

UNITED STATES INSTITUTE OF PEACE  
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WASHINGTON, DC 20036-3011

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WEDNESDAY, JULY 20, 2005  
10:00 AM - 12:00 PM

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IN NEED OF REPAIR:  
REFORMING THE UNITED NATIONS

+ + + + +

SPEAKERS:

EDWIN FEULNER, The Heritage Foundation Member,  
Task Force on the United Nations

RODERICK M. HILLS, Center for Strategic  
and International Studies Member,  
Task Force on the United Nations

ANN FLORINI, The Brookings Institution  
Lead Expert, Task Force on the United Nations

RICHARD THORNBURGH, Former UN Under-Secretary-  
General

CHRISTOPHER BANCROFT BURNHAM, UN Under-  
Secretary-General for Management

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P-R-O-C-E-E-D-I-N-G-S

10:00 a.m.

1  
2  
3           AMBASSADOR MATTHEWS: Well, good morning,  
4 everyone, and welcome very much to the United States  
5 Institute of Peace. For this program, which is the  
6 third in a series following the issuance on June 15 of  
7 the report of the Task Force on the United Nations. And  
8 I can tell by the turn out and the many people here whom  
9 I know that we will have a very good session today.

10           Let me just note at the outset, so I don't  
11 forget to say it later on, when we get into the  
12 discussion period for your questions and comments, if  
13 you would kindly come up to the microphone to pose your  
14 question, so that we can capture it on tape and we are  
15 being filmed by the media today.

16           To get us going, I would like to turn to  
17 Richard Solomon, who is President of the United States  
18 Institute of Peace, who was in at the inception of our  
19 big effort on this together with all the colleagues who  
20 have represented here today. Dick?

21           AMBASSADOR SOLOMON: Thanks very much and  
22 you have just heard from Gary Matthews, who played a  
23 critical role in our efforts to support this Task Force.

24           Let me begin by giving a few remarks that will put this  
25 effort in some context.

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1           This country, indeed, the global community  
2 faces the challenge of adapting institutions and  
3 policies for dealing with a totally changed world, and I  
4 think we are all aware of the efforts to take Cold War  
5 institutions, whether it was our defense establishment  
6 or our intelligence community, other institutions of  
7 Government and adapt them to a world in which  
8 fortunately we're not faced with major powers at each  
9 other's throats, but rather the danger of catastrophic  
10 terrorism, the problem of failed states out of strong  
11 states running rampant, problems of restructuring the  
12 global community, all the things that we read about day-  
13 to-day in our headlines and we and others are trying to  
14 come to some new terms with.

15           One of the key issues is how we, the United  
16 States, relates to the global community. And there is  
17 no more institution reflecting that community, of  
18 course, then the United Nations and this Task Force  
19 reflects that challenge. The United States Institute of  
20 Peace, as you know, is supported by Congress and our  
21 oversight and appropriating Chairman is Congressman  
22 Frank Wolf. And Frank Wolf has been extremely concerned  
23 with the inability of the United Nations over the past  
24 several years to deal with the genocide in the Sudan and  
25 Darfur as well as other evident failures that again have

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1 been in the news.

2 The Oil For Food scandal, the indiscipline  
3 of the United Nations troops in the Congo and other  
4 issues of management transparency and accountability  
5 that was in that context that Congressman Wolf levied a  
6 charge on the Institute of Peace as part of the omnibus  
7 legislation last fall to convene and support the work of  
8 a Bipartisan Task Force to look at issues of the United  
9 Nations reform and to come up with a series of  
10 actionable proposals for reforming that institution to  
11 meet the challenges that I have briefly commented on.

12 We were extremely fortunate to have former  
13 Speaker of the House Newt Gingrich and former Senate  
14 Majority Leader George Mitchell agree to co-chair this  
15 effort. And Congressman Wolf directed us to create a  
16 mechanism that would draw on the expertise of six of the  
17 leading public policy institutions in our country, not  
18 just here in Washington, although they are all  
19 represented here, to provide the intellectual support  
20 for this effort: The American Enterprise Institute, the  
21 Heritage Foundation, the Center for Strategic and  
22 International Studies, the Council on Foreign Relations,  
23 Brookings and the Hoover Institution.

24 And today, as Gary mentioned, you will be  
25 hearing a report from and have an opportunity to

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1 interact with one of the key task groups that were part  
2 of this effort, that is the effort to assess the  
3 management challenges of making the United Nations more  
4 effective in a managerial sense. And we are very  
5 pleased to have with us two members of the Task Force  
6 who had particular responsibility for this issue, Ed  
7 Feulner, who was President of the Heritage Foundation,  
8 and Rod Hills, former Chairman of the Securities and  
9 Exchange Commission, and now with the firm of Hills and  
10 Stern.

11 And also with us is Ann Florini, who is the  
12 Leading Expert from Brookings on looking at this issue.

13 And I know you will hear a very rich presentation and I  
14 have no doubt that we're going to hear a very lively set  
15 of exchanges to follow. Let me also mention that we are  
16 very fortunate to have with us Christopher Burnham, who  
17 was recently appointed the Under-Secretary-General of  
18 the United Nations for Management Issues.

19 He was formerly the Chief Financial Officer  
20 and Assistant Secretary of State for Resource Management  
21 in the State Department. And he will be in his new role  
22 dealing with the challenges of trying to work with the  
23 Institution, the United Nations and with us and with  
24 others, to bring about a reform process.

25 So with that, Ed, I would invite you to

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1 lead off our presentation and discussion, and again,  
2 thank you all for coming this morning.

3 AMBASSADOR FEULNER: Can I speak from here?

4 AMBASSADOR SOLOMON: As you wish. Let me  
5 just finally say that the report we have some outside,  
6 we're getting on a rush basis the final, final full  
7 color, technicolor version of the report and by the time  
8 our session ends, you should be able to pick up a copy  
9 outside the door. Thank you. Ed, please.

10 AMBASSADOR FEULNER: Thank you very much  
11 Ambassador Solomon, and I want to thank you, Ambassador  
12 Matthews and all of your colleagues at the U.S.  
13 Institute of Peace for the extraordinary job you did in  
14 terms of taking these diverse individuals with varying  
15 political views across the American political spectrum  
16 pulling us together and forcing us to focus on the  
17 specific aspects of our broad charge from Congressman  
18 Wolf and his colleagues in both the House and Senate on  
19 the broad theme as our title indicates, American  
20 Interests and United Nations Reform.

21 I particularly acknowledge the leadership  
22 really of my colleague on Task Group No. 4, Rod Hills,  
23 who introduced me to the esoterica of Forensic  
24 Accounting and various other aspects of our detailed  
25 work as in our Task Group we attempted to deal with

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1 questions regarding, as he rather ineloquently describes  
2 it, the plumbing of the United Nations. I'm not talking  
3 about the plumbing of the physical facility. I will  
4 talk about that momentarily, but I'm talking about how  
5 the place works. And Rod, in fact, did teach me a great  
6 deal about the kinds of questions to ask and the answers  
7 to look for.

8 I am not a United Nations policy expert,  
9 like several of my colleagues who are here, Brett  
10 Schaefer and Nile Gardiner, particularly, on whose  
11 assistance I relied, but I have had exposure for more  
12 than two decades to the United Nations system. I was an  
13 American public member to a special session of the  
14 United Nations in 1983. Later in the 1980s I worked  
15 with then Secretary George Schultz on the United States  
16 and its role in UNESCO. And, of course, this year, I  
17 took it on myself to be one of the two Heritage  
18 designees to this Task Force.

19 So let me speak from my personal viewpoint  
20 on the work of the Task Force and where we are. The  
21 bottom line in terms of the management structure, in  
22 terms of the findings that we came up with, I think it  
23 is fair to say the United Nations is a mess. Our focus  
24 making the system more accountable, more transparent,  
25 more efficient and effective again from the perspective

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1 of the United States' interests, we found deficiencies  
2 in virtually every area of the United Nations that we  
3 looked at.

4 I appreciate the remarks by Under-Secretary  
5 Burnham in yesterday's Financial Times about how  
6 seriously he is going to be taking the need for real  
7 reform in the United Nations as he assumes his new  
8 duties there. In terms of specific problems, when we  
9 began our work at the United Nations early this year, my  
10 colleague, Mr. Hills, constantly reminded me and other  
11 involved in the work of our Task Group that when we were  
12 talking about problems like Oil For Food or Peacekeeping  
13 Operations in the Congo, we were talking about alleged  
14 incidents.

15 I think in the last six weeks or six months  
16 rather we can pretty well drop the adjective alleged.  
17 The corruption from top to bottom inside the United  
18 Nations system is from our perspective staggering in  
19 terms of the size of it, in terms, frankly, of the depth  
20 of it. It is a lack of integrity that unfortunately is  
21 endemic at far too many levels and in far too many  
22 areas. Down to small things, whether it has to do with  
23 how someone whom we had repeated and frequent contact  
24 with.

25 Mark Mallick Brown, how he can be paying

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1 \$10,000 a month rent on his personal house to George  
2 Soros, that on a salary of \$125,000 a year intrigues me  
3 at least. It was not part of our report, but it was of  
4 more than passing interest from recent press reports.

5 It goes to big questions like inflated  
6 rates of rebuilding the building itself, which will be  
7 the subject of a United States Senate hearing tomorrow  
8 when Donald Trump among others will be testifying on  
9 what the real cost of that should be. Should it be \$500  
10 million or should it be \$1.2 billion? A not  
11 insignificant difference in terms of two estimates of  
12 what it might be. And as I say, that will be examined  
13 before the U.S. Senate tomorrow.

14 The lack of integrity, I'm afraid, is in  
15 evidence in terms of the culture of the United Nations,  
16 in terms of abusive travel and education vouchers,  
17 inflated expense reports, in terms of an internal  
18 justice system that was described to us by one senior  
19 United Nations official as being "royally screwed up  
20 with unqualified tribunal judges," reports of expected  
21 kick backs from lawyers representing dismissed or  
22 reassigned employees, etcetera, gross insufficient  
23 transparency and accountability throughout the system,  
24 in adequate management systems with no official managing  
25 the daily operations of the United Nations.

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1           With there being no requirement on a  
2 perspective Secretary General candidate to have had any  
3 experience in terms of management, the Under-Secretary  
4 Burnham's suggestion in yesterday's newspaper is one  
5 that we certainly applaud in terms of making the  
6 Secretary General the CEO type person with a deputy as a  
7 chief operating officer, so that real responsibility for  
8 the operations of the system can be assigned.

9           One of our indicative problems with the UN  
10 system came up early on when we asked for something that  
11 presumably would be available from any major  
12 corporation, any major NGO, labor union or whatever and  
13 that is an organization chart. To the best of my  
14 knowledge, Ann, we're still awaiting an accurate  
15 organization chart. We were able to find one that was,  
16 I think, some 16 or 17 years-old, but beyond that there  
17 was not a detailed organization chart available from the  
18 United Nations organization.

19           We are faced with an organization where the  
20 General Assembly through the 5<sup>th</sup> Committee micromanages  
21 the budget, personnel, etcetera, where personnel  
22 practices when asked about employees with proper skills,  
23 attitudes, etcetera or whose role was clearly defined,  
24 we heard estimates ranging from 10 to 20 percent and as  
25 high as one-third in one department of individuals who

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1 were superfluous to the tasks at hand.

2 We have heard reports of dismal moral of  
3 managers having no ability to fire or move employees  
4 across departments of a process that takes several years  
5 to remove employees for gross incompetence. In  
6 effective programs seem to be ripe within the UN  
7 structure and unfortunately many managers and a number  
8 of member states seem to have little interest in making  
9 results based budgeting work. Bad programs live forever  
10 and drain resources from newer, more vital, more  
11 effective ones.

12 Unfortunately, under the current system,  
13 there is no way to evaluate whether or not program goals  
14 are being met and many programs, for that matter, have  
15 no measurable goals in any effect. And we are  
16 frustrated by the notion that somehow when management by  
17 objective is put in place, seemed to be happening some  
18 years ago, that the objective seemed to produce yet  
19 another report and to produce that report on time that  
20 that then measures the effectiveness of that particular  
21 program.

22 You all are aware of the level of the U.S.  
23 payments in terms of both the assessed payments, as well  
24 as peacekeeping operations, what the ratio is from the  
25 United States to other member states, of what happens

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1 with the United States, and again I remind you that our  
2 task in the Task Force, as assigned by the Congress, was  
3 to examine not merely the United Nations operations, but  
4 American interests at the United Nations and how they  
5 could better be served by a more efficient, effective  
6 United Nations organization.

7 Of interest to us was the fact that in the  
8 General Assembly only 42 countries on average voted with  
9 the United States, more than they voted against the  
10 United States. We have a table that indicates who votes  
11 which way, how often, etcetera, and it is rather  
12 depressing to find out that the largest single  
13 contributor in terms of both assessed and voluntary  
14 contributions has that little support.

15 We, of course, noted throughout the report  
16 the anti-semitism that is ripe within the United Nations  
17 system, the discrimination against one particular member  
18 state at the United Nations system and its inability to,  
19 in effect, be treated as a full member of the United  
20 Nations. Our Task Force made a series of specific  
21 recommendations. I will leave it to Rod Hills to go  
22 into these in detail.

23 We called for weighted voting on budgetary  
24 matters. We asked for an implementing of a "sunset  
25 clause" for all programs, both new and old, where, in

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1 effect, programs would be ranked, not necessarily to be  
2 eliminated, but to be ranked in order to decide how  
3 funds allocated to lower priority programs could be  
4 reallocated to those that were considered by top  
5 management to be higher. We asked for an enforcement  
6 and a bolster into the 5.6 Rule.

7 We called for the creation of an  
8 Independent Oversight Board to investigate, to address  
9 misconduct and internal corruption. We demanded a  
10 stronger standard Code of Ethics for UN employees, a  
11 strengthening of the role of true democracy inside the  
12 United Nations system. Again, we called for fair  
13 treatment of Israel and the elimination of all anti-  
14 semitic programs that are specifically mentioned and  
15 that receive specific funding, including specific  
16 funding from assessed members dues.

17 I personally believe in using financial  
18 leverage to ensure that reforms are real and that they  
19 happen in a timely fashion. Frankly, I believe that  
20 history has shown little progress on UN reform when  
21 there is not that kind of financial pressure that is  
22 able to be applied and that when it has been applied we  
23 have, in fact, seen some positive results, whether it  
24 was a consensus based budgeting from the 1985 Nancy  
25 Kassebaum, Gerald Solomon Amendment, the creation of

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1 OIOS in 1994, the Helms-Biden legislation to make a  
2 payment of arrears contingent on continuing reform,  
3 etcetera.

4 We have, in fact, seen it work. I think it  
5 can work again in the future. I'll leave my comments on  
6 pending legislation until later, and, at this time,  
7 thank you all for your attention. Rod?

8 AMBASSADOR HILLS: There is some good news.

9 We found, I think, almost without exception a sense of  
10 the need for reform in the large number of people with  
11 whom we spoke. I think that was by far the most  
12 encouraging part of our effort. If you have seen the  
13 whole report and read our Chapter 3, you realize that we  
14 use the term plumbing appropriately. And you also see  
15 that ours is by far the most boring part of the report.

16 It is a simple recitation of Business 101, I suppose.

17 The two things that are most graphic in  
18 trying to understand what's wrong and trying to  
19 understand how to deal with it is the lack of  
20 accountability and the lack of management skills and the  
21 lack of management authority. And so almost everything  
22 that is in that part of our report dealing with reform  
23 changes to focus on the need for accountability and the  
24 need for skills and the authority of management, the  
25 skills and the authority of management.

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1 Ed mentioned briefly the Independent  
2 Oversight Board. In a sense, Newt Gingrich quietly  
3 accused me of trying to bring the Sarbanes-Oxley Bill to  
4 the United Nations and to some extent that's what we did  
5 do. The Independent Oversight Board is, in our  
6 judgment, comparable to the Independent Audit Committee  
7 that has come into its own in the United States in  
8 governance of the United States Publicly Traded  
9 Corporation. We believe that that Board should have  
10 complete authority over the budget and the assignments  
11 of what is now called the OIOS.

12 Let me repeat or let me point out that the  
13 accountability today in the United Nations consists of  
14 three organizations. One is the Board of External  
15 Auditors, consisting of the Auditor General from the  
16 countries of the Philippines, France and South Africa.  
17 They each serve for six years, rotation every two years.

18 And to the best we can see, it works pretty well. They  
19 are competent people and they do their job. They don't  
20 have quite the budget they would like to have. They  
21 don't have quite the authority they would like to have,  
22 but it's working.

23 The OIOS that Ed referred to was created in  
24 1994 and it is a true independent internal audit, I  
25 should say it is a true internal audit function. And

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1 there are some people that have tried to do a good job.

2 I think there are 191 people in it. I may have that  
3 number wrong, but roughly at least a third of them are  
4 thought not to be competent for the job. Some people  
5 would say up to half. They do not have complete  
6 authority.

7 They do not have an adequate budget. They  
8 have to ask for their budget in competition with all  
9 other aspects of the United Nations. They have the  
10 technical capacity to ask separately of the General  
11 Assembly, but as a practical matter, they are fighting  
12 for money with the Secretariat.

13 There is something called the Joint  
14 Investigative Unit, JIU, which has some theoretical  
15 authority, but no staff and no budget to speak of. The  
16 need for the OIOS to have a budget to go where they need  
17 to go, to bring what researchers they need to bring, is  
18 not only important, it is the only way you can be  
19 certain that there is an effort to deal with corruption,  
20 mismanagement and general accountability.

21 For example, during our interviews, it was  
22 quite clear the Secretary General has from time to time  
23 instituted some reforms, and for example, results based  
24 budgeting. And so everybody does, theoretically, have  
25 to have on their budget proposal some results that are

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1 articulated. But there is no accountability to it.  
2 Nobody says well, you haven't really articulated any  
3 results that can be defined and nobody goes out  
4 afterwards to find out whether or not the results that  
5 were budgeted for were achieved.

6 How do you create something as independent,  
7 something as sufficient independence to deal with so  
8 complex an organization? Our proposal, which came out  
9 of an extended discussion with the Board of External  
10 Auditors, was to have a board of say seven people,  
11 consistent with at least three Auditors General from  
12 three different countries. Because the Auditor General  
13 or Controller General, if you will, of a country is  
14 probably the most likely to be independent of his own  
15 nation, of any other public official, and the three of  
16 them will have the same kind of capacity, the same kind  
17 of background as the Auditor General on the Board of  
18 External Auditors.

19 There is an international auditing standard  
20 which requires an internal control capacity in order to  
21 give an external audit. And there is an international  
22 audit standard which says you can't have effective  
23 internal controls unless you have independent oversight.

24 And so the Board of External Auditors is something of a  
25 convert already to our proposal in the notion that they

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1 think they need to have some independent oversight  
2 capacity, not only for the internal audit, but for  
3 themselves.

4 And our notion is that this body would set  
5 the budget, authorize the assignments of the OIOS,  
6 would, of course, have to go to the General Assembly,  
7 but they would go to the General Assembly, not through  
8 the Secretary General, but directly, recognizing that if  
9 they didn't feel that they had the capacity or the  
10 budget they needed, then that would threaten the  
11 capacity of the United Nations to get a clean external  
12 audit.

13 The head of the OIOS would, in our  
14 judgment, be selected by the IOB, but only with the  
15 approval of the Secretary General and, obviously, the  
16 day-to-day administrative responsibilities could include  
17 work for the Secretary General. Hopefully, the  
18 Secretary General would take advantage of the OIOS to  
19 track the accountability of the things he wants to  
20 accomplish.

21 We had a large discussion about  
22 transparency and the question of whether or not the  
23 reports of the internal audit would be available to all  
24 members of the General Assembly. This, as you know, is  
25 a problem in our Government, in almost every government.

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1 We have fully subscribed the notion of transparency.  
2 We have also recognized that there are some matters that  
3 you need to be careful of.

4 And so that if you have a vigorous and  
5 effective internal audit, you may often have  
6 information, rumors and otherwise and material that you  
7 don't easily want to be broadcast throughout the world.

8 And so we suggested that the United Nations should be  
9 subject to the same kind of transparency requirements,  
10 Freedom of Information Act you might say, that we have  
11 in the United States.

12 Turning to management. Ed has already  
13 pointed out that the need for an effective chief  
14 executive officer, chief operating officer is terrible  
15 germane. It happens that you have to apparently amend  
16 the United Nations Charter to change the name of the  
17 Secretary General to be Chief Executive Officer. And so  
18 we have surreptitiously tried to achieve the same result  
19 by saying the United Nations must have a chief operating  
20 officer. And the Secretary General must have the  
21 capacity to fire all the direct reports at will without  
22 or without cause.

23 Without that capacity, you don't have the  
24 capacity to manage. Whether or not the General Assembly  
25 has to pass a resolution to create a chief operating

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1 officer or whether or not the Secretary General and the  
2 Chief Administrative Officer or the Chief Management  
3 Officer can say okay, I'm the Chief Operating Officer  
4 and go about telling people what to do is a question  
5 probably more of diplomacy than of law.

6 As Ed said, it was our judgment that the  
7 General Assembly should insist that the new Secretary  
8 General have some real management skills and that those  
9 management skills would be used to appraise the capacity  
10 of the people that report to him.

11 The budget and programming. Ed has talked  
12 about the 5<sup>th</sup> Committee. Every country, 191, puts a  
13 person on the committee, not normally a person of real  
14 economic capacity or budget capacity, and so the budget  
15 is, basically, in morass. The Rule 5.6, which Ed  
16 referred to, requires that the Secretariat require a  
17 definition of what are the lowest activities, rating all  
18 the activities, of the given department and to enforce  
19 that.

20 We suggested that anybody who did not  
21 follow 5.6, did not rate the programs with respect to  
22 importance, would automatically lose 15 percent of the  
23 budget. It does not mean that we thought, as Ed said,  
24 that we wanted 15 percent of the budget to be  
25 arbitrarily cut, but we thought that a rule as clear as

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1 that should be clearly dealt with and should be  
2 followed.

3 The sunseting proposals, as Ed said, we  
4 propose that they be managed, that every proposal have  
5 an automatic deadline. If it's not renewed, it dies.  
6 And again, you would need something like the OIOS to see  
7 whether the sunseting proposals were provided for.

8 The consensus budgeting process came about,  
9 as Ed said, in the middle '90s and the problem, of  
10 course, is that there are 191 nations. 121 of them  
11 produce less than 1 percent of the total budget.  
12 Whereas, Mexico alone produces 2 percent of the budget.

13 So you have 121 nations that have nothing at stake and  
14 you have about 10 nations that have 78 percent of the  
15 budget. And that means that anything that -- lets say  
16 United Nations wise, the United States wants to do  
17 something, 121 nations may automatically be against it.

18 So the idea of a consensus said okay, it's  
19 kind of a veto power. And it works in the sense of  
20 restraining the budget, but it doesn't really help very  
21 much when you want to accomplish something. In other  
22 words, if you have some good idea, how do you get a good  
23 idea passed? And how do you break this stranglehold  
24 where everybody has a veto power and nobody really has  
25 the capacity to do something.

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1           Now, we didn't have any dramatic ideas. We  
2 have said that we thought that the nations that pay more  
3 should find a way to exercise more authority over the  
4 budget without disenfranchising the capacity of the  
5 other nations. You certainly do not want to tell 121  
6 nations they have no say over the budget. But that's a  
7 problem of both diplomacy and probably the changes of  
8 the authority.

9           Personnel. There simply is nothing at all  
10 that you would recognize as a modern personnel policy  
11 program or capacity. The Personnel Department itself,  
12 the people we talked to, they would acknowledge that 30  
13 percent of the people there did not have the capacity to  
14 do the work or they weren't needed for the job that they  
15 were in.

16           Managers are not evaluated. Promotions are  
17 not easy. If you are trying to build a department and  
18 you have an opening, you can't put somebody in that  
19 opening from your department, it's the whole Secretariat  
20 can bid for that job. So there's no way to create that  
21 kind of management authority that we all see so common  
22 in the rest of the world. You can have a department  
23 with too many people in it and those people can't be  
24 moved to a department with nobody in it. It's a total  
25 chaos in trying to run an organization when you have

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1 rules so foolish.

2 The selection of people. We have long  
3 recognized that it is important to have geographical  
4 diversity, but the United Nations Charter says you want  
5 skill in United Nations and geographical diversity. It  
6 is our observation that the geographical diversity has  
7 taken preference over skill. And so how to put skill  
8 back into that equation with real meaning is important.

9 Ed mentioned the Internal Justice System.  
10 There has been some notion of reform. The Secretary  
11 General has suggested that there needs to be and the  
12 General Assembly seems to be going along with the notion  
13 there seems to be some capacity. It's very simple. You  
14 need judges to judge. You do not have competent people  
15 judging the Internal Justice System and it could take  
16 five years for the most simple management decision in  
17 terms of personnel.

18 In criminal cases, we felt strongly that  
19 immunity should be automatically waived unless the Chief  
20 Legal Officer of the United Nations can demonstrate and  
21 certify that an employee of the United Nations would be  
22 subject to a serious problem of fair and legal  
23 treatment.

24 The United Nations needs to develop a  
25 program for protecting whistle-blowers. They don't have

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1 such a thing today.

2           The management of the operation. The  
3 budget of the peacekeeping operation of the United  
4 Nations is, I think, three times the budget of the  
5 United Nations itself. The Procurement Office of the  
6 United Nations is, obviously, equipped to buy pencils  
7 and papers, whether or not it is equipped to buy  
8 weaponry is another thing. The fact is the peacekeeping  
9 has worked pretty well.

10           They have kind of jury built it and so that  
11 you could say that they understand that they shouldn't  
12 use the basic body delineations, but our proposal is  
13 that peacekeeping have its own set of regulations and  
14 its own staff. And that there are other operations in  
15 the United Nations that subsist largely on voluntary  
16 contributions and we suggest that maybe the best way to  
17 do that, and we ask that it seriously be considered, is  
18 that those operations be moved and entirely voluntarily  
19 and our comparison was to the United States UNDP, which  
20 works pretty well.

21           Under the same general rules, their  
22 personnel system works better. Their internal audit  
23 works a little better. And so our notion is that  
24 substantial matters could be worked out better if you  
25 had many operations moved out of the Secretariat, still,

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1 of course, subject to the overall authority of the  
2 Secretary General, but with its own staff, its own  
3 budget and its own culture.

4 The question of how you deal with the  
5 General Assembly is by far perhaps the most important.  
6 How to create effective committees, how to create an  
7 effective 5<sup>th</sup> Committee, how to create a real budget  
8 process. We have pointed out the problems and we have  
9 pointed out the need to do it. I confess that we did  
10 not come through with a remarkable argument, other than  
11 the fact that we surely think it needs to be done.

12 The question of how you get it done. There  
13 are those that thought that we should again withhold the  
14 budget. We decided not as a group, as a whole to deal  
15 with that. My own view is that Teddy Roosevelt had it  
16 about right, to speak softly. Everybody knows we have  
17 the "big stick" some place. We do believe that this is  
18 the time for diplomacy. We do believe that there is a  
19 willingness, certainly in the Secretariat itself, and we  
20 sense, at least anecdotally, that there is a sense in  
21 members of the General Assembly to bring about the kinds  
22 of reform that we have.

23 I must say that working with Ed has been a  
24 great delight. We came at this from different  
25 backgrounds. My United Nations experience was nothing

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1 compared to his, but I did have a lot of experience  
2 working with companies that didn't work. And so I guess  
3 that's why I was chosen for the job. Well, thank you.

4           AMBASSADOR SOLOMON: Well, before you go,  
5 just let me say I was remiss in not introducing one of  
6 our other experts. We did draw on this Task Force  
7 effort on a broad range of people with real expertise  
8 and former Attorney General Richard Thornburgh, former  
9 Governor of Pennsylvania, also a former Under-Secretary  
10 of the UN for Management was one of those people who  
11 brought a lot of wisdom and experience to this effort  
12 and we're delighted that he is here this morning to be  
13 with us. So my apologies, Richard, for not highlighting  
14 your presence here earlier.

15           AMBASSADOR HILLS: And I'm going to just  
16 observe before I turn to Governor Thornburgh that, you  
17 know, just based on being Governor of the State of  
18 Pennsylvania, which is not a small State, and Attorney  
19 General of the United States, you would have something  
20 to say about management and accountability. But it's a  
21 particularly appropriate thing that you are -- than  
22 going on to be Under-Secretary-General of the UN for  
23 Management Issues, one of your less predecessors,  
24 perhaps, you know, gives this such continuity.

25           And I want to specifically mention the very

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1 good report you did in, I guess, 1993, report to the  
2 Secretary General on flagging many of the very issues  
3 which we are identified in the report today. Senator  
4 Thornburgh?

5 SENATOR THORNBURGH: Thank you. The first  
6 two management jobs you mentioned were a piece of cake  
7 compared to the challenges at the United Nations. I  
8 want to commend all who participated in the preparation  
9 of this report. It lays out in understandable terms.  
10 Is this mike not working? Somebody is --

11 AMBASSADOR MATTHEWS: Just pull it closer.

12 SENATOR THORNBURGH: Very seldom do I get  
13 admonished to speak louder. The report sets out in  
14 understandable terms precisely what the problems are  
15 that face both the UN and the United States. It's  
16 difficult to do that sometimes. Management is kind of a  
17 sleeper issue in both senses of the word. It's not  
18 often on people's screens when they look at issues,  
19 particularly internationally.

20 And quite frankly, it puts a lot of people  
21 to sleep. They don't want to hear about management  
22 issues when there is a lot of discussion about things  
23 such as peacekeeping, diplomatic initiatives and  
24 political roles at the UN. So I particularly commend  
25 the Institute of Peace and Ambassadors Feulner and Rod

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1 Hills and others who participated in this effort.

2 Let me just offer a few comments. The  
3 first is the easiest, the notion that the Deputy  
4 Secretary General should, in fact, be the Chief  
5 Operating Officer is as old as the hills and has been  
6 regularly dishonored by those who are in charge of  
7 policy at the UN. You simply can't run an organization  
8 worldwide in its reach and complex in its nature like  
9 the UN is without having a chief operating officer.  
10 Somebody who on a day-to-day basis is responsible for  
11 and oversees all of its operations. That's an easy one.

12 Similarly, the evaluation recommendations  
13 with regard to budget really recommend themselves. They  
14 resonate closely with the observations we made in our  
15 1993 report. When I served at the UN, that report  
16 incidentally was aided by the pro bono services of  
17 MacKenzie and Company to look at some of these  
18 management problems. There is no effective evaluation  
19 and oversight of expenditures of the type that those of  
20 us who serve in the U.S. Government are used to here.

21 Sunset provisions speak to themselves.  
22 They are an occasion for an evaluation and oversight and  
23 for weeding out programs that simply don't work. There  
24 is too much micromanagement at the UN, as favorite  
25 programs and individuals are protected from the normal

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1 scrutiny that you would expect when looking at programs  
2 from the point of view evaluating. And as Rod Hills  
3 pointed out, Rule 5.6 is an excellent way to carry out  
4 some prioritization, but is honored more in the breach  
5 than in the observance.

6 When you come to personnel, the existence  
7 of "dead wood" in the UN is a given. I'm always  
8 reminded of the remark that Secretary General Boutros  
9 Boutros-Ghali, who served when I was there, was alleged  
10 to have made in response to a reporter's question, the  
11 reporter asked "How many people in Geneva work?" And he  
12 responded "about half." And that by some estimates is a  
13 very generous evaluation.

14 The movement from preponderance of  
15 permanent contracts to fixed contracts is a laudable  
16 change and one that is reinforced by this study and the  
17 change in the judicial system that would professionalize  
18 particularly the Administrative Tribunal, which is the  
19 ultimate authority on disciplinary actions and the like,  
20 could only be fruitful.

21 I was intrigued by the recommendation of a  
22 greater use of secondments in staffing key positions  
23 within the UN. Often times, the skill sets that are  
24 available from the resources within the UN are not  
25 matched with the needs of the organization and the

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1 ability to use secondments of people who have those  
2 skills would be a big step forward.

3 The probably most exciting change  
4 recommended by this group and one that, I think, will  
5 probably cause some great scrutiny, because it is new  
6 and different, is the recommendation for an Independent  
7 Oversight Board equivalent to a Corporate Audit  
8 Committee upon which so much attention has been focused  
9 recently in the U.S. due to problems with corporate  
10 governance.

11 Such a board, it seems to me, is terribly  
12 important when it comes to setting policy for audit  
13 oversight and investigations. I have, as I expressed to  
14 the co-chairs, some concern that an independent IOB may  
15 subsume the current Office of Internal Oversight  
16 Services within its organizational setup to the extent  
17 that OIOS is by appearances downgraded in its importance  
18 and lessened in its capability.

19 I have a great concern about the need for  
20 an independent proactive investigative capability, which  
21 differs quite a bit from the audit role. The two  
22 compliment one another in the best of all worlds and  
23 there is a cross relationship between those who are  
24 involved in investigating specific allegations or fraud  
25 and those who are engaged in the audit process, which is

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1 more often after the fact.

2 I look more upon the Inspector General  
3 model used in our Government, which empowers with kind  
4 of a roving mandate individuals who have that function.

5 I think it is important, in particular, to retain the  
6 straight line relationship that OIOS has with the  
7 Secretary General. One, it is just a matter of making  
8 sure that that office is invested with the appropriate  
9 credibility and clout that it is a high profile office,  
10 not buried two or three layers down under the Secretary-  
11 General.

12 In the final analysis, I mean, I don't  
13 think these are more or less icing on the cake, from my  
14 point of view, and I think they can be worked out. But  
15 in the final analysis, the most important thing with  
16 regard to the integrity of the organizations' operations  
17 is going to be the backing of top leadership. You must  
18 have a Secretary General who is visibly and vociferously  
19 committed to the integrity of the operation and  
20 supporting those mechanisms that have been created to  
21 ensure that integrity.

22 Similarly, you have to provide the head of  
23 OIOS with the pay and status that indicates that he or  
24 she is a serious player when it comes to policing the  
25 activities of staff, management and contractors with

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1 regard to activities that are within the rules. Here, I  
2 think, the most recent infamous lack of oversight over  
3 the Oil For Food Program for Iraq offers a splendid  
4 opportunity. It is these times of crisis that bring  
5 forth opportunities to make constructive change in a  
6 very dramatic manner and it seems to me that's something  
7 that shouldn't be overlooked here.

8           There has to be a perception in addition to  
9 a fact that this is a serious effort and that applies  
10 not only to the application of sanctions when  
11 wrongdoing, fraud, corruption is uncovered, but the  
12 creation of a deterrent capability through the  
13 perception that this is a serious effort. My most  
14 recent experience in this regard was at the World Bank  
15 where the use of something equivalent to an Independent  
16 Oversight Board was attempted and what ultimately was  
17 adopted was an independent equivalent of the Office of  
18 Internal Oversight Services.

19           And it's more, I think, than a question of  
20 who does OIOS report to, whether they report to the  
21 Secretary General or to the Independent Oversight Board.

22           It's a matter of giving OIOS a featured role in efforts  
23 to ensure integrity.

24           One particular matter that I want to make a  
25 strong plea for, that's included in the recommendations

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1 of this report, is the maximization of the requirement  
2 for disclosure of income and assets by persons. In my  
3 experience over 25 years of involvement in anti-  
4 corruption and prosecution efforts, one of the best ways  
5 to ferret out those who are maybe using their office for  
6 personal gain is to require the periodic disclosure,  
7 probably on an annual basis of income and assets,  
8 because they provide a jumping off point for examining  
9 any allegations that are made with regard to a  
10 wrongdoing.

11 Finally, I think, the path that is  
12 recommended in this report is an excellent one and one  
13 that I think should command our attention. As I  
14 understand it, that is to have the Administration and  
15 the Congress agree upon an agenda that the United States  
16 can support, one that there is no internal bickering  
17 between those two entities about what the path is and  
18 then sell that in the United Nations through diplomatic  
19 efforts, possibly through, as a last resort, some kind  
20 of economic pressure.

21 But I have always felt that one of the  
22 reasons that reform founders, when it is framed by the  
23 United States, is that we don't have our act together  
24 and that we hear different voices from the Congress than  
25 we do from the Administration. And I would set as a

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1 very high priority for these management changes, in  
2 particular, to have a consensus reached between the  
3 various players in the U.S. Government before we begin  
4 to mount a frontal assault on these, seemingly,  
5 intractable problems at the UN.

6 Thank you for giving me the chance to  
7 review the report and to participate in this process.  
8 And once again, I commend you for your efforts.

9 AMBASSADOR MATTHEWS: Thank you, Governor.

10 I'll turn now to Ann Florini, just to say a word here.

11 Ann is a senior fellow at Brookings Institution and, of  
12 course, as one of the experts, she was the coordinating  
13 expert and had a great deal to do with the drafting and  
14 writing and as serving also myself as the editor of the  
15 overall report, the crispness and clarity of this  
16 particular section report has always been very striking.

17 And, Ann, I turn to you to plug in any details or other  
18 observations based on your very close association with  
19 this over those months.

20 MS. FLORINI: Actually, Gary, what I would  
21 like to do is change the subject very slightly away from  
22 the report to the impact that it is having in New York  
23 and talk a bit about what is happening in New York in  
24 response not only to the recommendations of the Task  
25 Force put forward, but to the quite intensive pressure

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1 and scrutiny that the United Nations has been under from  
2 many sources for quite a while.

3           If you look at our recommendations, I think  
4 you need to divide them into two categories. The first  
5 category are recommendations that are really aimed at  
6 the member states. Things that only the member states  
7 of the United Nations can do. The second category is  
8 reforms that the Secretary General can carry out under  
9 his own authority. So with that division in mind, there  
10 is a great deal of negotiation going on now among the  
11 member states in the General Assembly about many of  
12 these issues.

13           And I want to just run through where it  
14 seems there is a consensus that may be forming in New  
15 York in favor of some of the recommendations that we  
16 have put forward. On the Independent Oversight Board,  
17 which I personally think is the most important  
18 recommendation we made, there seems to be quite a bit of  
19 receptivity to the idea. They may not call it exactly  
20 an Independent Oversight Board, but there seems to be  
21 quite a strong understanding that something like this is  
22 needed and that it needs to have real authority.

23           Likewise, there seems to be increasing  
24 acceptance of the idea that the Secretary General has to  
25 be empowered to move people around. It has been

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1 ludicrous that up to this point he could not take a  
2 person from one department and put them in another  
3 department depending on the changing needs of the  
4 institution. And the ridiculousness of that policy is  
5 beginning to be recognized.

6 On the Administrative Justice System, the  
7 internal justice system that Rod mentioned, which really  
8 has been a travesty, the General Assembly adopted  
9 regulations, I think it was in April, setting forward  
10 criteria for the first time for the judges who serve in  
11 that system. How they are going to implement those  
12 criteria to make sure that people actually meet them is  
13 another question, but there is at least a recognition  
14 for the first time that there have to be criteria of  
15 some kind.

16 There is general acceptance of the idea  
17 that mandates that are more than five years old at least  
18 need to be reviewed. I haven't heard a great deal of  
19 acceptance of the idea that every new program ought to  
20 have a sunset clause, which I think is unfortunate, but  
21 at least the idea that things that have been around for  
22 a long time need to put forward some evidence that they  
23 should continue to exist. There is certainly going to  
24 be a request made to the Secretary General that he put  
25 forward proposals for overhaul of the budgetary and

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1 human resources systems, again not a whole lot of  
2 detail.

3 So in general there is receptivity to some  
4 of the more important recommendations that we put  
5 forward. There will be a document coming out sometime  
6 in the next week, which is called the "Outcome Document"  
7 spearheaded by the current President of the General  
8 Assembly, Ambassador Ping, which will touch on many of  
9 these issues and I think it will be very much worth  
10 looking at that document carefully to see to what degree  
11 there appears to be consensus among the UN's member  
12 states that there are ideas that are going to be adopted  
13 at the next General Assembly.

14 There are some where there are greater  
15 concerns like the proposal for a chief operating  
16 officer, and there the objection is an entirely  
17 political one. Who is going to be this chief operating  
18 officer? Is it going to be an American and is this  
19 actually an American plot to get an American running the  
20 United Nations? Not necessarily the response we were  
21 hoping for.

22 In terms of the steps that the Secretary  
23 General can make on his own authority, I think there we  
24 have gotten farther, understandably because he can just  
25 go ahead and do things as opposed to waiting for votes

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1 of the General Assembly.

2 One of the biggest concerns that Congress  
3 has had, and I think rightly so, is on Whistle-Blower  
4 Protection Policy. There has not been a very good one  
5 and it has not been trusted by the staff. For the last  
6 several months, the United Nations has been undergoing  
7 an extensive period of staff consultation on a new  
8 Whistle-Blower Policy. They have done one round. They  
9 are about to do another round. The pro-reform forces  
10 that I have talked to within the United Nations seem  
11 fairly happy with the way this one is going, something  
12 that, again, we need to look at closely over the next  
13 couple of months.

14 On appointments, senior appointments, the  
15 appointments process up until very recently has been a  
16 very closed, opaque, highly politicized one and that, I  
17 think, truly has changed and there has been demonstrable  
18 change in that. The appointment for the new head of  
19 UNDP, Kemal Dervis from Turkey, was done in a very open  
20 and transparent process. Similarly, the process for the  
21 selection of the new head of OIOS, the new High  
22 Commissioner for Refugees.

23 The appointments by and large seem to be  
24 ending up in quite good people, and I think there the  
25 Secretary General has made some progress. Similarly, of

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1 course, the appointment of Mr. Burnham, who is going to  
2 be having to deal with all of these issues from now on.

3 On one other matter I didn't mention having  
4 to do with the member states, on OIOS there is  
5 definitely at least strong lip service being given to  
6 the idea that OIOS needs much more in the way of  
7 resources that it had. The General Assembly has  
8 approved a number of new investigative positions. The  
9 General Assembly does not appoint people, but it does  
10 have to authorize all of the slots for all of the  
11 departments, and they have now authorized, I think, it's  
12 19 new ones for OIOS and provided something more in the  
13 way of resources, particularly focused on peacekeeping  
14 monitoring.

15 One of the major weaknesses that we  
16 identified in our report was that there was no automatic  
17 follow-up process for recommendations no matter where  
18 they came from. There are the three audit bodies that  
19 the previous speakers referred to, the OIOS, the Board  
20 of Auditors and the Joint Inspection Unit. There was no  
21 process by which their recommendations were  
22 automatically followed up on.

23 The Secretary General has now set up a new  
24 oversight body whose job it is to take all those  
25 recommendations and make sure something happens with

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1 them. One would think that would have been a fairly  
2 obvious step sometime ago, but at least it now appears  
3 to be happening.

4 So if you put all of this together, I would  
5 say that in the more than two decades I have been  
6 watching the United Nations, there is more happening now  
7 and more of a broad consensus on the need for reform in  
8 this area than there has ever been before. This does  
9 not mean it's a done deal.

10 With the exception of the specific steps  
11 that the Secretary General has undertaken that I  
12 mentioned, much of this is still in the negotiating  
13 phase. I think it's a much more ripe time for  
14 negotiation now than it has ever been before. I think  
15 there is a real chance that the United States will get  
16 most of what it really needs to get out of this reform  
17 process, but it is not a done deal. Thank you.

18 AMBASSADOR MATTHEWS: Thanks, Ann. Those  
19 remarks are a very good segueway into inviting Under-  
20 Secretary Burnham to make some comments, because nothing  
21 could be more appropriate, and we were chatting a little  
22 bit just as you arrived, all the more from someone like  
23 yourself who has gone from several years of managing, or  
24 if I may even say so, trying to manage the Department of  
25 State and going directly to managing or trying to manage

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1 the United Nations. I mean, this is a perspective, but  
2 it's a pleasure. If I may, I invite you at this point  
3 to make some comments.

4 UNDER-SECRETARY BURNHAM: Well, thank you  
5 very much for inviting me to do so and to the Members of  
6 the Panel and the effort you made in this work. It's an  
7 absolutely spectacular document, one that continues to  
8 reverberate throughout the halls of the United Nations  
9 in New York and one that is being taken deeply seriously  
10 by the Secretary General and all the senior management  
11 of the United Nations, and I think it's an important  
12 stake in the ground for exactly what needs to be done to  
13 the United Nations to help move it forward.

14 I don't want to be long. I'm reminded of  
15 the story of Henry Ford and Thomas Edison. Henry Ford  
16 pointed to a fish on the wall and said Tom, why do you  
17 think that fish is there? And he said I don't know, he  
18 said, because he opened his mouth at the wrong time.

19 With that, let me be brief. I think that  
20 the internal controls, as defined by Sarbanes-Oxley and  
21 with the words, Ed, that you have mentioned here today,  
22 that Sarbanes-Oxley application for the American  
23 corporate world and through OMB Circular A-123 for the  
24 Federal Government are absolutely essential and  
25 applicable to the United Nations. So clearly, the same

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1 vision of Sarbanes-Oxley and the attestation to internal  
2 controls must be included here.

3           There is something, which we haven't talked  
4 about and in these discussions we don't, but yet it was  
5 something that General Colin Powell was deeply focused  
6 on when he was Secretary of State, and that was the  
7 enterprise architecture of the Department of State, and  
8 it's true for any global organization and it's  
9 absolutely true for the UN. We have to have an  
10 enterprise application.

11           Transparency and accountability can only  
12 come when you have the systems that support that, an  
13 accounting system, accounting standards, the ability to  
14 aggregate information, a knowledge management system,  
15 the breaking down of stovepipes between individual  
16 entities that are out there, purchasing software and  
17 developing different personnel management systems and  
18 whatnot independent of the whole, which is, by the way,  
19 expensive and it doesn't coordinate across the various  
20 organizations of the UN. So the words enterprise  
21 architecture also need to be included here.

22           I feel like we have the rubrics,  
23 accountability, transparency and ethics, and when we  
24 talk about ethics we don't talk enough about training.  
25 There currently does not exist at the United Nations a

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1 universal ethics training program. Yet, certainly there  
2 is within the Federal Government.

3 I will take note that recently the Chairman  
4 of Goldman Sachs ordered all his managing directors to  
5 undergo an ethics training program. And as both the  
6 corporate, the philanthropic and the non-governmental or  
7 the multilateral world moves forward, we need to embrace  
8 the notion that we should have annual ethics training,  
9 annual ethics certification and, by the way, an  
10 independent Office of Ethics at the United Nations that  
11 reports directly to the Secretary General and perhaps  
12 directly to the General Assembly, very similar to the  
13 independent Office of Government Ethics that we have  
14 here in Washington, D.C.

15 I will note just that we are making  
16 progress and, Ann, you were very kind and generous to  
17 note that on both the Whistle-Blower protection issues,  
18 on the empowerment and independence and increased  
19 resources for OIOS, financial disclosure also moving  
20 forward where we are really adopting the best practices  
21 from a number of member states. Ultimately, I believe  
22 that will conclude with a financial disclosure  
23 requirement stronger than that, which we have within the  
24 Federal Government for members of the Administration.

25 An Independent Advisory Board or an

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1 Independent Audit Advisory Board of some kind is moving  
2 forward. I know I have had a number of discussions  
3 about this with the Secretary General and the Deputy  
4 Secretary General, and that has certainly been embraced  
5 at the very top.

6 Ed mentioned the Capital Master Plan.  
7 Because I happen to be briefing Capitol Hill on it  
8 tomorrow, I just want to mention that this is a \$1.2 or  
9 \$1.3 billion renovation of the United Nations' campus,  
10 17 acres, 2.6 million square feet up in New York and, of  
11 course, it's essential that we do this. It's a  
12 marvelous retro 1950s building and architecture and  
13 furniture and, when you walk in there, it's a walk back  
14 in time to see this and it's absolutely charming.

15 That said, right below that lies, including  
16 the radiator just a few feet from my desk, dripping  
17 asbestos that is caking the walls, no sprinkler systems,  
18 no effort at all or ability to meet the Fire Code, the  
19 Building Code, Safety Codes. Any modern security that  
20 we would assume for federal buildings down here we lack  
21 up there, so it's essential.

22 That said, it's an expensive project, and  
23 so we are doing what I think any responsible  
24 organization would do, which is that we're bringing  
25 aboard, and the Secretary General announced yesterday,

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1 the hiring of a new Assistant Secretary General for the  
2 Capital Master Plan, a gentleman by the name of Fritz  
3 Reuter.

4 Fritz most recently managed the over \$1  
5 billion new construction and renovation of Cornell  
6 Medical, the Columbia Presbyterian construction over the  
7 FTR Drive. He has had experience around the world,  
8 other experience with major projects in New York, came  
9 highly recommended by many individuals within New York,  
10 including the UN Association and the former head of the  
11 Metropolitan Museum who has also worked with Fritz  
12 Reuter in the past.

13 So we're going to be bringing in an expert  
14 with huge experience within the City of New York to come  
15 and oversee this project. It doesn't mean that I, as  
16 the Under-Secretary-General, won't continue to have day-  
17 to-day involvement in this and will continue to work to  
18 make comps.

19 And as an investment banker by training, of  
20 course, the best way to figure out whether or not we're  
21 getting value here is to try and figure out on an  
22 apples-to-apples basis what other projects have cost,  
23 what's the best practice from those other projects and  
24 what is the per square foot cost on these things.

25 For right now, we have had four reviews in

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1 the last four years. For right now, it appears that we  
2 are on track. It does not, however, mean that we're not  
3 going to continue to ask the right questions about this  
4 project, continue to be protective of the global  
5 taxpayer that is paying for this project and, finally,  
6 continue to manage by what I call "quis custodiet ipso  
7 custodes," who is guarding the guards, management by  
8 guarding by the guards, by always asking the questions  
9 whether or not we're getting fair and good value for  
10 this effort.

11 On the oversight of the recommendations of  
12 both the Board of Auditors as well as OIOS, it is  
13 essential that we bring in a mechanism to review these,  
14 and the Deputy Secretary General has tasked me with  
15 coming up with the methodology for that.

16 The State Department, we called it the  
17 Management Control Steering Committee, which I chaired,  
18 made up of Assistant Secretaries and the IG, it came  
19 together and required a work plan any time we had a  
20 reportable condition or a material weakness on our  
21 financial statements or in our internal controls, and to  
22 oversee the efforts to either reduce those reportable  
23 conditions and eliminate them entirely or to prevent the  
24 potential for a reportable condition from happening.

25 And clearly, that model is going to move

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1 forward. What the appropriate residence of that model  
2 is or who should chair that, I'm not completely sure  
3 whether or not it should be the Deputy Secretary General  
4 or someone from the outside, but we're coming up with  
5 advice on that.

6 And then finally, on the management  
7 performance review, which was also mentioned here this  
8 morning for senior managers, this is also something that  
9 the Deputy Secretary General has tasked the Department  
10 of Management with, and we are coming up with  
11 recommendations on this as well.

12 And from my own perspective of the last  
13 four years and the methodology that was used to bring in  
14 strategic and performance planning within the Department  
15 of State, to link that to resources, to understand how  
16 much each one of our goals, of our performance  
17 indicators, our costing going forward to do dashboard  
18 reporting, to aggregating this information beneath a new  
19 a global accounting system, a dispersing system, it was  
20 a massive undertaking at the State Department under  
21 Secretary Powell and now, Secretary Rice, and something  
22 which will be a very large, if not massive, undertaking  
23 here at the United Nations.

24 Suffice it to say, however, that I think  
25 that we have great examples out there of member states

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1 that are doing this not just the Department of State.  
2 Canada, New Zealand, others have also used the balance  
3 scorecard and other methodologies to rate programs and  
4 managers, and I think this will be our effort going  
5 forward.

6 So with that, thank you so much for  
7 inviting me to come and make comments and particular  
8 thanks to this Panel and to the work you have done in  
9 making the United Nations and helping to make the United  
10 Nations a more accountable and honorable place. Thank  
11 you.

12 AMBASSADOR MATTHEWS: Thank you very much,  
13 Chris. Those were very timely and extremely important  
14 insights and, you know, what is really happening in the  
15 real world now as to concerning the real problems that  
16 were identified in the points made by our Panel.

17 We would like now to move into the  
18 remaining portion of the program with your questions and  
19 comments. And I would repeat, ask you, please, to come  
20 up to the microphone and kindly give your name and  
21 affiliation before you ask your question, and we will  
22 have no problem directing it, I think, to the  
23 appropriate Member of the Panel.

24 So with that, let me invite us to proceed.  
25 Who would like to be first? There is usually no

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1 reticence in these matters. Oh, my colleague, Don Hays,  
2 who also had more than a hand in management issues at  
3 the United Nations.

4           AMBASSADOR HAYS: I had two years dealing  
5 with the 5<sup>th</sup> Committee, the General Assembly, the  
6 Security Council from '99 to 2001 as the Ambassador for  
7 UN Reform, and I would make two comments. One, I'm  
8 delighted that Ann says that there is a mood up there,  
9 but when you get it down to the 5<sup>th</sup> Committee, it's like  
10 taking something from the dining room to the garbage  
11 compactor. Somehow, there is no connection there. You  
12 kind of see the threads, but there is no follow through.

13           I would point to two things. One, the U.S.  
14 needs to be consistent and you have said this before  
15 but, I mean, consistent in terms of time, too. This is  
16 not a one year or two year project. It's a 10 year  
17 project to build a culture inside an organization and  
18 inside a membership of an organization.

19           Secondly, we need to put our own resources  
20 into the U.S. mission to ensure that continuity takes  
21 place. You can't do it with four overburdened people  
22 who are running from committee to committee. You need a  
23 massive program to create an alliance to educate member  
24 states who have never heard of these things and don't  
25 really have much concern.

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1 Management anywhere is a difficult sell. I  
2 spent a lot of time in management in the State  
3 Department and I told one of the secretaries the only  
4 place I saw change was in the child care center. In any  
5 event, at the UN you have got a lot of member states who  
6 don't share our culture of management. They don't share  
7 our goals and, in many cases, it's not their issue.

8 The last point I would say is that, by and  
9 large, the biggest hurdle that this will have to  
10 overcome is the member states, because whether you  
11 divide it up, as Ann did, between member states and  
12 Secretariat, it all comes back to the member states.  
13 Yes, it is true the Secretary can do certain things, but  
14 he does it as a hazard, because if he irritates a  
15 segment of the constituency, they will get him back  
16 later.

17 It's all very well that the Assembly has  
18 agreed to strengthen OIOS, but we will see the proof in  
19 the pudding when the budget is approved this year.  
20 There will be tradeoffs demanded by member states who  
21 really don't endorse this for their support for funding  
22 for OIOS, and that is why I agree with you completely.  
23 It should be taken out of the general budget and be a  
24 separate line item voted by the General Assembly and not  
25 through this budgetary system in there where you have

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1 tradeoffs between oh, you want peacekeeping and you want  
2 a conference and you want somebody in OIOS and it's  
3 always a tradeoff.

4 The last thing I would say is the personnel  
5 system, it's a mess. It's a mess by everybody's  
6 standards, by the people who work with them, by the  
7 people who select them, by the people who oversee them.

8 And if we can do anything about that to make this a  
9 cadre of international civil servants that are  
10 professional, that stand up to the highest standards,  
11 that have good education and training, we will do the  
12 world a good service. Thank you.

13 PARTICIPANT: No questions?

14 AMBASSADOR MATTHEWS: As I mentioned,  
15 questions and comments.

16 MS. FLORINI: Well, actually --

17 AMBASSADOR MATTHEWS: Do we have a  
18 response?

19 MS. FLORINI: Yes, if I could make a quick  
20 response to two of those points. One is for people who  
21 haven't spent the last several months immersed in the  
22 United Nations, fortunate people. The 5<sup>th</sup> Committee  
23 that everybody keeps referring to is the Budget  
24 Committee at the United Nations, which is a huge part of  
25 the reason that the United Nations has not worked very

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1 well.

2 It tends to be represented by fairly low  
3 level personnel who do not have much expertise in budget  
4 and finance and administrative issues, and working  
5 around the 5<sup>th</sup> Committee is a huge part of the problem,  
6 that you have to work around the 5<sup>th</sup> Committee if you're  
7 going to get much in the way of successful reform.

8 There is a proposal for providing the  
9 President of the General Assembly with the authority to  
10 convene his own small group of ambassadors, not the  
11 second secretaries who staff the 5<sup>th</sup> Committee, not to  
12 replace the 5<sup>th</sup> Committee, but to provide an alternative  
13 channel for oversight of the Secretariat. If that were  
14 to bear fruit, I think it would help a great deal,  
15 because, frankly, anything that gets you around dealing  
16 with the 5<sup>th</sup> Committee is only a good thing.

17 The second comment on personnel. There is  
18 a tremendous amount of pro-reform force within the  
19 United Nations, particularly on personnel and  
20 particularly the lower level people who are intensely  
21 frustrated by the system that they are working in.  
22 There is a huge number of people who go to the United  
23 Nations, because they share the ideals, because they  
24 think they are going to go there and do good for the  
25 world, and then they run into this system that we have

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1 been talking about where there is a great deal of not  
2 good things going on.

3 They have come together in something called  
4 the Low Level Panel for UN Reform, because they are  
5 generally fairly low level, and their focus is  
6 overwhelmingly on reform of the personnel system. So  
7 there are forces both within the United Nations, as well  
8 as forces from outside, who are all pushing in this very  
9 important direction.

10 AMBASSADOR MATTHEWS: Please.

11 DR. PI: My name is Dr. Pi (phonetic sp.)  
12 and I from Beijing Nations. I have interest in the  
13 United Nations as one of our major programs and, in  
14 fact, we're doing quite a few things in terms of gauging  
15 all these different proposals from you, from the Kofi  
16 Annan and from the Administration. We have started some  
17 polling activity also to get the consensus, full  
18 understanding.

19 I have a couple of questions and anybody is  
20 welcome to answer it. You defined the objective of this  
21 report was to assess the American interest, so I didn't  
22 see by reforming this rich American interest are we  
23 really promoting or helping. So I would like to get  
24 some clarification, and just one example could be is  
25 this going to help us get better, less, let's say, anger

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1 in the rest of the world and, as you know, all those  
2 issues?

3           The other thing is when you look at  
4 corporate restructuring, and I am an entrepreneur, and  
5 like IBM and GE when they become very big, very  
6 inefficient, they split and they form different, say,  
7 subsidiaries or different companies. Was there any  
8 discussion within this particular group regarding  
9 splitting the UN into three or four completely  
10 independent or maybe having four COOs rather than one  
11 COO?

12           Like, you know, when the rest of the world  
13 looks at you and there is a humanitarian component,  
14 there is a peacekeeping component and there is a war  
15 making component. So would it be better and was this  
16 subject talked about, splitting the UN into three or  
17 four different major areas? Thank you.

18           AMBASSADOR FEULNER: Let me try. Thank you  
19 very much, Dr. Pi, for your insightful question. I would  
20 say first that yes, the theme of the whole report was  
21 American interest in UN reform. Our colleagues on the  
22 other task groups when they spoke to subjects like  
23 terror, like weapons of mass destruction, like  
24 peacekeeping and other substantive processes, talked  
25 specifically about American concerns and American

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1 opportunities. I, for one, would hope that there would  
2 be a coming together in terms of the mechanical plumbing  
3 kind of reforms that we are talking about in our own  
4 specific Task Group.

5 Your second question, we did, in fact,  
6 discuss among ourselves very intensively the notion  
7 that, for example, the UN Development Program is a  
8 separate operational entity, as Mr. Hills pointed out,  
9 that seems to have a much better both management  
10 structure and management record than does the  
11 Secretariat. And we discussed among ourselves the  
12 possibility, for example, of peacekeeping being split  
13 off, peacekeeping with a budget now roughly twice, more  
14 or less, the size of the Secretariat, yet being under  
15 the Secretariat.

16 Would it make more sense for peacekeeping  
17 to be a separate operational entity within the UN, ala  
18 your analogy to General Electric or other major  
19 corporate structures, and that is certainly a way that  
20 might, in fact, be looked at at the UN. But I would  
21 yield to my colleague, Mr. Hills, who might have more  
22 thoughts on this.

23 AMBASSADOR HILLS: No, I think you have  
24 answered it perfectly.

25 MR. BALDWIN-BOTT: My name is Jeffrey

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1 Baldwin-Bott from GAO. I have sort of a two part  
2 question on the notion of an Independent Oversight  
3 Board. I know there's some concern among a number of  
4 the member states that over time, OIOS has become sort  
5 of less and less an internal management tool and more  
6 and more an external audit and that, of course, was  
7 exacerbated as audit reports were made available to  
8 member states.

9 Do you think that this move toward an IOB  
10 might help the member states that have this concern  
11 since there would be an outside board that would be  
12 overseeing some more of OIOS' work? And the second part  
13 of the question is do you have some idea on how you  
14 might think members of this Oversight Board would be  
15 chosen?

16 This goes back, once again, to the  
17 political nature of appointments of this type, of  
18 employment of this type at the UN. There have been some  
19 concerns expressed that it would be difficult to choose  
20 these folks in a way that would be agreed upon and in a  
21 way that would make this Oversight Board effective.

22 AMBASSADOR HILLS: Let me respond first, if  
23 I may. I would like to incorporate, if I may give a  
24 reference, Dick Thornburgh's comments on the difficulty  
25 of creating the kind of oversight responsibility we

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1 want. As I see it, the creation of the Independent  
2 Oversight Board would greatly elevate the status of the  
3 OIOS. Of course, it would have the straight line  
4 responsibility to the Secretary General, but it would  
5 have that little independent twinge to it, so that he  
6 can say that it has someplace else to go for authority  
7 as well.

8 The difference between the internal audit  
9 and the Inspector General role that Dick also referred  
10 to is important, but there is no reason at all why both  
11 those functions cannot be in the OIOS. They don't have  
12 to be, but there is no reason why they can't be.

13 That is typical of an American corporation  
14 where the internal auditor is also responsible for  
15 investigations. And in that capacity, the OIOS should  
16 have responsibility to hire outside experts, if they  
17 need to, to use an outside auditing firm or outside law  
18 firm or outside detective agency, whatever. On the  
19 second issue, which was on the --

20 MR. BALDWIN-BOTT: How to choose the  
21 (inaudible).

22 AMBASSADOR HILLS: I'm sorry, yes, a  
23 terribly good point. The way to start, as we proposed  
24 it, was to find three other Directors General. That has  
25 worked for some time. They have been able to choose

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1 three Directors General and rotate them. And as I said  
2 earlier, a typical Controller General or Auditor General  
3 has more independence from his or her own government  
4 than most government officials. So that seemed to be a  
5 fertile field for candidates.

6 Now, how do you get the rest of them? My  
7 own idea would be the three of them could pick the  
8 others, and that you would probably have some general  
9 approval by the General Assembly, but the candidates  
10 could be retired or former heads of the Central Bank.  
11 They could be former heads of agencies that have had an  
12 impeccable record of independence and that it would  
13 operate that way.

14 Let me come back to the other point. The  
15 authority of the head of OIOS, I believe, will  
16 automatically be raised by the existence of the  
17 Independent Oversight Board. The interesting experience  
18 in the United States is that the creation of Sarbanes-  
19 Oxley rules has caused the typical internal auditor to  
20 be elevated from a subservient position into one at  
21 least equal to the controller of the country and often  
22 to the chief financial officer. So you had an elevation  
23 of that authority just by the fact of the independence.

24 So I would certainly subscribe to the  
25 notion that the OIOS should not be subsumed and while I

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1 accept the fact that it may be difficult to find  
2 members, if you did use that formula, pick three  
3 Directors General, and let them fill out the members of  
4 the Audit Committee, I think that you would have a  
5 satisfactory operation.

6           There is the question of how much attention  
7 is going to be given by the Independent Oversight Board.

8           It is true that in the United States the audit  
9 committees meet. Well, it used to be four times a year.

10           Now it's more like six or seven times a year. But  
11 there's no reason why the nature for at least the  
12 initial period of the Independent Oversight Board  
13 couldn't have a permanent presence, a small staff if you  
14 will, in New York working with the permanent presence of  
15 the External Board of Auditors.

16           AMBASSADOR MATTHEWS: Please.

17           DR. CALLOWAY:       Dr. Carolina Calloway  
18 (phonetic sp.) from the United Nations and I am with the  
19 Culture of Peace Department with Under-Secretary  
20 Chowdhury. I have a couple of questions regarding the  
21 personnel issues. Certainly, we never want to forget  
22 the overall spirit of the charter of the UN, that being  
23 the harmonization of nations and, while I certainly  
24 appreciate your expertise in the financial field, we  
25 have to remember the original mission of this

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1 organization.

2           When I heard you talk about the  
3 inadequacies of jobs and I certainly walk those halls  
4 frequently and that I have met against those  
5 inadequacies, but I also have to keep in mind that when  
6 you talk about putting qualified personnel in every  
7 single position that you possibly can, you are just, by  
8 the nature of international education, going to overload  
9 this organization with representation from developed  
10 nations and underdeveloped nations will be under-  
11 represented in those personnel posts.

12           Our department's position is that there  
13 should be a screening. And I am putting this out as a  
14 comment, an idea for you to consider. There should be a  
15 screening of qualified, honest candidates and then there  
16 being a training facility within the UN where there is a  
17 UN training program, so that we bring individuals from  
18 around the world and do not have a west-heavy operation  
19 of the United Nations. You have got to remember the  
20 same boy out in the bush may have studied his tail off,  
21 but if the facilities to learn were not there, he did  
22 not get the adequate representation at the UN.

23           And that's my comment to this, and I do  
24 certainly appreciate your expertise, but education is my  
25 field and I feel adamantly that there has to be more

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1 equality in the selection process once they receive  
2 their appointment to the UN. Why don't we have an  
3 institute within the UN for the purpose of training on  
4 ethics? That was a very fine comment and I certainly  
5 support that, but also for the training in the nuts and  
6 bolts, because it's pretty hard to learn about a  
7 computer when your village doesn't have electricity, but  
8 maybe an hour a month in some places where I have  
9 visited. Thank you.

10 SENATOR THORNBURGH: I think what you're  
11 talking about in part is a career development program.

12 DR. CALLOWAY: Exactly.

13 SENATOR THORNBURGH: Which has been notably  
14 lacking at the UN from the outset. I don't know if  
15 perhaps others can speak to the status today, but I know  
16 when I was there that was one of the recommendations  
17 that we urged most strongly, was to tend to that very  
18 shortcoming.

19 DR. CALLOWAY: Thank you.

20 AMBASSADOR HILLS: Let me just say the  
21 problem today at the United Nations is people are being  
22 hired purely on a geographical basis and not on  
23 capacity. And while I completely subscribe to the  
24 notion of career development, if you look at the way  
25 people come and stay at the United Nations today, they

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1 come from countries that have qualified people in them,  
2 but the people being selected are being selected so much  
3 on geographical diversity and not on skills that you  
4 can't ignore that part of this. Career development,  
5 fine, but right now the question of selection is  
6 seriously distorted.

7 DR. CALLOWAY: Yes, sir, but isn't that the  
8 spirit of the United Nations, a place of equal  
9 representation and to cooperate with each other?

10 AMBASSADOR HILLS: I don't know. I think  
11 the damn thing has to work first.

12 DR. CALLOWAY: In the spirit of the  
13 original charter?

14 AMBASSADOR HILLS: Yes. Diversity is  
15 wonderful and education is wonderful and progress is  
16 wonderful, but you got to make the United Nations work.

17 AMBASSADOR MATTHEWS: Well, just a quick  
18 postscript as one who headed or was deputy and often was  
19 acting head of the then largest UN peacekeeping mission  
20 in Kosovo. It was just incredible how little leeway I  
21 had to put people, the right people from whatever  
22 country and background, into the job that they could do.

23 My hands were almost completely tied by the same  
24 system, which, of course, applies so much at UN  
25 headquarters and in the larger concentrations. But I

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1 think all that is basic stuff that really has to be  
2 addressed. Please.

3 MR. BIGBY: Thank you. My name is Brian  
4 Bigby (phonetic sp.). I am with the Embassy of Papua  
5 New Guinea. I would first like to start off by thanking  
6 our honorable Panel here, as well as Under-Secretary  
7 Burnham. Thank you for your time and all the time spent  
8 on the UN reform. My question kind of falls along the  
9 recent Hyde Act, a UN Reform Act coming out of the U.S.  
10 House of Representatives. It falls along with what Mr.  
11 Feulner said, as well as Ms. Florini and the "Outcome  
12 Document," I guess.

13 Applying the power of the purse. Do the  
14 United States apply the power of the purse, though it  
15 has precedent in '85, '94 and '95? Is that the right  
16 way to right now, I guess, jettison UN reforms, to get  
17 them underway by kind of saying, you know, if the  
18 Secretary of State does not see the reform that's  
19 happening, we're going to withdraw 50 percent of our  
20 dues to the UN? Is that conducive, productive, to try  
21 to get uniform off the ground and actually implementing  
22 it? Thank you.

23 AMBASSADOR FEULNER: The Hyde Bill as  
24 passed by the House of Representatives, of course,  
25 allows two years for the reforms to actually be put in

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1 place before any mandatory cutback in dues allocations  
2 would take place. The Coleman, Lugar Bill makes it  
3 discretionary at the direction of the Secretary of State  
4 to the President to either withhold or not withhold.

5 It seemed pretty clear to me at least  
6 speaking as an individual and, as Mr. Hills indicated,  
7 this was not a consensus view among the 12 members of  
8 the Task Force, but to me as an individual, having read  
9 the history of reform attempts over the last 20 years,  
10 that without the power of the purse, without a financial  
11 stick, if you will, the carrot of doing the right thing  
12 just wasn't occurring at the UN.

13 And I believe that the Hyde Bill is, in  
14 fact, a sensible way to go both by encouragement, you  
15 have got two years to make these substantial changes,  
16 not every single one that we're recommending in the Hyde  
17 Bill, according to their own legislation, but a certain  
18 percentage of them. If you don't, then this will kick  
19 in. But Rod might have a different perspective on that.

20 AMBASSADOR HILLS: I was waiting for Dick's  
21 comment.

22 SENATOR THORNBURGH: That kind of  
23 initiative, it seems to me, should always be a last  
24 resort. I have never felt it becomes us a global power  
25 to be in default of obligations that we have undertaken

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1 as members of the UN, and that's why I urge us to get  
2 our own agenda and order and try to use every diplomatic  
3 tool available to make that --

4 PARTICIPANT: It's impossible to hear you  
5 back here.

6 SENATOR THORNBURGH: That's probably the  
7 best news.

8 AMBASSADOR HILLS: Let me say I think we're  
9 dealing here with a question of diplomacy and behavioral  
10 science, and so the issue is what is best likely to be  
11 effective in the next period of time? I'm persuaded  
12 that there is enough interest in reform right now that  
13 we're best not issuing that threat.

14 I'm a little bothered by the fact that we  
15 have signed a treaty, which obliges us to pay this money  
16 and I don't lightly like to see the United States say  
17 boldly that it's going to abandon this treaty. I think  
18 Ann Florini may have the course of action we need the  
19 most, a firm, united, a firm stand, consistent over a  
20 period of time with resources sufficient to the task put  
21 at the United Nations is the way to accomplish this.

22 We have never tried that, quite frankly, a  
23 unified approach by the White House and by the Congress,  
24 qualified people of enough nature, enough people, put in  
25 there at the United Nations to focus on this and enough

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1 time given by the Secretary of State and others in  
2 Government, diplomacy around the world to firmly make it  
3 clear this is the position the United States wants.

4 Again, Teddy Roosevelt I think had it  
5 right. I don't think anybody doubts the fact that this  
6 country will, if it needs to, withhold the dues, but  
7 right now I would like the firm diplomacy rather than  
8 the threat.

9 AMBASSADOR MATTHEWS: Ann?

10 MS. FLORINI: I read the history of this a  
11 little differently, I think, than Ed does. Well, first,  
12 one point on the Hyde Bill. The way the Hyde Bill  
13 reads, there are some of the reforms that the United  
14 Nations does not need to undertake without risking  
15 withholding, but the very large majority of them do have  
16 to be enacted within two years or we cut our dues by 50  
17 percent. And obviously, the Bush Administration has  
18 raised concerns of what this does to its negotiating  
19 flexibility, and here I think there's a good lesson from  
20 history.

21 The first time we did withholding on a  
22 management issue was in the mid 1980s with the Kassebaum  
23 Amendment where we said that if we do not get weighted  
24 voting, we're going to withhold payment of part of our  
25 dues. Well, we didn't get weighted voting on budget

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1 issues.

2           What we got was a consensus-based process  
3 of decision making, which was rather different from what  
4 we said we initially wanted, but it served our purposes  
5 well enough. And I think the concern is that given the  
6 level of detail that there is in the Hyde legislation,  
7 that there is very little room for that kind of more  
8 creative solution without risking the threat of cutting  
9 off half of our dues.

10           There's also the political issue of the  
11 threats of withholding and the arrears that we  
12 accumulated in the 1990s and all that left a very, very  
13 bitter taste in New York in a way that I think was  
14 probably overall counterproductive to U.S. interests,  
15 and there's a very big concern that if we do the same  
16 thing again, we are going to be less likely rather than  
17 more likely to get the reforms that we need.

18           One thing that I think tends to be  
19 forgotten in Washington now is that throughout the '50s  
20 and '60s and '70s, there were other nations in arrears  
21 withholding their dues, particularly the Soviet Union,  
22 and the United States took a very strongly principled  
23 position that this was simply illegal. It was not  
24 allowed, that withholding payment of assessed  
25 contributions under the UN Charter was not something

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1 that any member in good standing of the international  
2 community could do.

3 We have obviously taken a very different  
4 position in the last couple of decades, and I think it's  
5 questionable whether that serves our own interests.

6 AMBASSADOR MATTHEWS: Please.

7 MS. MULLEN: My name is Mary Mullen and I  
8 worked with the Bosnia Support Committee. I would like  
9 to know if you could discuss a little bit about the  
10 Human Rights Commission, what it was set up for, what  
11 was expected of it, what you feel it didn't do or what  
12 you feel it should do now?

13 AMBASSADOR MATTHEWS: I would just note,  
14 not that our Panelists wouldn't, they will certainly  
15 have views on that. We had an earlier program which  
16 addressed specifically the human rights genocide issues,  
17 responsibility to protect, that particular issue, and,  
18 of course, in the report it clearly calls for the  
19 abolition of the present Human Rights Commission because  
20 of the manifest problems that it represents, not least  
21 in terms of membership by states, by governments, which  
22 are themselves gross violators of human rights, and it  
23 calls for the returning instead to a Human Rights  
24 Council. But I'm sure some of my colleagues here will  
25 have thoughts, because that's part of the overall

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1 report.

2 MS. CALAVIA: I'm Dawn Calavia (phonetic  
3 sp.) with the United Nations and one of the low level  
4 panel types. You write in your report, and I want to  
5 thank you very much for the time and energy that you put  
6 in. I know it's not an easy subject. I would also like  
7 to commend this Panel for your three circles that you  
8 set up to try to explain the structure of the United  
9 Nations, which I think is very helpful and I have since  
10 used it with visiting students who come to the UN.

11 You mentioned the reforms that were done at  
12 UNDP. I would point out they were also done at UNHRC,  
13 at the World Food Program and at UNICEF, which are all  
14 voluntarily funded agencies, which have their own boards  
15 and which have more -- their executive directors or high  
16 commissioners have more authority to operate than does  
17 the Secretary General, as your report points out.

18 I would also point out that one of the  
19 problems that we have labored with at the United Nations  
20 is zero real growth or zero non-real growth in our  
21 budget over the last 10 years. That's something that  
22 Ambassador Hays worked on when he was there, and also  
23 changes that have happened in the funding patterns at  
24 the United States since Ambassador Thornburgh, excuse  
25 me, Justice Thornburgh was at the United Nations where

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1 he correctly pushed for more voluntary funding of  
2 programs.

3 So we now have the United Nations' budget  
4 for 2005/2006, which is going to be about \$3.2 billion  
5 on a biennial basis and the voluntary or the extra-  
6 budgetary is going to be \$5.5 billion. So the trend is  
7 already in that direction very strongly the last 12  
8 years.

9 And one of the issues that I noted in the  
10 past that Senator Gregg has been active on was trying to  
11 get rid of the stockmen holdover, which has the United  
12 States paying its dues out of the next fiscal year, and  
13 I noted there is nothing in your report that speaks to  
14 that. I didn't know if you had a chance to look at that  
15 and the impact that that has. And similarly, on  
16 peacekeeping, where sometimes the payments have been  
17 quite late, given the way the appropriations process  
18 works. Thank you. But again, thank you for your  
19 report. It's excellent.

20 AMBASSADOR MATTHEWS: A very specific  
21 question.

22 AMBASSADOR HILLS: Well, we didn't address  
23 the question of payment of dues. It's an important  
24 question, but it's not one we addressed.

25 SENATOR THORNBURGH: Those are more

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1 characteristics of the U.S. budgetary process than the  
2 UN budgetary process.

3 MS. CALAVIA: Right. But you were looking  
4 at US interests.

5 SENATOR THORNBURGH: Yes.

6 MS. CALAVIA: So I thought specially since  
7 the Senate has twice said that that should be done.

8 SENATOR THORNBURGH: You do raise another  
9 issue that I probably ignored and that is the ability of  
10 the OIOS to audit activities of the United Nations that  
11 are not part of the Secretariat. And our strong report,  
12 of course that was an Oil For Food Program, our strong  
13 recommendation was that wherever United Nations  
14 personnel are involved, the process of the Independent  
15 Oversight Board or the independent internal auditor  
16 should have co-extensive authority.

17 Right now, the OIOS essentially has go in  
18 and say you guys may be corrupt now and I'll investigate  
19 you and I need some money from it for you and it doesn't  
20 come very quickly. And so our view is that if the money  
21 isn't there, the United Nations personnel shouldn't do  
22 it.

23 AMBASSADOR MATTHEWS: Do we have any more  
24 comments or questions? Please. Yes?

25 MR. HASI: My name is Taka Hasi (phonetic

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1 sp.), a correspondent of GG Press Japanese News Agency.

2 You know Group of Four, Germany, Japan, Brazil, India,  
3 and African unions, which is 53 countries, are now  
4 making efforts to enlarge Security Council. They argue  
5 the enlargement of Security Council is helpful for  
6 United Nations reform.

7 Do you think that their efforts will be  
8 successful or not?

9 AMBASSADOR MATTHEWS: Thank you.

10 AMBASSADOR HILLS: Well, I told you our  
11 report was boring. We didn't deal with that issue.

12 MS. FLORINI: Actually, I think just one  
13 comment on the Security Council expansion, which is that  
14 many of us who are concerned about all of the other  
15 reforms that the United Nations need are very concerned  
16 that the fight over the expansion of the Security  
17 Council is dominating the agenda to such an extent that  
18 everything else that is much more readily achievable and  
19 much less politically difficult by comparison is going  
20 to be overshadowed, and I think that would be  
21 extraordinarily unfortunate for the Group of Four and  
22 for every other member state of the United Nations.

23 AMBASSADOR MATTHEWS: Yes. The report does  
24 not take a specific position on enlargement of the  
25 Security Council, but it did note, stress, that any such

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1 enlargement should enhance the effectiveness of the  
2 United Nations and in no way detract from it. There is  
3 a declarative sentence, paragraph, in the report.  
4 Please.

5 MR. FOX: I'm John Fox, retired from the  
6 State Department, from the UN. I'm just wondering maybe  
7 if Mr. Hills in particular, would the IOB -- how would  
8 the IOB relate to the oversight services for the second  
9 ring, UNDP, UNICEF, that sort of thing, and would you  
10 merge their oversight services with OIOS? Thank you.

11 AMBASSADOR HILLS: John, as I said a minute  
12 ago, our primary notion was that the authority of the  
13 OIOS should extend to any place where United Nations  
14 personnel are involved. Whether or not the OIOS would  
15 be -- but whether you would have separate OIOS' in these  
16 very places is a different issue, I mean, because UNDP  
17 has a reasonably effective internal audit. It doesn't  
18 have the protection of an Independent Oversight Board.  
19 So we would extend the protection, but leave open the  
20 question of whether or not you would want to have  
21 separate internal groups.

22 The question of the audit is to say that  
23 you have a Board of External Auditors that have broad  
24 auditing responsibility, and we would make the IOB at  
25 least co-extensive with the authority of the Board of

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1 External Auditors.

2           AMBASSADOR MATTHEWS: Let me mention to all  
3 of you that you will find outside copies of the final,  
4 final report. The intellectual and creative ferment and  
5 work that went into this report, of course, needed to be  
6 followed by the practical necessity of the final printed  
7 version. We have just even this morning received this,  
8 so you will find out on the tables the final copies, and  
9 I urge you to take this and it has even the use of  
10 color, red to offset some of the main points.

11           But if there are no further questions, I  
12 would like to thank everyone, our Panelists and  
13 certainly the presence here of Under-Secretary-General  
14 Burnham and all of you who played such a -- made such  
15 good comments and questions, gave us such good  
16 questions, and I urge you to continue to follow and,  
17 indeed, act on behalf of the recommendations that the  
18 report makes throughout. Thank you very much.

19           (Applause)

20           (Whereupon, the meeting was concluded at  
21 12:00 p.m.)

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