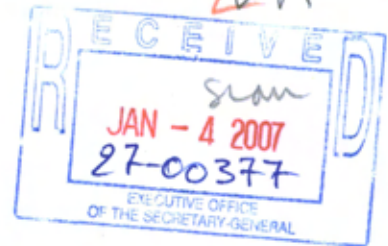


DESA

cc: KWS



Note to the Chef de Cabinet

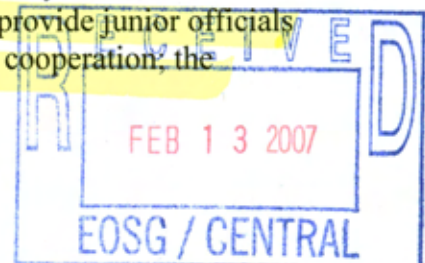
Subject: Press coverage of the Department of Economic and Social Affairs

I would like to apprise you of the issues relating to press coverage of the Department of Economic and Social Affairs during the last few months and of subsequent developments.

To recall, The New York Sun had published articles containing allegations of impropriety in the operations of the UN Thessaloniki Centre, a project funded under extra-budgetary contributions from the Government of Greece. Subsequent articles by the Washington Times and Fox News focused on DESA's use of extrabudgetary resources provided by the Government of Italy. The articles contained a number of factual errors and distortions, drawing largely on anonymous "sources" whose credibility and motivations were not questioned by the journalists involved. Facts and figures provided by DESA were also misrepresented, resulting in an erroneous account of the Department's extra-budgetary portfolio and its human resource policies and procedures. All the articles have directed the allegations towards Mr. Guido Bertucci, Director of DESA's Division for Public Administration and Development Management (DPADM).

DESA had decided to close the Thessaloniki Centre back in December 2005, given differences with the Greek Ministry of Interior over prioritization and timing of carrying out the project's activities. Action on that decision, however, was postponed until recently, given conflicting messages from other parts of the Greek Government on the possibility of redirecting the Centre's focus. Meanwhile, to address continuing misperceptions regarding the management of the Centre held by the Ministry of Interior, the Department requested OIOS to conduct an audit of the project. The draft audit report, received in mid-September 2006, did not include any observations related to fraud, corruption, or misuse of funds for non-project activities. Rather, it concentrated on technical issues regarding the adequacy of substantive and financial reporting to the Government; on the limited achievement of outputs; and on how the decision-making process on the future of the Centre has evolved. DESA has provided its comments on the draft report on the audit, which OIOS is now finalizing.

Regarding extra-budgetary funding from Italy, the Washington Times stated that Italy has contributed over \$80.0 million to DESA over a four-year period, implying that these funds fall within the jurisdiction Mr. Bertucci. Italy's annual contribution ranges between \$15.0 and \$18.0 million, of which the major portion (65%) has been earmarked for the Associate Expert Programme, managed centrally by DESA on the basis of delegations of authority from the Controller and the Assistant Secretary-General of OHRM. That programme was established in 1961 by ECOSOC to provide junior officials with an opportunity to acquire professional experience in technical cooperation; the

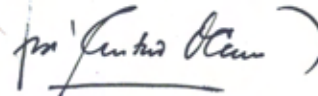


officials are assigned to different departments throughout the UN Secretariat, as well as to the specialized agencies. Italy is only one of 16 countries that provide funding for this important programme.

At the request of the former Deputy Secretary-General, OIOS is looking into the allegations raised in the Washington Times article regarding the use of Italian funding. I have welcomed the involvement of OIOS and instructed all DESA staff to cooperate fully in its efforts.

From the content of some of the press articles, it appears that there have been unauthorized disclosures to the media of internal documents of the Organization. For example, the preliminary report of OIOS on the Thessaloniki Centre to which DESA had not at that time provided its comments, was made available to The New York Sun. During the last few weeks, I have also received a number of anonymous e-mails directed against Mr. Bertucci and containing restricted or confidential documents, which appear to have been procured, assumingly by the same "anonymous sources". I am most concerned about this unauthorized disclosure of internal documents, which seems to be targeting specific individuals and raises questions about the motives of those responsible for the disclosure. We have shared these anonymous e-mails with the OIOS Investigative Team.

I will keep you, as well as the Spokesperson, up-to-date on any developments on these matters.



José Antonio Ocampo
3 January 2007