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Sevan Rejects Politically-Motivated Charges of IIC
Regarding His Management of the Oil-for-Food Programme

In its latest report, the IIC alleges that Mr. Sevan failed to “maintain and support” sanctions monitoring and investigations as the head of the OIP, withheld information regarding Iraqi kickback demands from the 661 Committee, improperly “marginalized” an office under his charge, and failed to provide sufficient resources and expertise to another office. These charges reflect a misunderstanding of how the Programme actually worked and are categorically false.

- **Sanctions Monitoring and Investigation.** The IIC knows, or should know, that OIP did not have responsibility for sanctions monitoring and investigation. That responsibility was reserved to the Security Council, its 661 Committee, and the Member States as a matter of both law and long-standing practice.
- **Kickbacks.** The IIC confuses the decision not to convey information through official channels with the decision not to convey the information at all. On no occasion did OIP or Mr. Sevan withhold material information from the 661 Committee. In particular, the Committee was contemporaneously aware, through informal channels, of what OIP knew, in substance, regarding reports of kickback demands by Iraqi officials. Moreover, the Committee failed to act on the more than 70 contracts OIP reported as reflecting suspicious pricing (and hence possible kickbacks). It was OIP’s policy not to convey rumors regarding kickbacks formally to the 661 Committee if the contractor making the report was unwilling to put the report in writing. OIP would instruct the contractor to contact its country’s UN Mission, which in turn could convey the report formally to the 661 Committee if warranted. OIP did, however, share these unsponsored reports with the 661 Committee’s members informally. The 661 Committee was fully aware of this policy and raised no objection to it. It is false to state that OIP withheld these reports from the Committee, as they were discussed informally with the Committee’s members, including the U.S. and U.K. delegations.
- **The Programme Management Division (PMD).** The IIC’s allegation that Mr. Sevan “marginalized” PMD is misguided. PMD was an office of six UN staff members at Turtle Bay, some 8,000 miles from the Programme’s core operations in Iraq. The office at various times sought to extend its role beyond its mandate of advising the

Executive Director and supporting the field in an attempt to direct Programme operations in Iraq. Mr. Sevan did not believe such absentee governance was appropriate, orderly, or effective, and chose instead to delegate operational authority to key managers on the ground, led by Tun Myat, then Assistant Secretary-General and Humanitarian Coordinator for Iraq. Mr. Sevan, who ran the OIP for the entire six years of its operation, considers that the strong delegation of authority to the field and restriction of intermeddling from Headquarters was fundamental to the Programme's success. The IIC's attempt to second guess those decisions years after the fact is without basis.

- **The Contracts Processing and Management Division (CPMD).** The IIC's charge that Mr. Sevan deprived CPMD of necessary resources and expertise is simply wrong. Mr. Sevan cannot recall a single instance in which CPMD was denied resources it requested, including experts. Even with enormous additional expenditures on contract pricing experts, there would still have been no way to detect contracts overpriced by small margins (5-10%) in this unique spot market. Moreover, the 661 Committee was not interested in overpricing. On more than 70 occasions, OIP provided suspicious contracts to the 661 Committee; the Committee did not act on a single one of them. By the end of the Programme on 21 November 2003, in addition to the \$272 million previously transferred from savings achieved in the UN administrative and operational costs for the purchase of humanitarian supplies, there remained additional savings of some \$400 million. This was possible only because Mr. Sevan consistently took a tough line on spending. If there had been a cost-effective way to improve the detection of overpricing of this sort, Mr. Sevan would not have hesitated to authorize it.

It is important to consider what those who were observing the operation of the Programme in real time had to say about its management rather than the agenda-driven second-guessing of the IIC. In October 2003, Ambassador John Negroponte of the United States, the President of the Security Council (and now President Bush's Director of National Intelligence), speaking in his national capacity, commended Mr. Sevan for "the outstanding work that he and his staff have done both in New York and in the region over the years in the implementation of the Programme." He added: "Their efforts have been nothing short of outstanding. We respect them for the excellent work that has been carried out by the oil-for-food programme. As has been the case throughout the life of the United Nations oil-for-food programme, the Office of the Iraq Programme's personnel continue to demonstrate exceptional professionalism and thoroughness in their work, despite the obstacles and challenges that they face daily, and they deserve our commendation as well as our gratitude for their unique efforts." (S/PV.4851)

Having failed to find any significant management failure in the OIP itself, the IIC has sought out the losers in a number of OIP management decisions to try to cobble together a case against Mr. Sevan's management. Unfortunately, the IIC has failed to assess the detractors' positions critically and has failed to educate itself sufficiently about Programme realities on the ground to be able to second-guess Mr. Sevan's management decisions with any credibility.

Mr. Sevan stands willing, as he always has been, to accept any fair criticism of his management of the OIP. The IIC, however, has not adduced fair or plausible criticisms to date. Mr. Sevan is proud of his service to the Programme, and even more proud of the collective effort and sacrifice of the national and international staff whose contribution made the Programme's success possible in exceptionally difficult circumstances.

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