**U.N. Plans More Cash for North Korea's Dictatorial Regime**

By George Russell

FOXNews.com

June 2, 2010

*http://www.foxnews.com/world/2010/06/02/un-plans-more-cash-for-north-korea/?test=latestnews*

While the Obama Administration urges tougher sanctions for North Korea, the U.N. plans to hand over more than $170 million in new programs — and the U.S. knows about it.

Even as the United States tries to ratchet up sanctions against North Korea for its March 26 sinking of a South Korean warship, the United Nations is preparing to spend more than $170 million on new programs in the xenophobic communist state. More surprisingly, it is doing so with the knowledge and cooperation of the U.S. State Department.

The U.N. aid programs cover everything from health care, like anti-malaria campaigns and tuberculosis vaccinations, to agriculture projects, sanitation and water supply improvements, educational programs and and statistics-gathering to help in delivering "knowledge management products and information services."

According to documents obtained by Fox News, the programs include English-language lessons for North Korean bureaucrats, in order to help increase foreign trade and investment that fell to anemic levels more than a decade ago, and millions more for "advocacy." All are being planned in close cooperation with the North Korean dictatorship of Kim Jong-Il.

Many of the spending plans are well known to the Obama Administration, which recently featured a job search posting on a State Department website for one U.N. agency position, which would monitor some of the health-related program spending from the North Korean capital of Pyongyang.

After Fox News asked questions about the employment notice, it disappeared into an archive. State Department spokesmen did not reply to the questions before this article was published.

Click here to see the job search notice, No. 138.

Among the programs either under way or in the advanced planning stages:

• An $11.5 million, two-year anti-malaria program to be carried out by UNICEF and the World Health Organization (WHO). Another U.N. agency, the United Nations Office for Project Services (UNOPS) has been hired to monitor the program. According to UNICEF spokesman Christopher de Bono, "pre-implementation work" — including procurement of supplies — started shortly after a funding agreement was signed in February. According to another source, about $7.9 million has already been disbursed for that effort.

• a two-year anti-TB program that could cost up to $22.6 million that also would be carried out by UNICEF and WHO. The agreement covering the program is still being negotiated. Most of the money involved would go to TB diagnosis and treatment, including drugs.

The two anti-disease programs have renewal options for three additional years that could bring the total spending on them to $88 million.

• A $13.9 million plan by UNICEF to improve water, sanitation and hygiene, especially in rural areas.

• A $12.2 million education program run by UNICEF that "aims to improve the quality of education nationally." It will, among other things, help develop national standards for "child-friendly primary schools," and "new approaches in teacher training and instructional methodologies." The methods UNICEF is sponsoring "can be expanded to broader areas by the government and other partners."

UNICEF also reports that a revision of North Korea's primary school mathematics curriculum has already been carried out as a pilot project in 28 North Korean schools.

• A $13 million agriculture pilot project under the aegis of the U.N.'s Food and Agriculture Organization (FAO) to provide diverse food sources for North Korea's government-run agriculture cooperatives, and another $4.6 million to bolster North Korea's "food and agriculture information system," in the interest of enhanced "food security," starting next year.

• A $7.7 million program to bolster energy production and electrical transmission with assistance from the United Nations Environmental Program (UNEP) and the U.N. Industrial Development Organization (UNIDO), also starting in 2011.

• A $4.6 million UNIDO program to "support enterprises engaged in export trade," among other things, which would involve teaching "business English," establishing "networks of knowledge workers," as well as creating unspecified "knowledge management products and information services" to speed economic growth and development.

• A $2.9 million project for "improved national capacities in disaster management," involving the World Food Program, UNEP and FAO.

• A $9.7 million program by the U.N. Population Fund (UNFPA), largely in support of "reproductive health and rights."

Among the North Korean government agencies intimately involved with the welter of programs are the ministries of finance, foreign trade, education and agriculture, and the State Commission for Science and Technology.

Many of the projects in the works are outlined in documents that are being presented to the governing Executive boards of various U.N. agencies as part of a five-year United Nations Strategic Framework for collaboration between the U.N. and Kim, starting in 2011.

The UNICEF plans, for example, are contained in a "draft country program" for North Korea that was presented at a four-day UNICEF Executive Board meeting in New York that started on Tuesday, June 1. The U.S. is a member of the board.

Click here for the UNICEF program.

The issue of aid and assistance to North Korea has been one of the most toxic topics of the past decade. It reached a peak of concern in 2006, as the erratic and aggressive Kim regime announced a successful nuclear weapons test. The U.N. Security Council voted limited arms sanctions following the announcement, but they had little apparent effect on North Korea's nuclear ambitions, or its bellicose rhetoric.

In May 2009, the country set off another nuclear blast. It also has fired missiles in the direction of Japan, expelled U.N. nuclear inspectors and threatened to turn neighboring South Korea into a "sea of fire." The overt U.N. response was to tighten sanctions on weapons sales and impose a financial squeeze on the money pipeline to support the regime's programs for weapons of mass destruction. But it clearly did not halt plans to provide aid to North Korea.

Then, on March 26, the South Korean warship Cheonan was sunk in South Korean waters, killing 46 seamen. An investigation declared the cause of the sinking was a North Korean torpedo. The North Korean regime has loudly denied responsibility, while putting its armed forces on a war footing.

Secretary of State Hillary Clinton declared the North Korea aggression to be "an unacceptable provocation," and said the international community "has a responsibility and a duty to respond." She subsequently spent five days in China, North Korea's main protector, trying to get the reluctant government there to agree to increased sanctions—at the same time her State Department had been listing a job in Pyongyang.

As it became clear that the Kim regime was focused on its nuclear weapons program, the U.N.'s anti-poverty arm, the United Nations Development Program (UNDP), closed its North Korean office for two years in a scandal related to its management of aid programs in the country. Other U.N. agencies, however, remained active.

In 2008, a so-called "External Independent Investigative Review Panel" revealed that UNDP had handed over millions in hard currency to the Kim regime, along with "dual use" equipment specifically banned under the U.N.'s own 2006 sanctions. The report also said, among other things, that UNDP had installed North Korean government employees in sensitive core staff posts, including those helping to pay for and oversee development projects, and that the Kim regime had picked the staffers.

UNDP got permission last year from its governing executive board to reopen the office under a revised deal with the Kim regime. (The U.S. is also a member of the UNDP Executive Board.) According to a UNDP spokesman, the office currently has six non-Korean staffers and 15 North Korean staffers in-country.

According to the same spokesman, UNDP will be "reactivating and updating" six projects that were under way before the office shutdown. "Once these updates are appraised and approved," the spokesman said, "work will begin anew." He added, however, that North Korea "will not be on the agenda" when the UNDP Executive Board starts a two-week meeting on June 21 in Geneva.

Fox News has obtained a copy of a UNDP "draft country program" for North Korea, covering the years 2011 to 2015, which was intended to appear on the provisional agenda of the June Executive Board meeting. The document is dated April 14 — little more than two weeks before the North Korean attack on the Cheonan.

The ten-page document sketches out six project areas for North Korea under such rubrics as rural development, economic management and climate change, with UNDP operating as an umbrella organization for a variety of other U.N. agencies. The programs were, it says, "prepared in close consultation with the National Coordinating Committeee for UNDP of [North Korea's} Ministry of Foreign Affairs." Total cost of the programs: about $42.9 million.

Click here for the UNDP program.

That price tag does not include the reproductive rights program, which carries on UNFPA's previous work in the country, and is aimed at helping the North Korean government use population data for national planning, set national standards for "reproductive health services," and upgrading reproductive health services, including neonatal care. (North Korea's infant mortality rate has risen alarmingly since 1993, from 13.1 deaths per thousand, to 19.3 deaths per thousand in 2008, according to UNFPA.)

Click here for the UNFPA document.

Nor does the UNDP tally include the anti-malaria and anti-TB programs, which could initially be worth $34.1 million over two years. Those programs, while administered by UNICEF and WHO, are financed by a non-U.N. institution, the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). The anti-disease programs could be extended for three additional years after a Global Fund review

The Global Fund, which is financed in part by Microsoft founder Bill Gates and his wife Melinda, claims to have much tougher standards for oversight and management of its grant activities than other humanitarian agencies—and in 2004, cancelled previous anti-malaria and TB funding grants to North Korea, when the regime refused to allow a monitor for the program to live in-country.

Click here for the Global Fund letter announcing the cancellation.

This time, according to Global Fund communications director Jon Liden, North Korea has capitulated on that issue, leading to the hiring of a UNOPS team as the project monitor. The Kim regime also has agreed to open project documents for inspection, provide greater ease of access by international U.N. staff to clinic sites, and give UNICEF and WHO "greater influence" in hiring local staff. The North Korean government will nominate three persons for each role; UNICEF and WHO can reject them until new nominations produce a suitable choice.

The Global Fund also is applying what it calls an "additional safeguards policy" to its North Korea grants, which include a ban on payments to the North Korean government in advance of any expenses it incurs, and quarterly reports on the progress of the programs. According to the Fund's Liden, the Swiss-based organization can cut off money for the projects "on hours' notice."

"We do not shy away from tackling such problems expediently and make all our funding decisions public, including announcing any grant suspension and termination," Liden told Fox News in an e-mail. "We have found that such transparency has been helpful both in maintaining donor trust and as a deterrence to grantees who might contemplate any misuse of funds."

On the ground, however, the anti-disease programs will be run not by the Global Fund but by UNICEF and WHO — and often carried out by North Korean citizens who live in one of the world's most totalitarian countries. According to UNICEF's de Bono, eight additional non-Korean staffers from the two agencies will be carrying out the programs, with 19 staffers from the North Korean ministry of health overseeing the Kim government's role.

When queried by Fox News about its role in the program, WHO referred questions to UNICEF and the Global Fund. A WHO spokesperson said only that "WHO has a global mandate to fight communicable diseases, such as tuberculosis and malaria, and it is in both the interests of [North Korea] and its neighbors that we continue to do whatever we can to fulfill this mandate. "It is not in any country's interest to have pockets of uncontrolled malaria or TB in circulation."

The spokesperson added that "WHO's role is to provide technical assistance to the government and to the principal recipient" of funding, a reference to UNICEF. A UNICEF spokesman told Fox News that the WHO role included training local health workers to administer the anti-diease programs "effectively and efficiently."

The anti-malarial program will be carried out in seven of North Korea's ten provinces, and, as with the TB program (focused on nine provinces), the U.N. contributions "are being mainstreamed with the Government's existing programs," according to UNICEF spokesman de Bono. Meaning: medicines, and diagnostic help, and other forms of relief "will be by the government service providers there, with UNICEF and WHO monitoring.

According to de Bono, UNICEF does not pay its 15 national staff directly — plus five more added for the malaria and TB programs — but instead pays the government, which in turn pays the national staffers. Meaning: the national staffers are still direct North Korean government employees. This form of payment is one of the issues that drew criticism of UNDP during its hard-currency scandals in North Korea; UNDP no longer pays the Kim government directly.

The government of North Korea is ruthless in its methods, unpredictable in its tactics — and the cause of much if not most of North Korea's horrifying mixture of poverty, starvation and morbidly declining health. That fact is nowhere noted in any of the U.N. proposals for new programs in North Korea, which were prepared in close collaboration with the government itself.

If anything, the Kim regime's behavior is sometimes described in sympathetic and understanding terms. The country's painful economic plight since the 1990s — when Soviet communism collapsed — is usually ascribed to a series of floods and other natural catastrophes — and even, in the UNDP draft country program, to the unique local effects of global warming.

The UNDP country program document also discusses a December 2009 currency reform "aimed at curbing inflation [which] together with several related measures, produced unintended results." Other observers have cited the currency reform as part of an attempt by the Kim government to crack down on a brief moment of economic relaxation, where some North Korean farmers were allowed to grow and sell small amounts of produce, and thus earn private incomes.

The role of the North Korean regime in its country's disastrous humanitarian plight is referred to only delicately in such documents as a WHO medium-term "country cooperation strategy" for North Korea, covering the health agency's objectives from 2009 to 2013.

There, WHO notes that in North Korea, "the extent of the health sector's efforts has been constrained by lack of evidence-based planning, which may have affected the efficiency and effectiveness of many institutions and institutional practices."

The WHO document also reproduces the North Korean Health Ministry's claim that "almost the entire population is able to access essential medicines from any point within a radius of 5 kilometers from their homes." Then it adds that "recent estimates suggest that less than 50 per cent of the total need for essential medicines is being met," and only 40 of 260 registered "essential" drugs are available at the local level.

More dramatically, it adds that "70% of essential medicines for clinics and hospitals located outside the capital of Pyongyang are being provided by international organizations, particularly UNICEF and the ICRC (International Committee of the Red Cross)."

In other words, the role of the U.N. agencies in North Korea have become central to the North Korean regime's ability to deliver the trickle of life-sustaining goods that preserve the population's thread-bare existence.

Click here for the WHO strategy document.

The trickle is about to be increased substantially.

UPDATE: Shortly after this story was published, the State Department confirmed that it had “joined consensus” as a member of the Global Fund board to approve funding for the malaria and TB programs in North Korea. A State Department spokesperson added that the U.S. government provides 28 per cent of all the money received by the Global Fund.

*George Russell is executive editor of Fox News.*