

United States Senate

WASHINGTON, DC 20510

May 5, 2006

The Honorable Condoleezza Rice
Secretary of State
United States Department of State
2201 C St. NW
Washington, DC 20520

Dear Secretary Rice,

My colleagues and I write to express our concern with the Capital Master Plan (CMP), and the recent request for more money for the project. As you know, the current cost of the project is \$1.749 billion, and a special assessment of \$100.5 million is pending before the United Nations (U.N.). The Plan has yet to be approved by the General Assembly or endorsed by the United States Congress. We have serious concerns about involving the U.S. taxpayers in such a large and, in our opinion, ill-managed project.

One of our major concerns with the U.N. in general is that it continues to reject any steps towards significant procurement and management reforms. The United Nations is planning to request that its member states fund a \$1.749 billion procurement and management project for the renovation of UN headquarters, yet has made no meaningful reform since the Oil For Food scandal, one of the largest financial scandals in history involving billions of dollars in corruption. Sadly, not a single United Nations employee has been indicted, fired, or even officially censured in regards to the scandal. More specifically, the Capital Master Plan will be a major procurement and management project, managed within the same corrupt procurement system that gave rise to the Oil for Food program and many other scandals only now coming to light. Just last week, member states of the so-called "Group of 77," which collectively contributes only 12% of the U.N. core budget, voted down the Secretary General's minimal reform package, outnumbering the 50 or so nations, including the U.S., which collectively contribute the vast majority of the U.N.'s budget. If even this modest attempt at procurement and management reform was stymied, what hope should the American taxpayers have that their investment in the U.N.'s grand new complex won't be lost to waste, fraud, and corruption, just like the untold billions they've already poured into this international body?

A treatment plan for the United Nations can't be developed until the nature of the diagnosis uncovers the problem – how serious it is, how pervasive it is within the system, etc. Reform proposals will fare better if more "sunshine" were forced onto the procurement system, allowing for a full and accurate diagnosis of the problems. Unfortunately, U.N. procurement has proven to be a gross violation of the good faith of taxpayers all over the world. Without transparency, there can be no accountability. Since Congressional requesters and the media have been repeatedly denied access to contracts and contracting information, no one knows the full extent of the procurement scandals involving kick-backs, bribery, nepotism, and worse. The

United Nations refuses to submit its books to close scrutiny by member states, the media, law enforcement, non-governmental organizations and private citizens. Despite the news of eight unnamed procurement employees being put on administrative leave and the indictments of Alexander Yakovlev and Vladimir Kuznetsov, the United Nations refuses to divulge details surrounding these incidents or release any reports or audits. To this day, there are companies like Eures Support Services that were directly involved in the procurement scandal but are still listed as an active United Nations contractor. For these reasons, the United Nations must have meaningful and full transparency with its procurement contracts and budget before we can agree to begin funding this \$1.749 billion procurement project.

Additionally, we fear that the Capital Master Plan, as currently devised, is unworkable. Some improvements in ensuring proper costing of materials and design work have certainly been made under Undersecretary General Burnham. However, our industry consultants tell us that the plan grossly underestimates the cost and timeframe of “mobilization” – that is, the costs associated with accommodating a unionized workforce of at least 500 as they operate on site. The time and financial costs of providing food, sanitation facilities, break space for construction laborers, with multiple exits and entrances through high-level security each day, has been vastly underestimated. In addition, the 5-floor phasing will lead to seepage of fumes and other problems that will likely cause devastating and frequent work stoppages. These delays could drive up renovation costs and the timeframe exponentially. We are concerned that the plan will exceed both its budget and projected timeframe.

In light of these serious reservations, we ask that you provide answers to the following questions by June 15, 2006:

1. On what date will the U.N. make public all grants, contracts, task orders and other procurement vehicles since January 1, 1995, including amount of the procurement, itemized prices paid for all goods and services, the recipients of such funds (whether private or public), disbursements made for the procurement, and the terms of the contract, order or other procurement vehicle, including deliverables, deadlines, and indicators.
 - a. As a first step toward this comprehensive transparency in procurement, on what date will the U.N. make public (published on a public web site) all contracts related to the Capital Master Plan, since 1996?
2. On what date will the U.N. make public reports or findings of the multiple investigations within its procurement system now underway?
3. Why is Eures Support Services still being used by the United Nations despite the company’s direct involvement in the Alexander Yakovlev scandal? Are there other questionable contracts and contractors, including parent companies and subsidiaries, being used by the United Nations?
4. On what date will the U.N. name the individuals and the charges of the eight procurement officials on administrative leave?


5. On what date will the U.N. release the report on the details of Vladimir Kuznetsov's indictment, including the audits on the contractors through which he allegedly laundered money?
6. In your view, which procurement and management reforms must be adopted before the U.S. agrees to continue funding after the initial phase of funding for the year's U.N. core budget runs out on or around June 30, 2006? What assurances can you provide that you will not approve an extension of funding for core budget past the initial capped amount unless certain reforms are adopted by the U.N.?

Before Americans are required to pour millions more into the hopelessly corrupt U.N. procurement system, it is imperative that we know that good faith efforts for reform are being entertained and enacted, starting first and foremost with comprehensive transparency using a public web site. We look forward to working with you to achieve this goal. We appreciate you working hard to promote American ideals of freedom of the press, accountable government, democracy promotion and meaningful human rights protections at the U.N. and around the world. We hope you will let us know how Congress can assist you in this endeavor. In the meantime, your prompt reply and cooperation on these questions are most appreciated. Please contact Trey Hicks with Senator Tom Coburn at 202-224-2254, Charlotte Montiel with Senator Jeff Sessions at 202-224-4124, and Aloysius Hogan with Senator James Inhofe at 202-224-4721 regarding this request.


Sincerely,



Senator Tom Coburn, MD



Senator Jeff Sessions



Senator James Inhofe

cc: Ambassador John Bolton
Senator Mitch McConnell
Senator Richard Lugar
Senator Norm Coleman
Senator Joseph Biden