



Cash-for-Kofi

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Despite frequent declarations of reform, it seems that United Nations Secretary-General Kofi Annan has learned nothing from the U.N.'s Oil-for-Food scandal, in which Saddam Hussein's billions corrupted the U.N.'s entire Iraq embargo bureaucracy. Earlier this month, Annan accepted from the ruler of Dubai an environmental prize of \$500,000--a fat sum that represents the latest in a long series of glaring conflicts of interest. Call this one Cash-for-Kofi.

Annan received his award at a glittering February 6 ceremony in Dubai, as outlined in a press release from Annan's office that noted the honor, but neglected to mention the half million bucks that came with it. Surrounded by presidents, businessmen, and nearly 130 environmental ministers, Annan collected this purse as winner of the biennial Zayed International Prize for the Environment, given out by the ruler of Dubai, Sheikh Mohammed bin Rashid al-Maktoum.

So entwined were Annan's own U.N. colleagues in the process that selected him for this award that it's tempting to relabel the entire affair as one of the U.N.'s biggest back-scratching contests. Chairing the jury panel, which voted unanimously for Annan, was the executive director of the U.N. Environment Program, Klaus Toepfer, and among the jurors was the U.N. undersecretary-general for Economic and Social Affairs, José Antonio Ocampo. Both men owe their current jobs to Annan. Serving as an "observer" of the jury panel was Pakistan's ambassador to the U.N., Munir Akram, who just finished a term as president of the U.N.'s Economic and Social Council, which works closely with Annan. On the website for the Zayed prize, the public relations contacts include a U.N. staffer, Nick Nuttall, listed complete with his U.N. email account and phone number at the Nairobi headquarters of the U.N. Environment Program.

But let us assume these folks were impartial. It's possible that with the Zayed prize already handed out in earlier years to Jimmy Carter and the BBC, the depleted global pool held no candidate more worthy than Annan.

The real issue is why on earth Kofi Annan thinks it a good idea while serving as secretary-general to accept \$500,000--for any reason--from a high-ranking official of a U.N. member state. Sheikh Mohammed is not only the ruler of Dubai but the vice president and prime minister of the United Arab Emirates. No doubt he bestowed this award as a gesture of appreciation. But if the other 190 U.N. member states were to follow his lead, Annan would be rolling in \$95 million worth of personal prize money. Once the secretary-general allows himself to become a collector of cash awards, where's the line to be drawn? If Syria were to offer him a \$10 million environmental prize, or China were to up the ante to \$100 million, should he grab a suitcase and go pick it up?

Annan accepted the Dubai prize on the heels of setting up an ethics office within the U.N. Secretariat just last month. He has recently issued guidelines requiring staff to report any gifts of more than \$250, down from previous guidelines that smiled on the acceptance of doo-dads worth up to \$10,000. Staff rules do not apply to the secretary-general himself, who is presumed to operate as an exemplary civil servant. But one wonders what U.N. employees will make of their boss's big purse. Just last summer, a former U.N. procurement officer, Alexander Yakovlev, pleaded guilty in a U.S. federal court to taking hundreds of thousands of dollars worth

of bribes involving taxpayer-funded U.N. contracts. Annan's secretariat has yet to get to the bottom of this still-spreading scandal in its own procurement department. Imagine for a moment that U.N. contractors were to start holding contests for the world's finest procurement officer, and began handing out big cash prizes to U.N. officials. Should the secretary-general then congratulate the winners--or investigate them?

Not unaware of appearances, Annan announced at the Dubai award ceremony that he would be using his prize as seed money for a foundation he plans to set up in Africa, devoted to agriculture and girls' education. To date, he has provided no information about what this promised foundation might be or who will run it, or what perquisites might go to its founder, or to anyone else associated with it. Asked recently for details, Annan's spokesman replied, "When we have more information, we'll pass it on to you."

Such non-answers have a familiar ring to anyone who has followed the saga of the sporty green Mercedes, shipped into Ghana in 1998 by Annan's son, Kojo Annan, who saved \$14,000 in customs duties at the time via inappropriate use of his father's name and U.N. privileges. In that instance, the transaction was obscured behind a humanitarian façade, with the U.N. Development Program office in Ghana setting its U.N. seal on the paperwork. Annan, despite wiring his son \$15,000 to help pay for the car, claims he knew nothing about it, and that it had nothing to do with him or the U.N. Perhaps Annan intends to more carefully supervise and account for his prize-seeded future foundation; but it must be admitted that the

Mercedes experience is not a promising portent.

Nor is it a good sign that Annan, while enthusing about his prize in Dubai, appeared to have forgotten--if he ever took it on board in the first place--that from 1999-2003, Dubai was one of the hubs of kickback activity under the Oil-for-Food program. According to the U.S. Treasury and the U.N.'s own probe, led by Paul Volcker, at least two major front companies for Saddam Hussein's regime set up shop in Dubai: Al Hoda and Al Wasel & Babel. Between them, they secured more than \$500 million worth of U.N.-approved contracts, and funneled tens of millions in kickbacks to Saddam. Volcker reports that a Dubai businessman, Ibrahim Lootah, owned 51 percent of one of these companies, Al Wasel & Babel, which received a commission for kickbacks processed through its account. Asked last year by Volcker's investigators about this commission, Lootah replied, "Why not get easy money?"

Why not, indeed? While the United States, India, Australia, and even France have investigated Oil-for-Food wrongdoing by their citizens, there is no sign Dubai has opened any such inquiry. Nor is there any sign that Annan ever brought it up with them. That's no surprise, given that in London, a week before receiving his prize, he brushed aside the entire Oil-for-Food debacle with the astounding phrase, "If there was a scandal."

If this year's Zayed prize money from Sheikh Mohammed of Dubai is to be dedicated to helping Africa, as we have been told, there is no good reason to channel the funds through the wallet of the U.N. secretary-general. Under the U.N. charter, Annan is paid to serve as the U.N.'s chief administrative officer, not its Prize Recipient-in-Chief. If Annan feels he cannot with good grace reject the honor of the Zayed prize, then in the interest of curbing future scandals, he might at least return the purse.

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