

Amendment Section 4009 — To strike the \$96.5 million in funding for United Nations peacekeeping activities in Haiti.

President Obama requested \$96.5 million in funding for United Nations peacekeeping activities in Haiti. This funding can and should be funded under the annual appropriations bill, be paid for at that time, and not increase the national debt.

U.N. peacekeeping requirements often arise out of sequence with the U.S. budget planning cycle. The President and Congress have numerous methods for acquiring initial funding for U.S. contributions to the operations.

Over the past several years, these included reprogramming from other pieces of the international affairs budget, such as Economic Support Fund money obligated in past years for specific countries but not disbursed. Funding the Haiti peacekeeping operation in the supplemental is not a requirement.

While the overall U.S. response to Haiti qualifies as an emergency, our assessed peacekeeping dues to the United Nations do not. This should be funded in the annual State / Foreign Operations bill.

While the funding for the United Nations in Haiti is an ‘assessed’ rather than a ‘voluntary’ United Nations contribution, there is no reason that the bill must be paid in a war supplemental.

The United Nations already has the authority to commit to additional expenditures for Haiti – the U.S. can and will pay its bill later this year in the annual appropriations bill.

This bill contains \$2.8 billion in Haiti funding for U.S. government agencies

There are valid Congressional oversight questions on whether the United Nations peacekeeping operation in Haiti are properly using current levels of funding.

The United Nations has spent over \$10 million, or \$112,500 per day – far above market values - on cruise boats for its staff.

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There are three major ways by which U.S. contributions to U.N. peacekeeping operations, including Haiti, can be funded:

- Annual State Department and Foreign Operations appropriations bills through the Contributions to International Peacekeeping Activities (CIPA) account
- Annual State Department and Foreign Operations appropriations bills through the Contributions to International Organizations (CIO) account
- Supplemental appropriations bills

Congress currently finances U.S. contributions to peacekeeping activities through the annual State Department and Foreign Operations appropriation bills (under Contributions to International Peacekeeping Activities (CIPA) in the International Organizations and Conferences account). These are the peacekeeping operations for which the U.N. General Assembly creates a separate assessed account against which every U.N. member state is obligated to pay a specific percent of the expenses of the operation.

Congress funds the U.S. contribution to some U.N. observer peacekeeping operations as part of its regular budget payment to the United Nations. There is no separate U.N.-assessed account for these groups. This is currently how the U.N. Truce Supervision Organization (UNTSO) and the U.N. Military Observer Group in India and Pakistan (UNMOGIP) are funded.

Since U.N. peacekeeping requirements may arise out of sequence with the U.S. budget planning cycle, the President and Congress have had to devise extraordinary methods for acquiring initial funding for U.S. contributions to the operations. Over the past several years, these included reprogramming from other pieces of the international affairs budget, such as Economic Support Fund money obligated in past years for specific countries but not disbursed.¹

¹ CRS Report RL33700, "United Nations Peacekeeping: Issues for Congress," Congressional Research Service, November 13, 2008, <http://www.crs.gov/ReportPDF/RL33700.pdf>.

Congress has also funded United Nations peacekeeping activities operations through supplemental funding, such as for the United Nations work in Somalia.²

While it is not unprecedented to fund peacekeeping operations, there is precedent for funding emergency peacekeeping operations out of existing funds.

While the funding for the United Nations in Haiti is an ‘assessed’ rather than a ‘voluntary’ United Nations contribution, there is no reason that the bill must be paid in a war supplemental.

The Administration is requesting \$96.5 million for the State Department's Contributions to International Peacekeeping Activities (CIPA) account to fund U.S. assessed contributions to the United Nations Stabilization Mission in Haiti (MINUSTAH), a peacekeeping operation. The increased assessment responds to the U.N. Security Council's January increase in MINUSTAH levels by 3,500, after the earthquake, with military personnel growing from 6,940 to 8,940 and the police component growing from 2,211 to 3,711.³

On May 13, 2010 the United Nations General Assembly approved the revised budget for Haiti that reflects this increase in personnel and operations. With this approval, the Secretary-General of the United Nations can “enter into commitments... for the operation of the United Nations Stabilization Mission in Haiti (MINUSTAH).”⁴ U.S. funding will eventually be needed but no U.N. operation will be held up by a delay and thorough examination by the Congress of this request by the United Nations.

While some nations have been slow in paying their assessed dues in the past for Haiti, the United States has paid its share thus far (preceding this most recent U.N. resolution) in full.⁵

² CRS Report RL33611, “United Nations System Funding: Congressional Issues,” Congressional Research Service, May 19, 2010, <http://www.crs.gov/Pages/Reports.aspx?Source=search&ProdCode=RL33611>.

³ CRS Report R41232, “FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Court Cases,” Congressional Research Service, May 12, 2010, <http://www.crs.gov/Pages/Reports.aspx?Source=ofnote&ProdCode=R41232>.

⁴ United Nations Press Release, “General Assembly Fills 14 Seats on Human Rights Council; Approves Funds for Higher UN Troop, Police Levels in Haiti; Sets Date for Communicable Diseases Meeting,” Sixty-Fourth General Assembly, 86th Meeting, May 13, 2010, <http://www.un.org/News/Press/docs/2010/ga10939.doc.htm>.

⁵ Russell, George, “Haiti: Is \$700 Million Peacekeeping Bill Getting Too High?” Fox News, March 17, 2010, <http://www.foxnews.com/world/2010/03/17/haiti-million-peacekeeping-getting-high/>.

There is already a large amount of Haiti funding in this supplemental for U.S. government agencies

The Obama Administration is requesting \$2.8 billion in FY2010 supplemental funding to cover costs associated with relief and reconstruction support for Haiti following the earthquake that devastated parts of Haiti, primarily the capital, Port-au-Prince, on January 12, 2010.

The Administration has requested that all of the proposed funds be considered as emergency requirements, in response to urgent and essential needs in Haiti. Some of the funds are available until September 30, 2012, others until expended. The supplemental request covers both reimbursement of obligations already incurred and new activities by various U.S. agencies. CRS estimates that 55% percent of the total Haiti supplemental request is for reimbursement of relief activities related to the earthquake disaster, 40% for new recovery and reconstruction activities, and 6% for diplomatic operations administration.

According to the Haiti Post Disaster Needs Assessment conducted by Haiti and international institutions, the total value of recovery and reconstruction needs is \$11.5 billion. At the international donors conference held March 31, 2010, 48 countries, multilateral institutions, and a coalition of non-governmental organizations pledged nearly \$10 billion toward the long-term reconstruction efforts in Haiti. The U.S. pledge of \$1.2 billion is included in the FY2010 supplemental request.

President Obama requested a total of \$1.5 billion in relief and disaster assistance in order to reimburse U.S. government agencies for services provided and for funds already obligated for ongoing relief activities. The humanitarian relief funding request also covers other relief-related assistance.

The \$1.5 billion request includes the \$96.5 million for the United Nations as well as:

- \$350.7 million for USAID International Disaster Assistance (IDA)
- \$150 million for Agriculture Department emergency food assistance
- \$655 million for Department of Defense
- \$45 million for U.S. Coast Guard relief activities
- \$220 million for Department of Health and Human Services to provide grants to States to cover services to Haitian evacuees which includes :
 - State shares of Medicaid and Children's Health Insurance Program (CHIP) costs for eligible evacuees
 - Costs associated with medical evacuations
 - Cash, medical, and repatriation assistance for eligible evacuees
 - Costs for HHS public health activities in Haiti.

The President's request would provide \$256.2 million for the Department of Health and Human Services (HHS). Of this amount, \$220.0 million would be provided directly to HHS for certain completed and ongoing activities in Haiti. The additional \$36.2 million

would be provided to USAID to reimburse HHS for a number of medical, surgical, and mortuary assistance teams and associated assets that were deployed to Haiti, including personnel and supplies for a 250-bed hospital.

According to the President's request, the \$220.0 million amount would fund four types of activities:

- State shares of Medicaid and Children's Health Insurance Program (CHIP) costs for eligible evacuees
- Costs associated with medical evacuations
- Cash, medical, and repatriation assistance for eligible evacuees
- Costs for HHS public health activities in Haiti.

The request does not specify how much funding would be allocated to each of these activities. Also, the request does not propose any changes or expansions in eligibility for assistance or benefits.

U.S. disaster assistance to other nations does not typically involve the acceptance of large numbers of disaster victims into the United States. Some forms of assistance rendered to Haitian earthquake victims may be without precedent.⁶

There are valid Congressional oversight questions on whether the United Nations peacekeeping operation in Haiti are properly using current levels of funding.

The U.S. is the largest contributor to U.N. peacekeeping, paying 27 percent of the worldwide tab — more than double the rate of the next-highest contributor, Japan — which the U.N. estimated to reach \$7.9 billion for the 12 months ending on June 30, 2010. The five members of the U.N. Security Council — the U.S., Britain, France, Russia and China — pay nearly half of the total (China pays just under 4 percent), while 32 other, predominately Western countries pay nearly the same amount. The remainder of the U.N.'s 192 members contribute 4.1 percent of the total.

For Haiti, the United Nations peacekeeping budget is \$732.4 million. The budget pays for an expanded force of some 12,675 soldiers and police, plus some 479 international staffers, 669 international contract personnel, and 1,300 local workers, just for the 12 months ending June 30, 2010. \$495 million of this amount goes for salary, benefits, hazard pay, and rest and relaxation allowances for the peacekeepers and for staff support.⁷

⁶ CRS Report R41232, "FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Court Cases," Congressional Research Service, May 12, 2010, <http://www.crs.gov/Pages/Reports.aspx?Source=ofnote&ProdCode=R41232>.

⁷ Russell, George, "U.N.'s Ballooning \$732 Million Haiti Peacekeeping Budget Goes Mostly to Its Own Personnel," Fox News, April 20, 2010, <http://www.foxnews.com/world/2010/04/20/uns-massive-haiti-budget-goes-staff/>.

The Haitian peacekeeping budget is relatively unique among U.N. efforts, because there was no civil war or widespread bloodletting compared to the original peacekeeping force, which arrived in 2004. Instead, the mission has mainly been intended to bolster security after the earthquake.

The revised peacekeeping tab is over and above the roughly \$15 billion in short- and long-term aid that the international community, led by the U.S. and European Union, pledged to Haiti at an international donor's conference in March.

It is also over and above the \$773 million in humanitarian aid raised from donor nations and private citizens in a "flash" appeal in the days after the Jan. 12 earthquake.

Part of this overall budget is \$10 million that the United Nations has spent renting two cruise boats for subsidized housing for its staffers. The cruise boats cover food, linen service, and staterooms for U.N. staffers. The vessels appear to be rented for \$112,500 per day and one of them appear to be connected to a company with ties to President Hugo Chavez. One of the cruise boats, the *Sea Voyager*, is known to workers as the "Love Boat." While no Haitian earthquake victims are being housed on the ships, non-government organization (NGOs) can sign up for space on a "first-come, first serve basis".⁸ According to the attached article, it appears that \$112,500 per day is about 50% over what those cruise ships would earn from tourism revenues and one of the ships, the *Ola Esmerelda*, is owned indirectly by the President Hugo Chavez's Venezuelan government.

⁸ Russell, George, "With Haiti in Ruins, Some U.N. Workers Live Large on Love Boat," Fox News, April 8, 2010, <http://www.foxnews.com/world/2010/04/08/haiti-ruins-relief-workers-live-large-love-boat/>.

With Haiti in Ruins, Some U.N. Relief Workers Live Large on 'Love Boat'

By George Russell

April 8, 2010

<http://www.foxnews.com/world/2010/04/08/haiti-ruins-relief-workers-live-large-love-boat/>

The U.N. is spending over \$10 million to house some of its Haiti relief workers on a pair of chartered cruise ships -- one of which has been dubbed the "Love Boat" by U.N. staff -- and some of the funds are going to a company closely linked to the government of Venezuelan strongman Hugo Chavez.

For the United Nations World Food Program (WFP), it was a moment of satisfaction: the U.N.'s flagship relief agency announced on its Web site on March 19 that two gleaming passenger ships had docked in ravaged Port au Prince harbor.

What the Web site announcement did not disclose was that the vessels were intended to house not homeless Haitian refugees, but employees of the U.N. itself. Nor did it publicize the cost of leasing the ships: \$112,500 a day. Nor did it mention that one of the vessels is owned by a company closely linked to the government of Venezuelan strongman President Hugo Chavez.

Another thing not mentioned: Even U.N. staffers regularly refer to one of the ships as "the Love Boat." Then the World Food Program apparently had second thoughts about the whole announcement. A slideshow photo essay had shown the two vessels, the *Ola Esmeralda* and the *Sea Voyager*, at berths near the earthquake-shattered Haitian capital. Then the photos and the story disappeared, not only from the home page but apparently from the WFP's public news story Web archive. The official explanation from a WFP spokesman: "Photos, text and video material are regularly being added and removed from WFP's Web site as stories are refreshed, restructured and replaced."

For whatever reason, WFP had decided that less was more when it came to publicizing the presence of the two vessels. But that did not change the fact of their presence. And even while deep-sixing its previous publicity, the use of the ships as accommodation for many of the U.N.'s international staff was passionately defended in a telephone interview with Fox News by Edmond Mulet, head of the Haiti peacekeeping contingent, known by its acronym MINUSTAH, and also Special Representative in Haiti of U.N. Secretary General Ban Ki-moon. (Ban's Special Envoy to Haiti is former President Bill Clinton.)

"It is the least we could do for them," Mulet, a former Guatemalan diplomat, told Fox News about the U.N. staffers. "They are working 14, 16 hours a day. The place was pulverized. Living conditions are really appalling."

In a city where much of the housing was destroyed by the earthquake, U.N. staffers' amenities aboard the two passenger ships include laundry service, catered food, hot showers and beds with fresh linens for subsidized rates of \$40 per day for WFP staffers, and half that for officials of MINUSTAH.

Accommodation aboard the two ships could best be described as comfortable if not luxurious — and far better than conditions a few hundred yards from their moorings, where hundreds of relief workers, some 9,000 U.N. peacekeepers and police, and huge numbers of Haiti's 9.5 million people are sleeping in tents or on bare floors — or worse — after the devastating Jan. 12 earthquake.

Mulet says the use of the shipboard cabins by U.N. personnel is "strictly voluntary," and many decide not to use them. "Not all the cabins are full," he declares. (Mulet himself says he lives in the U.N.'s major military camp with the predominately Brazilian peacekeeping forces.)

Moreover, others aid workers in Haiti, including those who work for non-government organizations, are also free to sign up for shipboard space, he says: everything is on a "first come, first served" basis.

Additionally, the ships are used as reception areas for visiting dignitaries, including, recently, Brazilian President Luiz Inacio ("Lula") da Silva. The mass of Haitian civilians, however, are not among those invited to stay. "I think they understand," says Mulet. "They have gone through the same trauma themselves. They know we are there to provide shelter for them."

Mulet compares the situation to what occurs when "oxygen masks come down in a falling plane. The first thing you do is put them on yourself." "You have to be in good shape in order to help the Haitians."

Even in some official documents, U.N. staffers refer to the *Sea Voyager*, the first of the vessels to reach Port-au-Prince, as the Love Boat. A good name for the other vessel, the *Ola Esmeralda*, might be the Double Your Love Boat, not for its luxuries, but for its cost to WFP. While not luxury liners — the *Ola Esmeralda* is a reconditioned, 40-year-old passenger ship — neither of the two vessels could be called a cheap date. The WFP is renting the 286-foot, 5,000-ton *Sea Voyager* (capacity: about 220 passengers) for \$35,000 per day, plus a whopping additional \$5,000 daily for fuel. Total for 90 days: \$3,600,000.

If every cabin were full, the average daily cost to the U.N. for the fully-loaded *Sea Voyager* would be about \$181.81 per passenger — minus the \$40 or \$20 paid by each U.N. staffer who stays in a cabin.

The 480-foot, 11,000-ton *Ola Esmeralda* — which now operates directly under the administrative auspices of MINUSTAH — is renting for \$72,500 per day, all costs included.

Over the lives of their respective 90-day initial contracts, that brings the total outlay for the ships to \$112,500 per day, or \$10,125,000, minus the staff shares.

Each of the boats also has a number of single-month renewal options in its contract, which will push those totals higher. A World Food Program spokesman says, however, that the organization's aim is to end its charter of *Sea Voyager* at the end of April.

That would bring the total rental cost of that vessel to \$4,800,000, minus staff contributions. In the case of the *Ola Esmeralda*, no such end date has been set so far. How expensive are those charter rates? When compared to the cost of the MINUSTAH peacekeeping operation, they may not seem huge. Even before the earthquake, MINUSTAH was one of the U.N.'s more expensive peacekeeping operations, with a budget estimated to exceed \$611 million this year. Post-earthquake, the MINUSTAH budget for its next financial year is expected to **rocket past \$700 million.**

In the case of *Sea Voyager*, though, it is slightly less expensive than it might be otherwise. According to Niels-Erik Lund, president of International Shipping Partners of Miami, the firm that brokered the *Sea Voyager* charter with WFP, his firm is donating commissions and technical management fees of \$25,000 per month back to WFP as relief aid for Haiti. Fox News was unable to determine whether a similar arrangement exists for *Ola Esmeralda*.

According to the rate card offered by the company that operates *Ola Esmeralda*, when filled to capacity in the most expensive cruise season, the ship earns about 334,000 Venezuelan bolivars, the local currency unit, per day. At official exchange rates, that would amount to about \$77,800 — or slightly more than its WFP paycheck — provided that *Ola Esmeralda* could enjoy 100 percent occupancy at home.

Translation to U.S. dollars at official exchange rates are misleading, however; the Chavez government maintains an artificially high exchange rate to keep down local inflation, among other things. At the unregulated (or black market) rate, the bolivar buys far fewer dollars. Using that unregulated rate, *Ola Esmeralda* in high cruise season would earn about \$49,124 per day — far less than the WFP is paying.

But even those calculations are deceptive. In the 90 days of the initial WFP contract, only 13 days (or 14.44 percent) are part of *Ola Esmeralda*'s high season. The remaining 85.45 percent would earn the vessel only \$55,403 per day, at the most expensive low-season fares, and the official dollar-bolivar exchange rate. Total revenues: about \$66,600 daily — still not bad.

But at the more realistic unregulated exchange rate, the revenues at home would be much lower: about \$42,000 per day — or about \$2,737,500 less than WFP is paying over the same 90 days. And there is no guarantee it would have such 100 percent occupancy back in Venezuela.

Plus, WFP pays in hard currency, not bolivars. The question is, who is getting the U.N.'s money?

According to a WFP spokesman, the owners of both ships are American firms — which is true as far as it goes. In the case of *Sea Voyager*, according to the International Shipping Partners' Lund, the company that owns the vessel is Voyager Owner LLC of Miami. The company that controls that firm, he says, is an international firm, the Clipper Group. Once based in Switzerland, the Clipper Group is now headquartered in the Bahamas.

In the case of *Ola Esmeralda*, the ownership issue is even more interesting. The ship owner, according to WFP, is a Miami company called Lighthouse Ship Management LLC. But in fact, as of the end of January 2010, the registered owner of the *Ola Esmeralda*, according to official ship registries, is a Venezuelan company, Servicios Acuaticos de Venezuela, C.A., or Saveca.

On its Web site, Saveca claims to be a firm "dedicated to the design, modification, set up and operation of activities related to passenger transportation, floating lodging facilities and similar activities." Its main focus, according to the Web site, is "service and support vessels for the oil industry and hospital or medical assistance vessels." Some of its top officials, however, have different backgrounds. Three of five senior Saveca officials named on the corporate Web site are **retired Venezuelan naval or Merchant Marine officers**.

Saveca claims on another page on the Web site to have close ties, an "alliance," with a Venezuelan shipyard, Dianca, that is owned by the radically anti-American government of Venezuelan strongman Hugo Chavez. The president of Saveca, Tomas A. Marino Blanco, a formal naval officer, is described, among other things, as a former international marketing and development manager of Dianca.

According to a Venezuelan who was formerly involved in the country's port activities, Dianca is a state-owned company with a "very murky character," in a country rife with cronyism and political patronage. According to the Venezuelan source, Dianca has long had close ties with the military.

It is now directly owned, according to its Web site, by a combination of the vociferously left-wing Chavez government and PDVSA, the nationalized Venezuelan oil company that is the source of much of the Chavez government's revenues and another alleged font of cronyism and patronage.

The Saveca Web site does not directly claim that the company owns *Ola Esmeralda*. But another Venezuela Web site, **OlaCruises.com**, which does make that claim, also notes in small print that the company involved, Ola Cruises, is a "division owned and operated by Saveca."

So who is actually getting the U.N.'s gusher of ship-charter money? In response to questions from Fox News, a WFP spokesman who named *Ola Esmeralda's* owner as Lighthouse Ship Management LLC, also said that the *Ola Esmeralda* charter was the first time the relief agency had ever struck a supply contract with Lighthouse.

Lighthouse appears to be what is known in maritime terms as the "disponent owner" — in most cases a middleman who has rented a boat without crew, catering or services from its legal owner — a "bare-boat charter" — then added passenger services, and re-chartered the vessel. (The crew and services could also, of course, be rented separately from the same original owner.)

Lighthouse made its first move toward getting the contract via yet another intermediary, a New Jersey-based ship brokerage named Intercontinent Chartering Corporation, or ICC. ICC is one of a dozen "panel brokers" that have long-term relationships with the World Food Program to meet its shipping needs — almost all of which are for bulk cargo vessels.

ICC vice president Jan Kruse, who says he has executed "hundreds" of contracts for WFP over his professional career, says WFP passenger charters are so rare that he can never recall the organization getting involved in passenger charters of this kind before. When WFP put out the request, he and other panel brokers both advertised the opportunity and put out the word through their contacts in the wider ship-brokering community.

In the case of Lighthouse, Kruse says, ICC was approached by another ship broker with the offer of *Ola Esmeralda*. He declined to name the broker. It was among ten ships, he said, that were eventually offered to WFP before the U.N. agency decided on *Esmeralda*. Kruse's firm had nothing to do with the final choice.

Despite WFP's assertion of Lighthouse's ownership of *Esmeralda*, in a telephone interview from Venezuela with Fox News, Marino Fois, general manager of Saveca, affirmed what ship registries attest: that "we are the owner" of *Ola Esmeralda*. Fois added that the ship is "under the management of Lighthouse Ship Management." He referred all further questions about the ship and its contractual arrangements to Lighthouse Ship Management, and particularly to one of its officials, Fredy Dellis. Corporate documents in the U.S. reveal that Lighthouse Ship Management's address is in suburban Miami. In fact, it has the same residential address as that of Fredy Dellis, described as one of the company's "member managers."

Dellis, a native of Belgium, is also chairman and CEO of another firm, Bloomsbury Properties International LLC, with an address that is the same as his residential address. Bloomsbury's business is described on its Web site as the "sales and marketing of high-end, luxury residences around the world," and its Web site displays properties in the Caribbean and Italy.

But Dellis also knows passenger shipping. The Web site describes him as "boasting extensive experience in the management of many international companies," and among the experience he cites is a stint as CEO of ResidenSea Ltd., a company that sold luxury condominium-style residences aboard a 630-foot Norwegian cruise ship named *The World* to wealthy Europeans and Americans.

According to various press reports, the *World* project ran into early financial problems, and Dellis eventually left the company. (*The World*, however, was successfully completed before his departure, and still offers floating luxury residences for sale or rent.)

Fox News sent questions to Dellis at his Bloomsbury contact numbers via e-mail and fax about Lighthouse Ship Management and its relationship to the *Ola Esmeralda*, *Saveca*, and the World Food Program, but received no reply. Voicemail messages left at his Bloomsbury number were not answered.

According to WFP, *Ola Esmeralda* was "the most cost effective in terms of price per cabin" among the ten ships that the organization considered for the Haiti mission. In fact, both *Esmeralda* and *Sea Voyager*, a WFP spokesman said, "offered the best rate on a cost per cabin basis for the numbers of staff that needed to be accommodated."

And, the spokesman declared, "the intention is to end the charter arrangements as soon as suitable landside accommodation is identified."

Meantime, the \$112,500-a-day clock is ticking, alongside the pier that links the Love Boat and the *Ola Esmeralda* to a paper trail that extends across the Caribbean, to Venezuela.

George Russell is executive editor of Fox News.