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The Volcker Interim Report on Kofi Annan: Issues of Concern for Congress

by Nile Gardiner, Ph.D.

WebMemo #707

March 31, 2005 |

The Independent Inquiry Committee into the United Nations Oil-for-Food Program (IIC), chaired by Paul Volcker, released its Second Interim Report on March 29.^[1] This Interim Report examines the UN's 1998 hiring of the Swiss company Cotecna to conduct inspections of humanitarian goods entering Iraq under the Oil-for-Food Program and any potential conflict of interest involving UN Secretary-General Kofi Annan, whose son Kojo was employed by Cotecna.^[2]

The Volcker Committee, appointed by Kofi Annan in April 2004, is one of several major investigations into the UN's management of the Oil-for-Food Program. Investigations are also being conducted by committees in the United States Senate and House of Representatives, as well as by the U.S. Department of Justice, the U.S. Treasury, and others.

The eagerly awaited Volcker Report was immediately greeted with cries of "exoneration" by the UN's senior leadership after Mr. Volcker controversially found "no evidence that the selection of Cotecna in 1998 was subject to any affirmative or improper influence of the Secretary General in the bidding or selection process." Asked if he was planning to resign anytime soon, Annan uncharacteristically responded with the bullish words "Hell no!"

However, a closer reading of the report reveals serious failures of leadership at the United Nations, the destruction of thousands of critically important documents by the UN Chief of Staff, and previously undisclosed meetings between Kofi Annan and Cotecna executives, all of which make a mockery of UN claims of vindication. It is hardly surprising that Mr. Volcker has struggled to find evidence of "improper influence" if a great deal of potential evidence has ended up in a shredder.

This latest report dramatically adds to the growing picture of mismanagement, incompetence, and unaccountability at the United Nations, a world body in deep crisis and in serious need of reform. And the report is not, as Annan has claimed, in any way a vindication for him or the UN. As lead IIC investigator Mark Pieth stated, "We did not exonerate Kofi Annan. We should not brush this off. A certain mea culpa would have been appropriate."^[3]

The Interim Report raises a number of important issues that should be of major concern to congressional investigators.

Document Shredding

The report states that in 2003, the UN Chief of Staff, ...

The most significant finding in the Volcker Report is the revelation that Kofi Annan's then Chief of Staff, Iqbal Riza, authorized the shredding between April and December 2004 of thousands of UN documents. Among these documents were the entire UN Chef de Cabinet chronological files for the years 1997, 1998, and 1999, many of which related to the Oil-for-Food Program.

Riza approved this destruction just ten days after he had personally written to the heads of nine UN-related agencies that administered the Oil for-Food Program in Northern Iraq, requesting that they "take all necessary steps to collect, preserve and secure all files, records and documents... relating to the Oil-for-Food Programme."^[4] The destruction continued for more than seven months after the Secretary General's June 1, 2004, order to UN staff members "not to destroy or remove any documents related to the Oil-for-Food programme that are in their possession or under their control, and to not instruct or allow anyone else to destroy or remove such documents."^[5]

Significantly, Kofi Annan announced the retirement of Mr. Riza on January 15, 2005, exactly the same day that Riza notified the Volcker Committee that he had destroyed the documents.^[6] Riza was immediately replaced by UNDP chief Mark Malloch Brown.

Riza was Chief of Staff from 1997 to 2004, almost the entire period of the Oil-for-Food Program's operation, and would undoubtedly possess an intricate knowledge of the UN's management of it. He was a long-time colleague of Kofi Annan and served as Annan's deputy in the Department of Peacekeeping Operations from 1993 to 1996.

The UN document destruction scandal raises a number of serious questions:

- Under whose instruction did Iqbal Riza authorize the destruction of UN documents?
- To what extent was Kofi Annan himself aware of the shredding of the documents?
- What role did Riza play in the UN's management of the Oil-for-Food Program?
- How closely did Riza work with Benon Sevan, head of the Office of the Iraq Program, during his time as Chief of Staff?

Kofi Annan and Cotecna

The overall impression given in the Volcker Report is of a closer relationship between Kofi Annan and Cotecna officials than was previously known.

The Volcker Report states that Kofi Annan met twice with Elie Massey, the owner of Cotecna, before awarding it the Iraq inspection contract. Their first meeting took place in February 1997 at the World Economic Forum in Davos, Switzerland, and the second in September 1998, arranged by his son Kojo. Significantly, when the Volcker Committee first interviewed Annan in November 2004, he denied that he had met with Mr. Massey before the awarding of the Cotecna contract. He retracted that statement when he was re-interviewed in January 2005, after "a review of the computer of the Secretary-General's assistant, (where) the Committee found information reflecting that the Secretary-General had met with Elie Massey on two occasions prior to the award of the inspection contract to Cotecna."^[7] In addition, Annan met once with Elie Massey, in Geneva, after Cotecna was awarded the UN contract, in 1999.^[8]

Kofi Annan's meetings with Cotecna executives should be subject to Congressional

scrutiny, as they raise major conflict of interest issues. And Annan's initial unwillingness to disclose these meetings to the Independent Inquiry Committee clearly indicates that Mr. Annan has not been acting in a completely transparent manner regarding the Oil-for-Food investigation. This information should have been publicly disclosed far earlier by Annan, but it was revealed only after an investigation by the *Financial Times* and Italy's *Il Sole 24 Ore*.

The relationship between Kofi Annan and Michael Wilson, Cotecna's Vice President for Marketing Operations in Africa, is also of interest. The Volcker investigation reveals that the Secretary-General was "a long-standing friend of Mr. Wilson's father, who had been Ghana's ambassador to Switzerland." The Volcker report states that "Mr. Wilson also knows the Secretary-General well and, in the Ghanaian tradition, considers him like an 'uncle'. Shortly after Kojo Annan graduated from university, the Secretary-General and Mr. Wilson spoke about the possibility of Kojo Annan working at Cotecna."[\[9\]](#)

Aside from his contacts with Michael Wilson and Elie Massey, the Volcker Committee also notes that Kofi Annan "already was familiar with Cotecna and its prior interest in doing business with the United Nations. In 1991, while he served as the United Nations Controller and Assistant Secretary-General for Programme Planning, Budget and Finance, he had been involved in negotiations with Iraq about initial proposals for an Oil-for-Food arrangement, and Cotecna had written to him, at that time, about its interests in the inspection services contract. He had passed the information on to the United Nations Development Programme (UNDP), the department then in charge of the Iraq Programme."[\[10\]](#)

The Internal UN Inquiry Into Kojo Annan and Cotecna

The Volcker Report is highly critical of the UN's own inquiry into the conflict of interest arising from Cotecna's employment of Kojo Annan and his father's position as Secretary-General. By all accounts, the UN inquiry was a farce, lasting for just one day. The inquiry was prompted by an article published in *The Sunday Telegraph* on January 24, 1999, which revealed that the UN had awarded a major contract to a company (Cotecna) that employed the son of the UN Secretary-General. At the same time, as the Volcker Committee reports, "Cotecna was embroiled in a criminal investigation involving allegations that it had made illegal payments for the benefit of former Pakistani Prime Minister Benazir Bhutto."[\[11\]](#)

The UN inquiry was headed by Joseph Connor, Under-Secretary for Management, "who failed to take any action beyond the one day inquiry that was conducted concerning the truth of the allegations and their ongoing impact on the fitness of Cotecna to remain as a United Nations contractor."[\[12\]](#) The Volcker Report asserts that the inquiry was "inadequate" and that the Secretary-General should have referred the matter to the UN's Office of Internal Oversight Services or the Office of Legal Affairs. The Report concludes "had there been such an investigation of these allegations, it is unlikely that Cotecna would have been awarded renewals of its contract with the United Nations."[\[13\]](#) At the same time, the Report states "Kojo Annan actively participated in efforts by Cotecna to conceal the continuing relationship with him."[\[14\]](#)

While the Volcker Committee shies away from drawing the conclusion, it is clear

that the Secretary-General's failure to order a comprehensive, independent inquiry into this matter, given his own conflict of interest, demonstrates at the very least a huge management failure at the helm of the UN, and possibly a deliberate attempt by Kofi Annan to avoid a thorough investigation of serious charges.

Conclusion

The destruction of highly sensitive documents by Kofi Annan's Chief of Staff is an obstruction of justice that demands congressional investigation. It gives the impression of a major cover-up at the very heart of the United Nations and casts a dark cloud over the credibility of the UN Secretary-General. It projects an image of impunity, arrogance, and unaccountability on the part of the leadership of the United Nations. Riza, who, like Benon Sevan, is retained on the UN payroll at a salary of \$1 a year, should be made available for interview to congressional investigators and should give testimony before Congress explaining his actions.

Major questions also remain regarding the Secretary-General's meetings with a senior executive from Cotecna on three separate occasions and his failure to initially disclose these meetings to the Volcker Committee. In the interests of full transparency, the transcripts of Kofi Annan's interviews with the Independent Inquiry Committee should be released.

The failure of the Secretary-General to recognize and act upon the enormous conflict of interest regarding his son's involvement with Cotecna is an extremely serious matter that reflects poorly upon both his judgment and personal integrity. The UN's farcical internal inquiry into this matter demonstrates clearly that there is a need for effective external oversight of the United Nations. The overriding impression given is of an institution that is fundamentally broken and in dire need of major reform and new leadership.

In order to begin the process of restoring the reputation of the United Nations, Mr. Annan should step down. The fact that Annan remains in office despite growing evidence of UN mismanagement and corruption with regard to the Oil-for-Food Program sets a poor precedent for future leaders of the UN, who will be encouraged to believe they will not be held to account for the organization's failures. Annan is increasingly a 'lame duck' Secretary-General who has become a severe liability to the effectiveness of the UN as a world body. Serious reform of the organization to make it more transparent, effective, and accountable will be impossible as long as he remains in power.

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[4901226.00.html](#)

- [\[4\]](#) *IIC Second Interim Report*, p.81.
- [\[5\]](#) *IIC Second Interim Report*, p.82
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- [\[7\]](#) *IIC Second Interim Report*, pp40- 42.
- [\[8\]](#) *IIC Second Interim Report*, p.72
- [\[9\]](#) *IIC Second Interim Report*, p.26
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- [\[11\]](#) *IIC Second Interim Report*, p.3
- [\[12\]](#) *IIC Second Interim Report*, p.80
- [\[13\]](#) *IIC Second Interim Report*, p.78
- [\[14\]](#) *IIC Second Interim Report*, p.79

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[14] *IIC Second Interim Report*, p.79

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The Volcker Report states that Kofi Annan met twice with Elie Massey, the owner of Cotecna, before awarding it the Iraq inspection contract. Their first meeting took place in February 1997 at the World Economic Forum in Davos, Switzerland, and the second in September 1998, arranged by his son Kojo. Significantly, when the Volcker Committee first interviewed Annan in November 2004, he denied that he had met with Mr. Massey before the awarding of the Cotecna contract. He retracted that statement when he was re-interviewed in January 2005, after “a review of the computer of the Secretary-General’s assistant, (where) the Committee found information reflecting that the Secretary-General had met with Elie Massey on two occasions prior to the award of the inspection contract to Cotecna.”^[7] In addition, Annan met once with Elie Massey, in Geneva, after Cotecna was awarded the UN contract, in 1999.^[8]

Kofi Annan’s meetings with Cotecna executives should be subject to Congressional scrutiny, as they raise major conflict of interest issues. And Annan’s initial unwillingness to disclose these meetings to the Independent Inquiry Committee clearly indicates that Mr. Annan has not been acting in a completely transparent manner regarding the Oil-for-Food investigation. This information should have been publicly disclosed far earlier by Annan, but it was revealed only after an investigation by the *Financial Times* and Italy’s *Il Sole 24 Ore*.

The relationship between Kofi Annan and Michael Wilson, Cotecna's Vice President for Marketing Operations in Africa, is also of interest. The Volcker investigation reveals that the Secretary-General was "a long-standing friend of Mr. Wilson's father, who had been Ghana's ambassador to Switzerland." The Volcker report states that "Mr. Wilson also knows the Secretary-General well and, in the Ghanaian tradition, considers him like an 'uncle'. Shortly after Kojo Annan graduated from university, the Secretary-General and Mr. Wilson spoke about the possibility of Kojo Annan working at Cotecna."^[9]

Aside from his contacts with Michael Wilson and Elie Massey, the Volcker Committee also notes that Kofi Annan "already was familiar with Cotecna and its prior interest in doing business with the United Nations. In 1991, while he served as the United Nations Controller and Assistant Secretary-General for Programme Planning, Budget and Finance, he had been involved in negotiations with Iraq about initial proposals for an Oil-for-Food arrangement, and Cotecna had written to him, at that time, about its interests in the inspection services contract. He had passed the information on to the United Nations Development Programme (UNDP), the department then in charge of the Iraq Programme."^[10]

The Internal UN Inquiry Into Kojo Annan and Cotecna

The Volcker Report is highly critical of the UN's own inquiry into the conflict of interest arising from Cotecna's employment of Kojo Annan and his father's position as Secretary-General. By all accounts, the UN inquiry was a farce, lasting for just one day. The inquiry was prompted by an article published in *The Sunday Telegraph* on January 24, 1999, which revealed that the UN had awarded a major contract to a company (Cotecna) that employed the son of the UN Secretary-General. At the same time, as the Volcker Committee reports, "Cotecna was embroiled in a criminal investigation involving allegations that it had made illegal payments for the benefit of former Pakistani Prime Minister Benazir Bhutto."^[11]

The UN inquiry was headed by Joseph Connor, Under-Secretary for Management, "who failed to take any action beyond the one day inquiry that was conducted concerning the truth of the allegations and their ongoing impact on the fitness of Cotecna to remain as a United Nations contractor."^[12] The Volcker Report asserts that the inquiry was "inadequate" and that the Secretary-General should have referred the matter to the UN's Office of Internal Oversight Services or the Office of Legal Affairs. The Report concludes "had there been such an investigation of these allegations, it is unlikely that Cotecna would have been awarded renewals of its contract with the United Nations."^[13] At the same time, the Report states "Kojo Annan actively participated in efforts by Cotecna to conceal the continuing relationship with him."^[14]

While the Volcker Committee shies away from drawing the conclusion, it is clear that the Secretary-General's failure to order a comprehensive, independent inquiry into this matter, given his own conflict of interest, demonstrates at the very least a huge management failure at the helm of the UN, and possibly a deliberate attempt by Kofi Annan to avoid a thorough investigation of serious charges.

Conclusion

The destruction of highly sensitive documents by Kofi Annan's Chief of Staff is an obstruction of justice that demands congressional investigation. It gives the impression of a major cover-up at the very heart of the United Nations and casts a dark cloud over the credibility of the UN Secretary-General. It projects an image of impunity, arrogance, and unaccountability on the part of the leadership of the United Nations. Riza, who, like Benon Sevan, is retained on the UN payroll at a salary of \$1 a year, should be made available for interview to congressional investigators and should give testimony before Congress explaining his actions.

Major questions also remain regarding the Secretary-General's meetings with a senior executive from Cotecna on three separate occasions and his failure to initially disclose these meetings to the Volcker

Committee. In the interests of full transparency, the transcripts of Kofi Annan's interviews with the Independent Inquiry Committee should be released.

The failure of the Secretary-General to recognize and act upon the enormous conflict of interest regarding his son's involvement with Cotecna is an extremely serious matter that reflects poorly upon both his judgment and personal integrity. The UN's farcical internal inquiry into this matter demonstrates clearly that there is a need for effective external oversight of the United Nations. The overriding impression given is of an institution that is fundamentally broken and in dire need of major reform and new leadership.

In order to begin the process of restoring the reputation of the United Nations, Mr. Annan should step down. The fact that Annan remains in office despite growing evidence of UN mismanagement and corruption with regard to the Oil-for-Food Program sets a poor precedent for future leaders of the UN, who will be encouraged to believe they will not be held to account for the organization's failures. Annan is increasingly a 'lame duck' Secretary-General who has become a severe liability to the effectiveness of the UN as a world body. Serious reform of the organization to make it more transparent, effective, and accountable will be impossible as long as he remains in power.

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[1] Independent Inquiry Committee into the United Nations Oil-for-Food Programme, *Second Interim Report*, March 29, 2005, at <http://www.iic-offp.org/documents/InterimReportMar2005.pdf>

[2] Cotecna employed Annan's son Kojo in Nigeria from 1995 to 1997, and retained him as a consultant in 1998. From 1999 to 2004, Cotecna had a "non-compete" contract with Cotecna. In total, Kojo Annan received more than \$300,000 from Cotecna. See Claudia Gatt, 'Cotecna Link to Kojo Annan Under Scrutiny', *Financial Times*, March 22, 2005.

[3] Quoted by Desmond Butler and Nick Wadhams, 'Oil-for-Food Investigator Condemns Company', *Associated Press*, March 30, 2005, at <http://www.guardian.co.uk/worldlatest/story/0,1280,-4901226,00.html>

[4] *IIC Second Interim Report*, p.81.

[5] *IIC Second Interim Report*, p.82

[6] *IIC Second Interim Report*, p.82.

[7] *IIC Second Interim Report*, pp40- 42.

[8] *IIC Second Interim Report*, p.72

[9] *IIC Second Interim Report*, p.26

[10] *IIC Second Interim Report*, p.27

[11] *IIC Second Interim Report*, p.3

[12] *IIC Second Interim Report*, p.80

[13] *IIC Second Interim Report*, p.78

[14] *IIC Second Interim Report*, p.79