

Yakovlev Key Figure in U.N. Renovation Contract

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UNITED NATIONS — Alexander Yakovlev, the U.N. employee who resigned Tuesday following a FOX News investigation into his apparent father-son conflict of interest with a major U.N. supplier, also served as procurement officer in charge of the first stages of the United Nation's costly and controversial headquarters renovation in New York City.

The estimated \$1.2 billion U.N. makeover, slated to take between five and seven years, has yet to begin and the U.S. Congress, which is expected to come up with some \$700 million of the financing, has expressed concerns about the huge price-tag. A welter of other problems has also slowed down the renovation effort, including the need for vast amounts of transitional office space while the U.N. complex is under-reconstruction.

But the most important part of the project so far — the preliminary studies and design of the refurbishment — were completed in December 2003 as the result of a contract worth at least \$44 million that was supervised and finalized by Yakovlev in his capacity as a member of the headquarters team of the U.N. procurement department. That contract, one of the most important in its field, was won by a small Milan-based architectural firm, Renato Sarno S.G.L., which specializes in restoration of important buildings, but previously had done little major work outside Italy.

Yakovlev worked on the contract and its follow-up for “at least a year” before Renato Sarno won the business, and remained as the contract supervisor until October or November 2002, according to a senior U.N. official familiar with the procurement department.

Yakovlev resigned this week after FOX News revealed that his son Dmitry had worked as a summer intern, then a full-time employee, with a U.N. supplier named IHC Services Inc., which maintains offices in New York City and Milan. Dmitry was hired in New York at the behest of his father, according to IHC's chief executive officer, Ezio Testa.

During all of his employment, which ended by Dmitry Yakovlev's own account in December 2003, the son lived at his parent's home, which gave him potential access to a wide range of sensitive procurement information. Despite claims by Dmitry and IHC executives that he broke off all contact with the firm when he left his job, the young Yakovlev's cell phone records after he left IHC show scores of calls to a top IHC official, sometimes immediately followed or preceded by calls to his father's U.N. office.

The U.N. internal watchdog, the Office of Internal Oversight Services, which has itself been haunted by scandal, is investigating the conflict of interest issue, though the terms of the investigation are secret.

Alexander Yakovlev's U.N. office has also been sealed by investigators for Paul Volcker's committee probing the U.N. Oil-for-Food scandal. Yakovlev emerged as a key witness in two interim Volcker committee reports, largely because the procurement official was the "line" officer in charge of Oil-for-Food contracts given to Cotecna Inspection S.A. and Saybolt Eastern Hemisphere B.V., two firms that won lucrative contracts to monitor Saddam Hussein's oil exports and relief imports during sanctions.

There is so far no hint of wrongdoing in the awarding of the U.N. renovation study contract, which was handed out at the end of a lengthy international competition, on the basis of a "good proposal, and well written," according to the same U.N. official. Indeed, a member of the architectural firm who was interviewed by FOX News in Milan declared that he and his associates were "surprised to be selected."

"We were told that we were the only firm that understood the scope of the work," the architect told FOX News.

Under the U.N. procurement process, according to the senior U.N. official, Alexander Yakovlev would have been responsible for the contract awarding "from start to finish." This, according to a source familiar with Renato Sarno S.G.L.'s proposal, began with a design proposal competition among more than 150 firms around the world, and ended with four finalists. The contract with the winner was signed in June 2001, according to the source.

The contract itself and all the preliminary paperwork, memos and deliberations are secret, and the architecture firm signed a confidentiality agreement that prevents members from revealing any significant details.

According to the senior U.N. official, one Renato Sarno project that brought the firm to the United Nation's attention, and resulted in an invitation to join the renovation competition, was the firm's work on the renovation of Milan's Pirelli Building, a 32-storey skyscraper built in 1959 that houses the bureaucracy of the Lombardy regional government. "It was on a similar scale" to the U.N. renovation, the official said. Another factor in Renato Sarno's favor was that it hired a number of U.S.-based firms as major subcontractors on the project, the official said.

Under the contract that Yakovlev supervised, the United Nations had the option of granting further design and development work to Renato Sarno, but decided against it. The U.N. official questioned by FOX News was unable to say why the option was not exercised, because he was not involved with the project at the time.

Other U.N. officials directly responsible for the ongoing renovation project did not return FOX News telephone calls before this article was published.

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