

Security Council
Informal consultations
Briefing on the Oil-for-Food Programme
Talking points

A [Progress Report](#) on the phasing down and termination of the Oil-for-Food Programme was circulated to Council members on 17 September, in advance of the briefing that was originally scheduled for 19 September. In view of the Special Session of the General Assembly, that briefing is taking place today.

Since then, however, because of the security situation, and because the UN has been specifically targeted in Iraq, the number of UN international staff in Iraq has been further reduced to less than 100.

Last Thursday, 25 September, the Spokesman of the Secretary-General announced that the Secretary-General had ordered a temporary redeployment of UN international staff in Iraq. He further stated that there remained 42 international staff in Baghdad and 44 in the north, and those numbers could be expected to shrink further over the next few days. Meanwhile, our essential humanitarian activities in Iraq would continue, thanks to the efforts of our more than 4,000 national staff in the country. A small group of core international staff will remain, both in Baghdad and in Erbil, mainly to provide leadership for the essential humanitarian activities.

As mentioned in paragraph 76 of the Progress Report, the minimum number of UN international staff required for an orderly transfer of over \$1.5 billion worth of Programme assets acquired under the 13 per cent account for the three northern governorates is 115. In light of the latest decision taken regarding the number of UN international staff in Iraq, we will not have 115 staff members in the three northern governorates, at least for the immediate future, though we will keep the security situation under constant review in order to return staff to Iraq as soon as possible. We only have about eight weeks left to the termination of the Programme by 21 November 2003.

Despite the enormity of the tasks involved, we remained confident that with a minimum of 115 international staff we would be able to phase down and terminate the Programme in an orderly manner. Accordingly, in the absence of the minimum number of required international staff, the only alternative course of action could be the transfer of assets, ongoing operations and responsibility for the administration of any remaining activity under the Programme to the Authority – Coalition Provisional Authority (CPA) – “as is”, together with the relevant documentation.

Prior to the temporary suspension of Programme activities in March 2003, UN agencies and programmes were requested to complete “project checklists” which set out, amongst other information, financial expenditures incurred under each project, date of initiation and completion, location of the project, status of implementation and ongoing local and international contracts that were concluded by the agency/programme for the project. We have also obtained from the UN agencies and programmes, exit strategy documents, sectoral overviews and lists of warehouse assets. All the above documents have been made available to the CPA and the respective local entities in order to facilitate the transfer arrangements. Copies of standard form contracts used by the UN agencies and programmes have also been shared with the CPA to enable an understanding of the legal implications, which arise in the context of the termination and transfer of the Programme.

Completed and ongoing projects, programmes and activities may be transferred to the CPA through the instrumentality of a “dossier” prepared for each project. The proposed dossiers would contain the following: agreement on the transfer of assets, the project checklists, all active contracts and purchase orders pertaining to the project, deeds of assignment of active contracts, information on warranties, feasibility studies, inventory of assets for each project, as well as

extracts of relevant correspondence with the local and national authorities that pertain solely to the management of the facility.

Should such a course of action be acceptable to the CPA, the transfer of Programme assets and activities could be based on the relevant documents prepared by the UN agencies and programmes, as it would not be possible to carry out inside Iraq a joint UN/CPA physical count of all Programme assets. The transfer of the relevant documentation could take place in Amman, Jordan, in Larnaca, Cyprus, and even at Headquarters.

Adoption of contracts under resolution 1472 (2003)

A total of 450 contracts, with a total shippable value of some \$1.2 billion were adopted by the United Nations agencies and programmes in the context of their emergency relief operations at the outset of the war in Iraq. As at 26 September 2003, the total value of goods delivered to Iraq under the abovementioned contracts has exceeded \$830 million. While deliveries under some of the adopted contracts are less than the identified shippable quantities, in many other cases the delivered quantities have exceeded the initially identified shippable quantities. Consequently, some \$439 million worth of goods are still expected to be delivered under the adopted contracts. Additionally, contracts related to more than \$200 million worth of goods previously adopted under resolution 1472, have now been prioritized for delivery under the provisions of resolution 1483 (2003).

Prioritization of contracts under resolution 1483 (2003)

Since the commencement of the war in Iraq, a total of 3,610 contracts with an undelivered value of \$7.441 billion have been either adopted by the United Nations agencies and programmes pursuant to resolution 1472 (2003), or prioritized for delivery to Iraq under resolution 1483 (2003). Out of the above total, 3,268 contracts, with an undelivered value of \$6.48 billion have been prioritized through the coordination mechanism established pursuant to resolution 1483. This mechanism involves the United Nations Office the Humanitarian Coordinator in Iraq, the United Nations agency of programme concerned with the sector, the Authority referred to in resolution 1483 (the CPA), and the Iraqi technical staff of the sectoral line ministries.

As at 26 September 2003, a total of 502 contracts worth \$1.464 billion, or more than 15 per cent of the total number of contract prioritized under resolution 1483, have been amended by the United Nations agencies and programmes through negotiations with the suppliers concerned.

The process of prioritization of contracts and finalization of amendments thereon were adversely affected by a number of factors, particularly a drastic reduction of United Nations staff in Iraq and suspension of plans for redeployment of Cotecna into the country following the attack of 19 August on the our headquarters in Baghdad. Responding to queries from the Office of the Iraq Programme, however, the United Nations agencies and programmes have assured us that they would be able to complete the entire caseload of their respective amendments by the deadline of 1 November, except in such cases where the supplier is unable or unwilling to proceed with the contracts or the proposed amendments.

While coordination on prioritization of contracts continues, albeit at a much reduced pace and through various channels, an entirely new set of arrangements had to be put in place for the inspection and authentication of goods.

Alternative inspection and authentication arrangements

After consultations with the CPA and relevant Iraqi officials, the Office of the Iraq Programme approached the Governments of three countries neighbouring Iraq in order to seek their concurrence with the co-location of the United Nations independent inspection agents (Cotecna) with their respective customs officers at their border customs installations, immediately across the authorized Iraqi entry points.

We already have received a positive response in writing from the Government of Syria and have already conducted a preliminary inspection of the site. I also expect to receive positive response from the Governments of Jordan and Turkey.

Once we receive all the responses, we will issue appropriate guidelines which will be posted on the OIP Web site.

Concerning shipments destined to the port of Umm Qasr, the Office of the Iraq Programme is making arrangements for their inspection by Cotecna at two locations in the United Arab Emirates and for their subsequent monitored delivery to Umm Qasr. Measures have been taken to commence Cotecna operations in these new locations within a maximum of one week after obtaining the agreement of the host country.

With a view to ensuring uninterrupted flow of essential humanitarian goods in the pipeline, the Office of the Iraq Programme has posted a notice on its website instructing the suppliers to continue shipping the contracted goods to Iraq, as *ad hoc* arrangements remain in place for authenticating delivery of the goods not inspected at the current inspection sites.

A Comprehensive exit strategy

Is due on 21 October, 30 days before the termination of the Programme on 21 November 2003. Difficulties encountered in view of uncertainties because of security situation. We expected to submit a written report. In view of uncertainties that compel us to keep revising our options, perhaps the best would be for us to keep the Council and its Committee informed regularly, at least once a week, on the progress made, instead of submitting a written report to the Council that in fact should have been already finalized by end of this month. Most of our assumptions in developing our exit strategies have been constantly overtaken by events over which we have no control.