

United Nations Development Programme

Newsroom



11 June 2007

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In a meeting on 6 June 2007 with UNDP Administrator Kemal Derviş, U.S. officials raised new allegations concerning UNDP's programme in North Korea. The U.S. Mission followed up with additional details on 7 June 2007. To date there has been no documentation provided to UNDP to substantiate the claims.

UNDP takes the allegations very seriously and has asked the U.S. Mission to provide all available documentation to substantiate the allegations, and to facilitate UNDP's own immediate review of them. At the same time, UNDP echoes the call made by the Secretary-General today to have a second phase of the audit in DPRK that includes travel by the auditors to that country.

On initial review, the new allegations do not correspond to UNDP's own records, which UNDP has examined very carefully over the past six months. In the past several days, UNDP has looked again at all available documentation. The following is based on the information UNDP has gathered to date. A more detailed background document will be made available shortly.

Allegation: *In 2001 – 2005 UNDP transferred US\$7 million to a North Korean government entity called the National Coordinating Committee for UNDP (NCC).* **UNDP Response:** The NCC is UNDP's counterpart agency within the North Korean government. UNDP's records show transfers to the NCC for 2001 - 2005 totaling only roughly \$175,000, most of which was used by the North Koreans to host agricultural workshops for participants from Africa and Least Developed Countries in Asia. The workshops covered topics such as vegetable growing and seed processing. The money was used mainly for consultants and training activities and not for equipment.

Allegation: *\$2.8 million was transferred by the NCC to North Korean missions in Europe and New York, which used the money to purchase buildings and houses.* **UNDP Response:** As stated above, UNDP records show that total UNDP payments to the NCC for 2001 – 2005 amounted to only roughly \$175,000 and that a large part of this funding was in support of agricultural workshops.

Allegation: *UNDP paid nearly \$2.7million to purchase goods and services from companies linked to a North Korean entity designated under U.S. law (E.O 13382) as the main North Korean financial agent for sales of conventional arms and ballistic missiles.*

UNDP Response: UNDP has no record of any dealings with one of the companies. In 2004 our records show that UNDP procured \$22,000 worth of workshop equipment and supplies from the other company, on behalf of UNESCO.

Allegation: *UNDP procured "dual use" equipment for North Korea, including a GPS system, computers and accessories, and a mass spectrometer.*

UNDP Response: As part of a project to monitor floods and droughts devastating vulnerable arable land in North Korea, in June 2006 UNDP did procure a GPS system costing \$65,000 (including 18 personal GPS devices); spectrometer equipment costing \$6,000; and various computers, printers, etc. The project, which centres on Geographic Information Systems (GIS) and Remote Sensing (RS), was initiated by UNDP and the British government in 2000. GIS/RS systems are increasingly common in many developing countries and assist with land use classification, natural disaster monitoring and crop yield estimation. UNDP supports similar initiatives in the Maldives and India. The project in DPRK has progressed quite slowly since 2002 and was reassessed by an international

expert in 2006. The equipment in question was procured as a result of this reassessment.

Allegation: *On several occasions UNDP local employees withdrew from UNDP's accounts and circulated counterfeit US funds amounting to tens of thousands of dollars.*

UNDP Response: UNDP takes allegations of possible counterfeiting very seriously. It knows of no instances of possible counterfeit currency linked to its operations in North Korea. UNDP recently transferred to U.S. authorities \$3,500 in suspect counterfeit funds that do not belong to it but had been in its safe in North Korea for some time.

Allegation: *UNDP retaliated against a staff member who expressed concerns over UNDP operations in DPRK, and threatened several others.*

UNDP Response: UNDP has not retaliated or threatened any staff members. A former consultant who served on a series of short-term contracts for UNDP, including in North Korea, has raised concerns over some aspects of UNDP's operations there. These concerns have been reviewed, including by UNDP senior management. The individual was interviewed by the UN Board of Auditors as part of the recent external audit of UNDP's operations in DPRK. The individual does not currently work for UNDP, having left the organization in March 2007, upon the expiration of his most recent short-term contract.

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