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1. [Burmese junta gets Us\\$10m out of UN; Skimming Aid](#)

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Burmese junta gets US\$10m out of UN; Skimming Aid

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Byline: Thomas Bell, The Daily Telegraph, With Files From News Services

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Body

BANGKOK - The United Nations has admitted US\$10-million of aid intended for *Burmese* cyclone survivors has been *skimmed* off by banks run by the country's military *junta*.

The missing money is likely to have lined the pockets of the ruling generals and their business cronies.

The scam, which is still occurring, involves forcing the UN to buy the local currency, the kyat, at above the market rate by changing money through government-backed foreign exchange certificates (FEC).

One U. S. dollar currently buys about 1,100 kyats, while a "\$1" FEC only buys 880 kyats.

"We were arguably a bit slow to recognize ... how serious a problem this has become for us," John Holmes, the under-secretary-general for humanitarian affairs, said in New York on Monday.

He estimated that 15%, or US\$10-million, of aid transferred in this way had been lost.

"It is not acceptable," he added.

A UN spokesman in Rangoon said the exact losses are still being calculated.

Observers believe the final figure could be higher, because for much of the period since the cyclone the discrepancy in exchange rates has been about 25%.

The scandal was exposed in an investigation by Inter City Press, a New York blog that focuses on UN reporting. It began reporting the story at the end of June, after receiving a leak of purported minutes from a teleconference in which officials registered alarm at a "very serious 20% loss on foreign exchange."

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Yet top officials denied that such losses were occurring, even as they launched an appeal for another \$300-million in cyclone aid on July 10.

"We buy kyats at the market rate using dollars," Daniel Baker, the humanitarian coordinator for Burma said that day. "The government has not benefited."

On Monday, Mr. Holmes insisted, "We were not aware of the extent of the loss."

"I don't think people expected, given the past, this divergence to be as much as it was or to go on as long as it has," said a spokesman for the UN Development Program in Rangoon.

Urgent steps were being taken to address the problem, he added.

Sean Turnell, an economics professor at Macquarie University in Sydney, Australia, told the New York Sun the US\$10-million in Burma losses is "not inconsistent" with his own estimate.

"But why is the UN handing any foreign currency to the Burmese regime anyway?" said the economist, who was one of the first to expose the loss, adding such handouts only strengthen the ruling junta.

Discrepancies between the official and market exchange rates are also well known to visitors to Burma. The International Monetary Fund highlighted the issue in a report last year.

Aung Naing Oo, a Burmese academic at Chiang Mai University in Thailand, said identifying the beneficiaries of the process would be difficult in Burma's corrupt financial system.

"Who is handling the money, who is doing the trade?" he asked.

"Sure the military is profiting, but other shady people may also be profiting who the UN cannot clearly pinpoint."

Graphic

Black & White

Photo: AFP, Getty Images; Hundreds of tents line a cyclone-relief camp south of Rangoon, Burma, on Saturday. The UN says its aid operation has lost about US\$10-million due to inflated exchange rates provided by the military government of Burma. ; Black & White

Photo: Ho, AFP, Getty Images; UN humanitarian chief John Holmes, right, with Burma's Deputy Foreign Affairs Minister Kyaw Thu on July 22. ;

Classification

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