

**BRIEFING ON THE IMPLEMENTATION OF**  
**SECURITY COUNCIL RESOLUTION 1472 (2003) OF 28 MARCH 2003**

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**at the informal consultations of the Security Council**

**Tuesday, 8 April 2003**

Mr. President,

I welcome this opportunity to brief the Security Council on measures taken by the United Nations on the implementation of resolution 1472 (2003) adopted on 28 March 2003.

**1. Identifying priority needs**

On the eve of the crisis, the Office of the Iraq Programme (OIP), in close cooperation with the UN agencies and programmes, had already taken several steps to facilitate early implementation of the anticipated resolution, which was adopted on 28 March 2003 – resolution 1472 (2003). OIP prepared sectoral lists of all “pipeline” (approved and funded) contracts worth over \$10.1 billion, and provided these lists to the UN agencies and programmes concerned for selection of the contracts which would meet their priority requirements to meet the emergency needs. At their request, OIP also provided the agencies and programmes with the sectoral lists of processed contracts without funds, valued at over \$5.8 billion. After their review of the lists, agencies and programmes identified a number of contracts containing supplies that are considered as priorities and are likely to be delivered within the 45-day period of the mandate pursuant to resolution 1472 (2003), mainly the ones with letters of credit already opened. OIP provided hard copies of all such contracts to the agencies and programmes. In addition, OIP has been informed by permanent missions as well as the suppliers about a number of contracts with goods in transit at the onset of the crisis, some of which have been added to the list of potential priorities. The UN agencies and programmes are currently looking into a total of 524 potential priority contracts with some \$1.6 billion worth of goods yet to be delivered (see attached a table containing breakdown per agency). Once full information is received from the suppliers on the status of goods in these contracts and their schedule of shipment, arrangements will be made for the delivery of the available goods to the alternative delivery locations.

**2. Information to suppliers**

Immediately after the adoption of resolution 1472 (2003), OIP posted a Notice on its Web site – <http://www.un.org/Depts/oip> - informing suppliers and the permanent missions of the relevant aspect of the temporary adjustments to the Programme. This Notice was revised on 3 April 2003, and will be updated on a regular basis in order to provide additional information and guidance to all concerned.

### **3. Communication with permanent missions**

On Saturday, 29 March 2003, letters were sent to some 100 permanent missions that had submitted contract applications under the Programme, highlighting the temporary adjustments to the Programme pursuant to resolution 1472 (2003), especially the prioritization of contracts and the possibility of direct contacts with suppliers. Some of the missions have also been provided with details of their respective applications that had been included in the priority list, which will be updated regularly, including additional applications, which may be added to the list. The list of potential priority contracts, the suppliers of which will be contacted directly by the UN agencies, is available on the OIP Web site.

### **4. Goods in transit**

We had earlier advised the suppliers to inform OIP of the shipment of goods already in transit. OIP has been keeping a log of such contracts/goods, which currently includes 360 contracts with undelivered goods worth \$1.44 billion. This represents the total value of undelivered goods under these contracts and the exact value and quantity of the goods in transit could be established only following contacts with the suppliers. OIP has been providing regularly the agencies and programmes with updated list of goods in transit in order to assist them in identifying any goods that would meet the emergency and essential civilian needs. So far, the agencies and programmes have indicated readiness to receive goods in transit under 102 contracts with \$720 million worth of undelivered goods. These are included in the overall figures for priorities outlined in paragraph 1 above (524 applications with \$1.6 billion of undelivered goods). The remaining contracts with goods in transit will be subject to procedures that have just been approved by the 661 Committee. OIP will now contact the relevant suppliers and agree on the best possible arrangements for non-priority goods in transit, in order to minimize costs both to the suppliers and to the Programme.

### **5. Direct contacts with suppliers**

Further to my letters addressed to the permanent missions on 29 March 2003, the decision of the Secretary-General to designate UN agencies and programmes to establish direct contacts with the suppliers was communicated by OIP to the relevant agencies and programmes, on Wednesday, 2 April 2003. In order to avoid possible misunderstandings and expectations by the suppliers, OIP has provided the UN agencies and programmes with the text of standard letters to the suppliers and a standard contract information sheet to be filled out by the suppliers, enabling contacts to start on 3 April 2003. Out of the total of 524 potential priority contracts identified, as at 7 April 2003, the UN agencies had contacted suppliers of some 350 such contracts. In many cases, the addresses and other contact details of the suppliers, as indicated in the contracts and applications, were inaccurate or insufficient, and we have requested more recent and accurate information from the permanent missions concerned. While these contacts continue and, in most cases, the responses are still awaited during the next 24-48 hours, the responses received so far provide a mixed picture, with some suppliers being able to ship goods prior to the end of the mandate and others requiring three months or longer; in a few cases, our direct contacts have revealed that the suppliers of still valid contracts have actually become bankrupt, while some others expressed their unwillingness to deliver the goods under the current circumstances.

### **6. Identification of further priorities**

As resolution 1472 (2003) gives the authority to the Secretary-General to prioritize all approved contracts, funded or un-funded, OIP and the UN agencies and programmes have

started reviewing these contracts for identifying additional priorities beyond those established in the initial category. For that purpose, a list of priority items was developed and posted on the OIP website, with a request to the suppliers of such goods under approved contracts to inform OIP of the status of goods and possibility of their delivery. OIP is currently receiving hundreds of faxes from suppliers, sending information not only on the identified priority goods, but on all other goods as well. The deadline for submission of this information is now Wednesday, 9 April 2003. Once the information has been analyzed by OIP, the relevant contracts containing priority goods that could be delivered before 12 May 2003 – end of the mandate under resolution 1472 (2003) - will be passed on to the relevant UN agency and programme for further discussions with the suppliers. The information on the remaining contracts, although not of immediate importance, would be useful at a later stage as an insight into the pipeline.

## **7. New contracts**

Paragraph 4 (e) of the resolution 1472 (2003) allows the United Nations to sign new contracts only for essential medical items, provided such items cannot be delivered in execution of already approved contracts, funded or un-funded. OIP has developed a set of procedures for such cases and WHO and UNICEF have identified some very urgently needed medical items (medicines, medical supplies and vaccines) that would meet the above-mentioned criteria. If these items were not available under already approved contracts, or if suppliers were unable to ship the goods immediately, the relevant UN agencies will proceed with conclusion of new contracts for such items, to be approved by the 661 Committee on a case-by-case basis.

## **8. Prioritization of goods other than foodstuffs, medicines, health and water-sanitation related supplies**

Paragraph 9 of the resolution 1472 (2003) requires the Secretary-General to consult the 661 Committee on prioritization of contracts for shipment of goods other than foodstuffs, medicines, and health and water sanitation related supplies. The inclusion of food items, medicines and medical supplies as well as water-sanitation supplies amongst the humanitarian priorities is self-explanatory in that such items had been identified already as priorities for export to Iraq even before the current crisis. Other items selected as priorities included supplies and equipment in the electricity, agriculture, education and water-sanitation sectors. OIP has provided the list of such items, along with the list of contracts containing those items, to the 661 Committee for consideration. Since no objection was received by the deadline of Friday, 4 April 2003, the list of such items is considered as approved by the Committee. The complete list of priority items, including those pursuant to paragraph 9, is attached.

## **9. Alternative delivery locations**

Faced with the imminent withdrawal of UN international staff from Iraq, OIP had instructed UN independent inspection agent (Cotecna) to conduct a survey of alternative locations where goods delivered under the Programme could be inspected and authenticated for onward delivery to Iraq. OIP had also requested the UN agencies and programmes to indicate the locations where they would prefer the priority goods to be delivered. Taking into account the information received and due to operational and logistical reasons, we decided to establish the alternative locations in countries with immediate borders with Iraq. We have already received the agreement of the governments of Jordan, Kuwait, Syria, Turkey and Iran. We expect to receive additional responses from other governments. UN independent inspection agents are already posted at two locations, in Aqaba, Jordan, and in Latakia, Syria. Other locations will soon become also operational. UN agencies and programmes have been provided with instructions regarding the authentication of arrivals at discharge ports or at agency warehouses, in cases

where goods are not delivered through the designated port. As before, the functions of inspections and authentications throughout the region would be coordinated directly by OIP. The return of Cotecna to its original sites would be decided upon in view of the prevailing security and operational conditions.

#### **10. Contract amendments, and compensation to suppliers**

OIP, in consultation with all concerned, prepared recommendations to the 661 Committee pursuant to paragraph 4 (g) of the resolution on a set of procedures for utilizing unencumbered funds in the ESB (59 per cent) and ESC (13 per cent) accounts for compensating suppliers and shippers for agreed additional shipping, transportation and storage costs incurred as a result of diverting and delaying shipments. However, the authority vested in the Secretary-General in paragraph 4 (d) of the resolution (to negotiate and agree on necessary adjustments to contracts) could not be exercised until the 661 Committee approved those procedures. After extensive negotiations, the Committee approved the procedures earlier this morning. This will now allow the UN agencies and the Office of Iraq Programme to start negotiations on amendments to the priority and other transit contracts, to be followed by arrangements on other eligible contracts.

#### **11. Amendment procedures**

OIP, in consultation with the Office of Legal Affairs and UN Treasury, has agreed on procedures for amendments to the contracts and revision of the letters of credit. UN agencies have been provided with the necessary guidelines to ensure a unified and structured approach in handling contractual amendments that include a standard template for contractual amendments. Following the adoption by the Committee of the procedures for the implementation of paragraph 4 (g) of the resolution, agencies and programmes will negotiate amendments to priority contracts to include alternative delivery arrangements and revised contractual values, as appropriate. The UN agencies and programmes will submit amendments to OIP, where they will be reviewed, recorded and forwarded to the Treasury.

#### **12. Changes to the letters of credit**

After the receipt of contract amendments from OIP, the Treasury will instruct BNP Paribas to amend the letter of credit in line with the contract amendment, following which the goods could be shipped. The procedures for adjustments in the existing letters of credit and, if necessary, the issuance of new letters of credit have also been agreed, to include an amendment to the Banking Agreement between the UN and BNP Paribas. Given the time limitations in paragraph 4 (b) ("... which can be shipped within the period of this mandate...") and paragraph 10 ("... shall remain in force for a period of 45 days..."), the letters of credit will have to be issued most expeditiously, as required prior to shipping of the goods or diverting of the goods already in transit to alternative locations.

#### **13. Contracts for emergency supplies outside the Programme**

Paragraph 7 of resolution 1472 (2003) provides for fast-track approval of contracts for emergency supplies outside the Programme, which remain subject to sanctions provision. Only five such applications have been received since 28 March 2003. However, with the issuance of the Flash Appeal the number of such applications is expected to surge soon. Given the 24-hour

no-objection deadline, OIP has taken the necessary measures to meet the additional volume of work, including the possibility of electronic submissions to the Committee.

#### **14. Impact on processing of applications under resolution 1409 (2002)**

Resolution 1472 (2003) did not, in any way, change the procedures concerning the Goods Review List (GRL), and the influx of new applications has continued even after 17 March 2003, which has, in fact, increased two to three folds. In addition, the departure of the UN international staff from Iraq and the subsequent inability of the suppliers to communicate with the buyer in Baghdad, have influenced processing of applications under the GRL procedures, with a total value of some \$7 billion. The main impact has been on applications identified as containing one or more GRL items; there are currently 18 contracts worth almost \$100 million where the suppliers would want to either substitute or delete GRL items, but are unable to do so as they cannot contact the Iraqi buyer to obtain their consent. Also, due to the absence of the UN international staff in Iraq, OIP is currently unable to submit Impact Assessment for nine applications worth \$48 million.

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Mr. President,

As you must have noted, we have spared no effort in taking all necessary measures both immediately prior to and after the adoption of resolution 1472 (2003), to be prepared to meet the emergency needs of the Iraqi people. However, much remains to be done in order to deliver the emergency requirements. The UN is currently working on establishing pipeline details for the first batch of priority contracts through direct contacts with suppliers, for the first time as authorized by resolution 1472 (2003). Since such contacts had not been allowed previously, the available contact details on suppliers on our files are often incomplete or incorrect. Furthermore, even once the status of goods is established, the negotiations on changes to priority contracts and their respective letters of credit have to take place before the goods could be shipped - all in 45 days from the adoption of the resolution, and we are already on the 11<sup>th</sup> day of the mandate. Given the limited mandate covering a very limited period of time, no one should be under the impression that the measures taken will ensure resolution of all current problems, some of which are created by the latest crisis and others outstanding for months, if not years, before the war. We will certainly not be able to receive at the alternative locations all the goods currently in transit, and a solution for such supplies will have to be found within the framework of paragraph 4 (g) of the resolution. Only some of the currently un-funded contracts will be funded during the 45-day period and a solution for manufactured but not yet shipped goods will, for a large part, have to wait until after the processing of the priority goods is completed. The requirement that goods must be shipped within the 45-day period remains a serious limitation to the overall effort, given the lack of previous pipeline information and the need to re-negotiate contracts and respective letters of credit. However, the measures being taken will re-start the flow of goods under the Programme to alternative locations. We will further gain insight into the dynamics of the pipeline for a broad pallet of goods which will help in planning arrivals and distribution of essential and other supplies even beyond the 45-day period, irrespective of what the future arrangements may be.

Flash Appeal

I should like to appeal to all concerned not to be complacent in learning about the substantial amounts of supplies available in the pipeline of the oil-for-food programme. It should be noted that there is a wide range of emergency supplies required under the Flash Appeal that

are not in the current oil-for-food pipeline. The oil-for-food pipeline does not have everything that people need in an emergency, details of which were provided by the Deputy Secretary-General during her briefing of the Council last week, as well as by Mr. Kenzo Oshima, Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, during the Secretary-General's briefings of the regional groups, also last week. The goods in the pipeline were ordered, although within the context of a very rigorous sanctions regime, during a relatively peaceful period before the prospect of war.

Furthermore, there is no way for us to deliver during the 45-day period everything which may be available in the pipeline to meet the emergency needs of the people of Iraq. Accordingly, I should like to appeal to all Member States to contribute generously to the Flash Appeal of 28 March 2003.

Mr. President,

Finally, our main objective must be the provision of emergency supplies to the Iraqi people at this very difficult period. They have suffered far too long and they deserve better. I appeal to all concerned to put aside political considerations and concentrate on the emergency humanitarian needs of the Iraqi people. I should like to assure the members of the Council of our unswerving commitment to take all necessary measures to assist the Iraqi people.

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## SUMMARY OF PRIORITY APPLICATIONS UNDER PARA 4 (b)

7 APRIL 2003

Sectors-AGENCY	Priority count	Value	Delivered	Balance
FOOD - WFP	180	1,290,333,299.64	415,963,691.82	874,369,607.82
ELECTRCITY - UNDP	32	491,162,744.55	267,752,827.43	223,409,917.12
EDUCATION - UNICEF	6	12,345,939.42	1,995,790.35	10,350,149.07
HEALTH - UNICEF	8	24,128,685.67	9,977,282.61	14,151,403.06
AGRICULTURE-FAO	78	257,016,370.74	105,832,902.31	151,183,468.43
WATSAN-UNICEF	40	150,013,470.17	30,855,364.69	119,158,105.48
HEALTH - WHO	166	265,908,520.44	137,099,301.03	128,809,219.41
UNHCR	14	79,507,820.75	3,595,148.47	75,912,672.27
<b>TOTAL</b>	<b>524</b>	<b>\$2,570,416,851.38</b>	<b>\$973,072,308.72</b>	<b>\$1,597,344,542.65</b>

### LIST OF PRIORITY ITEMS

**Note to suppliers:** If you have an APPROVED contracts for any of the items below (not already included in the lists of priority contracts or the contracts in transit) and you are willing and able to ship the goods soon, please fill in the form available on the web-site (Information Sheet (2)) and fax it back to the Office of Iraq Programmme (1-212-963-8083) not later than Tuesday, 8 April 2003, 12 am. (NYC time).

#### FOOD SECTOR ITEMS

- Pulses
- Vegetable ghee
- Infant formula (baby milk)
- Weaning cereals
- Salt
- Soap
- Detergent

## **HEALTH SECTOR ITEMS**

- Finished medicines
- Vaccines
- Surgical supplies
- Other medical supplies (consumables)
- Vitamin A
- Laboratory supplies (diagnostic kits, reagents, chemicals, lab consumables, glass, etc.)
- Basic diagnostic equipment
- \* Cold chain equipment (refrigerated vehicles, cold boxes, generators, freezers, kerosene refrigerators, generators, etc.)

## **WATER-SANITATION SECTOR ITEMS**

- Chlorine gas/cylinders
- Mobile water purification units
- Water disinfectant tablets
- Generators
- Bleaching Powder
- Aluminum Sulphate
- Aluminum Hydroxide
- Laboratory equipment and supplies for water quality control testing

## **EDUCATION SECTOR ITEMS**

- School supplies
- Basic school furniture and equipment
- Stationary kits
- School bags
- Play toys



## **AGRICULTURE SECTOR ITEMS**

- Animal vaccines
- Veterinarian medicines and laboratory supplies
- Seeds
- Pesticides
- Water pumps (irrigation)
- Spare parts for agricultural machinery
- Tires for agricultural machinery and vehicles
- Water tankers
- Soya bean meals

## **ELECTRICITY SUPPLIES**

- Diesel generators
- Thermal power station water treatment equipment
- 132/33 kV and 132/11 kV mobile substations
- Distribution transformers
- Power transformers 400 kV, 132 kV and 33 kV
- 400 kV, 132 kV and 33 kV, 11 kV disc insulators
- ACSR =, Aluminum and Aluminum conductors
- Distribution poles
- 400 kV, 132 kV and 33 kV transmission towers
- 400, 132 , 32 kV indoor and outdoor switch gear