

12 May 1999

Oil-for-Food
Background
Information

Note to Correspondents

Asked about reports (*published by the Reuters newsagency from Baghdad*) that there had been no deliveries of medicines to Iraq under Phase V of the oil for food programme, Benon Sevan, Executive Director of the Office of the Iraq Programme, said:

"It's just over two years since the first medical supplies arrived in Iraq under the oil for food programme. Our figures show that about \$570 million dollars worth of medicines and medical supplies have arrived in Iraq -- our major concern is that only 48 per cent of these supplies (\$278.8 million) have been distributed to clinics, hospitals and pharmacies. The government's warehouses are literally overflowing.

For the first three phases of the programme, the Security Council's 661 Committee approved 99.18% of the contracts submitted for health supplies. So far in Phase IV - \$155 million has been approved, \$15 million is on hold and \$64 million worth has arrived in Iraq. I would note that only \$13 million of this has been distributed.

For Phase V - we have so far received only 93 contracts worth \$114 million - this is about half the allocation for this sector. Given the very slow rate of contracts being submitted to OIP it is not surprising that there have been no arrivals of supplies purchased during Phase V.

We are also noticing that the Ministry of Health is spending most of the allocation on medical equipment rather than on pharmaceuticals. The balance has gone from 72% on pharmaceuticals in Phase I to 31% in Phase IV.

I would note that the 661 Committee has recently approved a contract worth \$700,000 for 36 forklifts and other equipment to improve the operation of the congested medical warehouses. We are working with the Government on this issue and hope that there will be more such contracts forthcoming as part of a concerted effort, including the purchase of suitable trucks, to

ensure that the supplies arriving in Iraq do reach the people who need them in a timely fashion."

NOTE:

Phase IV - 30 May 1998 - 25 November 1998

Phase V - 26 November 1998 - 24 May 1999

The dates of phases refer to the period during which the Security Council authorises the export of Iraqi oil with 66% of the revenue providing funds for the oil for food programme. The purchase of humanitarian supplies continues long after the dates indicated.