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**Junta skimmed off
£5m cyclone aid**

London, July 30: The United Nations has admitted that £5 million in 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).

A dollar currently buys around K 1,100 while a "one dollar" FEC only buys K880. In New York on Monday, Sir John Holmes, the under-secretary-general for humanitarian affairs, said: "We were arguably a bit slow to recognise... how serious a problem this has become for us."

A UN spokesman in Yangon told the *Daily Telegraph* that 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 around 25 per cent.

The scandal was exposed in an investigation by Inter City Press, a New York blog, which began reporting the story on June 26, after receiving a leak of purported minutes from a teleconference in which officials registered alarm at a "very serious 20 per cent loss on foreign exchange". Yet top officials denied that such losses were occurring, even as they launched an appeal for another £150 million in cyclone aid on July 10.

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