Sanctions*⁵, was held April 12, 2005 and dealt with internal deliberations at the UN and the willful ignorance of the Security Council members toward the corruption taking place.

² Conlon, Paul. "Sanctions Infrastructure and Activities of the United Nations: A Critical Assessment." Carnegie Commission on Preventing Deadly Conflict, Task Force on Economic Sanctions, September 20, 1995. Conlon clarifies, "Doctrine here refers to the general body of international law instruments, codifications, precedent interpretations, authoritative commentaries, learned systematizations, theories and other scholarly publications."

³ The briefing memorandum and testimony for that hearing can be found online at <http://reform.house.gov/NSETIR/Hearings/EventSingle.aspx?EventID=12851>.

⁴ The briefing memorandum and testimony for that hearing can be found online at <http://reform.house.gov/NSETIR/Hearings/EventSingle.aspx?EventID=19662>.

⁵ The briefing memorandum and testimony for that hearing can be found online at <http://reform.house.gov/NSETIR/Hearings/EventSingle.aspx?EventID=25031>.

DISCUSSION OF THE HEARING ISSUES

1. What are lessons learned from the UN-run Iraq Oil-for-Food Program (OFFP)?

Lessons of the OFFP warrant close attention because they can translate into other arenas of UN activity of a similar scale and scope. A 2005 United States Institute of Peace (USIP) report notes that because the scale of UN responsibility has ballooned since its original Cold War functions, “far more demanding tasks ... have tested the organization’s administrative structures beyond their limits. Even if the United Nations is never again called on to manage so vast an undertaking as the Oil-for-Food Program, the member states, including the United States, are insisting on a substantial operational agenda, from peacekeeping to humanitarian assistance to the ‘special political missions’ intended to prevent or end conflicts.” **(Web Resource 9)** Witnesses are expected to speak at greater length about lessons learned, outlined very briefly below.

Sanctions Programs Require Risk Assessment.

The Oil-for-Food Program was originally envisioned as a short-term diplomatic option following Iraq’s 1990 invasion of Kuwait. As such, there was no adequate pre-program assessment of risks including humanitarian concerns, relations with neighbor states, and the ability of Saddam Hussein to use his population’s well-being as a manipulation tool. When related problems arose, the Security Council responded by putting out fires rather than carrying out a coherent long-term strategy.

Sanctions Need Targeted Goals to Succeed.

Because the Iraq sanctions so broadly affected Iraq’s economy, they created a humanitarian situation that turned the population into a pawn used by Saddam Hussein to garner international sympathy and leniency. Sanctions that narrowly target an economic, military, or diplomatic situation, or a particular leader or group of leaders, will perform more effectively.

Lack of Accountability Encourages Corruption.

A lack of transparency and accountability throughout the Oil-for-Food Program was critical to its failure. The Security Council operated behind closed doors, as did the UN Secretariat, the Member States, and the businesses that dealt with Iraq. Coupled with a lack of systemic oversight, this opacity fostered corruption.

Sanctions Regimes Require Centralized Coordination.

The UN agencies responsible for implementing the sanctions, as well as the contractors from a number of different nations, were not coordinated at the international, interagency level. Throughout the OFFP, lack of accountability grew partly because there was no central authority to which all the disparate program factions had to answer.

Sanctions Are a Limited Tool.

Beyond constructive lessons learned, the scandal shows that sanctions have some irreparable inherent shortcomings immune to stricter management measures. Regardless of the artful design of a sanctions regime, it will not work unless the political will that drives it is shared by other states, particularly neighboring states. When sanctions seek to exert control through a critical commodity like oil, they give the sanctioned nation a bargaining chip that can easily be exploited to the harm of the sanctions. Even if sanctions do work, they are never a quick fix. Examples of past successful sanctions only show their results over a period of years and with a great deal of careful attention paid throughout. **(Attachment 3)**

2. How can UN management reforms impact the viability of future UN sanctions regimes?

If passed and effectively applied, UN management reforms could restore credibility to Security Council sanctions through the Sanctions Committees responsible for implementation, monitoring and reporting. Greater credibility can translate into more potential for shared political will in a sanctions regime. The threat of sanctions will be more meaningful if states actually fear it and their neighbors are willing to cooperate.

Views of Sanctions After the OFFP

Some consider the corruption of the Oil-for-Food program such a blight on the Iraq sanctions program, the largest sanctions and subsequent humanitarian assistance program of its kind in history, that its failure overshadows any success the program might have been accorded. **(Web Resource 10)**

Some have argued that UN sanctions did work for their intended purpose. This argument suggests that the Iraq sanctions should not be viewed as a failure, because they prevented the successful continuation of Iraq's program of weapons of mass destruction. **(Web Resource 3)**

Going further, still others maintain that there was in fact no scandal of the breadth and depth suggested by the amount of media coverage and governmental attention accorded the Oil-for-Food program. From this perspective, UN credibility and the integrity of the Secretary General were targeted to draw attention away from the error of the United States in questioning the UN claim of absence of weapons of mass destruction. **(Attachment 2)**

Probably the most balanced view contends that while the program greatly taxed the system, those weaknesses highlighted as a result would have required reform in the long term anyway. As it was, the OFFP "created an opportunity for reform by demonstrating conclusively the need for a significant strengthening of the oversight system." **(Web Resource 9)**

Potential for Reform

Regardless, there is broad agreement that reforms at the UN are sorely needed and long overdue in nearly all areas of its operations. The Volcker Report suggests that “responsibility for what went wrong with the Programme cannot be laid exclusively at the door of the Secretariat. Members of the Security Council and its 661 Committee must shoulder their share of the blame in providing uneven and wavering direction in the implementation of the Programme.” **(Web Resource 12)** Proposed UN management reforms can fix damage wrought by the OFFP through the Secretariat via Sanctions Committees. Current reform proposals do not target the Security Council, the body in charge of formulating sanctions.

Ultimately, the effects of reforms will depend heavily on the simple passage of those reforms. The proposals in question, the most sweeping in history, are encountering numerous roadblocks by various interest groups and voting blocks, particularly the developing nations of the Group of 77, the largest grouping of member states in the UN. **(Web Resource 13)**

If sanctions are a tool of statecraft well suited to the United Nations as an international body, a diplomatic device that can serve as an alternative to armed international conflict, it is critical to rebuild and maintain their integrity even following a situation of endemic and damning corruption.

WITNESS TESTIMONY

Witnesses were told the purpose of the hearing is to discuss the viability of future United Nations (UN) sanctions in light of the Oil-for-Food scandal and UN management reforms.

Ambassador Bolton has been asked to share his views on prospects for UN management reforms, particularly those linked to management transparency and accountability.

Mr. Joseph A. Christoff will discuss the recently released U.S. Government Accountability Office (GAO) report *United Nations: Lessons Learned from the Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight Activities*, as well as other GAO work related to the future of UN sanctions.

Mr. Carne Ross, a former member of the British delegation to the United Nations, will discuss his role in engineering and maintaining the Iraq sanctions while at the UN Security Council, lessons learned from the Oil-for-Food scandal, and implications of those lessons for future UN-run sanctions regimes.

Dr. George A. Lopez has been asked to discuss his role as an adviser to the United Nations, lessons learned from the Oil-for-Food scandal, and implications of those lessons and UN management reforms for future UN-run sanctions regimes.

WITNESSES

PANEL ONE

The Honorable John R. Bolton

Ambassador

Permanent U.S. Representative to the United Nations

PANEL TWO

Mr. Joseph A. Christoff

Director, International Affairs and Trade Team

U.S. Government Accountability Office

Mr. Carne Ross

Director

Independent Diplomat

Dr. George A. Lopez

Senior Fellow and Professor of Political Science

The Joan B. Kroc Institute for International Peace Studies

University of Notre Dame

ATTACHMENTS

1. Christoff, Joseph A. "Appendix 1: Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil-for-Food Program." *United Nations: Observations on the Oil-for-Food Program*, GAO-04-651T, April 7, 2004.
2. Cleminson, F. R. "Solving the Puzzle: The Oil for Food Program as a UN Success Story." Royal Canadian Military Institute, *SITREP*, v. 65 #4, July/August 2005.
3. Ross, Carne. "Could Sanctions Stop Iran? Recent History Suggests that Prospects Aren't Good." *Washington Post*, March 30, 2006.
4. "Developing States Raise Questions Over UN Overhaul," Reuters, March 20, 2006, via <http://today.reuters.com/> on 4/21/06.
5. "U.N. Overhaul," Edition: Fact Sheet, House Action Reports, No. 109-14, June 14, 2005, pp 1-3.
6. "Progress on United Nations Reform Based on U.S. Priorities." UN Foundation, April 12, 2006.

WEB RESOURCES

1. Security Council Sanctions Committees: An Overview
<http://www.un.org/Docs/sc/committees/INTRO.htm>
2. Testimony of Timothy Wirth, President, UN Foundation, before the House International Relations Committee, May 19, 2005.
http://www.house.gov/international_relations/109/wir051905.pdf
3. George A. Lopez and David Cortright, *Containing Iraq: Sanctions Worked*. Foreign Affairs, July/August 2004.
<http://www.foreignaffairs.org/20040701faessay83409/george-a-lopez-david-cortright/containing-iraq-sanctions-worked.html>

4. UN chronology of the Oil-for-Food Program,
www.un.org/Depts/oip/background/chron.html
5. Katzman, Kenneth and Christopher M. Blanchard, "Iraq: Oil-for-Food Program, Illicit Trade, and Investigations," Congressional Research Service RL30472, updated January 9, 2006.
<http://www.congress.gov/erp/rl/pdf/RL30472.pdf>
6. Testimony of Mr. Joseph A. Christoff, Director, International Affairs and Trade, U.S. General Accounting Office, before the Senate Foreign Relations Committee hearing on *A Review of the United Nations Oil-for-Food Program, April 7, 2004*.
<http://foreign.senate.gov/hearings/2004/hr040407a.html>.
7. Testimony of Ambassador Patrick Kennedy, United States Representative to the United Nations, before the House Government Reform Subcommittee on National Security, Emerging Threats, and International Relations hearing on *The Iraq Oil-for-Food Program: Starving for Accountability*, April 21, 2004,
<http://reform.house.gov/UploadedFiles/Kennedy%20Testimony%204-21.pdf>.
8. Independent Inquiry Committee (Volcker Commission) documents
<http://www.iic-offp.org/documents.htm>
9. *American Interests and UN Reform: Report of the Task Force on the United Nations*
http://www.usip.org/un/report/usip_un_report.pdf.
10. Rosett, Claudia. "How Corrupt is the United Nations?" Commentary, April 2006.
11. Comprehensive Report of the Special Advisor to the Director of Central Intelligence on Iraq's Weapons of Mass Destruction.
http://www.cia.gov/cia/reports/iraq_wmd_2004/

12. The Management of the United Nations Oil-for-Food Programme, Volume IV, Report of Investigation, United Nations Administration, Part II, Independent Inquiry Committee into the United Nations Oil-for-Food Programme
http://www.iic-offp.org/documents/Sept05/Mgmt_V4.pdf

13. *Investing in the United Nations: For a Stronger Organization Worldwide*, March 7, 2006, Report of the Secretary-General, General Assembly, United Nations.
<http://www.un.org/reform/>

14. Testimony of Ambassador Robin L. Raphel, Iraq Reconstruction Coordinator, U.S. Department of State, before the House Government Reform Subcommittee on National Security, Emerging Threats, and International Relations hearing on *The Iraq Oil-for-Food Program: Starving for Accountability*, April 21, 2004,
<http://reform.house.gov/UploadedFiles/RR%20testimony%204-21.pdf>.

15. United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight Activities (GAO-06-330), <http://www.gao.gov/cgi-bin/getrpt?GAO-06-330>.

Attachment 1

Appendix I: Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program

Date	Event/Action	Summary
Aug. 2, 1990	U.N. Security Council Resolution 660	Iraqi forces invaded Kuwait. Resolution 660 condemned the invasion and demanded immediate withdrawal from Kuwait.
Aug. 6, 1990	U.N. Security Council Resolution 661	Imposed economic sanctions against the Republic of Iraq. The resolution called for member states to prevent all commodity imports from Iraq and exports to Iraq, with the exception of supplies intended strictly for medical purposes and, in humanitarian circumstances, foodstuffs.
Aug. 6, 1990	Operation Desert Shield	President Bush ordered the deployment of thousands of U.S. forces to Saudi Arabia.
Nov. 5, 1990	U.S. legislation	Public Law 101-513 prohibited the import of products from Iraq into the United States and export of U.S. products to Iraq.
Jan. 12, 1991	U.S. legislation	Iraq War Powers Resolution authorized the president to use "all necessary means" to compel Iraq to withdraw military forces from Kuwait.
Jan. 16, 1991	Operation Desert Storm	Operation Desert Storm was launched: Coalition operation was targeted to force Iraq to withdraw from Kuwait.
Feb. 28, 1991	Gulf War cease-fire	Iraq announced acceptance of all relevant U.N. Security Council resolutions.
Apr. 3, 1991	U.N. Security Council Resolution 687 (Cease-Fire Resolution)	Mandated that Iraq must respect the sovereignty of Kuwait and declare and destroy all ballistic missiles with a range of more than 150 kilometers as well as all weapons of mass destruction and production facilities.
Jun. 17, 1991	Creation of U.N. Special Commission	The U.N. Special Commission (UNSCOM) was charged with monitoring Iraqi disarmament as mandated by U.N. resolutions and to assist the International Atomic Energy Agency in nuclear monitoring efforts.
Aug. 15, 1991	U.N. Security Council Resolution 706	Proposed the creation of an Oil for Food program and authorized an escrow account to be established by the Secretary General. Iraq rejected the terms of this resolution.
Sep. 19, 1991	U.N. Security Council Resolution 712	Second attempt to create an Oil for Food program. Iraq rejected the terms of this resolution.
Oct. 2, 1992	U.N. Security Council Resolution 778	Authorized transferring money produced by any Iraqi oil transaction on or after August 6, 1990, which had been deposited into the escrow account, to the states or accounts concerned as long as the oil exports took place or until sanctions were lifted.
Apr. 14, 1995	U.N. Security Council Resolution 986	Allowed Iraq to sell \$1 billion worth of oil every 90 days. Proceeds were to be used to procure foodstuffs, medicine, and material and supplies for essential civilian needs. Resolution 986 was supplemented by several U.N. resolutions over the next 7 years that extended the Oil for Food program for different periods of time and increased the amount of exported oil and imported humanitarian goods.
Mar. 27, 1996	U.N. Security Council Resolution 1051	Established the export and import monitoring system for Iraq.
May 20, 1996	Government of Iraq and the United Nations	Signed a memorandum of understanding allowing Iraq's export of oil to pay for food, medicine, and essential civilian supplies.
Jun. 17, 1996	United States	Based on information provided by the Multinational Interception Force (MIF), communicated concerns about alleged smuggling of Iraqi petroleum products through Iranian territorial waters in violation of resolution 661 to the Security Council sanctions committee.

Date	Event/Action	Summary
Jul. 9, 1996	U.N. Security Council Sanctions Committee	Committee members asked the United States for more factual information about smuggling allegations, including the final destination and the nationality of the vessels involved.
Aug. 28, 1996	U.S. delegation to the U.N. Security Council Sanctions Committee	Provided briefing on the Iraqi oil smuggling allegations to the sanctions committee.
Dec. 3, 1996	Islamic Republic of Iran Permanent Representative to the United Nations	Acknowledged that some vessels carrying illegal goods and oil to and from Iraq had been using the Iranian flag and territorial waters without authorization and that Iranian authorities had confiscated forged documents and manifests. Representative agreed to provide the results of the investigations to the sanctions committee once they were available.
Dec. 10, 1996	Iraq and the United Nations	Phase I of the Oil for Food program began.
Jun. 4, 1997	U.N. Security Council Resolution 1111	Extended the term of resolution 986 another 180 days (phase II).
Sep. 12, 1997	U.N. Security Council Resolution 1129	Authorized special provision to allow Iraq to sell petroleum in a more favorable time frame.
Oct. 8, 1997	Representatives of the United Kingdom of Great Britain and Northern Ireland to the United Nations	Brought the issue of Iraqi smuggling petroleum products through Iranian territorial waters to the attention of the U.N. Security Council sanctions committee.
Nov. 18, 1997	Coordinator of the Multinational Interception Force (MIF)	Reported to the U.N. Security Council sanctions committee that since February 1997 there had been a dramatic increase in the number of ships smuggling petroleum from Iraq inside Iranian territorial waters.
Dec. 4, 1997	U.N. Security Council Resolution 1143	Extended the Oil for Food program another 180 days (phase III).
Feb. 20, 1998	U.N. Security Council Resolution 1153	Raised Iraq's export ceiling of oil to about \$5.3 billion per 6-month phase (phase IV).
Mar. 25, 1998	U.N. Security Council Resolution 1158	Permitted Iraq to export additional oil in the 90 days from March 5, 1998, to compensate for delayed resumption of oil production and reduced oil price.
Jun. 19, 1998	U.N. Security Council Resolution 1175	Authorized Iraq to buy \$300 million worth of oil spare parts to reach the export ceiling of about \$5.3 billion.
Aug. 14, 1998	U.S. legislation	Public Law 105-235, a joint resolution finding Iraq in unacceptable and material breach of its international obligations.
Oct. 31, 1998	U.S. legislation: Iraq Liberation Act	Public Law 105-338 §4 authorized the president to provide assistance to Iraqi democratic opposition organizations.
Oct. 31, 1998	Iraqi termination of U.N. Special Commission (UNSCOM) Activity	Iraq announced it would terminate all forms of interaction with UNSCOM and that it would halt all UNSCOM activity inside Iraq.
Nov. 24, 1998	U.N. Security Council Resolution 1210	Renewed the Oil for Food program for 6 months beyond November 26 at the higher levels established by resolution 1153. The resolution included additional oil spare parts (phase V).
Dec. 16, 1998	Operation Desert Fox	Following Iraq's recurrent blocking of U.N. weapons inspectors, President Clinton ordered 4 days of air strikes against military and security targets in Iraq that contribute to Iraq's ability to produce, store, and maintain weapons of mass destruction and potential delivery systems.

Date	Event/Action	Summary
Mar. 3, 1999	President Clinton Report to Congress	President Clinton provided the status of efforts to obtain Iraq's compliance with U.N. Security Council resolutions. He discussed the MIF report of oil smuggling out of Iraq and smuggling of other prohibited items into Iraq.
May 21, 1999	U.N. Security Council Resolution 1242	Renewed the Oil for Food program another 6 months (phase VI).
Oct. 4, 1999	U.N. Security Council Resolution 1266	Permitted Iraq to export an additional amount of \$3.04 billion of oil to make up for revenue deficits in phases IV and V.
Nov. 19, 1999	U.N. Security Council Resolution 1275	Extended phase VI of the Oil for Food program for 2 weeks until December 4, 1999.
Dec. 3, 1999	U.N. Security Council Resolution 1280	Extended phase VI of the Oil for Food program for 1 week until December 11, 1999.
Dec. 10, 1999	U.N. Security Council Resolution 1281	Renewed the Oil for Food program another 6 months (phase VII).
Dec. 17, 1999	U.N. Security Council Resolution 1284	Abolished Iraq's export ceiling to purchase civilian goods. Eased restrictions on the flow of civilian goods to Iraq and streamlined the approval process for some oil industry spare parts. Also established the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC).
Mar. 31, 2000	U.N. Security Council Resolution 1293	Increased oil spare parts allocation from \$300 million to \$600 million under phases VI and VII.
Jun. 8, 2000	U.N. Security Council Resolution 1302	Renewed the Oil for Food program another 180 days until December 5, 2000 (phase VIII).
Dec. 5, 2000	U.N. Security Council Resolution 1330	Extended the Oil for Food program another 180 days (phase IX).
Mar. 8, 2001	Deputy U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham acknowledged Iraq's illegal re-export of humanitarian supplies, oil smuggling, establishment of front companies, and payment of kickbacks to manipulate and gain from Oil for Food contracts. Also acknowledged that the United States had put holds on hundreds of Oil for Food contracts that posed dual-use concerns.
Mar. 8, 2001	Acting U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham addressed questions regarding allegations of surcharges on oil and smuggling. Acknowledged that oil industry representatives and other Security Council members provided the United States anecdotal information about Iraqi surcharges on oil sales. Also acknowledged companies claiming they were asked to pay commissions on contracts.
Jun. 1, 2001	U.N. Security Council Resolution 1352	Extended the terms of resolution 1330 (phase IX) another 30 days.
Jul. 3, 2001	U.N. Security Council Resolution 1360	Renewed the Oil for Food program an additional 150 days until November 30, 2001 (phase X).
Nov. 29, 2001	U.N. Security Council Resolution 1382	The resolution stipulated that a new Goods Review List would be adopted and that relevant procedures would be subject to refinement. Renewed the Oil for Food program another 180 days (phase XI).
May 14, 2002	U.N. Security Council Resolution 1409	UNMOVIC reviewed export contracts to ensure that they contain no items on a designated list of dual-use items known as the Goods Review List. The resolution also extended the program another 180 days (phase XII).
Nov. 6, 2002	U.N. Security Council Sanctions Committee	MIF reported that there had been a significant reduction in illegal oil exports from Iraq by sea over the past year but noted oil smuggling was continuing.

GAO-04-651T
 enhanced border control provisions; I's neighbors; of protesters

Date	Event/Action	Summary
Nov. 25, 2002	U.N. Security Council Resolution 1443	Extended phase XII of the Oil for Food program another 9 days.
Dec. 4, 2002	U.N. Security Council Resolution 1447	Renewed the Oil for Food program another 180 days until June 3, 2003 (phase XIII).
Dec. 30, 2002	U.N. Security Council Resolution 1454	Approved changes to the list of goods subject to review and the sanctions committee.
Mar. 12, 2003	U.N. Security Council Sanctions Committee	Chairman reported on a number of alleged sanctions violations noted by letters from several countries and the media from February to November 2002. Alleged incidents involved Syria, India, Liberia, Jordan, Belarus, Switzerland, Lebanon, Ukraine, and the United Arab Emirates.
Mar. 19, 2003	Operation Iraqi Freedom	Operation Iraqi Freedom is launched. Coalition operation led by the United States initiated hostilities in Iraq.
Mar. 28, 2003	U.N. Security Council Resolution 1472	Adjusted the Oil for Food program and gave the Secretary General authority for 45 days to facilitate the delivery and receipt of goods contracted by the Government of Iraq for the humanitarian needs of its people.
Apr. 16, 2003	U.S. legislation	Public Law 108-11 §1503 authorized the President to suspend the application of any provision of the Iraq Sanctions Act of 1990.
Apr. 24, 2003	U.N. Security Council Resolution 1476	Extended provision of resolution 1472 until June 3, 2003.
May 1, 2003	Operation Iraqi Freedom	End of major combat operations and beginning of post-war rebuilding efforts.
May 22, 2003	U.N. Security Council Resolution 1483	Lifted civilian sanctions on Iraq and provided for the end of the Oil for Food program within 6 months, transferring responsibility for the administration of any remaining program activities to the Coalition Provisional Authority (CPA).
Nov. 21, 2003	U.N. Secretary General	Transferred administration of the Oil for Food program to the CPA.
Mar. 19, 2004	U.N. Secretary General	Responded to allegations of fraud by U.N. officials that were involved in the administration of the Oil for Food program.
Mar. 25, 2004	U.N. Secretary General	Proposed that a special investigation be conducted by an independent panel.

Attachment 2

SOLVING THE PUZZLE: THE OIL FOR FOOD PROGRAM AS A UN SUCCESS STORY

by F. R. Cleminson

In the last two years, the credibility of the United Nations and the personal integrity of the Secretary General have been targeted by an organized and focussed campaign of distortion, manipulation and misinformation. The attacks have centered on a series of unsubstantiated allegations of scandal and corruption in the operation of the UN backed Oil For Food Program (OFFP), a complex humanitarian endeavour which operated in Iraq from 1996 to 2003 under a Security Council mandate. The irony is that within the program itself, there was virtually no scandal of note. Nevertheless, the constant stream of abuse forced the Secretary General to characterize the year 2004 as having been his "*Annus Horribilis*".

Of course, such attacks against the personage of the Secretary General are not new. Bashing the UN has become a popular political sport in Washington D.C. These attacks have been nurtured by a cabal of neo-conservative activists, who appear unable, or unwilling, to forgive the UN for having been proven right in the controversy surrounding the absence of weapons of mass destruction (WMD) in Iraq prior to the 2003 invasion.

The Program

To gain some perspective, it is essential to understand the origin and scope of the OFFP; particularly its responsibility for oversight. Right after Iraq invaded Kuwait in 1990, the United Nations Security Council, under American leadership, put in place a comprehensive set of sanctions designed to isolate the regime in Baghdad. Unfortunately, those measures also had unintended negative consequences on the everyday living conditions of Iraqis. In an effort to mitigate this damage, the Security Council adopted Resolution 986 (1995). It set up the Oil For Food Program under which Iraqi oil was authorized to be sold on the international market under established UN guidelines.

The program itself was initiated at the beginning of 1996 and operated until the invasion of Iraq by Coalition forces in 2003. The Security Council authorized this unique humanitarian initiative under the guidance and leadership of the United States in late 1995. Establishing such a complex and unprecedented program, under the political pressures of the day, presented the United Nations staff with a set of unique challenges. Certain risks were entailed in developing a humanitarian program while main-

taining the constraints of a sanctions regime specifically designed by the Security Council to enforce strong and effective international controls against a corrupt Iraqi government. New policies and procedures, developed under pressure and within a restricted timeframe by the Security Council, had to be implemented quickly by a staff with little relevant experience and expertise from which to draw.

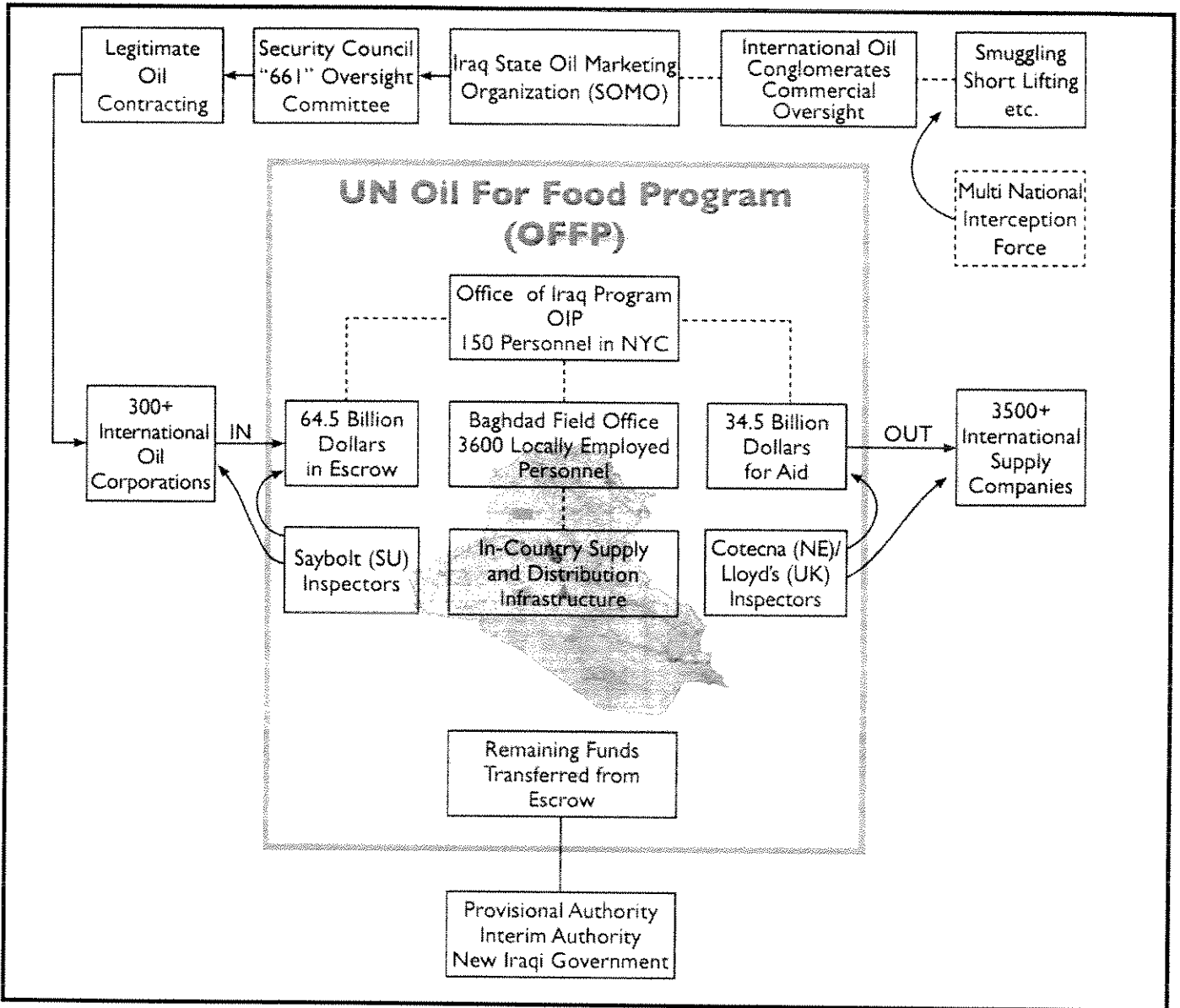
Creating and operationalizing such a mammoth program in just a matter of months was nothing short of a miracle. Complicated, complex, but nevertheless effective, the distribution and supply infrastructure under UN control undertook the responsibility of ensuring that humanitarian aid reached individual families in each of the 15 southern governates. Alternate arrangements were instituted for the semiautonomous Kurdish enclaves to the north. Because of the zero growth policy of the day, the United Nations staff had to move quickly to a "contracting out" arrangement, in which private commercial companies were engaged to provide certain inspection and monitoring services designed to meet sanctions requirements, as well as to ensure the proper and direct distribution of OFFP goods to more than 25 million ordinary Iraqi citizens.

From the aspect of UN management and procurement, OFFP represented an extensive undertaking. Over the life span of the program the Security Council approved approximately 30,000 contracts. Though approximately 6000 contracts were held up for various reasons, not one was on the basis of pricing. OFFP dealt with more than 300 oil companies that traded in Iraqi oil and with in excess of 3,500 companies which supplied humanitarian goods. At its peak, the OFFP employed more than 3,600 Iraqis directly in an extensive supply and distribution network which spanned the country.

From the humanitarian perspective, the program succeeded in its mission of significantly improving the every day living conditions of almost every family in Iraq. Statistics show that, from 1996 to 2001, the daily food intake for the average Iraqi increased from 1300 to 2300 calories; a spectacular improvement of particular importance in terms of both the young and the elderly. As a result, malnutrition amongst Iraqi children dropped by 50%. In addition, a vaccination campaign for children, funded and managed by the UN program, virtually eradicated polio in Iraq over the same five year period.

The oil sales revenues, amounting to some US\$64.5 billion, were deposited directly into UN controlled escrow accounts in Paris. Some US\$34.5 billion were expended for humanitarian goods. Funds were allocated for other purposes, including war reparations to those who suffered damages as a result of Iraq's invasion and occupation of Kuwait. The remaining funds were

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Inside and Outside the Oil For Food Program: Solving the Puzzle.

passed by the UN to the Iraq Provisional Authority in June 2003. At no time did Saddam Hussein have access to or authority over any of the funds in the UN managed escrow accounts.

Oversight responsibilities for the OFFP fell to the Security Council's Iraq Sanctions Committee; in reality a committee of the whole. That responsibility included the approval of all contracts within the Program as well as the identification of any irregularities in their implementation. The OFFP staff, per se, were never given the authority by the Security Council to prevent smuggling. In the Security Council's view, all member states were responsible for enforcing the sanctions and it was expected that states bordering Iraq would monitor cross border activities and deter smuggling.

OFFP remains, to this day, the largest humanitarian initiative ever undertaken in the history of UN operations. Member

states, including Canada, supported it immediately as a practical means of alleviating the plight of Iraqi citizens who had long suffered under the yoke of Saddam Hussein's regime. In essence, the program called for the sale of controlled quantities of Iraqi oil as a means to finance food, medicine and other humanitarian necessities. At the same time, restrictions were put in place to ensure that the proceeds from such sales could not be spent on proscribed weapons systems of those which could threaten Iraq's neighbours.

International Oil Transactions

That the international oil industry in its global reach, particularly through "third party" transactions, presented an attractive target for scandal through collusion, corruption and quick profit, has never been in question. The fluctuating prices at the local gas pump testifies to that. Internationally, the machinations of compa-

nies such as the Haliburton Corporation and its subsidiaries, most recently in postwar Iraq, have come to personify questionable ethics and practices. Haliburton, a large oil services conglomerate (once headed by Vice President Dick Cheney), has been challenged for price gouging and for other contract improprieties in postwar Iraq. In fact, the FBI is reported to have considered an extension of its probe to consider possible criminal misconduct. So it's clear that in this volatile energy resource area, there was, and still remains, plenty of room for scandal and quick profits.

Sales and activities at the international commercial level which took place outside of the strictures of the program itself, are being recognized as having been beyond the oversight authority mandated by the United Nations Security Council program managers. In fact, these activities should have been subjected to and pursued within whatever national and international commercial oversight standards and mechanisms then in existence. Those standards and mechanisms, if in fact they existed, were inadequate. Nevertheless, it is from the murky area of international commercial transactions, including the ultimate disposal of Iraqi oil by middlemen in the oil market, that allegations of scandal first emerged.

Investigations Underway

As a result of the uncertainty spawned by these unsubstantiated allegations of scandal, three separate sets of investigations emerged. They are ongoing. The first was initiated by a number of committees of the US Congress, the second by the UN Secretary General under Security Council guidance, and the third set, by a number of US government agencies. The latter are likely to be mirrored in other countries as national responsibilities regarding illegal oil transactions become more apparent.

The first set of probes, undertaken by at least a half dozen congressional committees, have simply resulted in additional broadsides of politically motivated allegations and innuendoes levelled at the operation of the Oil For Food Program and, by inference, at the United Nations itself. Congressional investigations seem more intent on finding scapegoats than on understanding what really went on and seeking lessons for the future. Of these probes, the most disruptive and disreputable have been those initiated by Senator Norm Coleman and Congressman Henry Hyde. Mr. Hyde is best remembered for his relentless pursuit of smut in relation to the attempt to impeach President Clinton. Coleman, junior senator from Minnesota, in hounding Kofi Annan to resign, has used both character assassination and personal ridicule in a manner reminiscent of the junior senator from Wisconsin half a century ago.

The second set, initiated by the Secretary-General himself, was activated on 21 April 2004. Paul A. Volcker, former Chairman of the Board of Governors of the United States Federal Reserve System, agreed to head an Independent Investigation Committee (IIC). South African judge Richard Goldstone, the first Balkans War Crime Prosecutor, and Professor Mark Pieth of

the University of Basel, a Swiss lawyer recognized internationally as an expert on money laundering with the OECD, joined the IIC as members. Reid Morden, formerly head of the Canadian Security and Intelligence Service (CSIS), assumed responsibility for day to day operations. Today, he leads a forensic auditing group of more than 40 professional investigators under a programmed budget of US\$30 million. The IIC has produced two comprehensive interim reports; the first on 3 February 2005, the second on 29 March 2005. Its final report is expected by late summer 2005.

The third set of investigations, likely to become of increasing significance in terms of "scandal", have been initiated independently by a number of US government agencies. They will be focussed more directly on criminally related activities; specifically possible malfeasants committed by American companies. The lead agency at the moment appears to be the Manhattan District Attorney's office, within whose legal jurisdiction, United Nations Headquarters is located.

During the period in which OFFP was running, the US became, indirectly, the biggest purchaser of Iraqi oil. American companies accounted for some 70% of all Iraqi crude oil exports by buying the oil through middlemen who, in turn, dealt directly with Iraq. In terms of "scandal," therefore, the focus is likely to be on the international commercial petroleum consortiums and on methods of extortion employed by middlemen. These include smuggling, vouchers, bribes, surcharges, and just plain kickbacks.

It is of interest to note that these illegal activities, which took place beyond the purview of the OFFP personnel, were not unknown in either New York or Washington D.C. That became clear in testimony provided by Robert Einhorn, former Assistant Secretary of State, who served as the action officer during the period under review. Before a congressional committee in 2003, he confirmed that "in the late 90's, we understood that a lot of shenanigans were going on...under the table payments and so on...we made vain efforts to limit the scope." In the shadow of revelations such as these, Manhattan US Attorney David Kelley, recently announced the indictment of four defendants accused of participating in a scheme thought to have paid millions of dollars in secret kickbacks to oil companies located in Texas. Scandal investigations in gross terms such as these are likely to focus on the "middleman" aspects of such international oil transactions.

All in all, these three sets of investigations represent an interesting junction and unique crosscutting of international and national law enforcement cultures. As for the United Nations itself, the consequences of such inquiries and investigations will be welcome. Transparency will serve to exonerate the UN from the scandal allegations, and from a parochial perspective, may also serve the useful purpose of identifying possible inadvertent mismanagement styles and practices on the part of staff. It would be eminently unfair, however, if UN actuarial performance criteria in play during the 1996-2003 era were to be judged against US generally accepted accounting principles (USGAAP) updated in 2005.

US Gov't Organizations	Comments
Senate Perm Sub-Committee on Investigations	Chair: Sen. Norm Coleman, Junior Senator from Minnesota
Senate Foreign Relations Committee	Chair: Sen. Richard Lugar, Senior Senator from Indiana
House International Relations Committee	Chair: Rep. Henry Hyde From Illinois
House Sub-Committee on Govt. Reform	Chair: Rep. Christopher Shays From Connecticut
House Energy Committee	Chair: Rep. Joe Barton From Texas
US Agencies	Comments
Govt. Accountability Office	WSHDC Formerly Govt. Accounting Office
Office of Foreign Assets Control	WSHDC Treasury Dept.
Central Intelligence Agency	WSHDC CIA Report Oct. 2004
Federal Grand Jury	NYC
US Attorney's Office in Manhattan	NYC
Justice Department	WSHDC
US Federal Reserve Bank	WSHDC
US Federal Reserve Bank of New York	NYC
Manhattan District Attorney	NYC
Others	Comments
Independent Inquiry Committee	NYC Chair: Paul Volker
Interim Coalition / Provisional Auth. etc.	Baghdad
Inter-Advisory and Monitoring Board	NYC
KPMG, Ernest & Young, etc.	Various private organizations by contract

Some of the Jurisdictions - Probing, Prodding, Interfering, Investigating.

Perspective

It is unfortunate that there have been so many unsubstantiated allegations, which for purposes of obfuscation have been profited as if they were facts. By treating allegations of corruption as facts, particularly for ideological reasons, the success of the program's primary role of providing "aid" to nearly every Iraqi family in distress has been virtually ignored.

Despite what ultimately might be identified as inherent flaws in the program, OFFP did enjoy measurable success in meeting the day to day basic needs over a period of some seven years, of some 27,000,000 ordinary Iraqi citizens. In so doing, it contributed to the maintenance of political support for a continuation of the sanctions regime, which in turn, according to the Iraq Survey Group (ISG) report, which was tabled in the US Congress in October 2004, prevented Saddam Hussein from reactivating his WMD programs.

In terms of Iraqi oil transactions, the better part of the funds illicitly pocketed by Saddam were earned by cheating on sanctions against Iraq by selling oil smuggled out at a time which predated the creation of OFFP. Figures tend to indicate that the bulk of the money talked about was from either smuggling or "third person" transactions. The United Nations had neither the mandate nor the capacity to police activities such as smuggling. This was

the task of the Multinational Interception Force created by the Security Council in 1990 and of the national authorities in countries through which the oil passed.

As for the program itself, Sir Jeremy Greenstock, who served as British Ambassador to the UN and as British Representative on the Security Council before, during and after the 2003 invasion of Iraq, described OFFP as having been an "exceptional program which had to be dealt with in an exceptional way." Greenstock served subsequently in the post-war occupation of Iraq as the Senior British representative. Recently he cautioned his colleagues that those "who are pouring out poison on the OFFP, should examine their own responsibilities." Greenstock serves today as Director of the "Ditchley Foundation," one of Britain's premier "think-tanks".

Conclusions

Was there scandal? The answer is yes. But allegations of scandal, in terms of the disposition of Iraqi oil, predate the creation of the Oil For Food Program.

The fault for scandal lies not with the United Nations but clearly with the international community, with the inadequacy of its own commercial oversight standards, and with gross neglect by national authorities, primarily by those nations which consumed the oil.

Smear? Definitely. The multi-pronged personalized attacks spearheaded by ideologically driven politicians and their apparatus, using deliberate distortions and unsubstantiated allegations as their tools, personify a fully blown, professionally orchestrated smear campaign.

Can we learn something else from it? Time will tell. The results of credible and transparent reporting now emerging suggests that the full story of OFFP could be used to provide useful case studies on the creation of innovative and effective international enterprises; reflecting a positive manner upon the credibility of the United Nations in that regard. Indeed, it can be plumbed to provide many other valuable lessons for the future. This is not the last time that the Security Council will be called upon to undertake unique tasks under less than ideal conditions. ■

The views expressed are those of the author, and do not necessarily reflect the views of the Institute or its members.

Attachment 3

washingtonpost.com

Could Sanctions Stop Iran?

Recent History Suggests That the Prospects Aren't Good

By Carne Ross

Thursday, March 30, 2006; A23

Now that the U.N. Security Council has agreed on a statement demanding that Iran restrict its nuclear program, the United States and its allies are doubtless considering tougher measures, including sanctions, to force Iran's compliance. The experience of sanctions imposed on Iraq (and on other countries), which I helped engineer and maintain as a British diplomat at the Security Council, offers some lessons.

First, no sanctions regime is effective unless its objective is widely shared, especially by the neighbors of the targeted state. On Iraq, even though the United States and Britain managed, through strenuous diplomatic effort, to gain Security Council approval of sanctions, there was considerable evasion of the sanctions by Iraq's neighbors and others, for whom their economic welfare was more important than the goal of disarming Iraq. Even if China and Russia do not block any sanctions resolution on Iran, no resolution will be effective unless they and other states choose to enforce the sanctions.

Second, oil sanctions are a double-edged sword. In the latter years of the 12-year sanctions regime on Iraq, Saddam Hussein often threatened to stop Iraq's oil exports in order to deter the United States and Britain from imposing measures in the Security Council to thwart his sanctions-busting techniques. Then as now, the gap between global oil demand and supply was so small that even the threat of stopping Iraq's exports caused damaging spikes in global oil prices. Any attempt to block or limit Iran's oil exports would surely have similar effects.

Third, even the most aggressive sanctions regimes, such as comprehensive economic sanctions, tend not to achieve their desired effects. While they were in effect, sanctions on Iraq prevented it from rearming -- despite the claims of the U.S. and British governments before the 2003 invasion. But the sanctions did not force Iraq to comply fully with the United Nations' weapons inspectors. It finally took the threat of invasion for Iraq to cooperate with the inspectors in the months before the war.

Instead, comprehensive sanctions caused considerable human suffering in Iraq and, thanks to the control over food rationing that the oil-for-food program placed in the regime's hands, they arguably helped reinforce Hussein's rule. This mistake must not be repeated.

Fourth, any sanctions regime requires a long-term, patient and detailed effort to succeed. Sanctions on Slobodan Milosevic's Yugoslavia were effective partly because the United States and the European Union devoted considerable resources to targeting Milosevic's illegal financial holdings. Although there was lots of rhetoric, and American ships patrolled the Persian Gulf, sanctions enforcement on Iraq was sporadic, as the United States and its allies

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allowed Iraq's neighbors, particularly Jordan and Turkey, to import oil illegally. It's hard to believe that support for sanctions against Iran, even if they were imposed, would endure for very long.

Sanctions on Libya, imposed in 1992 after the bombing of Pan Am Flight 103 over Lockerbie, Scotland, were more effective in part because they were more limited. The U.N. ban on arms sales and air travel to Libya was seen as measured and commensurate pressure on Moammar Gaddafi to comply with the Security Council's demand that two Libyan agents accused of planning the bombing be handed over for trial. Even then, it took many years before Libya complied. Here there is a lesson that sanctions, when supported politically and patiently applied, can eventually work. Perhaps here there is scope for something that could work with Iran: a package of travel bans and financial measures targeting Iranian leaders. Targeted sanctions are, after the Iraq experience, now the fashion.

But there is one big reason why any U.S. effort to obtain sanctions against Iran is unlikely to be effective. All U.N. sanctions in the past have been imposed on governments that have done something seriously wrong -- such as invading other countries (Iraq) or brazenly hosting terrorist organizations (the Taliban). The claim that Iran might be developing a nuclear bomb hardly meets this standard, particularly because Pakistan and India got away with it (and with U.S. sympathy) and because U.S. intelligence assertions on weapons of mass destruction are, thanks to the Iraq experience, thoroughly disbelieved. Unless Iran is silly enough to do something such as testing a bomb (which is not very likely), there will probably not be sufficient international support for punitive measures.

All of these reasons suggest that sanctions, as a policy option, are far from straightforward. Without troublemaking from Iran (which perhaps the United States is hoping for), they are unlikely to be agreed to under the current circumstances, and even if they are, they will succeed only if they are very carefully designed, targeted and supported by long-term and diligent diplomacy to shore up support.

The writer is a former diplomat who served in Britain's delegation to the United Nations from 1998 to 2002. He is now director of Independent Diplomat, a nonprofit diplomatic advisory group.

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Attachment 4



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Developing states raise questions over UN overhaul

Thu Apr 20, 2006 4:53 PM ET

By Evelyn Leopold

UNITED NATIONS (Reuters) - Developing nations wary of losing out in a estimated \$500 million U.N. management overhaul have asked Secretary-General Kofi Annan for dozens of reports the United States and other rich countries fear would torpedo the proposal.

South Africa drafted a resolution on behalf of 130 developing nations, known as the Group of 77, seeking the reports for the next General Assembly session, which begins in September. An assembly committee was discussing the request on Thursday.

The seven-page draft resolution seeks numerous evaluations on issues such as how Annan's proposals would improve U.N. effectiveness and the impact of previous reforms.

The United States, the 25-member European Union, Australia, Canada and Japan oppose the measure, which they see as a way to delay or block the overhaul with a mountain of paperwork.

"It would kill the secretary-general's own recommendations," said Richard Grenell, spokesman for the U.S. mission to the United Nations.

Annan, with U.S. support, last month introduced a 33-page report on overhauling the U.N. bureaucracy, the mainstay of his reform proposals. He sought more financial oversight, simplified hiring and firing procedures, career planning, staff buyouts, training and a modern information system.

The costs could run to \$500 million, and some jobs could be transferred to other countries from New York.

The United States has tied progress on management reform to a condition for refinancing the U.N. budget on June 30, but some of the developing nations which comprise a majority of the 191 U.N. members fear the overhaul will steer programs and jobs to benefit the rich.

Some Western diplomats hope for a quick vote on the information request, hoping it would be defeated, as opposed to a negotiations, but others say there may be enough support to pass the measure as it is and negotiations are needed to water it down.

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Attachment 5



House Action Reports

Edition: Fact Sheet

No. 109-14/June 14, 2005

U.N. Overhaul

This Fact Sheet deals with HR 2745, United Nations Reform Act, which the House is expected to consider on Thursday, June 16.

The bill provides for the withholding of up to 50% of U.S. dues to the United Nations unless the secretary of State certifies that by 2007 the world body has complied with 32 of 39 changes in its operations specified in the bill — such as more rigorous controls for the body's budget, the creation of a U.N. independent oversight board, and detailed financial disclosure for top U.N. officials. The secretary would have some discretion in certifying the compliance of the United Nations with these requirements, but the bill allows no discretion with 14 of the conditions for U.S. support, including the creation of an independent U.N. oversight and ethics office, prohibiting countries found to have violated human rights from serving on the U.N. Human Rights Commission, and the establishment of a U.N. Chief Operating Officer. The measure also urges the United Nations to shift 18 programs — such as those dealing with economic and social affairs, least-developed countries and Palestinian refugees — from the assessed budget, to which all member states are required to contribute, to voluntarily funded programs.

While support for changes in U.N. operations is widespread on both sides of the aisle, there is significant opposition to the mandatory withholding of U.S. support for the body. The administration is seeking numerous changes at the United Nations, but the State Department opposes the bill because of its mandatory cuts in U.S. contributions, and it is not clear whether the bill will be taken up on the Senate floor.

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Section I

Background & Summary

Hostility towards the United Nations has been a part of the American political landscape in Washington since the creation of the world body. Such anger climaxed in the 1990s, when Congress withheld numerous payments to the United Nations in protest over high U.S. assessments, the U.N.'s unwillingness to institute reforms, and the general anti-American tone of the organization. It was not until former U.S. Ambassador to the U.N. Richard Holbrooke, and former Sen. Jesse Helms, R-N.C., reached an agreement on conditions for the release of U.S. backpayments that the United States finally made good on its required dues.

Although relations between Washington and the United Nations improved after the payments were made, the U.N. Security Council's refusal to back the Bush administration's decision to invade Iraq have once again engendered some congressional anger toward the organization. Such hostility increased in the wake of reports regarding possible corruption by senior U.N. officials — including U.N. Secretary General Kofi Annan's son — in the Iraq Oil-for-Food program, sexual abuse of women and children by U.N. peacekeepers in the Democratic Republic of the Congo and elsewhere, and even sexual harassment of staffers by the U.N. High Commissioner for Refugees.

Summary of HR 2745

HR 2745 withholds up to 50% of U.S. assessed dues to the United Nations if that body does not reach at least 32 of 39 goals specified by the bill by 2007, such as more rigorous budget controls and required program and organizational oversight.

The measure grants the secretary of State some discretion in certifying compliance with most of the specified goals, but does not allow such discretion with 14 conditions — including those requiring the United Nations to establish a new independent oversight and ethics office, prohibiting countries that violate human rights (such as Syria and Sudan) from serving on the U.N. Human Rights Commission, and the establishment of a U.N. Chief Operating Officer.

The bill urges the United Nations to shift 18 programs — including economic and social affairs, least-developed countries, trade and development, international drug control, and Palestinian refugees — from the regular assessed budget, to which countries are required to contribute, to voluntarily funded programs. Current voluntarily funded programs include UNICEF, U.N. High Commissioner for Refugees, and the World Food

Programme. If the programs are not shifted, the bill directs that U.S. contributions be shifted to internal oversight and humanitarian affairs accounts.

The bill requires the United States to withhold funds for U.N. peacekeeping operations unless the United Nations adopts a single, enforceable, uniform Code of Conduct for all personnel serving in peacekeeping missions; U.N. peacekeepers are trained on the requirements of the code; and the code is translated into the native language of the peacekeeping troops.

References

The International Relations Committee reported the bill by a vote of 25 to 22 (H Rept 109-120).

See CQ Weekly, p. 1587.

Attachment 6

PROGRESS ON UNITED NATIONS REFORM BASED ON U.S. PRIORITIES

As of April 12, 2006

In September 2005, world leaders gathered at the UN to review progress toward the Millennium Development Goals and to consider a package of reforms to the United Nations. The reforms involved structural and management changes to the organization to improve its effectiveness and its abilities to deal with the challenges of the 21st century. The agenda for reform was introduced earlier in the year by Secretary-General Kofi Annan in a report, "In Larger Freedom: Towards Security, Development, and Human Rights for All." As you can see from the score card below, important progress has been made toward implementation of these reforms, including those advanced by the U.S. Mission to the United Nations.

U.S. MISSION REFORM PRIORITY *	UN ACTION
ACCOUNTABILITY	
<input checked="" type="checkbox"/> Improved Financial Disclosure policy.	<ul style="list-style-type: none"> A new, expanded financial disclosure policy was approved by the General Assembly on December 20, 2005 to be monitored by the newly created Ethics Office.
Enhanced anti-fraud and anti-corruption measures and policies.	<ul style="list-style-type: none"> The UN is consolidating its various antifraud and corruption policies into an integrated policy, and implementation is underway.
<input checked="" type="checkbox"/> Improved accountability through Secretary-General's Oversight Committee.	<ul style="list-style-type: none"> The Secretary-General has created an internal oversight committee to ensure effective implementation of recommendations of all oversight bodies.
MANAGEMENT PERFORMANCE	
<input checked="" type="checkbox"/> Improved accountability and performance of senior managers.	<ul style="list-style-type: none"> A Management Performance Board has been established to assess the performance of senior managers and hold them accountable for the performance of their units. The UN has also implemented a new transparent selection system for senior officials.
<input checked="" type="checkbox"/> Formation of executive-level decision Policy and Management Committees.	<ul style="list-style-type: none"> A Policy Committee and Management Committee were created and met regularly in 2005, enhancing the quality and speed of top-level decision-making.
Induction program for senior officials.	<ul style="list-style-type: none"> The UN's Office of Human Resources and Management (OHRM) is developing a formal induction program for senior staff which will include the review of rules, regulations, and a code of conduct.
Adopt "best management practices including effective use of information and communication technologies."	<ul style="list-style-type: none"> The Secretary-General has proposed the creation of a fully integrated global information and communications technology management support system by 2009 to be agreed upon by the General Assembly. The Secretary-General has proposed the creation of a Chief Information and Technology Officer to serve at the Assistant Secretary-General level to be authorized by the General Assembly.
<input checked="" type="checkbox"/> Submit proposals on "the conditions and measures necessary for the Secretary-General to carry out his managerial responsibilities."	<ul style="list-style-type: none"> The Secretary-General will delegate authority and accountability for the management and operation of the Secretariat to the Deputy Secretary-General through a redefinition of the position. The Secretary-General has proposed that his successor consolidate and streamline the number of

		groups directly reporting to the position from 25 to eight.
ETHICAL CONDUCT		
<input checked="" type="checkbox"/>	Submit details of an ethics office with independent status at 60th Session of the General Assembly.	<ul style="list-style-type: none"> A new Ethics Office was created on January 1, 2006 and is being staffed on a priority basis. Tunku Abdul Aziz, founder of the Malaysian Chapter of Transparency International, is the special advisor on the establishment of the office.
<input checked="" type="checkbox"/>	Enhanced whistle-blower protection.	<ul style="list-style-type: none"> A new, stringent whistleblower protection policy has been implemented.
	Better protection against harassment.	<ul style="list-style-type: none"> The organization is expanding its anti-sexual harassment policy and has created a mandatory online prevention program for all staff.
	Improved ethics training and updating codes of conduct/conflict of interest rules.	<ul style="list-style-type: none"> The UN has begun disseminating its Code of Conduct to all personnel and has revised and expanded its financial disclosure policies to include all staff with procurement and fiduciary responsibilities.
OVERSIGHT		
<input checked="" type="checkbox"/>	Proposal for an independent oversight advisory committee to include mandate, composition, selection and qualifications.	<ul style="list-style-type: none"> In November 2005, the Secretary-General set out detailed terms of reference for the Committee, including composition, selection process, and the qualification of experts; The terms of reference are being reviewed as a part of the independent evaluation of oversight and governance.
<input checked="" type="checkbox"/>	Improve oversight of the UN through significantly strengthening expertise, capacity and resources of OIOS in audits and investigations.	<ul style="list-style-type: none"> Additional funding was approved for OIOS in the 2006-2007 budget and 39 positions added to the office.
<input checked="" type="checkbox"/>	Independent external evaluation of audit, oversight and managerial responsibilities of the UN, including specialized agencies.	<ul style="list-style-type: none"> An independent external evaluation of the UN's oversight system is underway and the final report will be completed by Price Waterhouse Coopers by the end of May 2006.
<input checked="" type="checkbox"/>	Review of OIOS including comprehensive review of governance.	<ul style="list-style-type: none"> The review has been approved and will be completed by the end of April 2006.
HUMAN RIGHTS		
<input checked="" type="checkbox"/>	Detailed resolution establishing a new Human Rights Council with fewer members and more credibility.	<ul style="list-style-type: none"> On March 15, 170 UN member states voted to create a new Human Rights Council that will, for the first time, require member states to be voted on by the General Assembly, will require automatic reviews of members' human rights records, and that will allow for human rights abusers to be kicked off the Council. The U.S. has pledged to continue working through the UN to strengthen the Council to make it as effective as possible. Additionally, significant steps have been taken to strengthen the Office of the High Commissioner for Human Rights and double its budget.
TRANSPARENCY		
	Pro bono contract review and access to information.	<ul style="list-style-type: none"> A new and stricter policy has been put in place detailing the acceptance of pro bono goods offered to the UN by the private sector. The Secretary-General will submit a detailed

		proposal containing new and clear rules on public access to UN documentation to member state for approval in May 2006.
TERRORISM		
	Adoption of the Comprehensive Convention on International Terrorism (CCIT) with the goal of establishing common definition of terrorism.	<ul style="list-style-type: none"> The Secretary-General has created a Counter-Terrorism Implementation Task Force. Member States continue negotiating a Comprehensive Convention on International Terrorism.
UN PEACEKEEPING		
<input checked="" type="checkbox"/>	Improved standards of conduct and enforcement for PKO misconduct.	<ul style="list-style-type: none"> The UN has taken significant steps to address the allegations of misconduct against UN peacekeepers. These include: <ul style="list-style-type: none"> 221 allegations of abuse investigated resulting in the expulsion or firing of nearly 100 UN staff and peacekeepers. Unified standard of conduct for peacekeeping personnel has been introduced. Training has been integrated, and credible complaints mechanism established in all missions. A global review of peacekeeping missions was conducted in April 2005 by OIOS to ascertain any misconduct and a Comprehensive database in development of all misconduct. 19 new investigator positions have been created and DPKO established dedicated conduct and discipline team with similar teams in 8 peacekeeping missions in the coming months. Legal examination underway to ensure UN staff on mission are held accountable for criminal acts committed. Report due in March 2006.
<input checked="" type="checkbox"/>	Establish by the end of the year a new Peacebuilding Commission to advise on post-conflict resolution.	<ul style="list-style-type: none"> A Peacebuilding Commission was created on December 20, 2005. Work is underway to set up the new office.
	Proposal by end of December for a victim's assistance program for victims of sexual exploitation and abuse.	<ul style="list-style-type: none"> The UN is developing a comprehensive approach to victims' assistance for submission to the GA by the first quarter of 2006. Systems for issuing complaints, such as telephone hotlines and confidential emails, were established in all missions.
MODERNIZING THE ORGANIZATION		
<input checked="" type="checkbox"/>		<ul style="list-style-type: none"> 900 low-priority activities were eliminated in 2004-2005 under an existing budget provision (5.6 rule), with an additional 3,000 activities proposed for elimination in 2006-2007.
<input checked="" type="checkbox"/>	Submit analysis and recommendations to the General Assembly on mandates and opportunities for programmatic shifts.	<ul style="list-style-type: none"> On March 30, 2006, the Secretary-General issued a report to the General Assembly with analysis and possible options for carrying out the mandate review. The secretariat has provided member states with a comprehensive database cataloging all UN mandates to facilitate the review process.
<input checked="" type="checkbox"/>	Submit proposals to the General Assembly for improving budgetary, financial and human resources.	<ul style="list-style-type: none"> In March, 2006, the Secretary-General made several proposals for consideration by the General Assembly to increase staff training and development, recruit

	<p>staff more efficiently, increase staff mobility, and address the greater need for staff in the field.</p> <ul style="list-style-type: none"> • The Secretary-General proposed to consolidate and simplify the budget planning and implementation process, reduce duplicative and overly detailed processes, and expressly link budget and planning to performance for consideration by the General Assembly, • The Secretary-General proposed several reforms to be considered by the General Assembly to increase transparent and efficient financial management and to increase performance monitoring and evaluation.
<p>Submit proposals to the General Assembly for a one-time staff buy-out.</p>	<ul style="list-style-type: none"> • The Secretary-General is in the process of presenting a list of options on a one-time staff buy-out for review by the General Assembly.

**United States Mission to the United Nations, "UN Management Reform, 60th GA Priorities: Items for Secretariat to Implement from the Outcome Document," September 27, 2005*

ADDITIONAL REFORMS UNDERWAY BY THE UN	
PROCUREMENT	
	<ul style="list-style-type: none"> • UN procurement system report submitted by the U.S. National Institute of Government Purchasing (NIGP) in June 2005. • International accounting firm Deloitte & Touche reviewing financial and internal controls in the procurement system, with recommendations being implemented by the Department of Management. • Two further audits are being conducted, including a forensic audit by Deloitte and Touche and a management audit by OIOS. • The Secretary-General will provide a comprehensive report to the General Assembly by June 2006 reflecting the conclusions of current and continued investigations and corrective actions taken to date. • The Secretary-General has asked that investigations be swiftly concluded. 8 personnel have been placed on administrative leave while the investigations continue. • Day to day control of procurement operations has been shifted to UN Controller, Warren Sach.
DEMOCRACY	
<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • Creation of UN Democracy Fund announced by Secretary-General on July 4, 2005. The Fund's advisory board began practical work on March 6 and it will begin distributing grants by the summer. • As of March, the Fund has received \$44 million in pledges.