

**Introductory statement by Benon V. Sevan, Executive Director
of the Iraq Programme at the informal consultations of the
Security Council Tuesday, 6 June 2000**

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I have the honour to introduce the report of the Secretary-General, contained in document S/2000/520. At the outset, I should like to underline the need to maintain the distinct identity of the humanitarian programme in Iraq – as unique and different from all other United Nations activities concerning Iraq.

In any assessment of the programme and its implementation, we should examine whether the programme is achieving its objectives, pursuant to the relevant Security Council resolutions; how we can improve further the effective implementation of the programme; and whether the United Nations Secretariat and the agencies and programmes have been implementing the programme in full compliance with the mandate given by the Security Council. As the Secretary-General put it recently, we, as international civil servants, take our "marching orders from the Security Council".

I feel obliged to state this obvious fact, because lately there is a growing tendency to politicize the programme, a development that may affect adversely – and has already done so to some extent – the efficient implementation of the programme.

Revenue

With the ceiling on revenues lifted under resolution 1284 (1999), Iraq has been authorized to export unlimited amounts of oil and to import a wide range of goods to meet the humanitarian needs of its population and to rehabilitate its civilian infrastructure.

It is estimated that the revenues earned by oil exports during phase VII will reach \$8.4 billion, which, after deductions pursuant to paragraph 8 of resolution 986 (1995) and other relevant resolutions of the Council, would make about \$5.64 billion available for the implementation and operation of the programme - as compared with the \$1.32 billion made available for the implementation of the programme at its start. As at 31 May 2000, the total value of applications received by the Office of the Iraq Programme, under phase VII, was \$2,361,041,748.94.

In addition to the funds available under phase VII, there are large sums still available under previous phases, totaling over \$2.3 billion. In this connection, I should like to draw the attention of the Council to the recommendation contained in paragraph 108 of the report of the Secretary-General, to consider authorizing the Committee to review and approve requests by the Office of the Iraq Programme for the use of funds in excess of requirements in earlier phases to fund humanitarian supplies under subsequent phases. For example, although phases I to III are closed, we still have almost \$25 million available for the purchase of humanitarian supplies.

Oil spare parts and equipment – paragraph 18 of resolution 1284 (1999)

For reasons elaborated in paragraph 104 of the report before you, the Secretary-General recommends to the Council to consider a further addition of \$300 million to the allocation for oil spare parts and equipment for phase VIII of the programme, bringing the total allocation for the phase to \$600 million.

Now that the Security Council Committee has approved the procedures for the implementation of paragraph 18 of resolution 1284(1999) and has also endorsed the experts to serve on the group to approve applications for contracts for oil spare parts and equipment, I should like to appeal to the Committee members to review and approve expeditiously the lists of oil spare parts and equipment, which was submitted by the Office of the Iraq Programme on 1 June, in order to enable the group of experts to start their work no later than 15 June.

Paragraph 17 of Council resolution 1284 (1999)

I wish to thank the distinguished Chairman of the Security Council Committee, His Excellency Peter van Walsum and the members of the Committee for their expeditious and positive action also for the implementation of paragraph 17 of resolution 1284 (1999). Since the endorsement of the accelerated procedures for the approval of contracts for humanitarian supplies, beginning late February, the Office of the Iraq Programme had processed, as at 31 May, 433 contracts, with a total value of about \$950 million, for items on the lists approved by the Committee, in the food, health, education and agriculture sectors. In consultation with the United Nations agencies and programmes and the Government of Iraq, the Office of the Iraq Programme will soon submit to the Committee for its consideration and approval, additional items to be included on the four lists already approved.

In light of the positive results gained in the implementation of paragraph 17 of resolution 1284 (1999), the Council may wish to consider the possibility to expand the application of the procedures under paragraph 17, to additional sectors, to start with the water and sanitation sector.

Observation mechanism

Whereas the core objectives of the United Nations observation mechanism as set out in the relevant paragraphs of the MOU remain unchanged, the methods and priorities of the observation mechanism have been kept under constant review in order to meet the evolving information needs of the Security Council Committee. On 25 April this year, I briefed the Committee and submitted a paper on the developments and improvement of the observation mechanism in Iraq, prepared by the Office of the Iraq Programme, in full consultation with our colleagues in UNOHCI, and the United Nations agencies and programmes participating in the implementation of the programme.

The constant review of the mechanism and its working methods is essential, in light of the growing size and complexity of the programme. It should be borne in mind that, since the second phase, the implementation of the programme has involved concurrent implementation of activities approved under multiple phases. In other words, the funding level for a given phase does not necessarily reflect the magnitude and the scope of actual programme implementation during that phase.

As a result of the increased scale and complexity of the programme, the focus of observation has been shifting away from the distribution of food and basic medicines – the so-called relief consumables – to observing inputs related to infrastructure rehabilitation. As the quantity and complexity of such infrastructure-related inputs increase, the United Nations will need to field observers with the required skills and expertise, to meet the Committee's information requirements, as well as to confirm that materials and supplies are delivered to the predefined destination in accordance with the distribution plans. The observers must ensure that the materials and supplies are used for their intended purposes, and determine whether these materials and supplies are adequate or necessary to meet the essential needs of the Iraqi population. Paragraph 41 of the MOU makes provision for such observations.

There is an ongoing debate among members of the Council and its Committee whether the number of observers should be increased in light of the growth and complexity of the programme. There are currently 151 observer posts in Iraq. These include 63 geographical observers within the Geographical Observation Unit (GOU), 13 multi-disciplinary observers with the Multi-disciplinary Observation Unit (MDOU) and 75 agency and programme sectoral observers. The number of observers was established in the Interim Report of the Secretary-General (S/1996/978. para. 30), in accordance with paragraph 42 of the MOU, which stipulates that "the exact number of such personnel will be determined by the United Nations, taking into account the practical requirements. The Government of Iraq will be consulted in this regard."

Unfortunately, at present we have a significant number of posts for observers vacant. While recognizing that there may be a need to increase the numbers in the future, as necessary, for the time being our main objective is to fill all the vacancies. We have been having difficulties in attracting candidates for these posts, which are temporary in nature. I should like to assure you, however, that we are fully committed to taking all steps necessary to improve the efficiency of the United Nations observation mechanism as set out in resolution 986 (1995) and the MOU, and to make all the necessary improvements in order to address the concerns expressed by members of the Security Council and the Committee. We are also fully committed to improving and strengthening our good working relationship with the Government of Iraq, in order to enhance the effective implementation of the programme. To this end, we are discussing with the Government of Iraq how the access of our observers to end-users and end-use facilities can be improved. This includes the timely provision of escorts by the Government. This is a concern, which has been referred to by the Secretary-General in paragraph 113 of his report.

Holds placed on applications

It is our sincere hope that the ongoing efforts to adapt the structure, and to strengthen and focus the observation mechanism, will contribute to a dramatic reduction in the number of applications placed on hold.

Further to the report of the Secretary-General contained in document S/2000/208, the Office of the Iraq Programme has launched an intensive campaign to have all holds placed on applications reviewed further by the Security Council Committee. We have provided the Committee with detailed information for each application placed on hold, the date when the hold was placed, and the reason given by the holding mission or missions, as well as action taken thus far. We also provided the Committee with the list of holds on applications that should be addressed on a priority basis. In brief, the Office of the Iraq Programme has provided the Committee with the most comprehensive and detailed information on holds.

I should like to express my thanks to the Chairman and the members of the Committee for agreeing to convene separate meetings on holds, on a sector by sector basis. We have made a good and honest start in addressing the question of holds, which has already allowed for a significant number of contracts previously on hold to be approved.

As at 31 January 2000, the total value of holds was approximately \$1.5 billion, reaching just under \$2 billion as at 30 April. I am pleased to note that during the month of May, thanks to the recent positive trend and the concerted efforts made by all concerned, the total value of holds, as at 31 May, was reduced to \$1.6 billion, a reduction of \$317 million.

I remain convinced that the timely provision of information in advance of the submission of applications - details which by now are well known to all concerned, such as technical specifications, and end-use and end-user information – will expedite approval of applications in most cases. An analysis of the reasons given for the total number of 1,088 holds with a value of \$1.6 billion, as at 31 May 2000, indicates that while the large number of holds concern items on the 1051 list for dual usage, (369 applications with a total value of \$617.4 million, 37.9 per cent of the total value of applications on hold), 225 applications with a value of \$396.1 million (or 24.3 per cent) are awaiting additional information either from the Government of Iraq or the permanent missions concerned. While we have provided information requested on 272 applications, with a total value of \$320.5 million (or 19.7 per cent of the total value of holds), they continue to remain on hold, without any additional information requested by the holding mission(s). There are 161 application, with a total value of \$277.5 million (or 17 per cent of the total value of holds) for which the holding mission(s) stated that the applications concerned required further evaluation. There are also 61 applications concerning oil spare parts and equipment, with a value of \$18.8 million (or 1.1 per cent of the total value of holds), the reason given being that they are not directly related to the repair of oil infrastructure for the purpose of increasing oil exports.

While we have repeatedly brought to the attention of the Council the negative impact of the holds on applications on the effective implementation of the programme, it should be borne in mind that the total value of the holds represents 12.2 per cent of the total value of applications circulated or notified (\$13.4 billion).

In addition to the need to address the question of holds, there is an urgent need to improve the pace of contracting by the Government of Iraq for supplies in sufficient quantities to meet the requirements, the timely submission of applications by suppliers through the respective permanent missions and the timely delivery of supplies to and distribution of supplies within Iraq. There is also the need to expedite the opening of letters of credit. In addition, there is the need for a determined effort by all members of the Committee to approve expeditiously applications for contracts relating, in particular, to food handling, health, water and sanitation, electricity, transport and telecommunication, all of which impact directly on other sectors.

Implementation of the programme in the center and south of Iraq

Details on the progress on programme implementation were provided in the Secretary-General's previous report to the Council (S/2000/208) in early March this year, and are supplemented by information provided in the present report. The report of the Secretary-General contains a number of recommendations, which we hope the Council will act upon positively.

With regard to the timely and equitable distribution of all humanitarian goods, in particular, medical supplies, and the removal and avoidance of delays at warehouses, I am pleased to inform the Council that there has been steady progress in the removal of distribution bottlenecks in all the sectors of the programme, especially from central warehouses to the governorates. In the agricultural sector, in order to improve the distribution of spare parts in the agricultural machinery sub-sector, the Government of Iraq has introduced a new system, using private agents. Difficulties persist, however, in the onward movement of goods from governorate warehouses to end-user facilities, owing to the absence of an adequate transportation fleet in most of the sectors.

Although the food distribution network has operated adequately to date, the situation can be expected to deteriorate given the extreme state of dilapidation of the port of Umm Qasr, the railway system, the transportation fleet, mills and silos. The requirements of the food-handling sub-sector need to be addressed on a most urgent basis.

Implementation of the programme in Dahuk, Erbil and Sulaymaniyah

In view of the increasing volume of funds available to the programme, UNOHCI, together with United Nations agencies and programmes concerned, is in the process of reviewing the implementation capacity of the United Nations system to improve its effectiveness.

In a separate paper, I am providing the Council with information regarding recent United Nations activities and initiatives in the three northern governorates.

Concluding remarks

I should like to thank the members of the Security Council for their support and cooperation.

I should also like to take this occasion to pay tribute to all my colleagues, both in the Secretariat as well as the agencies and programmes concerned, at headquarters and in the field, for their dedicated efforts, often under very difficult conditions, in the implementation of this programme.

Finally, I should like to reiterate the statement of the Secretary-General that "despite all constraints, difficulties and shortcomings referred to in the present report, as in previous reports, the programme has succeeded in providing substantial assistance to Iraq's pressing humanitarian needs in all sectors, through large-scale importation of civilian goods."

Review of 53% Account Applications on Hold: All Phases
As of 31 May 2000

Process Category	Sect	#	Value	Ag	Agriculture	Education	Construction	Food	Retail	Electronics	Medical	Income	Oil Spills	Foods	Food Handling	TT	Waste	Total		
																			#	Value
Processing	Received	#	\$938,752.09	8	\$352,041.68	4	\$6,563,113.77	1	\$1,377,287.11	9	\$2,876,111.77	1	\$1,391,640.89	2	\$1,226,719.4	6	\$730,405.04	3	\$148,346.19	9
		Value	\$938,752.09	\$352,041.68	\$6,563,113.77	\$1,377,287.11	\$2,876,111.77	\$1,391,640.89	\$1,226,719.4	\$730,405.04	\$148,346.19									
Processing	Circulated	#	\$830,844.82	7	\$275,376.34	2	\$5,653,401.73	1	\$1,327,923.11	9	\$9,923,467.44	1	\$1,160,813.98	2	\$995,673.79	4	\$639,288.59	0	\$124,829.7	7
		Value	\$830,844.82	\$275,376.34	\$5,653,401.73	\$1,327,923.11	\$9,923,467.44	\$1,160,813.98	\$995,673.79	\$639,288.59	\$124,829.7									
Processing	Notified	#	\$40,962.36	3	\$30,192.11	1	\$5,783,147.3	1	\$14,649.11	5	\$14,649.11	1	\$359,102.5	1	\$93,008.4	4	\$50,971.6	2	\$94,735.0	6
		Value	\$40,962.36	\$30,192.11	\$5,783,147.3	\$14,649.11	\$14,649.11	\$359,102.5	\$93,008.4	\$50,971.6	\$94,735.0									
Processing	Approved	#	\$690,063.628	5	\$208,192.159	9	\$5,652,216.73	1	\$1,161,459.91	2	\$1,161,459.91	1	\$846,237.5	5	\$806,296.11	5	\$500,971.6	2	\$107,886.2	1
		Value	\$690,063.628	\$208,192.159	\$5,652,216.73	\$1,161,459.91	\$1,161,459.91	\$846,237.5	\$806,296.11	\$500,971.6	\$107,886.2									
Processing	On Hold	#	\$131,887.212	2	\$66,537.026	3	\$1,233,730.3	2	\$164,862.3	3	\$164,862.3	1	\$315,722.5	2	\$187,119.8	5	\$138,316.9	4	\$16,387.4	6
		Value	\$131,887.212	\$66,537.026	\$1,233,730.3	\$164,862.3	\$164,862.3	\$315,722.5	\$187,119.8	\$138,316.9	\$16,387.4									
Processing	Single	#	\$66,945.131	2	\$46,026.888	3	\$63,925.727	1	\$28,303.435	1	\$28,303.435	1	\$225,137.828	2	\$219,910.057	3	\$90,761.476	4	\$14,825.316	6
		Value	\$66,945.131	\$46,026.888	\$63,925.727	\$28,303.435	\$28,303.435	\$225,137.828	\$219,910.057	\$90,761.476	\$14,825.316									