

Security Council Committee established by resolution 661 (1990)

Statement by

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Executive Director of the Iraq Programme

At the 221st meeting of the Committee, held on Thursday, 12 July 2001

Mr. Chairman,

I should like to thank you and the Committee for the opportunity to make a statement at the outset of the tenth phase of the humanitarian programme for Iraq pursuant to resolution 986 (1995), which began as of 4 July 2001.

I should like to provide the Committee with an update on a number of matters. Also, I feel duty bound, on behalf of my colleagues both at the Headquarters level and in the field, to provide clarifications with regard to a number of questions raised concerning the implementation of the programme as well as the assertions and allegations made recently in the Security Council. I feel obliged to make this statement because I do not wish our silence to be misinterpreted as a reflection of our agreement with what was stated recently. I owe it to all my colleagues, both at Headquarters and in particular to those in the field, who have been carrying out the tasks entrusted to them in implementing the mandates set forth by the Security Council, under very difficult conditions and often with personal sacrifice. Some of my colleagues have made the ultimate sacrifice in losing their lives while working with the humanitarian programme the objective of which is to serve the Iraqi people.

Exchange of letters

The recent exchange of letters between the United Nations Legal Counsel and the Permanent Representative of Iraq to the United Nations, extended the provisions of the Memorandum of Understanding of 20 May 1996 between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995) of 14 April 1995 (S/1995/356), for an additional period of 150 days, effective 4 July 2001, pursuant to resolution 1360 (2001), adopted by the Council on 3 July 2001, to

cover the tenth phase of the humanitarian programme. The texts of the letters are contained in document S/2001/682.

Resumption of oil exports

Iraq has started to pump oil to Ceyhan, Turkey, and the first three vessels are currently under loading. The first full cargo of 2 million barrels will be leaving Iraq today. Under phase X, we already have received 10 oil contracts, five of which have already been approved by the United Nations Oil Overseers. The 10 contracts concerned under phase X, involve a total of 60 million barrels.

Under approved contracts from phase IX of the programme, which ended on 3 July 2001, there still remained 317 million barrels which have not yet been lifted, some 80 million barrels of which were designed as “transitional” between phases IX and X. At this time, about 90 million barrels from phase IX are transferred into phase X.

Revenues

As at 4 July 2001, the total of oil proceeds deposited in the United Nations Iraq Account since the start of the implementation of the Programme in December 1996, was \$37,333,886,478.06 and 8,221,937,774 Euros.

Since the inception of the humanitarian programme, the United States Dollar (USD) account had accrued \$1,000,641,781.66 and the Euro Account had accrued 19,646,364.78 Euros in interest income. Every cent and every centime deposited in the United Nations Iraq Account has been invested from the first day oil proceeds were collected. The earnings have been ploughed back into the Programme for the benefit of the people of Iraq and for additional humanitarian purchases to be made by the Government of Iraq.

Since the start of phase IX, in December 2000, the Programme receives 72 per cent of the total revenues of oil exports, pursuant to resolution 1330 (2000) - 59 per cent for the 15 governorates in the center/south of Iraq and 13 per cent for the three northern governorates of Dahuk, Erbil and Sulaymaniyah. From phase I to phase VIII of the Programme, 66 per cent of the total revenues received from oil exports were allocated for the Programme pursuant to resolution 986 (1995), with 53 per cent allocated for the 15 governorates in the center/south of Iraq.

As at 30 June 2001, a total of \$30 billion was allocated for the Programme - \$26.8 billion to the Government of Iraq for procurement of humanitarian

supplies for the 15 governorates in the center/south, including the bulk purchase of food, medicine/vaccines for all the governorates of Iraq as well as for oil spare parts and equipment. The balance of \$3.2 billion was made available to the United Nations agencies and programmes for the implementation of the Programme, on behalf of the Government of Iraq, in the three northern governorates.

As at 30 June 2001, of the total of \$23.97 billion worth of approved applications for supplies and equipment contracted by the Government of Iraq, \$13.325 billion worth of supplies and equipment had already arrived in Iraq. Additional supplies and equipment, under already approved applications, with a total value at \$10.645 billion, are in the delivery and/or production pipeline.

Banking arrangements – working relations with the Central Bank of Iraq (CBI)

With regard to banking arrangements and our working relations with the Central Bank of Iraq, I am afraid I will have to provide you with some details in view of the recent statement made in the Security Council that we have not been providing to the Government of Iraq “any information concerning the banking operations relating to Iraq’s resources,” and that the Central Bank of Iraq “has no inkling of what happens in United Nations banking operations, even though the Memorandum of Understanding stipulates the appointment of a liaison official from the Central Bank of Iraq to be apprised of this information and coordination.” In fact, the United Nations Treasury has kept the Central Bank of Iraq fully informed on a regular basis. The following reports are provided directly, in duplicate, to the Central Bank of Iraq. (One copy is sent to the Central Bank by pouch through the Office of the United Nations Humanitarian Coordinator in Iraq (UNOHCI) and another copy is sent through the Permanent Mission of Iraq to the United Nations):

Daily statement of transactions

Provided since December 1999, to the Permanent Mission of Iraq, pursuant to resolution 1284 (1999). This report includes a bank statement that provides details for the following transactions:

Proceeds from the sale of Iraqi Crude;

L/C payments made specifying the letter of credit;

Transfers made pursuant to resolution 986 (1995), specifying which account is credited (by title and account number);

Interest earned (separately for USD and Euro);

Payments made to BOTAS in accordance with the Protocol;

Reimbursements received from the 13 per cent account.

An additional summary is provided to the Government of Iraq, indicating the value of letters of credit outstanding as well as the net value available for issuance of letters of credit.

Weekly Summary Statements

Weekly summary statements have been provided since January 1997, following the receipt of the first oil proceeds. This is broken down by Phase to show information presented above.

Monthly Bank Statement

This is the original bank statement generated by BNP-Paribas, which is sent to the Central Bank of Iraq via pouch through UNOHCI. Every copy of every statement has been sent to the Central Bank of Iraq since the first funding of the account.

A separate Treasury Investment Report is also provided, which indicates all investments and the interest rates for each. Finally, an investment summary is provided to show where investments are held and in which banks.

The Secretary-General's 90 and 180-day reports

The Secretary-General's reports to the Security Council provide details with respect to all Oil letters of credit, proceeds received, humanitarian letters of credit, issued and payments made, balances in the account and all interest earned, by currency.

Details on the recent visit made by the representative of the Central Bank of Iraq

I should like to provide some details on the recent visit to New York by the representative of the Central Bank of Iraq. To state that a representative from the Central Bank of Iraq remained in New York for six months without

work is to ignore the substantial progress made in resolving outstanding issues. Daily meetings were conducted between the representative of the Central Bank of Iraq and the Treasury, including the Treasurer on several occasions.

The Treasury provided the representative of the Central Bank of Iraq with the following information, among others:

a) "A spreadsheet" of all letters of credit issued by the BUYER to take to Iraq and distribute to the buyers for their review;

b) "A spreadsheet" of all letters of credit that had expired, sorted by BUYER. The Treasurer asked the Central Bank of Iraq and the buyers to review the report in order to determine whether the expired letters of credit should be cancelled or extended; c) Upon his request, the representative of the Central Bank of Iraq was provided with copies of about 300 letters of credit issued to take to Iraq.

Further, procedures that are being followed with regard to the deposits and distribution of the oil sales in euros and how to follow up on the transactions in the daily statements were explained in detail.

There were of course the usual questions of the relationship of BNP-Paribas with the Central Bank of Iraq. It was emphasized to the representative of the Central Bank that the holder of the United Nations Iraq Account is the United Nations. The signatories are United Nations staff members. Accordingly, BNP-Paribas' relationship is with the United Nations and not the Central Bank of Iraq. As a general matter, it was explained that the Central Bank's role in connection with the transactions under resolution 986 (1995) is only to forward to BNP-Paribas requests to open the letters of credit and any amendments thereto for purchase of humanitarian and other supplies for Iraq. In any case, the Treasury facilitated the Central Bank's representative's meeting with the representatives of BNP-Paribas at the United Nations on two occasions, whereby a number of issues were discussed and resolved:

a) Pending letters of credit for which BNP-Paribas is awaiting responses from the Central Bank. The Treasury went through the list and provided copies of all telexes sent to the Central Bank by BNP-Paribas, to the representative of the Central Bank.

b) Approved contracts for which no letters of credit requests had been received by BNP-Paribas. It was pointed out to the representative of the Central Bank that the Executive Director of the Iraq Programme had also written to the

Government of Iraq on various occasions on the subject. In fact, I just sent yet another letter on 9 July to the Permanent Representative of Iraq, reiterating our appeals to the Government of Iraq to take the necessary measures to expedite the issuance of letters of credits for approved applications. As at 30 June 2001, there were 731 approved applications, with a total value of \$1.146 billion, awaiting instructions from the Central Bank of Iraq on issuance of letters of credit, for an average period of 73 days.

c) Request for letters of credit that had been received by BNP-Paribas from the Central Bank, prior to the approval of applications for contracts. The Treasury went through 22 such requests and provided reasons why the applications for contracts were on hold and not approved.

d) In view of the provisions of paragraph 13 of the Memorandum of Understanding between the Secretariat and the Government of Iraq (S/1996/356), the Treasury emphasized the need for placing a banking representative from the Central Bank of Iraq in New York to resolve problems promptly. It may be recalled that in several of his reports to the Council, the Secretary-General has recommended to the Government of Iraq to deploy to New York a representative of the Central Bank of Iraq, at the appropriate level, in order to expedite activities related to banking arrangements, as envisaged in paragraph 13 of the Memorandum of Understanding. Should the Committee wish to have more details on banking arrangements, the Treasurer stands ready to provide you with further details.

Letters of Credit

As of December 2000, the United Nations began to collect fees from the suppliers for the issuance of letters of credit and amendments, rather than charging the United Nations Iraq Account. Accordingly, the suppliers now pay costs related to letters of credit.

Audits

The United Nations Secretariat and the agencies and programmes of the United Nations system are subject to audit in accordance with their respective Financial Rules and Regulations.

In addition, paragraph 14 of the Memorandum of Understanding reads as follows:

“In accordance with the United Nations Financial Regulations, the “Iraq account” will be audited by the Board of Auditors who are external independent public auditors. As provided for in the Regulations, the Board of Auditors will issue periodic reports on the audit of the financial statements relating to the account. Such reports will be submitted by the Board to the Secretary-General who will forward them to the 661 Committee and to the Government of Iraq.” The United Nations Iraq Account has been audited by the Board of Auditors (external) since the start of the implementation of the programme in December 1996, twice a year. On 5 July 2001, the Secretary-General forwarded the latest report of the Board of Auditors covering the period 1 January to 31 December 2000, to the Government of Iraq and to the members of the Security Council Committee.

In addition to audits by the Board of Auditors, we have been audited regularly by the United Nations Internal Auditors. We also have resident auditors in our offices in Baghdad and in Erbil (in the north of Iraq).

I should also like to inform the Committee that owing to the high value of oil revenues and the complexity of the Organization’s responsibilities under the relevant Security Council resolutions, the Office of Internal Oversight Services (OIOS) expanded its audit coverage of the activities of the Office of the Iraq Programme, both at Headquarters and in the field. To meet this requirement, a new audit section for the Iraq Programme was established in the Audit and Management Consulting Division of OIOS.

One of the main tasks of the new audit section is to ensure that activities are coordinated with the internal audit bodies of the United Nations agencies and programmes which are implementing projects under the humanitarian programme in the three northern governorates.

Details on the work of OIOS regarding the Iraq Programme can be found in the report of OIOS covering the period 1 July 1999 to 30 June 2000 (A/55/436, paras 71-81). I do not wish to go into further details except to reject categorically the allegations made recently by those who used that report to castigate the Secretariat. I invite those interested knowing the details, to read paragraphs 73 and 74 of the OIOS report.

Processing and approval of applications for contracts

Working three shifts a day, the Contracts Processing Section of the Office of the Iraq Programme has been processing all applications as expeditiously as possible and we stand by and we are proud of our record.

As at 3 July 2001, the total value of applications approved under the 59 per cent account was \$24.06 billion, including \$5.396 billion worth of applications “notified” by the Secretariat. The total value of applications on hold was \$3.331 billion.

The total value of applications approved under the 13 per cent account was \$1.7 billion, including \$68.6 million worth of applications “notified” by the Secretariat. The total value of applications on hold was \$273,495.

I will circulate to the Committee some tables, providing further details on the status of applications received, including a table on the status of applications received under phase IX.

We are presently reviewing the current procedures of the Committee with a view to formulating some proposals to further streamline the processing and approval of applications.

Mr. Chairman,

It should be understood by all concerned that it is the Government of Iraq which selects its suppliers and signs the contracts under the 59 per cent account for the 15 governorates of Iraq, including also contracts under the bulk purchase arrangements for the whole country. The Secretariat has no role in that process and therefore cannot and should not be blamed for the performance of the contractors concerned. The Secretariat has no control over the suppliers as to when they submit their applications to the Office of the Iraq Programme, through their respective permanent or observer missions to the United Nations. Nor do we have any control as to when they respond to the repeated requests made by the Secretariat for additional information on the applications, including many which are submitted to us incomplete.

It may also be recalled that after tremendous efforts made by the Secretariat in providing the necessary information ensuring the approval and/or release of a hold, the Government of Iraq has at times requested the cancellation of a contract application or has either delayed or refused to request the opening of a letter of credit.

A case in point, since it was mentioned recently in the Council, is the application for a Blood Gas Analyzer. I reviewed the whole process involved in the long and sad saga of this application. The application, which was initially submitted under phase V (Comm. number 50917), was placed on hold on 12 October 1999. On 19 April 2000, I wrote the Chairman of the 661 Committee

(ED/2000/661/15), providing comprehensive information concerning all applications placed on hold in the health sector, and referred to this particular application as one of the top priority items to be considered for urgent release. The Office of the Iraq Programme likewise invited particular attention to this application during the technical meeting of the Committee on 15 June 2000, which was entirely dedicated to the discussion of holds in the health sector. In the meantime, the Government of Iraq requested the transfer of this and a number of other phase V health applications to phase VII, and the application concerned was assigned a new Comm. number 701124. On 29 June 2000, the Permanent Representative of Iraq to the United Nations requested me to accord priority to securing the release of the above and three other health applications. As the application was being re-circulated under the new Comm. number, we urged the delegation which had placed the hold to review further their position concerning the application concerned, along with three other applications, despite their “dual-use” concerns. On 6 July 2000, the application was released from hold, on condition of “end-use/user” observation and reporting by the United Nations observers.

On 12 July 2000, in a letter addressed to the Chairman of the 661 Committee, (ED/2000/661/26), I reiterated my request for the early release of the remaining three top priority items. Consequently, the three applications concerned were all released from hold between 24 July and 7 August 2000, under the condition of “end-use” observation and reporting by the United Nations observers.

Regrettably, however, the United Nations Treasury was informed by the BNP Paribas that the Central Bank of Iraq had never requested the opening of a letter of credit for the application containing the Blood Gas Analyzer, despite the fact that the Office of the Iraq Programme had provided the Government of Iraq with regular updates on the status of approved applications which are awaiting issuance of instructions by the Central Bank of Iraq on the opening of letters of credit.

Therefore, the claim that after the release of the application from hold, the Committee had sent a letter to the Ministry of Health informing that the contract was cancelled, is incorrect. The Committee does not communicate directly with any purchasing institution in Iraq. Furthermore, once an application is approved, the current procedures of the Committee do not allow withdrawal of the approval. Consequently, any cancellation of contract application would be possible only at the request of one of the parties to the contract and with the consent of the other party. The Office of the Iraq

Programme has not received such a request as far as the approved application for the Blood Gas Analyzer is concerned.

Payment to the contractors

While the Secretariat has made substantial efforts to streamline the process at every step and reduce delays, the established procedures must be followed nonetheless. With regard to complaints of delayed payments to the contractors for supplies which have arrived in Iraq, the Treasury has stressed on several occasions that payments for letters of credit are based on normal commercial practice. There have been many instances whereby contractors have failed to present documents in compliance with the terms of the letter of credit. Discrepancies in documents result in delays in payment.

It should be noted however that the majority of complaints arise due to delays in the submission of a particular document, Confirmation of the Secretary-General's Designee on the arrival of goods in Iraq. This document is prepared based on an authentication document received from the Independent Inspection Agents. There are also inordinate delays at the port of Umm Qasr in Iraq, in unloading the supplies which have to be authenticated by the Independent Inspection Agents. Substantial efforts have been made by the Secretariat on how to streamline the process further. The Treasury as well as BNP-Paribas have noticed a significant decrease in the number of complaints regarding delays in payment since the implementation of the measures taken to allow electronic signatures and daily transmission of authentication data from the field.

Programme implementation

I should like to assure all concerned that all my colleagues and I, as international civil servants, have been carrying out all the tasks entrusted to us in full compliance with the relevant resolutions of the Security Council and the Memorandum of Understanding. In referring to the Memorandum of Understanding, it should be understood by all concerned that all the provisions of that memorandum should be fully complied with, by both parties, without any selective approach.

It may be recalled that in his latest report to the Security Council last May (S/2001/505 para. 129), the Secretary-General stated that with increased funding level and the growing magnitude and scope of the programme, the whole tedious and time-consuming process of the preparation and approval of the distribution plan and its annexes were no longer in step with current

realities. As requested by the Secretary-General, I will continue discussions with the Government of Iraq with a view to devising a more appropriate and flexible planning process that would meet the requirements of the expanded programme.

Keeping the Government of Iraq informed on our operations in the three northern governorates

The United Nations implements the programme in the three northern governorates on behalf of the Government of Iraq. We have kept the relevant authorities in Baghdad fully informed, within United Nations rules and regulations, through regular meetings with and provision of information, in writing, to the relevant officials in the Ministry of Foreign Affairs and the technical ministries concerned. It should also be understood by the authorities concerned that there are certain documents such as contracts and invoices, which we simply cannot provide. We also have our own legal obligations and constraints.

Contrary to what has been stated in the Council recently, our requests for visas for United Nations personnel to carry out implementation of projects in the three northern governorates have not been “for irrational purposes”. You may recall that in paragraph 134 of his latest report to the Security Council (S/2001/505), the Secretary-General expressed his “deep concern over the current visa situation and the negative impact that the interruption in essential activities is having on the humanitarian situation in the three northern governorates.” He reiterated his call upon the Government of Iraq to issue the required visas to United Nations officials, experts and other personnel performing contractual services for the United Nations in Iraq, in conformity with the letter and spirit of the relevant provisions of the Memorandum of Understanding, in particular paragraph 46. We have provided to the Government of Iraq all the information required, or requested by the Government of Iraq, regarding the responsibilities to be undertaken by those for whom visas have been requested.

As stated by the Secretary-General, it should be noted that, as title for all 13 per cent account properties in the three northern governorates remain, for the time being, with the United Nations, the Organization finds itself responsible not only for the building and installing of infrastructure and equipment, but also for its operation and maintenance and for the training of national staff. With the expansion of programme activities, in order to fulfill the responsibilities entrusted to it by the Security Council, the United Nations will require an increasing number of international staff.

I very much regret that as of yesterday, the number of outstanding visas was 280, including 140 for UNDP electricity projects and 111 for UNOPS demining programme.

As so many critical remarks and allegations were made regarding the implementation of the programme with respect to the electricity sector and demining activities in the north. I will not respond to them one by one at this meeting, particularly to those for which no details were provided. Otherwise, I can keep you here until mid-night.

We have kept the Committee as well as the Government of Iraq fully informed on our activities under the electricity sector as well as on our demining activities in the north. You will also recall that in May this year, we provided you with a Special Report on the Electricity Network Rehabilitation Programme in the Three Northern Governorates of Iraq.

However, I should like to give a few examples on certain assertions made in the Security Council recently. The cost per mine/unexploded ordnance removed in the three northern governorates is approximately \$1,500, contrary to the statement made in the Security Council that it was \$21,000. In fact, our actual costs could be lower if the Government of Iraq would consider our repeated requests to provide maps/records of the minefields laid that do not jeopardize national security. This would reduce the need to search large tracts of land and thus increase efficiency in the utilization of our resources. It would also be helpful if the visas pending approval for months were granted expeditiously, and if the large number of demining equipment, including mechanical mini-flails, waiting at the border, were released, thus enabling the programme to operate at full efficiency. Furthermore, contrary to what was stated regarding cost of demining dogs, during the period July 1999 to June 2000, 140 dogs were deployed under the programme, each of which was fed 0.8 kg of imported dog food. The imported food was enhanced by local food such as chicken and fat. The average cost of feeding one dog during this period was \$34 per month, or just under one dollar a day, or \$408 per year, and not \$1,248 per year as was stated in the Council recently. I very much regret to go into such details. I have been given no alternative in view of the remarks made. I will refuse also to respond to other remarks made about our handling the dogs, which were incredible.

I should like to inform you that a total of 22,000 mines and UXOs have been destroyed. In addition, under the Mines Victims support programme, UNOPS has provided 1,702 prostheses/orthoses, as well as services to over 39,000 out-patients during the course of one year alone.

Progress in implementing the demining programme should be measured in terms of access to grazing and cultivated land, provision of water, housing needs, transportation improvements and/or infrastructure improvements and casualty reduction.

With regard to the electricity programme in the north, we have provided special briefings and reports to the Committee on a regular basis. Undoubtedly, we had, and continue to have, a number of difficulties in fully implementing the programme. Similar to the difficulties encountered in importing essential demining equipment I just referred to, we have been experiencing, in a rather new development, very serious difficulties in bringing into Iraq essential equipment for the electricity projects in the three northern governorates. I was informed by UNDP yesterday that some 250 trucks loaded with about 4,800 tons of equipment are in Turkey, awaiting clearance by the Iraqi authorities, with substantial financial implications.

Despite the difficulties encountered, however, much has been accomplished in the electricity sector and the Government of Iraq has been fully kept informed of those accomplishments. Major achievements include the building of 13 new sub-stations and the rehabilitation of nine others, the building of 1,179 kilometers, and the rehabilitation of a further 1,675 kilometers of transmission lines, as well as rehabilitation work on the Dokan and Derbandikan hydro-electricity dams. In addition, in order to meet emergency generation needs until reconnection to the national electricity grid takes place, we have installed and are operating three 29 MW generating plants – one in each of the three northern governorates. However, we are unable to run the three 29 MW generating stations 24 hours a day the way other public utilities run, due to the fact that the visas requested for personnel to run the stations have not yet been granted. Furthermore, over 1,000 small to medium size generators have now been installed to provide electricity to essential humanitarian facilities such as hospitals and pumping stations, as well as to low-income families. On a parallel track, we have succeeded in encouraging the local authorities in the north to reach a “common understanding” on the question of reconnection to the national electricity grid, which has been forwarded to the authorities in Baghdad for their consideration. We are still waiting for a response from the authorities in Baghdad.

In brief, Mr. Chairman, on the one hand we are denied the essential means and the tools to implement the programme effectively and on the other, we are accused of failure to implement the programme effectively.

Administrative matters

In regard to the statement made on a range of administrative matters, I am prepared to address them where they were sufficiently detailed.

Pursuant to resolution 986 (1995) and the relevant resolutions adopted thereafter, 2.2 per cent of the revenues received from oil exports are set aside for the administrative and operational costs of the United Nations. Under the directive of the Secretary-General we have done our best to cut costs in order to make additional funds available to the humanitarian programme. In fact, as may be recalled, the Secretary-General transferred \$52 million from the 2.2 per cent account to the 53 per cent account. The Controller has kept the matter under constant review and I have no doubt we will be able to transfer additional funds from the 2.2 per cent account for the purchase of humanitarian supplies and equipment.

Disposal of used equipment

Although we are in favour to turn over to the Government of Iraq and the local authorities in the three northern governorates United Nations-owned equipment and vehicles purchased under the 2.2 per cent account, disposal of UN-owned equipment or vehicles is guided by the relevant rules and regulations regarding the disposal of mission property. In order to dispose of non-expendable UN-owned property by sale, donation or transfer it would be necessary, under the current applicable rules and procedures governing our operations in Iraq, to secure the approval of the 661 Committee.

We are at present preparing a list of equipment for disposal, which we intend to submit to the 661 Committee for its consideration and approval.

Housing of United Nations personnel

All housing costs of United Nations personnel are paid for by the individual staff members concerned, out of their own emoluments, whether in the centre/south or in the three northern governorates of Iraq.

Local procurement

Once the mechanism through which local procurement is agreed to by all concerned, the United Nations will be in a position to purchase items locally.

It may be recalled that in paragraph 24 of resolution 1284 (1999), the Council requested the Secretary-General to make the necessary arrangements, subject to Security Council approval, to allow funds deposited in the escrow

account to be used for the purchase of locally produced goods and to meet the local cost for essential civilian needs which have been funded in accordance with the provisions of resolution 986 (1995) and related resolutions, including, where appropriate, the cost of installation and training services.

Regrettably, the Secretary-General has been unable thus far to submit proposals pursuant to paragraph 24 of resolution 1284. All concerned know very well as to why that has not been possible.

With respect to a cash component for the oil sector, the Security Council has already before it the report of the Secretary-General (S/2001/566) submitted pursuant to paragraph 15 of resolution 1330 (2000), to allow funds up to 600 million euros from the escrow account to be used for the cost of installation and maintenance, including training services, of the equipment and spare parts for the oil industry funded under the programme. We had the full cooperation of the Government of Iraq in the preparation of the report of the Secretary-General, which I hope the Council will respond to positively.

I should like to reiterate the hope expressed by the Secretary-General in his latest report to the Council (S/2001/505, para. 128) that, once the arrangements proposed are approved by the Council, similar modalities could be extended to support activities in other sectors.

Meeting of UN Finance and Administration Officers, held in Geneva

The purpose of the meeting of the UN Finance and Administration officers in Geneva in April this year, which was long overdue, was to plan and coordinate the entire inter-agency budget preparation process. These are very large budgets, requiring extensive justification for each expenditure. The preparation of the budget for a programme of such magnitude is a complex exercise involving detailed narrative and statistical data that must be collected both from agency headquarters and the field. In order to improve upon the quality of submissions and to ensure fiscal responsibility, the meeting was held to coordinate the entire budget preparation process and to ensure that all agencies were informed of the information requirements, including financial reporting requirements for expenditures and cash flow projections.

Reports submitted to the Amorim Panel

With regard to the Amorim Panel, of which I was a member, I should like to state the following. Although the Humanitarian Coordinator reports to me, I had requested, in no uncertain terms, the then Humanitarian Coordinator as

well as all the representatives of the agencies and programmes concerned working in Iraq, to submit all their inputs to the Amorim Panel directly to the Permanent Mission of Brazil to the United Nations.

All concerned are also fully aware that the then Humanitarian Coordinator, along with all agency and programme colleagues, both from the field and some accompanied by their colleagues from their respective headquarters, appeared before the Amorim Panel.

Assignment in Iraq

Given the difficulties we have been encountering in recruiting staff to go and work in Iraq, I find it very odd hearing the claim that “a mission to Iraq is one of the most cherished and sought-after assignments by the United Nations Secretariat staff.” There are many factors that make Iraq a difficult duty station. These include security concerns, the fact that it is a non-family duty station, that staff must live in hotels, and that getting in and out of the country is arduous leading to a sense of isolation. For these reasons, it has always been difficult to find staff to come and work in the country. In this regard, it should also be noted that the financial incentives and entitlements to work in Iraq are very much equal, and in many cases, considerably less than those provided for in other duty stations.

Mr. Chairman,

I very much regret to have taken so much of your time today. I had no alternative in light of what has been stated recently regarding our performance. My colleagues and I have been implementing a mandate established by the Security Council and inevitably caught between various parties. We are prepared to be judged, and must be judged, by our performance in carrying out the tasks entrusted to us. As directed by the Secretary-General, we have spared no effort in ensuring that those of us involved in the implementation of the programme observe fully the parameters governing the humanitarian programme, in full compliance with the relevant resolutions of the Security Council and the Memorandum of Understanding.