



TO: Mr. Klaus Toepfer, Executive Director
A: United Nations Environment Programme

DATE: 22 April 2005
REFERENCE: OUSG 05-226

THROUGH:
S/C DE:

FROM: Barbara Dixon, Officer-in-Charge
DE: Office of Internal Oversight Services

SUBJECT: Allegations of misconduct occurring in the Post-Conflict Assessment Unit (PCAU) of the United Nations Environmental Programme (UNEP) – ID Case No. 0374/03

OBJET:

1. The Investigations Division of the Office of Internal Oversight Services (ID/OIOS) received a report of alleged wrongdoing in the Balkans Task Force (BTF) and in the Post-Conflict Assessment Unit (PCAU) of the United Nations Environment Programme (UNEP). The complaints are against two UNEP Staff Members, and a UNEP/PCAU Consultant, all of whom are from the same country and had previously worked together.
 - (i) **Allegation 1.** While working for the BTF and PCAU, UNEP Staff Member 1, UNEP Staff Member 2, and UNEP/PCAU Consultant maintained an ongoing relationship with their former company, thereby creating a conflict of interest.
 - (ii) **Allegation 2.** UNEP Staff Member 1 demanded a kickback of fifty percent of consultancy fees paid to experts and these fees were shared with UNEP Staff Member 2 and UNEP/PCAU Consultant.
 - (iii) **Allegation 3.** UNEP Staff Member 1 and UNEP Staff Member 2 received high-level contracts without meeting the proper educational and professional qualifications.
 - (iv) **Allegation 4.** UNEP Staff Member 1 and UNEP/PCAU Consultant represented UNEP in various seminars and supervised UNEP staff members, contrary to relevant United Nations rules.

2. The evidence adduced for allegation 1 shows that UNEP Staff Member 2, and UNEP/PCAU Consultant did not at any time have a financial relationship with the former company. However, the BTF had a series of contracts and extensions of those contracts with the former company and UNEP Staff Member 1 was a shareholder and senior officer

of the former company and, as a sub-contractor of the former company, worked for the BTF. During the time UNEP Staff Member 1 held a consultancy contract with UNEP, the former company had no contractual relationship with UNEP. Although this created the appearance of a conflict of interest, none was established.

3. The evidence adduced for Allegation 2 does not support the complaint against UNEP Staff Member 1.

4. The evidence adduced for allegation 3 shows that UNEP Staff Member 2 received an appointment with PCAU in May 2000, about a year after s/he began work for the BTF as a consultant. Both s/he and UNEP Staff Member 1 subsequently received high-level contracts. UNEP management advised ID/OIOS that UNEP Staff Member 1 and UNEP Staff Member 2 performed well, which they felt justified their decision to grant them contracts at the high level, although UNEP Staff Member 1 did not have the requisite educational background and UNEP Staff Member 2 had little environmental expertise prior to his consultancy with BTF. This allegation could not be substantiated.

5. Allegation 4 was substantiated. UNEP/PCAU Consultant and UNEP Staff Member 1 both admitted that they had represented the Organization in various seminars while consulting for BTF. UNEP Staff Member 1 also supervised UNEP staff members while a consultant. These actions were a breach of ST/AI/1999/7 II 2 (f), which states *"consultants shall not perform functions of staff members of the Organization or have any representative or supervisory responsibility."* UNEP/PCAU Consultant continues as a consultant, but UNEP Staff Member 1 is now a staff member.

6. During the course of the investigation, ID/OIOS learned that the former company received contracts and extensions of contracts with BTF through UNOPS without competitive bidding, in violation of Financial Regulation 1.2 which states that *"Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) Best value for money; (b) Fairness, integrity and transparency; (c) Effective international competition; (d) The interest of the United Nations."*

7. In conclusion, ID/OIOS finds that UNEP and UNOPS departed from United Nations rules and regulations as described above. These irregularities seem not to have been carried out in bad faith because the urgency of the situation necessitated that BTF become operational rapidly. However, once operational, both Organizations should have taken measures to rectify the problems identified in the allegations.

8. Should you require further information on this matter, please contact Mr. Francis Montil, Deputy-Director, ID/OIOS at 431-260-60-5420.

9. The favour of a response by 22 May 2005 would be appreciated.