

U.N., U.S. exchange accusations on North Korea program

By Evelyn Leopold
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UNITED NATIONS (Reuters) - The United States suspects that about \$3 million in U.N. Development Program funds may have been diverted by North Korea to buy property in Britain, Canada and France, allegations denied by the agency.

The accusations of possible abuses were made by a U.S. official on Monday, who argued that UNDP should have tighter oversight to ensure that the money it spends in North Korea go for its intended purposes of aiding the impoverished secretive Communist nation.

UNDP denied most of the U.S. charges it received from U.S. officials and said others were exaggerated.

It also said that the United States had not presented documents to back up its assertions during a meeting on June 7 with U.S. Ambassador Zalmay Khalilzad, deputy U.N. ambassador Mark Wallace and UNDP administrator Kemal Dervis about the issue.

But Khalilzad said Dervis' reaction was "exactly the right one" because he said "he would immediately investigate."

The U.S. official, who spoke on condition he not be identified, told Reuters that Washington was not certain the money was diverted.

But he said it was suspicious that a North Korean entity received about \$3 million in UNDP funds and, in the same period, spent about \$2.8 million to buy "buildings and houses" abroad. No further details of the purchases were given.

"We are aware that the North Korean National Coordinating Committee (NCC) purchased property in Europe and we are aware that they received a sum of money during the same time period that is roughly the same amount," the U.S. official said. "That created a concern that U.N. funds might have been diverted to these other purchases."

But David Morrison, spokesman for UNDP, said roughly \$175,000 was paid to the NCC from 2000 to 2005, mainly for workshops to host agricultural experts on "vegetable growing and seed processing" in the nation short of food.

Another allegation made by the U.S. official was the UNDP procured "dual use" equipment for North Korea, including a Global Positioning System, computers, accessories and a mass spectrometer.

But UNDP said this was part of project initiated by Britain and the agency in 2000, to monitor floods and droughts "devastating vulnerable arable land." In 2006 UNDP said it bought a GPS system costing \$65,000 and spent another \$6,000 for computers and printers.

The United States also alleged that UNDP paid nearly \$2.7 million to purchase goods and services from companies linked to the main North Korean financial agent for conventional arms and ballistic missiles, said Morrison, who confirmed most of the list of allegations presented to UNDP by the United States.

The United States is trying to persuade North Korea, which it accuses of weapons proliferation, human rights abuses and support for terrorism, to give up its nuclear weapons program.

The State Department also mentioned the agency's possession of counterfeit dollar bills, UNDP said.

The U.S. official told Reuters some UNDP funds appear to have been spent on books about arms control and disarmament, including one called "The Psychology of Nuclear Proliferation."

"Not that it is good or bad for North Korea to read books about nuclear disarmament policy," the U.S. official said. "It's just a question of whether there is adequate oversight in place."

(Additional reporting by Arshad Mohammed in Washington)

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