INDEPENDENT INQUIRY COMMITTEE
INTO
THE UNITED NATIONS OIL-FOR-FOOD PROGRAMME
IN IRAQ

STATUS REPORT

1. INTRODUCTION

In August 1990 Saddam Hussein invaded neighboring Kuwait. This action triggered the imposition of economic sanctions against Iraq by the international community, acting through the United Nations, and an international military response in 1991. In the aftermath of Iraq’s military defeat, its withdrawal from Kuwait, and the suppression of uprisings in the north and south of Iraq, the UN passed a resolution authorizing the export sale of Iraqi oil in order to finance the import purchase of humanitarian goods for the people of Iraq. These plans, however, did not go forward for almost four years due to Iraq’s refusal to accept the provisions of the resolution.

In 1995, the Security Council passed a resolution establishing the Oil-for-Food Programme (“the Programme”). After 18 months of negotiations between the Council and Iraq, the Programme came into being on May 20, 1996. As conceived, the Programme was designed to permit UN Member States to import petroleum and petroleum products originating in Iraq, the proceeds of which were to be used for the purchase of humanitarian aid for Iraq. Both the administration and the mandate of this massive Programme changed over the seven years of its operation. During its existence, allegations were made of mismanagement and maladministration of the Programme and about possible fraud and corruption.

The Secretary-General wrote to the President of the Security Council on March 19, 2004, informing the Council of his intention to establish a high level independent inquiry to investigate the allegations of wrongdoing related to the Programme. On March 26, 2004, the Secretary-General again wrote to the President of the Security Council, setting out various details concerning the establishment and operation of an Independent Inquiry Committee (“the Committee”).

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1 S/Res/661 (1990)
4 The result of our work to date shows that in the course of the Programme, 3.4 billion barrels of oil were sold by the Government of Iraq to 248 distinct companies incorporated in 61 countries. The 248 companies had 969 contracts. Oil sales resulted in $64.2 billion payments into the UN’s escrow account at BNP Paribas. Our work is continuing with regard to identifying the total of humanitarian goods purchased under the Programme.
5 Annex A
2. APPOINTMENT OF THE INDEPENDENT INQUIRY COMMITTEE

In keeping with its exchange of correspondence with the Secretary-General concerning the establishment of the Independent Inquiry Committee, the Security Council unanimously passed a resolution on April 21, 2004, *inter alia*, welcoming the appointment of the Committee and calling on the Coalition Provisional Authority, Iraq, and all other Member States of the United Nations to cooperate fully with the Inquiry.\(^6\)

Paul A. Volcker, former Chairman of the United States Federal Reserve, was appointed Chairman of the Committee, and Justice Richard J. Goldstone of South Africa and Professor Mark Pieth of Switzerland were appointed Committee members.\(^7\)

This Report is responsive to the requirement that the Committee provide a status report to the Secretary General three months of its appointment. This status report describes the initiation and progress of the Committee’s investigation. Subsequent reports will be made to the Secretary General, as appropriate. The Committee assumes that all of its reports will be made public.

3. TERMS OF REFERENCE OF THE COMMITTEE

The terms and conditions for the work of the Independent Inquiry Committee were set forth in the March 26, 2004 letter from the Secretary-General to the President of the Security Council\(^8\) as understood by the Chairman of the Committee in his letter to the Secretary-General of April 19, 2004.\(^9\)

4. UN DUTY TO COOPERATE WITH THE INDEPENDENT INQUIRY COMMITTEE

In a further exchange of correspondence between Paul Volcker and the Secretary-General on April 26, April 30 and May 5, 2004,\(^10\) the Committee and the United Nations addressed questions of assuring the cooperation of the United Nations and its officials with the Inquiry, and of preserving the integrity of all relevant United Nations records and information. The Secretary-General followed up this exchange by issuing a Bulletin to all UN staff in which he advised staff members to cooperate fully with the Inquiry and to provide unrestricted access to all documents and information.\(^11\)

\(^{6}\) Annex B
\(^{7}\) Annex C
\(^{8}\) See Annex A
\(^{9}\) Annex D
\(^{10}\) Annex E
\(^{11}\) Annex F
5. IMPARTIAL AND COMPREHENSIVE REVIEW BY THE INDEPENDENT INQUIRY COMMITTEE

In accepting their appointments to the Committee, Mr. Volcker, Justice Goldstone and Professor Pieth have made clear that they will conduct the Inquiry objectively and impartially. The Chairman has also indicated that the Inquiry will examine not only the implementation of procedures and controls within the Programme, but also the design of such procedures and controls. Each of the Committee members appreciates the significance of the Committee’s mission, as noted by Mr. Volcker:

"Each of us well understands that serious charges so widely aired could threaten the effectiveness of the UN in contributing to a constructive resolution of the Iraqi situation and in other areas. It is the need for prompt, convincing, and truthful responses to these charges which leads to our willingness to respond positively to your invitation to serve on the Committee."

6. INDEPENDENCE OF THE INDEPENDENT INQUIRY COMMITTEE

From the outset the Committee has been determined to take all steps possible to ensure its independence. Adequate funds to conduct this extensive inquiry are a sine qua non and have been promised throughout by the Secretary-General.

The Committee has established an information hotline for the receipt of investigative information (877-442-3500) and has established a website for the public’s reference concerning the nature of its investigation (www.iic-offp.org). Information received on the hotline will be maintained confidentially.

7. ISSUES

Consistent with the Committee’s mandate, the central issues to be addressed are:

1. Whether there was mismanagement and maladministration in the execution of the Programme by the UN, its personnel and agents;

2. Whether any UN officials, personnel, or agents engaged in any illicit or corrupt activities in connection with the Programme; and

3. Whether contractors of the UN, purchasers of oil, or providers of humanitarian aid engaged in any illicit or corrupt activities in connection with the Programme.

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12 See Annex D
8. INITIATION AND PROGRESS OF THE INVESTIGATION

The following is a point-by-point summary of the Committee’s actions to date:

- **Staffing:** On June 15, 2004, the Committee announced the appointment of its senior management to supervise this investigation [www.iic-offp.org (Public Statements)]. The Committee has since hired additional investigative and forensic staff, many of whom are already actively conducting this investigation. These staff members have broad experience and expertise in criminal investigation and prosecution, in forensic accounting, analysis, and technology and in the conduct of corruption and misconduct investigations by international organizations. With the exception of three exclusively-administrative staff members, who have been loaned to the Committee from the United Nations, none of the Inquiry’s staff members are employees of the United Nations.

- **Offices and Investigative Teams:** The Committee will conduct its inquiry from three office locations -- a central office in New York City and regional locations in Paris and Baghdad. It has organized its line staff into a number of investigation teams to focus on discrete aspects of the Committee’s inquiry. Each investigation team includes a diverse and balanced complement of legal, investigative, accounting and technology professionals, with a common background in the advancement of complex fraud and corruption investigations involving multiple jurisdictions.

- **Investigative Missions:** To date, the Committee has conducted investigative missions to Iraq, Europe and the Middle East, all for the purpose of securing physical evidence, identifying witnesses, and conducting witness interviews. A number of Member States that have been approached by the Committee have offered their cooperation with this inquiry. The Committee anticipates that it will conduct further investigations at locations in the countries with ties to the Programme.

- **Witness Interviews:** The Committee has identified and begun interviewing individuals with responsibility for establishing and operating the various aspects of the Programme on behalf of the United Nations and its related agencies, and also contractors involved in the Programme. The Committee anticipates that its future investigation will involve the interview of several hundred witnesses in locations across the globe. To date, witnesses and entities contacted by the Committee have cooperated with the Inquiry by producing documents and making witnesses available for interview.

- **Securing and Review of Records:** The Committee has initiated a methodical identification, securing, and screening of all UN Programme documents and financial records, many of which are located outside of the United Nations Headquarters in New York. To date, the Committee has identified
approximately ten thousand boxes of Programme documents, containing an estimated 15 million pages of records, many of which will be screened and reviewed. The Committee anticipates that the final number of documents subject to review will be substantially greater than this amount. Records of United Nations contractors, third-party contractors, banking institutions involved with the Programme, and documents held by the interim Government of Iraq are also in the process of being examined in cooperation with other ongoing investigations, as appropriate.

- **Data Storage and Retrieval:** The Committee will soon begin to screen and electronically scan materials from the thousands of boxes of documents that are relevant to its investigation. Scanned documents will reside in a database available to the Committee and its staff. Additionally, the Committee has deployed a sophisticated relational database system to facilitate the detailed analysis of electronic records, contracts, accounting records, banking relationships, vendor records and records from the former Government of Iraq.

- **Cooperation with the Committee:** The Committee entered into a Memorandum of Understanding for the sharing of information from the Supreme Audit Board of Iraq and the Coalition Provisional Authority and that understanding has been reaffirmed with the new Iraqi Interim government. The Committee is actively engaged in negotiations for similar memoranda of understandings with other entities that have expressed their willingness to cooperate with the Committee’s inquiry.

- **Cooperation by the Committee with Other Inquiries:** The Committee has met with representatives from a number of national governmental investigative authorities concerned about conduct that may have occurred within their countries. The Committee will cooperate with these additional inquiries to the extent consistent with maintaining the integrity of the Committee’s own investigation. Where third-party contractors of the United Nations have been served with lawful subpoenas for documents that are otherwise subject to confidentiality restrictions in the contracts between the contractors and the United Nations, the Committee anticipates that contractors will comply with such subpoena requests.

- **Investigation Guidelines:** The Committee will post on its website investigative guidelines for the conduct of the Inquiry.
CONCLUSION

The allegations of misconduct and maladministration are serious. They demand a full inquiry that is efficient and comprehensive, yet fair and impartial toward each individual and entity within the scope of the investigation. We are mindful of the need for full disclosure of our findings, of cooperation with other official inquiries within the limits imposed by investigative requirements and of providing the international community with a full and accurate accounting of what occurred.

Our priority clearly must be on conduct within the UN and its various organs, including the allegations of corruption. Further Committee reports will be dependent upon substantive investigative findings on those matters.

Paul A. Volcker, Committee Chairman

Richard J. Goldstone, Committee Member

Mark Pieth, Committee Member
26 March 2004

Dear Mr. President,

This is further to my letter of 19 March 2004, in which I informed you of my intention to establish an independent, high-level inquiry concerning matters arising from the public news reports and commentaries that have called into question the administration and management of the Oil-for-Food Programme, including allegations of fraud and corruption. I have the honour to communicate in the present letter details relating to the organization and the terms of reference of this inquiry. These terms of reference are designed to promote the maximum degree of transparency and effectiveness in examining the conduct of the Organization, contractors and other entities involved in the administration and implementation of the Programme, with a view to ensuring that all appropriate lessons from that experience are derived for the benefit of the Organization, the public, and the Iraqi people.

Composition

In determining the members of the inquiry, I shall select individuals whom I consider to be of the highest integrity and to possess the necessary expertise for carrying out the inquiry in an expeditious and effective manner. The members of the independent inquiry will serve in their personal capacity. I shall inform the Members of the Security Council of the composition of the panel in due course.

His Excellency
Mr. Jean-Marc de La Sablière
President of the Security Council
New York
Terms of Reference

The independent inquiry shall collect and examine information relating to the administration and management of the Oil-for-Food Programme, including allegations of fraud and corruption on the part of United Nations officials, personnel and agents, as well as contractors, including entities that have entered into contracts with the United Nations or with Iraq under the Programme:

(a) to determine whether the procedures established by the Organization, including the Security Council and the Security Council Committee Established by Resolution 661 (1990) Concerning the Situation between Iraq and Kuwait (hereinafter referred to as the "661 Committee") for the processing and approval of contracts under the Programme, and the monitoring of the sale and delivery of petroleum and petroleum products and the purchase and delivery of humanitarian goods, were violated, bearing in mind the respective roles of United Nations officials, personnel and agents, as well as entities that have entered into contracts with the United Nations or with Iraq under the Programme;

(b) to determine whether any United Nations officials, personnel, agents or contractors engaged in any illicit or corrupt activities in the carrying out of their respective roles in relation to the Programme, including, for example, bribery in relation to oil sales, abuses in regard to surcharges on oil sales and illicit payments in regard to purchases of humanitarian goods;

(c) to determine whether the accounts of the Programme were in order and were maintained in accordance with the relevant Financial Regulations and Rules of the United Nations.

Organization of the inquiry

In performing these functions, the independent inquiry shall take into account Security Council resolution 986 (1995) and other resolutions of the Security Council relating to the Programme; Procedures established by the 661 Committee (S/1996/636*) and the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the Implementation of Security Council resolution 986 (1995); signed on 20 May 1996 (S/1996/356*).
To carry out the above-referred tasks, the independent inquiry shall have unrestricted access to all relevant United Nations records and information, written or unwritten, and to interview all relevant United Nations officials and personnel, regardless of their seniority. In requiring United Nations officials and personnel to cooperate with the inquiry, I shall seek to protect such officials and personnel, as appropriate, from improper repercussions resulting from their cooperation with the inquiry. In addition, I will employ my authority to ensure that the Organization's privileges and immunities do not impede the work of the inquiry.

The independent inquiry shall also seek to obtain records and information and interview persons outside the United Nations Organization that may be relevant to the inquiry. In doing so, the inquiry will accord such confidentiality and protection as it deems appropriate to such records, information and persons, including such as may be necessary to protect such persons, as appropriate, from improper repercussions resulting from their cooperation with the inquiry.

The independent inquiry shall be authorized to approach and seek the cooperation of Member States and their relevant authorities, as appropriate, in order to obtain information needed to carry out its work. In this regard, I look to the Security Council and the Member States to take such measures as are necessary to ensure that they and relevant authorities falling under their jurisdiction provide all assistance and cooperation which the inquiry may require in connection with its work.

The independent inquiry will carry out its work impartially and objectively and without influence by any individual or group, regardless of their status.

The Office of Internal Oversight Services recently commenced an inquiry into the reported allegations of corruption, including criminal acts, in the Oil for Food Programme pursuant to the authority granted by the General Assembly [A/RES/48-218 B, A/RES/54/244]. I will request that OIOS terminate its inquiry and provide such documents and other materials as they may have collected in connection with that investigation to the extent possible pursuant to the confidentiality requirements for sources of information as provided in the OIOS mandate [ST/SGB/273 of 7 September 1994].

The independent inquiry shall be supported by a core staff provided by the United Nations Secretariat to render necessary administrative assistance. In addition, the independent inquiry shall be authorized to engage professional investigators, auditors, accountants, forensic experts, and similar personnel or firms to assist in carrying out its work.
I will seek the necessary appropriation from the regular budget of the Organization to fund the activities of the independent inquiry.

In carrying out its work, the inquiry shall respect the due process of persons appearing before it. In this connection, any individual named in the reports of the independent inquiry shall, whenever practicable, have been interviewed by the independent inquiry. Any individual or entity named in the reports shall have an opportunity to submit written comments to the independent inquiry, which shall be annexed to the final report.

The independent inquiry may seek and accept information provided on a confidential basis if necessary or appropriate to the completion of its work.

Report of the inquiry

The independent inquiry shall seek to complete its work as soon as practicable, and in any event shall submit to me, within three months after the date of this letter, a report as to the status of its work.

The final report of the independent inquiry shall be submitted to me in five copies, and shall be in two parts: a summary and the underlying report. The underlying report shall provide full explanation to support its findings. The report will be made available to the public in a form that will take into account the rights of staff members and, where necessary, respect any undertakings as to confidentiality that may have been granted by the inquiry.

Taking into account the findings of the report, I will take such action as I may deem appropriate and is within my authority in regard to individuals or entities found to have violated the rules or procedures of the Organization or to have engaged in abusive, illicit or corrupt activities.

Please accept, Mr. President, the assurances of my highest consideration.

Kofi A. Annan
Security Council adopts resolution 1538 (2004) welcoming appointment of inquiry into Iraq 'Oil-for-Food' programme

SC/8064

Security Council
4946th Meeting (PM)

Concerned by allegations regarding the administration and management of the United Nations "oil-for-food" programme, the Security Council this afternoon welcomed the Secretary-General's appointment of an independent high-level inquiry to investigate the matter.

Unanimously adopting resolution 1538 (2004), the Council also called on the Coalition Provisional Authority, Iraq and all other Member States, including their national regulatory authorities, to cooperate fully by all appropriate means with the inquiry.

The members of the inquiry are Paul Volcker, former Chairman of the United States Federal Reserve; Mark Pieth of Switzerland, an expert on money-laundering in the Organization for Economic Cooperation and Development (OECD); and Richard Goldstone of South Africa, former Prosecutor of the International Criminal Tribunals for the former Yugoslavia and Rwanda.

Begun in 1996, the United Nations oil-for-food programme allowed Iraq to use a portion of its petroleum revenues to purchase humanitarian relief. The effort was monitored by the Security Council's "661" committee, which included representatives from all 15 Council members.

Until its termination in November 2003, the programme oversaw the delivery of some $39 billion in humanitarian assistance to about 22 million people, many of whom were largely dependent on outside aid to survive since normal economic activity was severely constrained by sanctions imposed after Iraq's 1990 invasion of Kuwait.

The meeting began at 12:08 p.m. and ended at 12:10 p.m.

Council Resolution

Following is the full text of Security Council resolution 1538 (2004):

"The Security Council,
"Expressing the desire to see a full and fair investigation of efforts by the former Government of Iraq, including through bribery, kickbacks, surcharges on oil sales, and illicit payments in regard to purchases of humanitarian goods, to evade the provisions of resolution 661 (1990) of 6 August 1990 and subsequent relevant resolutions;

"Concerned by public news reports and commentaries that have called into question the administration and management of the Oil-for-food Programme (hereinafter the Programme) established pursuant to resolution 986 (1995) of 14 April 1995 and subsequent relevant resolutions, including allegations of fraud and corruption;

"Affirming that any illicit activity by United Nations officials, personnel and agents, as well as contractors, including entities that have entered into contracts under the Programme, is unacceptable;

"Emphasizing the importance of full cooperation with the independent high-level inquiry by all United Nations officials and personnel, the Coalition Provisional Authority, Iraq, and all other Member States;

"Affirming the letter of its President of 31 March 2004 welcoming the Secretary-General's decision to create an independent high-level inquiry to investigate the administration and management of the Programme and taking note of the details relating to its organization and terms of reference;

"1. Welcomes the appointment of the independent high-level inquiry;

"2. Calls upon the Coalition Provisional Authority, Iraq, and all other Member States, including their national regulatory authorities, to cooperate fully by all appropriate means with the inquiry;

"3. Looks forward to receiving the inquiry's final report;

"4. Decides to remain actively seized of the matter."

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Related Documents:
Latest Emergency Updates: Iraq
Latest By Country: Iraq
Other ReliefWeb documents by: UN Security Council
Source URL: http://www.un.org/Docs/scinfo.htm
CHAIRMAN

Paul A. Volcker

In April 2004, Mr. Volcker was asked by United Nations Secretary-General Kofi Annan to chair the Independent Inquiry into the United Nations Oil-for-Food Programme.

In the course of his career, Mr. Volcker worked in the Federal Government for almost 30 years, culminating in two terms as Chairman of the Board of Governors of the Federal Reserve System from 1979-1987. He divided the earlier stages of his career between the Federal Reserve Bank of New York, the Treasury Department, and the Chase Manhattan Bank.

Mr. Volcker retired as Chairman of Wolfensohn & Co. upon the merger of that firm with Bankers Trust. Currently, he is Chairman of the Board of Trustees of the International Accounting Standards Committee overseeing a renewed effort to develop consistent, high-quality accounting standards acceptable in all countries. In 2003, he headed a private Commission on the Public Service recommending a sweeping overhaul of the organization and personnel practices of the Federal Government.

Pursuing his many continuing interests in public policy, Mr. Volcker is associated with the Japan Society, the Institute of International Economics, the American Assembly, and the American Council on Germany. He is Honorary Chairman of the Trilateral Commission and Chairman of the Trustees of the Group of 30.

Educated at Princeton, Harvard and the London School of Economics, Mr. Volcker is Professor Emeritus of International Economic Policy at Princeton University and was the first Henry Kaufman Visiting Professor at the Stern School of Business at NYU.

MEMBER

Justice Richard Goldstone

Richard J. Goldstone was born on the 26th October 1938. After graduating from the University of the Witwatersrand with a BA LLB cum laude in 1962 he practised as an Advocate at the Johannesburg Bar. In 1976 he was appointed Senior Counsel and in 1980 was made Judge of the Transvaal Supreme Court. In 1989 he was appointed Judge of the Appellate Division of the Supreme Court. From July 1994 to October 2003, he was a Justice of the Constitutional Court of South Africa. He is presently a Global Visiting Professor at NYU Law School and from August 2003 will occupy the Mulligan Chair at Fordham Law School in New York City.

From 1991 to 1994, he served as Chairperson of the Commission of Inquiry regarding Public Violence and Intimidation which came to be known as the Goldstone Commission. He is also Chairperson of the Standing Advisory Committee of Company Law. From 15 August 1994 to September 1996 he served as the Chief Prosecutor of the United Nations International Criminal Tribunals for the former Yugoslavia and Rwanda. During 1998 he was the chairperson of a high level group of international experts which met in Valencia, Spain, and drafted a Declaration of Human Duties and Responsibilities for the Director General of UNESCO (the Valencia Declaration). From August 1999 until December 2001 he was the chairperson of the International Independent Inquiry on Kosovo. In December 2001 he was
appointed as the chairperson of the International Task Force on Terrorism that was established by the International Bar Association.

From 1985 to 2000, Justice Goldstone was National President of the National Institute of Crime Prevention and the Rehabilitation of Offenders (NICRO). He is chairperson of the Bradlow Foundation, a charitable educational trust, and heads the board of the Human Rights Institute of South Africa (HURISA).

The many awards he has received locally and internationally include the International Human Rights Award of the American Bar Association (1994) and Honorary Doctorates of Law from universities in Canada, Israel, the Netherlands, South Africa, the United Kingdom, and the United States. He is an Honorary Bencher of the Inner Temple, London, an Honorary Fellow of St Johns College, Cambridge, an Honorary Member of the Association of the Bar of New York, and a Fellow of the Weatherhead Centre for International Affairs of Harvard University. He is a Foreign Member of the American Academy of Arts and Sciences. Since 1996, he has been a regular member of the faculty of the Salzburg Seminar.

He is married (wife Noleen) and has two married daughters - Glenda and Nicole. He has four grandsons, Jason, Sean, Ben and Jordan.

MEMBER

Mark Pieth

Mark Pieth has been Professor of Criminal Law and Criminology at the University of Basel, Switzerland, since 1993. He completed his studies, his PhD in criminal procedure and his habilitation thesis (on sanctioning and broader criminological topics) at this University; after an extensive period abroad most notably at the Max-Planck-Institute for Criminal Law and Criminology, Germany and the Cambridge Institute of Criminology, UK) and a time in private practice at the Bar (as Advokat).

From 1989 to 1993 he was Head of Section on Economic and Organised Crime in the Swiss Federal Office of Justice (Ministry of Justice and Police). In this position he was involved in drafting legislation against money laundering, organised crime, drug abuse and corruption and also on the confiscation of assets. As an official and later as a consultant to governments he has acquired extensive experience in international fora, most notably as a member of the Financial Action Task Force on Money Laundering (FATF) between 1989 and 1993, the Chemical Action Task Force on Precursor Chemicals, as Chairman of an Intergovernmental Expert Group of the United Nations (UN) to determine the extent of illicit trafficking in drugs (in 1990) and as the Chair of the OECD Working Group on Bribery in International Business Transactions (since 1990).

He has published extensively in the field of economic and organised crime, money laundering, corruption, sanctioning and criminal procedure. He has served as Dean of the Faculty of Law at the University of Basel. He has also assumed various presidencies and memberships of national commissions in Switzerland (President of the Expert Group of the National Research Programme on Violence and Organised Crime, Former President of the Federal Commission on Data Protection in the Medical Profession, Member of the Swiss Federal Gaming Commission, Member of the Consultative Commission to the Federal Administration of Finances on the Prevention of Money Laundering etc.).

He has been a consultant to corporations, international organisations and foreign governments on issues related to governance. Most recently he has participated in the Wolfsberg AML Banking Initiative.
April 19, 2004

His Excellency
Kofi Annan
Secretary General
United Nations
New York, NY 10017

Dear Mr. Secretary General:

Two weeks ago, you approached me about chairing a committee to investigate accusations of mismanagement of the Oil for Food Program, possibly including corruption among officials and staff of the UN itself.

With the passage of the Security Council Resolution supporting such an "independent high-level inquiry" into the administration of the Oil for Food Program, I am prepared to organize the work promptly, along with my prospective colleagues. I feel honored by the confidence you have placed in me to head such an "Independent Committee of Inquiry".

As we start the work, I think it important to set down in writing agreed understandings we have discussed over past days all of which, I believe, are broadly consistent with the Resolution and the organizational points and terms of reference in your letters of March 19 and March 26, 2004 to the President of the Security Council. These understandings are:

1. The UN Secretariat is committed to provide complete and unimpeded access to all records, officials, and staff, including all information developed by internal investigations, waiving as necessary any diplomatic immunities. Assurances that cooperating officials or staff will be protected from adverse repercussions should be provided.
2. The Security Council, and/or other UN organs will, as necessary, authorize and promptly make available adequate funding as reasonably determined by the Independent Committee. The Committee within broad limits will need to be free to determine the nature and size of professional and staff support, salaries, and other expenditures, all subject to audit.

3. Suitable arrangements will be made with Iraqi authorities and the Coalition Provisional Authority to assure the availability to the Committee and its investigators of all relevant records available in Iraq.

The terms of reference described in your March 26 letter focus specifically on whether procedures established by UN authorities for the Oil for Food Program were appropriately followed, whether UN personnel were engaged in corrupt activities, and whether proper accounting and controls were maintained, bearing in mind the role of those entering into contracts under the OFP program. Beyond those matters, I suggest that the Independent Committee should be requested to opine, on the basis of its investigation, on the design of procedures and controls as well as on their implementation.

The mandate of the proposed Independent Committee of Inquiry is broad and raises complex challenges. The work will be further complicated by the number of national jurisdictions potentially involved and the absence of clear investigative authority outside the UN itself. We count on the cooperation of all member states as expressed in the Security Council Resolution, including particularly their agencies which have access to relevant information.

You and I agree that the main focus in the months immediately ahead should be on the accusation of misconduct by UN staff and officials, which could perhaps be dealt with as a preliminary report. The full range of issues will certainly require an extended effort by Committee legal, accounting, and investigatory staff and by professional firms which the Committee will find it necessary to employ. Thus funding will need to be available promptly in an amount commensurate with hiring and contracting needs and for appropriate office space.
I assume that, while the proposed Committee will reach its conclusions by consensus, I also believe for practical reasons the Chairman should be primarily responsible for internal administration.

Each of us well understands that serious charges so widely aired could threaten the effectiveness of the UN in contributing to a constructive resolution of the Iraqi situation and in other areas. It is the need for prompt, convincing, and truthful responses to those charges that leads to our willingness to respond positively to your invitation to serve on the Committee.

Sincerely yours,

[Signature]

Paul A. Volcker
April 26, 2004

His Excellency
Kofi Annan
Secretary General
United Nations
New York, NY 10017

Dear Mr. Secretary General:

The mandate of the independent inquiry into the administration and management of the Oil for Food Program is essentially contained in your letter of March 26, 2004, to the President of the Security Council, Security Council Resolution 1538 (2004), and my letter to you of April 19, 2004, accepting the Chairmanship of the inquiry, now in place. I am writing to you on behalf of the Independent Inquiry Committee (IIC) in connection with two important first steps that need to be taken to begin the process of implementing our work. The two measures we have in mind concern the arrangements for (1) assuring the cooperation of all United Nations officials and personnel with the inquiry, and (2) preserving the integrity of all United Nations records and information relevant to the inquiry.

My committee colleagues, Richard Goldstone and Mark Pieth, and I request first that you bring the inquiry’s mandate formally to the attention of United Nations officials and personnel to assure that the Staff is fully informed about the work of the IIC and to reinforce the importance of Staff support for the inquiry. Full support of the Staff is, in fact, crucial to the success of the investigation, and for this reason we ask, in addition, that the communication of the mandate to the Staff be accompanied by a requirement for their full cooperation in our work as a condition of their employment. This cooperation requirement will be substantially enhanced by the protections against retaliation that will be accorded to UN officials and personnel as you indicated in your letter to the Council.
Second, to assure the integrity of all relevant United Nations records and information, my colleagues and I request that you order all officials and personnel of the United Nations not to destroy any documents related to the Program within their possession or control, and not to instruct anyone else to, or allow anyone else to, destroy such documents. This destruction or alteration prohibition order should apply to all electronic files including e-mails, information on hard drives, shared drives, floppy disks, and CD-ROMs, as well as to all paper copies of documents, including hand-written notes, calendars, and any other materials relating to the Program.

The document preservation order should cover all such electronic information and all documents currently in the possession or control of the United Nations Staff or those to come into their possession or control. United Nations Staff should also cease usual and customary record destruction or discard policies for all electronic and paper documents, including e-mail, that relate to the OFF Program. Finally, we request that all relevant documentation of all types be consolidated at a single location in New York and placed under rigorous safeguards, including logging of all access to this archive, to prevent unauthorized access, alteration, or destruction of the information contained in this archive.

Richard Goldstone, Mark Pieth, and I believe the issuance of the two orders to the Staff outlined above is both essential and urgent, and will stress to the Staff the importance and seriousness of the issues that have given rise to the inquiry. Gaining the full cooperation of the United Nations officials and personnel, and assuring the preservation and full availability of all UN documentation related to the Program for use by the investigating committee, will make an essential contribution to our success in carrying out the inquiry mandate.

To provide some concrete ideas on the text of the Mandate, we have drawn on your letter to the Council and my April 19, 2004 letter to you to prepare a draft which is attached. I hope you will agree that the substance captures the basic concepts of your letter, the Security Council Resolution, and my letter to you.

As a matter of convenience, in this letter I have called our Committee the Independent Inquiry Committee
(IIC). Is that acceptable shorthand for purposes of communication and letterhead for which I presume should be formally "The Independent Inquiry into the Administration and Management of the Oil for Food Program"?

Sincerely,

Paul A. Volcker
30 April 2004

Dear Mr. Volcker,

I refer to your letter dated 26 April 2004 which requests, on behalf of the Independent Inquiry Committee [IIC], that certain measures be taken as follows:

i. to assure the cooperation of all UN officials and personnel with the inquiry;

ii. to preserve the integrity of all UN records and information relevant to the inquiry; and

iii. to consolidate all relevant documentation at a single location in New York under rigorous safeguards.

You have also proposed a Mandate for the inquiry which essentially is formulated using the terms from the Terms of Reference, provided in my letter of 26 March 2004 to the President of the Security Council and endorsed by the Council, for the IIC.

As you know, I have indicated that all staff and documentation will be fully available to the IIC. To respond to your request, I have requested that an Information Circular be prepared for distribution to all staff which will re-enforce our commitment to full cooperation and the need for staff to be available to cooperate fully with your work.

Additionally, before the IIC was designated, a number of steps had been taken to secure relevant documents. Documents of the Office of the Iraq Programme [OIP] were removed from the OIP offices at the request of the Office of Internal Oversight Services, and have been placed in the custody of the Archives Office, where they are securely stored and may not be removed. Your assistant, Walter McCormack, has inspected that site already. Relevant documents from the offices in Baghdad were requested to be shipped to New York and I am advised that they should arrive in approximately two weeks.

Mr. Paul A. Volcker
New York
Further, Secretariat departments, UN funds and programmes and specialized agencies have been advised to separate and preserve all documents and information related to the Oil-for-Food Programme. An assessment of the types and quantity of documents necessary to determine the volume of material involved is underway and will take some time.

It would be helpful to our efforts to secure the documents, however, if you would advise us of the period in which you are interested so we ensure that those documents are identified in full. It would also be helpful to know whether you are interested primarily in records in New York or at all locations. Finally, kindly advise whether you intended your request to include contractors’ records.

Yours sincerely,

Kofi A. Annan
May 5, 2004

His Excellency
Kofi Annan
Secretary General
United Nations
New York, NY 10017

Dear Mr. Secretary General:

Thank you for letter of April 30, 2004, indicating that the United Nations is planning effective measures to implement the actions recommended by the Independent Inquiry Committee ("IIC") in my letter to you of April 26, 2004. The intent is to insure cooperation of all United Nations officials and personnel with the inquiry and to preserve the integrity of all UN records relevant to the inquiry. Your agreement to these action requests will make an important contribution to the success of the Committee in carrying out the inquiry mandate, and is essential to the credibility of the effort.

In your letter you ask us to define the period covered by the Committee's document request, whether the Committee is interested primarily in records in New York or at all locations, and whether our requests for documents include contractors' records. In answer to your questions, the Committee would like to have the documentation beginning with the formative discussions on the design of the Oil for Food Program, and covering the period until the Coalition Provisional Authority took over the administration of the Program. This documentation should include all relevant hard copy and electronic materials, at all locations, in New York and elsewhere, of all relevant UN or UN affiliated entities, as well as contractors. In this connection, I would like to emphasize need to include all relevant materials in electronic form, and especially the hard drives in the personal computers of the OIP personnel.

You also referred in your letter to the now ongoing effort of Secretariat departments, UN funds and programs, and specialized agencies to assess the types and quantities of
relevant documents. In making this assessment, we believe that these UN organizations take a broad view of what is relevant to the investigation to ensure that the Committee has the full record available to it. Once information on the volume and coverage of the materials involved is available, a judgment can be made on the materials that should be left in place, and those that should be moved to New York.

Finally, I would like to stress the importance of including in the Information Circular, or in some other broadly circulated staff communication, the protections against retaliation that will be accorded to UN officials and personnel cooperating with the investigation. While I know that you have this subject very much in mind, I want to emphasize the excellent opportunity that is provided by the Information Circular to formally establish this element of support for the investigation.

We welcome your prompt efforts to assist the IIC in carrying out its responsibilities. We also wish to express our appreciation for the forthright statements of support for the work of the Committee that you made during your Meet the Press interview last Sunday morning.

Sincerely,

Paul A. Volcker
Secretary-General’s bulletin

Independent inquiry into the oil-for-food programme

As you may be aware, I have established an independent high-level inquiry (Independent Inquiry Committee) that will collect and examine information relating to the administration and management of the oil-for-food programme, including allegations of fraud and corruption on the part of United Nations officials, personnel and agents, as well as contractors, including entities that have entered into contracts with the United Nations or with Iraq under the programme. Under its terms of reference, the independent inquiry may seek and accept information on a confidential basis if necessary or appropriate for the completion of its work.

The full support of the Secretariat and of individual staff members is crucial to the success of the inquiry. Accordingly, all United Nations staff members are instructed to cooperate fully with the inquiry. Staff members are reminded of staff regulation 1.2 (r), which provides: “Staff members must respond fully to requests for information from staff members and other officials of the Organization authorized to investigate possible misuse of funds, waste or abuse”. Under the terms of reference of the inquiry, staff members shall be protected, as appropriate, from improper repercussions resulting from their cooperation with the inquiry. In carrying out its work, the inquiry shall respect the due process rights of persons appearing before it.

All United Nations staff members are instructed to give the inquiry unrestricted access, without prior approval, to all documents and information and are further instructed 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. The usual and customary record destruction and discard policies for all electronic and paper documents, including e-mail, that relate to the programme shall be discontinued. This instruction applies to all electronic files, including e-mail and information on hard drives, shared drives, floppy disks and CD-ROM, as well as to all paper copies of documents, including handwritten notes, calendars and any other materials relating to the programme.

I expect all staff members to cooperate fully with the inquiry. Any violation of the foregoing instructions could result in disciplinary action under the Staff Regulations and Rules.
Anyone who wishes to contact the inquiry may do so through the Committee’s electronic address: info@uniic.org.

The present bulletin is promulgated in consultation with executive heads of separately administered organs and programmes of the United Nations.

The present bulletin shall enter into force on 1 June 2004.

(Signed) Kofi A. Annan
Secretary-General