

**Remarks of Chairman Henry J. Hyde  
Before the Full Committee on  
“UN Reform—Improving Internal Oversight at the UN”  
Thursday, April 27, 2006  
2172 Rayburn House Office Building**

Today the Committee convenes to discuss the need for reform at the United Nations (UN), particularly in light of the Government Accountability Office’s (GAO) most recent reports on UN procurement and oversight.

This hearing continues our ongoing oversight of the UN. A month ago, Mr. Lantos and I led a delegation to the UN to meet with the Secretary-General, Security Council Permanent Representatives, and Representatives of the G-77. While our meetings were productive, I remain convinced that Congress must press forward with legislation that links U.S. contributions to the UN to essential UN reform. Furthermore, I believe that reform efforts at the UN are best advanced by a unified American position. Therefore, I am now working with Mr. Lantos on legislation that gives the Administration flexibility to withhold dues to enforce UN reforms. My hope is that, cooperatively, we can catalyze the vital reforms that we were unable to achieve individually.

The need for legislative action has never been more pressing. As the most recent GAO reports document, the UN’s Oil-for-Food scandal was not an isolated abuse, but a symptom of a larger contagion that infects both procurement and oversight within the UN. Most recently, a scandal surfaced within the UN Post Office, where officials sold millions of dollars in UN stamps and original artwork without authorization and without observing proper bidding procedures. It remains unclear whether the proceeds from the sales were properly accounted for. The potential loss to the UN could be as high as \$344 million. These endless abuses are financed in large part by American taxpayers.

The GAO reports, and numerous previous reports from other institutions, trace the origin of these scandals to weak oversight and procurement controls. GAO highlighted a lack of

coordination among oversight bodies, a lack of budgetary independence within the UN Office of Internal Oversight (OIOS), and a lack of budgetary flexibility that prevents OIOS from auditing high-risk programs as problems arise. The result, the GAO concludes, is that:

“UN Funds are unnecessarily vulnerable to waste, fraud and abuse because the UN lacks an effective organizational structure for managing procurement, has not demonstrated a commitment to a professional procurement workforce, and has failed to adopt specific ethics guidance for procurement officials.”

The UN’s own attempts at reform have been inadequate. The most glaring example is the newly-created Human Rights Commission. Despite all of the pontifications calling for a reformed human rights body and despite many admirable efforts, the resolution to create the new body fell far short of expectations. As a result, the new Commission is proceeding without U.S. participation.

If the Human Rights resolution, one of the most important resolutions of the reform process, is indicative of the course the General Assembly will follow on future reform measures, I fear for the entire reform process.

Turning to management reform, Secretary-General Kofi Annan recently released a report recommending numerous changes within the Secretariat, including vesting new authorities in the Deputy Secretary-General position, revamping the budgeting process, recruiting and staffing initiatives, and outsourcing certain administrative services. The G-77 recently moved to block these vital reforms, leaving their future uncertain. Furthermore, it has been suggested that these reforms will come with a price tag of over \$500 million. With the current UN biennium budget topping \$3.8 billion, these reforms must be financed from existing resources and through corresponding offsets.

Meanwhile, brazen corruption in UN procurement shocks the conscience of everyone paying attention. The January release of an OIOS peacekeeping procurement report illustrates that corruption has risen to crisis levels. The crimes exposed by the investigations into the Oil-

for-Food Program have been compounded by the disclosure of a procurement department adrift in fraud, waste, negligence, and abuse of authority. According to the UN's own internal investigation, it is estimated that nearly \$300 million has been lost. The UN report concludes that the likelihood of recurrence of fraud and mismanagement is "almost certain under current conditions." The new GAO report confirms and expounds upon these conclusions.

But will the UN act in light of these findings? In the words of the OIOS, "Despite numerous recommendations by OIOS in past audit reports, management has failed to establish accountability where irregularities occurred. This has led to a culture of impunity."

A disturbing portrait has been exposed, revealing corruption on a larger scale than first thought. Accordingly, we have many issues to cover today. I look forward to hearing from our distinguished witness, United States Comptroller General David Walker.

I now turn to my good friend, the Ranking Democratic Member, Mr. Lantos, for any remarks he may wish to offer.