



Security Council

Distr.  
GENERAL

S/1999/481  
28 April 1999

ORIGINAL: ENGLISH

REVIEW AND ASSESSMENT OF THE IMPLEMENTATION OF THE HUMANITARIAN  
PROGRAMME ESTABLISHED PURSUANT TO SECURITY COUNCIL RESOLUTION  
986 (1995) (DECEMBER 1996-NOVEMBER 1998)

I. INTRODUCTION

1. The Security Council was informed in January 1999 that the Office of the Iraq Programme had initiated a review and assessment of the implementation of the humanitarian programme established pursuant to Security Council resolution 986 (1995), covering the period from December 1996 to November 1998, with the full participation of all the concerned agencies and programmes of the United Nations system, the relevant departments and offices of the United Nations Secretariat, and the United Nations Office of the Humanitarian Coordinator in Iraq, which acted as the focal point for coordinating the review and assessment in Iraq.

2. The Security Council already has before it the report of the panel on humanitarian issues in Iraq (S/1999/356, annex II), established pursuant to the decision taken by the Council on 30 January 1999 (see S/1999/100).

3. At the outset, I should like to take this opportunity to pay tribute to Ambassador Celso L. N. Amorim of Brazil, for his valuable contribution and distinguished chairmanship of the three panels on Iraq established by the Security Council.

II. ADOPTION OF SECURITY COUNCIL RESOLUTION 986 (1995)

4. On 14 April 1995, concerned by the serious nutritional and health situation of the Iraqi population, convinced of the need to provide, as a temporary measure, for the humanitarian needs of the Iraqi people until the fulfilment by Iraq of the relevant Security Council resolutions, the Council, acting under Chapter VII of the Charter of the United Nations, adopted resolution 986 (1995). The Council, *inter alia*, authorized the sale of Iraqi petroleum and petroleum products sufficient to produce a sum not exceeding a total of one billion United States dollars every 90 days for the purposes set out in the resolution, and subject to certain conditions enumerated in the resolution.

5. The Security Council also took into account some of Iraq's concerns over resolutions 706 (1991) of 15 August 1991, 712 (1991) of 19 September 1991 and 778 (1992) of 2 October 1992, by reaffirming the commitment of all Member States to the sovereignty and territorial integrity of Iraq. As reflected in the aforementioned resolutions, from the outset, the Security Council gave early recognition to the suffering of the Iraqi civilians under a very rigorous sanctions regime and, concerned with the serious nutritional and health situation of the Iraqi civilian population, laid down the foundation for establishing a humanitarian programme.

6. On 15 May 1995, however, the Secretary-General was informed by the Minister for Foreign Affairs of Iraq that his Government would not implement resolution 986 (1995) because it objected, *inter alia*, to the proportion of petroleum to be exported via the Kirkuk-Yumurtalik pipeline pursuant to paragraph 6 of that resolution and to the modalities for distribution of humanitarian relief in three northern governorates (see S/1995/495). In paragraph 8 (b) of resolution 986 (1995), the Council had decided to complement, in view of the exceptional circumstances prevailing in the three northern governorates of Dahuk, Erbil and Sulaymaniyah, the distribution by the Government of Iraq of goods imported under the resolution, in order to ensure an equitable distribution of humanitarian relief to all segments of the Iraqi population throughout the country, by providing between US\$ 130 million and US\$ 150 million every 90 days to the United Nations Inter-Agency Humanitarian Programme operating within the sovereign territory of Iraq, to finance imported goods, specifically medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs.

7. On 19 January 1996, after a series of meetings with the Iraqi authorities, held pursuant to paragraph 13 of resolution 986 (1995), the Secretary-General was informed by the Deputy Prime Minister of Iraq of the willingness of the Iraqi Government to enter into discussions with the United Nations Secretariat concerning the issue of oil for food.<sup>1</sup> The discussions on the implementation of resolution 986 (1995) started on 6 February 1996 and, pursuant to paragraph 13 of the resolution, a memorandum of understanding between the Secretariat and the Government of Iraq was signed on 20 May 1996 (S/1996/356). Pursuant to the memorandum of understanding, the distribution of humanitarian supplies in the three northern governorates of Dahuk, Erbil and Sulaymaniyah is undertaken by the United Nations Inter-Agency Humanitarian Programme on behalf of the Government of Iraq under the distribution plan, with due regard to the sovereignty and territorial integrity of Iraq in accordance with annex I to the memorandum of understanding.

8. On 18 July 1996, the Secretary-General approved the distribution plan submitted by the Government of Iraq for the purchase and distribution of humanitarian supplies (see S/1996/978). On 9 December 1996, the Secretary-General informed the Security Council that all the actions necessary to ensure the effective implementation of that resolution had been completed and that the Secretariat stood ready to proceed with the implementation (see S/1996/1015). Accordingly, the resolution came into force at 0001 Eastern Standard Time on 10 December 1996, almost 20 months after the adoption of resolution 986 (1995).

9. The reports of the Secretary-General pursuant to resolution 986 (1995) on the implementation of the programme during phase I (10 December 1996 to 7 June 1997) are contained in documents S/1997/206 and S/1997/419. The reports on the implementation of the programme during phase II (8 June to 4 December 1997) are contained in documents S/1997/685 and S/1997/935; for phase III (5 December 1997 to 29 May 1998) in documents S/1998/194 and Corr.1 and S/1998/477; and for phase IV (30 May to 23 November 1998) in documents S/1998/823 and S/1998/1100. The 90-day report on phase V (24 November 1998 to 23 May 1999) is contained in document S/1999/187.

### III. ADOPTION OF SECURITY COUNCIL RESOLUTION 1153 (1998)

#### A. Development of the programme and greater emphasis on multisectoral concerns

10. In my report pursuant to resolution 1111 (1997) submitted to the Security Council on 28 November 1997 (S/1997/935), I stated that, even if all supplies arrived on time, what was being provided under resolutions 986 (1995) and 1111 (1997) would be insufficient to address, even as a temporary measure, all the humanitarian needs of the Iraqi people. In particular, I stressed the extent to which a genuine improvement in the nutritional status of the population also depended on concomitant improvements in other sectors. Accordingly, given the scale of urgent humanitarian requirements, I recommended that the Council might wish to re-examine the adequacy of the revenues as envisaged by resolutions 986 (1995) and 1111 (1997) and to consider the possibility of increasing the revenues authorized under the programme to meet Iraq's priority humanitarian requirements.

11. By its resolution 1143 (1997) of 4 December 1997, the Security Council welcomed my intention to submit a supplementary report to the Council, and expressed its willingness, in the light of my recommendations, to find ways of improving the implementation of the humanitarian programme and to take such action over additional resources as needed to meet priority humanitarian requirements of the Iraqi people, as well as to consider an extension of the time-frame for the implementation of the resolution.

#### B. Supplementary report of the Secretary-General (S/1998/90)

12. On 1 February 1998, I submitted to the Council my supplementary report (S/1998/90) pursuant to resolution 1143 (1997), which, inter alia, contained a list of projects envisaged in addition to the activities covered under phase III, requiring an additional allocation of \$2.115 billion.

13. The programme review conducted by the United Nations used a "bottom up" approach to review specific sectoral requirements, according to varying levels of priority. At the same time sectoral requirements were set within a multisectoral context in which the overall impact of specific projects was to be enhanced by complementary work in other sectors. Thus a threefold approach was devised to enhance the nutritional status of the population, namely, an enhanced food basket to provide a guaranteed higher level of daily caloric intake,

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including, for the first time, animal protein; the introduction of a targeted nutrition programme for the 15 governorates of the centre and south of Iraq, aimed at children, pregnant women and lactating mothers; and enhanced support for domestic food production to increase the amount of other foodstuffs available on the market. The programme review attempted to identify and cost those "consumable" inputs which were required on a regular basis and one-time expenditures on equipment and materials needed to arrest the decline in infrastructure. United Nations observers emphasized the extent to which deteriorating infrastructure in health facilities, the water and sanitation network and, in particular, the electricity sector was threatening to undermine the impact of supplies already authorized. The programme review recognized that the scale and time-frame required for major rehabilitation projects in power generation and distribution were beyond the scope of the humanitarian programme envisaged under resolution 986 (1995). Therefore the review proposed no specific projects or additional sectoral allocation and recommended instead that the Council consider the issue following a joint survey to be conducted by United Nations observers and the Government of Iraq.

14. In my report, I stated that, should the Council approve my recommendations regarding the enhanced humanitarian programme, the total cost of the humanitarian programme undertaken under resolution 986 (1995) would be \$3.436 billion, as compared with the \$1.32 billion made available under the current arrangements for the first three phases of the programme. Accordingly, the application of paragraph 8 of resolution 986 (1995) would require the export of \$5.2 billion worth of oil, to provide the \$3.436 billion required for the implementation of the programme. It may be recalled that, as the Government had not participated in the programme review, it had also not provided at the time of the preparation of the supplementary report any detailed information to the United Nations on its oil export capacity. Accordingly, the recommendation regarding the funding level for the enhanced programme was made in the absence of any assessment concerning Iraq's ability to generate the revenue envisaged.

15. In addition to my recommendations on enhancing the humanitarian programme, I also submitted recommendations regarding the improvement of the whole process of contracting, processing applications, approvals, procurement and shipment and distribution of items concerned (S/1998/90, paras. 49-67).

#### C. Enhanced humanitarian programme

16. On 20 February 1998, the Security Council, in its resolution 1153 (1998), inter alia, welcomed the recommendations contained in the supplementary report (S/1998/90, paras. 49-67), and raised the ceiling on oil sales to a total of \$5.256 billion during a 180-day period. The Council also requested the Secretary-General to establish a group of experts to determine in consultation with the Government of Iraq whether Iraq was able to export petroleum or petroleum products sufficient to produce the total sum (\$5.256 billion), and expressed its readiness to take a decision to authorize, on the basis of the recommendations of the Secretary-General, the export of the necessary equipment to enable Iraq to increase the export of petroleum or petroleum products.

17. Discussions between the United Nations and the Government of Iraq on the recommendations contained in the supplementary report and the implementation of resolution 1153 (1998) were held between March and May 1998 in both New York and Baghdad. Although the Government of Iraq had not agreed to participate formally in the programme review, the majority of the proposals advanced in the review had been discussed informally with the relevant Iraqi authorities and were incorporated in the enhanced distribution plan submitted by the Government of Iraq on 27 May 1998, pursuant to resolution 1153 (1998). On 29 May 1998, I approved the distribution plan, and a new 180-day period commenced at 0001 hours Eastern Standard Time on 30 May 1998 (see S/1998/446), with certain understandings spelled out in the letter dated 29 May 1998 from the Executive Director of the Iraq Programme addressed to the Permanent Representative of Iraq (*ibid.*, annex I). The total amount required for the implementation of the enhanced distribution plan was \$3.1 billion, including an allocation of \$300 million for oil spare parts and equipment.

18. The Government was informed by the Executive Director of the Iraq Programme that the Secretary-General's acceptance of the enhanced distribution plan did not constitute an endorsement of either the budgetary allocation for telecommunications or of the specific items listed in annex VII to the plan. While recognizing that there might well be a need for telecommunications improvements to facilitate the distribution of humanitarian supplies exported to Iraq under the relevant Council resolutions, the Secretary-General would await, as agreed between the Government and the United Nations, the outcome of a joint technical review by United Nations experts and the relevant technical ministries of the Government of Iraq before taking a decision on the proposals concerned (S/1998/446, annex I). The joint technical reviews have been completed satisfactorily and I intend to approve a revised submission by the Government of Iraq in the context of the distribution plan for phase V, as soon as Iraq proposes an allocation for the proposed activities.

19. The enhanced distribution plan provided, in accordance with resolution 1153 (1998), greater detail on the objectives and priorities for each of the sectors. It also included details on priority requirements in the categorized lists contained in the sectoral annexes. The Government of Iraq maintained its objection, however, to the separate treatment for the electricity sector and refused to implement paragraph 11 of resolution 1153 (1998), in which the Secretary-General was requested to provide the Security Council with a specific assessment on that sector. The Government therefore insisted on the inclusion of the electricity sector as part of the overall allocation.

20. Regrettably, most of the objectives of the enhanced distribution plan could not be achieved, primarily owing to a substantial shortfall in revenues received during phase IV. As mentioned above, I had proposed a funding level of \$3.436 billion for the implementation of the enhanced humanitarian programme (S/1998/90). The approved enhanced distribution plan required funding of \$3.1 billion, including a \$300 million allocation for oil spare parts and equipment, which was not provided for in my proposed funding level. Therefore, from the outset the funding level of phase IV was \$636 million less than that proposed in my supplementary report. Further, owing to the substantial drop in the price of Iraqi crude oil, only \$3.027 billion of gross oil revenues were generated during the phase. After deduction of \$113 million in payments for

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pipeline fees, as well as allocations as set out in paragraph 8 of resolution 986 (1995), only \$1.9 billion was available for the humanitarian programme and the procurement of spare parts and equipment for the Iraqi oil industry. During each of the first three phases, the funding level for the implementation of the programme was \$1.32 billion. Owing to the substantial shortfall of funds available for the implementation of phase IV, 43 previously approved applications with a total value of \$144,391,015 had to be transferred from phase IV for funding under phase V, and 130 applications with a total value of \$288,548,030, received during phase IV, will be circulated under phase V, imposing further pressure on the available funds for the implementation of the programme during the current phase. Although the current higher level of oil prices is welcome and will go some way towards funding the implementation of the programme during the current phase, there is absolutely no assurance that the current price of oil will be sustained.

21. Information on the funding level approved for distribution plans for phases I to V and the actual levels of revenues made available for funding purposes is provided in annex I to the present report.

#### IV. REVENUE GENERATION

##### A. Iraq's oil industry

22. Pursuant to resolution 1153 (1998), I submitted to the Security Council the summary of the report of the group of experts established pursuant to that resolution. The group of experts visited Iraq from 12 to 22 March 1998, and were accompanied by two United Nations oil overseers.

23. While the Government of Iraq had estimated the capacity of its oil industry sufficient to meet a \$4 billion target during an envisaged 180-day period, the group of experts was less optimistic. The group's overall impression was that the oil industry of Iraq was in a lamentable state and that the productivity of the developed oil fields had been seriously reduced, in some cases irreparably, during the past two decades. The group also stated that a sharp increase in production without concurrent expenditure on spare parts and equipment would severely damage oil-containing rocks and pipeline systems, and would be against accepted principles of good oil husbandry. The group estimated that a total expenditure of approximately \$1.2 billion would be required to reach production levels of 3 million barrels per day, on a sustainable basis, with due regard to environmental and pollution issues. The group also considered that the request by the Government for \$300 million for spare parts - \$210 million for upstream operations and \$90 million for downstream operations - was reasonable and that it reflected only the essential and most urgent needs of the Iraqi oil industry.

24. In its resolution 1175 (1998) of 19 June 1998, the Council accepted my recommendation (S/1998/330), and authorized the export to Iraq of the necessary oil spare parts and equipment up to a total of \$300 million.

25. Pursuant to resolution 1210 (1998) of 24 November 1998, I dispatched the group of experts again to Iraq in December 1998, to ascertain the current requirements for oil spare parts and equipment in relation to Iraq's ability to

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sustain the current export capacity of crude oil, and also to review and further assess the potential for increased exports. In a letter dated 29 December 1998 to the President of the Security Council (S/1998/1233), I stated that the report submitted by the experts on their visit to Iraq from 13 to 16 December described the further deterioration of Iraq's capacity to produce and export oil. Since the previous visit by the group of experts to Iraq, the predicted decline in the overall oil production capacity of Iraq had continued at an estimated annual rate of 4 to 8 per cent. A significant number of wells had ceased production, both in the north and in the south, owing to the lack of water-removal facilities.

26. While it was envisaged that as from April 1999 oil spare parts and equipment would start to arrive in Iraq with a degree of regularity, in the view of the group of experts it is unlikely that a sustained increase in production will be achieved before March 2000. Traditionally, Iraq has exported up to 3.5 million barrels per day. While there may be peaks in crude oil exports from Iraq, the conclusion of the experts is that it is most unlikely that Iraq's oil exports can be maintained much above the current average of 1.9 million barrels per day in the foreseeable future. At this rate, reaching the \$5.2 billion ceiling set in resolution 1153 (1998) would require an average price per barrel of \$15.40, compared with the average of \$10 per barrel obtained during phase V, as at 15 April 1999. Given that Iraqi oil sells at levels below various relevant benchmark crudes, reaching this revenue figure at current production rates would require further upward movement in the price of oil.

27. Information on oil exports and revenues received during phases I to IV, and as at 15 April 1999 for phase V, is provided in annex II to the present report.

#### Spare parts and equipment

28. The oil spare parts and equipment required by Iraq are not always readily available and in some cases must be custom made; they often have long delivery periods, as stated in the relevant contracts submitted for approval. However, there have been considerable difficulties experienced in receiving approval of applications submitted to the Security Council Committee established by resolution 661 (1990). Inconsistencies have also been noted in the manner in which applications for spare parts have been placed on hold, depending on the geographical location of the installations concerned. Another difficulty which may be encountered is the fact that, because of the substantial shortfall in revenues received during phase IV, the allocation for oil spare parts and equipment has been reduced from \$300 million to \$234.4 million, pursuant to the letter dated 23 February 1999 from the Permanent Representative of Iraq to the Executive Director of the Iraq Programme, proposing further revised allocations to fund the various sectors in the distribution plan for phase IV.

29. Information on the status of applications for oil spare parts and equipment as at 20 April 1999 is provided in annex III to the present report.

B. United Nations Iraq Account

ESB (53 per cent) and ESC (13 per cent) accounts

30. Pursuant to Security Council resolution 986 (1995) and subsequent related resolutions, the Secretariat established administrative and financial procedures for the implementation of the oil-for-food programme in accordance with the Financial Regulations and Rules of the United Nations. Following actual implementing experience, these procedures have been modified as necessary to meet evolving operational requirements. The establishment and use of these procedures have been the subject of regular monitoring and review by the Board of Auditors.

31. The allocation of proceeds of Iraqi oil sales authorized by resolution 986 (1995) and subsequent resolutions into seven funds is carried out by the Secretariat, in accordance with the distribution percentages detailed in the report of the Secretary-General of 25 November 1996 to the Security Council (S/1996/978). Updated information on the allocations made and corresponding status of expenditures is provided to the Security Council every 90 days, as required.

Banking arrangements

32. The current balance in the United Nations Iraq Account held at the Banque nationale de Paris stands, as at 15 April 1999, at over \$2.36 billion, which constitutes collateral for outstanding letters of credit. The over-concentration of funds at any single bank poses a serious investment risk. The lack of diversification of investments has also been noted by the Board of Auditors.

33. In addition, there are operational risks in depending on a single bank. The programme at present depends entirely on one bank for the confirmation of oil letters of credit and the issuance of letters of credit for the purchase of humanitarian goods and oil spare parts. Consequently, all suppliers depend on this bank for payment. Operational problems at the bank in any of the key processes - confirmation, issuance of letters of credit or payments - would disrupt the flow of humanitarian goods and oil spare parts to Iraq. To lessen the programme's dependency on one bank, and thus its vulnerability in the event of that bank experiencing operational problems, the Secretariat has recommended to the Government of Iraq to consider the use of additional banks.

34. Pursuant to the memorandum of understanding, the Iraqi authorities have been requested to designate a senior banking official to liaise with the Secretariat on all banking matters relating to the United Nations Iraq Account (S/1996/356, para. 13). However, a senior banking official has yet to be designated by the Government of Iraq to liaise between the United Nations Treasury and the Central Bank of Iraq. Doing so would ensure timely and correct communication.

35. At present, the Banque nationale de Paris and the Central Bank of Iraq communicate via telex. There is no way of confirming receipt of communication either way. Thus, if the Central Bank of Iraq sends a request for the issuance

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of a letter of credit to the Banque nationale de Paris and the Banque does not receive the request, it will be known only if the beneficiary inquires about the status of the letter of credit. Further, it can take several days, even weeks, to receive a response from the Central Bank of Iraq to questions posed by the Banque nationale de Paris regarding certain clauses in the letter of credit, which lengthens the time required to process letters of credit. As suppliers will not ship humanitarian goods to Iraq until the letter of credit is finalized, this would delay the delivery of humanitarian supplies to Iraq. A designated banking official could effectively cut the delay caused by poor communications.

36. Another concern is the increasing number of approved contracts for which the Banque nationale de Paris has not received requests to issue letters of credit from the Central Bank of Iraq. On the other hand, the Central Bank of Iraq has been sending an increasing number of requests to issue letters of credit for approved contracts which have not yet been issued by the Office of the Iraq Programme, owing to lack of funds. This causes a situation wherein suppliers are informed of the approval of their contracts, but cannot prepare goods to be delivered because of the uncertainty as to when the letter of credit will be issued. A designated banking official informing the Central Bank of Iraq about which contracts are approved and which contracts require the issuance of letters of credit would facilitate the issuance of letters of credit soon after a contract is approved. Suppliers would then be able to assess when letters of credit will be issued and would be in a better position to prepare goods for delivery. Delivery periods would effectively be shortened.

37. The designated banking official might also assist the Office of the Iraq Programme by providing an updated list of signed contracts in Iraq, which would then be matched with the applications received in New York. This would ensure that the Secretariat receives only authorized contracts. Further, the Office of the Iraq Programme would be able to assess future applications bearing in mind anticipated funds, thus reducing the problem of approved contracts awaiting funds.

## V. OBSERVATION AND MONITORING ACTIVITIES

### A. Inspection and authentication of humanitarian supplies

38. The established procedures for the authentication of the arrival of humanitarian supplies at the entry points in Al-Walid, Trebil, Umm Qasr and Zakho continue to be implemented satisfactorily by the United Nations independent inspection agents, Cotecna Inspection S.A., which replaced Lloyd's Register on 1 February 1999. As from 28 September 1998, the independent inspection agents have also begun authenticating the arrival of humanitarian supplies procured under the United Nations Inter-Agency Humanitarian Programme for the three governorates of Dahuk, Erbil and Sulaymaniyah.

B. Monitoring of oil spare parts and equipment

39. In January 1999, the first oil spare parts and equipment procured under resolutions 1153 (1998) and 1175 (1998) began arriving in Iraq. Pursuant to resolution 1175 (1998), the monitoring mechanism for oil spare parts and equipment is carried out by Saybolt Nederland BV, in conjunction with Cotecna Inspection S.A.

C. United Nations observation mechanism

40. United Nations international observers are employed by the United Nations agencies and programmes, the Geographical Observation Unit within the Office of the Humanitarian Coordinator Iraq and the Multidisciplinary Observation Unit, which reports directly to the Executive Director of the Iraq Programme. In addition to international observers and national staff working with the humanitarian programme, the Office of the Iraq Programme has sent United Nations experts on mission to report on specific issues. The mandate of the United Nations observers is set out in resolution 986 (1995) and the memorandum of understanding. Overall, with the exception of the education sector, United Nations observers have received the cooperation of the Government in carrying out the tasks entrusted to them. In the case of the education sector, however, as indicated in previous reports, observation tasks have been hampered, mainly because of a lack of Ministry of Education escorts.

VI. PROCEDURES FOR THE PROCESSING AND APPROVAL OF APPLICATIONS

41. Since the start of the implementation of the programme, there has been a constant review, and adjustments have been made to the whole process of contracting, processing of applications, approval by the Security Council Committee, procurement and shipment, as well as the timely distribution of humanitarian supplies, which constitutes a complex interdependent and highly sensitive chain of activities involving the Security Council Committee, the Government of Iraq and other Member States, the United Nations Secretariat and the agencies and programmes concerned, as well as private firms and financial institutions.

42. In my supplementary report, in addition to my recommendations regarding improvements to the content and presentation of the distribution plan as well as the directives given to the Office of the Iraq Programme, I had made a number of recommendations to the Security Council Committee as well as to the Council with a view to improving the efficiency and effectiveness of the procedures for the implementation of the programme (S/1998/90, paras. 49-60). In its resolution 1153 (1998), the Council welcomed that report and the recommendations contained therein.

43. I am pleased to inform the Council that all the directives given to the Office of the Iraq Programme (see S/1998/90, para. 53 (a) to (m)) have been fully implemented. I had, inter alia, directed the Office of the Iraq Programme, in full consultation with the United Nations Controller and all others concerned, to review options and make the necessary adjustments to the

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current procedure in order to expedite the reimbursements from the ESC (13 per cent) account to the ESB (53 per cent) account for expenditures involved for bulk purchases of food and medicine by the Government of Iraq for the governorates of Dahuk, Erbil and Sulaymaniyah (S/1998/90, para. 53 (l)). In a letter dated 11 February 1999, addressed to the Chairman of the Security Council Committee, the Executive Director of the Iraq Programme submitted a new system for advancing funds for food procured and delivered to Dahuk, Erbil and Sulaymaniyah, for consideration by the Committee.

44. It is regrettable that the Security Council Committee has been unable to act on the proposal which has been before it since February. In the meantime, very serious difficulties are being encountered, particularly in the light of the substantial drop in revenues during phase IV and the first half of phase V, in implementing the programme for the centre and south of Iraq, resulting in the deferral of funding of approved applications for contracts for those regions, particularly in sectors other than food and medicine. In terms of amounts to be reimbursed for food only under phases II to V, pending delivery of the supplies to the World Food Programme for the three governorates, \$236 million had not been transferred from the ESC (13 per cent) account to the ESB (53 per cent) account under those phases. The total amount for reimbursement for medicine is over \$72 million. There is therefore an urgency for the Security Council Committee to act on the proposal submitted by the Secretariat.

45. Information on pending amounts for reimbursement from the ESC (13 per cent) account to the ESB (53 per cent) account for phases I to V, for food and medicine, is provided in annex IV to the present report.

46. I had also directed the Office of the Iraq Programme to enhance the capacity of the independent inspection agents, inter alia, to perform quality tests within the shortest period technically feasible, as well as to perform quality tests inside Iraq (S/1998/90, para. 53 (j)). Discussions continue with the Government of Iraq concerning the request to set up a mobile laboratory at Trebil. I should like to urge the Government of Iraq to respond positively to that request.

47. A number of difficulties and bottlenecks were experienced in the first year of the programme with respect to the processing of contracts. These included a lack of standardization and item coding in distribution plan annexes, and a shortage of staff in the Contracts Processing Section of the Office of the Iraq Programme to evaluate, circulate and release applications in a timely matter. A large number of applications were also placed on hold. Problems related to the distribution plan, and to the workload capacity in the Contracts Processing Section, have mostly been resolved. The Security Council Committee has considerably improved its procedures, so as to expedite the consideration and approval of applications. The Government of Iraq has also instituted the practice of including contractual terms specifying the period in which the application must be submitted. This has resulted in a marked decrease in the time it takes for a contract, once it is signed, to reach the Office of the Iraq Programme.

48. I have noted with satisfaction that lately there has been more flexibility on the part of members of the Security Council Committee in approving

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applications. I should like to appeal to the members of the Committee to be more forthcoming and approve applications more expeditiously. The number of applications placed on hold declined significantly, from 46.5 per cent during phase I to 12.4 per cent in phase IV. Nevertheless, difficulties are still encountered in the implementation of some of the activities undertaken under the programme, owing to the holds placed on some applications, particularly those interrelated with other applications which are often already approved. It would also be most helpful if the Government could indicate in advance to the Office of the Iraq Programme which applications are interrelated as projects, or are linked to other activities.

49. Information on the status of applications on hold as at 20 April 1999 is provided in annex V to the present report.

50. Although phase V is currently under way, submission and approval of contracts for phase IV are still continuing, as well as the arrival and distribution of humanitarian supplies for all phases. This is partly as a result of the late submission and approval of applications, slow and late deliveries by suppliers, the natural time lag for more complex equipment requiring a long lead or manufacturing period, as well as the shortfall in funding, particularly for those applications approved under the ESB (53 per cent) account, awaiting reimbursement of funds from the ESC (13 per cent) account. Some of the delays in the implementation of the programme have also been due to the decisions taken by the Government of Iraq to stop export of oil during the early parts of phases I to III, pending the approval of the distribution plan.

51. I welcome the Security Council Committee's agreement with my recommendation (S/1998/90, para. 58 (c)) to consider and approve applications in advance of the availability of funds in the United Nations Iraq Account, on the understanding that approval letters will be released by the Secretariat only after confirmation by the Controller that sufficient funds are available in the account. Throughout the second part of phase IV, as well as during the current phase, however, considerable difficulties have been encountered because of the imbalance between revenues available and the value of the applications submitted for processing and approval. As a result of the substantial shortfall in the revenues required for the implementation of the programme under phase IV, 168 approved applications in the amount of \$144,391,015 have been transferred for funding under phase V. However, applications under phase V continue to be submitted without taking into account the amount of funds required for approved applications transferred to phase V for funding. While the recent rise in oil prices may alleviate the difficulties encountered in this regard, it is recommended that the Government of Iraq review the applications submitted under phase V, with a view to further prioritizing the applications submitted within different sectors, bearing in mind the estimated revenues available, as well as the priorities set forth by the Security Council. The Office of the Iraq Programme has been meeting on a regular basis with the Permanent Mission of Iraq to the United Nations in order to coordinate the processing and funding of applications received.

## VII. PROGRAMME REVIEW AND ASSESSMENT

### A. General observations

52. From the outset, the focus of the implementation of the programme authorized by resolution 986 (1995) was on the provision of short-term inputs to address, in particular, the nutritional and health situation of the Iraqi people. In accordance with the priorities set out in the resolution, the distribution plan for phase I allocated the bulk of resources to enhancing the food ration distributed by the Government of Iraq and increasing the availability of pharmaceuticals and health supplies. Inputs in other sectors were also authorized to make a limited contribution on a temporary basis. Overall, the oil-for-food programme mandated by the Security Council, and implemented on the terms agreed in the memorandum of understanding, was designed to provide imported goods as an urgent response to existing requirements. It did not focus on the programmatic framework for delivering inputs nor did it make provisions to assure their impact.

53. It is evident from the reports of the United Nations observers in Iraq that the programme has met its priority objective in making available basic food items and health supplies. The caloric value of the food ration basket has reached 93 per cent of the targeted levels, and represents a 60 per cent increase in the ration before the programme. Malnutrition rates for the centre and south of Iraq have stabilized. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, malnutrition rates dropped significantly in response to the distribution of a food basket where none existed before. This improvement also reflected the availability of additional food and nutrition supplies for vulnerable children and their families. Medicines are no longer rationed in the three northern governorates, and drug rationing in the centre and south is limited to out-patients at hospitals and clinics. Throughout Iraq, the number of patient visits to health facilities has increased and more surgical operations are being performed. The prevalence of certain diseases, preventable with vaccines or directly treatable, has diminished slightly. The quantity of water available for consumers has stabilized in the centre and south, and increased in both urban and rural areas in the north. Water contamination rates have dropped throughout the country. Food production has increased in the three northern governorates. However, inputs under the programme have had little impact on the availability of electricity, with power generation country-wide continuing to decline. In the two sectors unique to Dahuk, Erbil and Sulaymaniyah, rehabilitation of settlements and mine clearance, many displaced families have been assisted to return safely to their villages of origin or enabled to live a more comfortable existence in urban and semi-urban dwellings.

54. The Government of Iraq has faced difficult choices in allocating the limited resources available under the programme across different sectors. Within each sector, decisions had to be made between meeting immediate needs, carrying out urgent repairs, supplying basic inputs to keep systems functioning and consumers supplied, and measures which might slow the deterioration of the infrastructure.

55. The complexity of the humanitarian situation in Iraq poses major challenges, as there is little experience with the type of problems encountered

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when the whole spectrum of basic services starts to fail, as is happening in Iraq. The slow collapse of the electricity infrastructure has consequences which are rippling through every aspect of life in Iraq, and provides a good example of how weaknesses in one sector can affect all other sectors. Almost all power stations, distribution networks, automatic control, protection and safety systems are malfunctioning. This has caused damage, in varying degrees, to every type of equipment in the electricity network. The erratic quality of supply and increasingly frequent, unscheduled power outages damage industrial and domestic appliances. The loss of power leads to the spoilage and waste of medicines and vaccines. Refrigerated food suffers similar spoilage, creating dangerous health risks. There have been losses in rice and other crops requiring continuous irrigation where farmers were dependent on electrical pumps. Water treatment plants are unable to maintain output of treated water, and the reduction in pressure of water mains brings greater risk of cross-contamination to water in the distribution network. The use of oil lamps increases the risk of domestic accidents. More importantly, hospitals dependent on inadequate emergency generators cannot operate life-saving equipment. Similar interlinkages could be detailed for all other sectors.

56. At the outset of the programme, the United Nations had no information detailing the extent to which infrastructure and humanitarian services had deteriorated. As this became clear, there were two major implications. First, the oil-for-food programme was predicated on the existence of effective distribution mechanisms. With the exception of the food ration and the electricity sector, where distribution was relatively straightforward, distribution systems proved unable to cope, as the volume and complexity of goods reaching Iraq increased. Secondly, humanitarian facilities such as hospitals and water treatment plants had received so few resources since 1990 that they were unable to benefit fully from the distribution of materials and equipment. In short, the conditions that would have allowed Iraq to make the best use of the humanitarian supplies arriving under the resolution 986 (1995) programme did not exist.

57. Faced with the evidence of Iraq's deteriorating infrastructure, I recommended in my supplementary report (S/1998/90) that the Council authorize an increase in the revenue available to the programme. This would make possible a multisectoral, more project-oriented programme which could apply resources in a more sophisticated manner to deal with the complex problems facing Iraq.

58. The provision of additional revenue for the programme would not, by itself, resolve all the obstacles to effective implementation. All United Nations entities active in the programme have recognized the urgent need for training and the provision of local services, matching imports to local absorption capacities and identifying the type of materials and equipment that could effectively address the main humanitarian problems. In place of such a comprehensive approach, the drafting of the distribution plan focuses attention on the provision of categorized lists without indicating the complementary nature of different contracts or project implementation timetables. This is true both for the 15 governorates in the centre and south of Iraq, and, albeit to a lesser extent, for the three northern governorates, where the United Nations is responsible for the implementation of the programme on behalf of the Government.

59. In the crucial area of distribution of inputs, vehicles and related logistics equipment, including computing equipment, have had to compete, usually with limited success, for scarce resources with other essential inputs. The exception has been in the food sector where transport and logistics are recognized as priority concerns.

60. Within sectors, there was no framework to ensure the most effective use of inputs. Government officials were, in many instances, overwhelmed by the mismatch between the speed and scale of deterioration and the limited resources available to them to respond. They have repeatedly emphasized that the most that can be achieved with inputs provided under the programme is an ad hoc response to emergencies as they arise. The unpredictable manner in which applications were submitted, approved and delivered has made many ministries understandably reluctant to devise detailed allocation plans until materials actually reach their warehouses.

61. It should also be noted that effective planning is critically dependent on accurate data. Yet, with the exception of the food rationing system, this rarely appears to be available. Some ministries have initiated substantive surveys, such as that supported by UNICEF for the water and sanitation infrastructure of the 15 governorates in the centre and south, or have cooperated with the United Nations in producing technical surveys and assessments, such as the joint review of Iraq's telecommunications requirements in October 1998.

62. In general, however, the relevant Iraqi authorities are operating systems without adequate information, monitoring procedures, expertise or diagnostic equipment to assess the nature and extent of deterioration. In such a situation, it is difficult for either the Iraqi authorities or the United Nations observation system to judge implementation against authoritative criteria. Many of the Iraqi authorities' engineering responses appear reasonable given the limited amount of information available to them but, in many sectors, plant, machinery and networks are being operated in conditions which are unprecedented, and the outcome of many interventions is genuinely unpredictable.

63. Given that the preconditions for maximum impact have not been met within sectors, it was even less likely that preconditions for success would exist between sectors. The scarcity of resources for the delivery by ministries of their basic services and activities increased their concern to secure the maximum level of resources under the programme. Despite the Government's efforts to establish clear priorities for the use of the funds available under the programme, it has not yet been possible to achieve a coherent implementation of the distribution plan.

64. Although the implementation of the humanitarian programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah was comparable to that in the centre and south of Iraq, specific conditions made a different approach necessary. Eight United Nations agencies and programmes were delegated the responsibility of implementing the sector programmes on behalf of the Government of Iraq, according to their respective mandates. Because of the particular requirements prevailing in the north, two additional programme components were

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introduced - rehabilitation of settlements and mine clearance. With the exception of bulk-purchased items, the agencies and programmes are responsible for ensuring all aspects of programme implementation, including consultation with local authorities about the distribution plan, sectoral allocations, procurement, warehousing and distribution to end-users.

65. As the programme in the three governorates evolved through consecutive phases, it became apparent that individual agency and programme activities would require a broader, more concerted intersectoral approach if they were to achieve optimal results with the resources provided under resolution 986 (1995). This was further reinforced by the fact that, in the initial stages of implementation, some agencies and programmes recognized that their own framework lacked clear goals and objectives.

66. In assessing the overall performance of the different sector programmes, the role and responsibilities of the local authorities in the three governorates cannot be overlooked, especially in terms of providing necessary staff and complementary support services. Although agency projects, particularly those involving construction of health or educational facilities, may be successfully completed, lack of professional staff to service those facilities will undermine the project objectives. This is particularly true with regard to the recruitment of teachers or medical staff who, because of poor salaries, are reluctant to go to rural areas. Similarly, the condition of newly refurbished schools quickly deteriorates if local authorities do not ensure adequate maintenance.

67. Sector allocations and prioritization for the different phases have been established in close consultation with counterpart administrations in the local authority structure. In the initial stages of implementation, some local counterparts lacked the technical and administrative capacity to identify and adequately plan sector requirements, a task made more difficult in the absence of accurate baseline statistics. In order to overcome problems in the implementation of the various sector programmes and ensure an effective and sustained dialogue, the Office of the Humanitarian Coordinator at Erbil coordinates an ongoing consultation process between United Nations agencies and programmes and their local authority counterparts.

68. Multi-agency involvement in sectoral implementation has highlighted the importance of correct sequencing in delivery and distribution. Well-coordinated procurement procedures would lead to operational economies such as shared maintenance charges, spare parts and technical training. Coordination is particularly relevant in the construction of facilities such as schools, health-care centres or veterinary clinics which need to be furnished and equipped with inputs from different agencies.

69. The level of coordination, both between the Office of the Humanitarian Coordinator and local authorities and between the United Nations agencies and programmes has been intensified. Efforts are being made to adopt a multisectoral approach for new projects based on integrated needs assessment between the local authorities and various agencies, thereby ensuring that all necessary components are in place for maximum project impact. To this end, the Office of the Humanitarian Coordinator is currently mapping the specific



location of agency projects and types of activity across Dahuk, Erbil and Sulaymaniyah. This should also help to identify gaps and avoid duplication.

## B. Sector-specific issues

### Food and nutrition

70. Between 1990 and 1996, the Government of Iraq provided a monthly food ration with a caloric value of between 1,250 and 1,400 kilocalories per person per day in the centre and south of Iraq. The caloric value of the food offered by the rations during that period was one third of what had been previously available, and 60 per cent of the minimum requirement as defined by the World Health Organization (WHO).

71. For this sector, as at 28 February 1999, the total value of applications approved for bulk purchase of the monthly food ration basket was \$4.096 billion. Of that amount, \$2.59 billion worth of supplies have been distributed in the centre and south of Iraq, and \$406 million in the three northern governorates of Dahuk, Erbil and Sulaymaniyah.

72. The monthly food ration basket financed under resolution 986 (1995) aimed at providing 2,030 kilocalories per person per day during the first three phases. This would have provided 92 per cent of the minimum caloric requirement, as established for Iraq by WHO criteria. A programme review undertaken in January 1998, and my supplementary report to the Council (S/1998/90), recommended increasing the caloric value to 2,463 kilocalories per person per day. In the enhanced distribution plan for phase IV, the Government of Iraq increased the targeted amount to 2,300 kilocalories per person per day. Owing to the substantial fall in revenues, however, the funding level for food as approved in the enhanced distribution plan was reduced by the Government from \$1.113 billion to the level of the previous phases, just over \$902.8 million. Consequently, the target of the 2,300 kilocalories could not be reached.

73. In the centre and south of Iraq the food basket has not been complemented by a targeted nutrition programme as it has in Dahuk, Erbil and Sulaymaniyah. The Government ultimately agreed to order therapeutic milk and high protein biscuits during phase IV. Contracts for those commodities were not submitted until four months after the end of that phase, however, and even then only in limited quantities.

74. During the 22 months of food distribution, from phase I to phase IV, food basket targets have been fully met in only six months, and the monthly ration basket has averaged a caloric value of 93 per cent of the targeted amounts. The food baskets have provided 64 per cent more calories and 60 per cent more protein than the food basket provided by the Government of Iraq, prior to the implementation of the programme. For the most part, food distribution has been timely and regular. The rising incidence of malnutrition prior to the implementation of the programme has levelled off but, in contrast to the trend in the three northern governorates, there is no indication of improvement in the nutritional status of children under five. The amounts allocated to food under

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resolution 986 (1995) for the first four phases represented 60 per cent of the total programme allocation.

75. The specific conditions prevailing in the three governorates since 1991, namely the internal embargo which effectively isolated them from the rest of the country and the absence of Government food rations, resulted in the need to attain a degree of food self-sufficiency through local production. Although the production of cereals and other food staples increased during this period until 1996, it was insufficient to reduce food prices to affordable levels for a large part of the population. Malnutrition was prevalent and rose steadily, especially among vulnerable groups and children under five. Food rations were distributed for the first time to the population of the three governorates on an equity basis under resolution 986 (1995). The combination of the monthly food basket distribution, the supplementary food rations distributed to vulnerable groups and the targeted nutrition programmes for malnourished children has served to reduce substantially the incidence of malnutrition. Furthermore, it has increased the availability of food on the local market and made it more affordable, allowing greater access by low-income families to a broader variety of foods. However, the negative impact of the free distribution of flour on the demand for locally produced wheat is acting as a disincentive to produce, and risks undermining the local agricultural economy.

76. While the food and nutrition programme is the most important contributing factor to the alleviation of malnutrition in the three governorates, other United Nations agency and programme activities have contributed to the overall improvement of the nutritional status of the population brought about, inter alia, by the indirect impact of agricultural components which have increased the availability and affordability of higher quality foods such as meat and vegetables, increased access to safe water and sanitation systems, and improvements in the primary health care system. The situation could be further improved if the problems in the electricity sector could be addressed.

#### Health

77. By the time the first supplies for the health sector arrived in Iraq in April 1997, the country's health services had deteriorated to an alarming extent. Many of the local facilities manufacturing health supplies closed down or reduced production when sanctions were imposed. Many professionals in the health sector left the country, and the Iraqi health system declined rapidly. A description of the hospitals in Iraq in 1996 by a WHO public health specialist depicted health facilities in an advanced state of decay.

78. For this sector, as at 28 February 1999, the total value of applications submitted to the Security Council Committee was \$863.5 million. Of that amount, \$225 million has been distributed in the centre and south of Iraq, and \$47.7 million in the three northern governorates of Dahuk, Erbil and Sulaymaniyah.

79. The Ministry of Health has ordered a range of medicines and medical supplies, which includes between 300 and 400 items for each phase. As a result, the availability of life-saving drugs has increased at all levels of public health care. The number of days when standard drugs are not available at a

selection of health centres dropped from 24 days in August to 8 days in December 1998. Recent surveys by WHO have also indicated that patient visits to health facilities have increased by 46 per cent as a result of the increased confidence patients have in the capacity of the system to provide treatment.

80. In spite of these improvements in the delivery of health care, the overall health situation has not improved, in part because of inefficiency in the ordering, processing and delivery of medical supplies. Of the \$552.5 million worth of medical supplies which have arrived in Iraq under the bulk purchase arrangement, only \$225 million have been distributed to end-users in the 15 governorates in the centre and south and \$29.7 million to the three northern governorates. Processing facilities are operating at less than 35 per cent of their capacity. Furthermore, medical equipment represents a disproportionate share, both in volume and dollar value, of all medical supplies ordered, and this emphasis on medical equipment and supplies is one of the reasons for the continuing shortage of pharmaceuticals. These procurement choices and the inefficiency of processing and delivery explain, to a large degree, why essential medicines continue to be rationed. They also account, in some measure, for the fact that there has been little change in the incidence of disease categories, and little change in the health of the population overall.

81. In the three northern governorates, the responsibility for procurement and distribution in the health sector is divided between the Government of Iraq, for the bulk purchase of pharmaceuticals and medical supplies through the Iraqi State Company for Importation of Drugs and Medical Supplies (Kimadia) and WHO, for purchases of medical equipment. WHO and other United Nations agencies and programmes are also involved in the rehabilitation of the health infrastructure at different levels, in training and in preventive health programmes, and in providing assistance in the installation of equipment for which there is no local expertise.

82. From phase II onwards, distribution of medicines in the three northern governorates has been based on an attempt to match availability and needs, in consultation with local authorities. To a large degree, quantities of drugs are sufficient, although allocations under the programme have decreased. Drugs are not rationed in the three governorates, and certain classes of drugs are in ample supply. In addition to the availability of treatment, the modest improvement in water quality has clearly contributed to the reduction of diseases.

83. One of the major problems facing the local authorities in the three northern governorates has been the lack of adequate advanced notification as to when pharmaceuticals and supplies are likely to be available. This information gap has made it difficult to plan and manage requirements. Remedial measures have been taken by WHO. There is still scope for improvement, however, both in the provision of pipeline information and in increased levels of consultation.

#### Water and sanitation

84. Until 1990, the water and sewage system in Iraq provided sufficient quantities of treated water for all consumers in both the urban and rural areas. The situation deteriorated rapidly after that in the centre and south, as basic

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chemicals became less and less available, pumps fell into disrepair, sewers became clogged with sediment, and pipes were not maintained. By the time implementation of the programme under resolution 986 (1995) began, the quantity of water per person had declined by 40 per cent, and almost one quarter of all tested samples were contaminated. The situation in the three northern governorates of Dahuk, Erbil and Sulaymaniyah was only marginally better than in the centre and south of Iraq.

85. For this sector, as at 28 February 1999, the total value of applications submitted to the Security Council Committee was \$241.53 million. Of that amount, \$23.22 million has been distributed in the centre and south, and \$35.79 million in the three northern governorates.

86. The procurement choices for this sector have focused on the acquisition of chemicals, pumps and vehicles, with the objective of improving the quantity of treated water. The rehabilitation of the pipe networks has not been addressed in spite of their continuing deterioration. This implementation strategy has resulted in modest improvements in water delivery. The share of water available to consumers in the urban areas of the country has stopped declining, and has even improved in some cities. An increase of 20 per cent in the efficiency of sewage pumping stations has led to an approximately commensurate improvement in sewage disposal.

87. An increase in water plant efficiency, as well as an increased availability of treatment chemicals, has contributed to the decline in water contamination. According to information on water quality provided by the Ministry of Health, based on samples tested from the 15 governorates in the centre and south, the proportion of contaminated water dropped from 12 per cent to 5 per cent in the last quarter of 1998. This has not led, however, to a clear reduction in the incidence of water-borne diseases. The incidence of both giardiasis and amoebic dysentery has dropped modestly, but other water-borne diseases, such as diarrhoea and typhoid fever, have increased.

88. After 1991, the water and sanitation network in the three governorates of Dahuk, Erbil and Sulaymaniyah deteriorated to a deplorable state. The depopulation of rural areas forced large numbers of households into urban and semi-urban areas which, in turn, placed demands on a system that was unable to cope with such increased demand.

89. Because of the fundamental importance of access to safe, potable water, priority in the three northern governorates has been given to investment in the rehabilitation and maintenance of the network in both urban and rural areas, under both the Inter-Agency Humanitarian Programme and the resolution 986 (1995) programme.

90. Inputs financed under resolution 986 (1995) for Dahuk, Erbil and Sulaymaniyah have resulted in an increase in the share of clean water available for urban consumers of 25 per cent over 1996 levels. The share of water for rural consumers has increased from 20 to 30 litres per person per day in 1996 to 40 to 50 litres per person per day in 1998. Furthermore, there has been an increase in the access to safe drinking water from 63 per cent of the population to 72 per cent. Data also suggest that there has been a very noticeable decline

in the number of reported cases of water- and sewage-related diseases. A survey of water samples in the three governorates shows a reduction in the percentage of contaminated water averaging 8 per cent. The number of reported cases of amoebic dysentery fell from 68,000 in 1996 for Dahuk and Erbil to 6,000 for all three governorates. Similarly, the number of reported cases of giardiasis fell from 29,000 in 1996 to 3,300 in 1998. However, as in the centre and south of Iraq, it is not possible to directly quantify or attribute this improvement only to water and sanitation inputs, although these have undoubtedly contributed to the decline in water-borne diseases.

### Agriculture

91. Before sanctions were imposed, the Government of Iraq provided a steady supply of subsidized agricultural inputs, as well as guaranteed high prices to farmers to ensure a certain level of domestic production. The focus of the Government in this sector was on advanced technology and intensive input production methods. After 1991, the Government decreased its level of support to the sector, although it continued its policy of fixed prices for pre-determined quantities of cereals. It was expected that domestic production would secure a larger part of the population's food needs. However, a severe shortage of essential inputs occurred, as well as a continuous deterioration of basic infrastructure and support services. To maintain levels of output in the face of falling yields, crop production was expanded by putting more land under cultivation. However, the lack of inputs, high levels of pest infestation, inappropriate farming practices, and an alarming increase in salination due to poor irrigation techniques had a negative effect on crop production.

92. For this sector, as at 28 February 1999, the total value of applications submitted to the Security Council Committee was \$353.33 million. Of that amount, \$37.8 million has been distributed in the centre and south of Iraq, and \$55.81 million in the three northern governorates of Dahuk, Erbil and Sulaymaniyah.

93. During phases I to III of the programme, the Ministry of Agriculture continued its strategy, initiated prior to the implementation of resolution 986 (1995), of intensifying crop production through mechanization. This has meant an emphasis on replacing an aging tractor fleet by procuring new equipment and spare parts, and on providing agro-chemicals and spraying equipment. A small portion of the allocation has been committed to procuring veterinary supplies. Neither fertilizers, nor seeds, nor any smaller equipment were procured during the first three phases. During those phases, the agro-machinery sub-sector received over 60 per cent of total resources, chemicals and spraying equipment received 24 per cent, and the remainder went to veterinary supplies. While the enhanced distribution plan under phase IV originally aimed at expanding the range of inputs, because of the reductions in allocations due to insufficient oil revenues, emphasis continued to be placed on agro-machinery and plant protection supplies. The one exception in phase IV, and an important innovation, has been the considerable effort to rehabilitate poultry production facilities.

94. The strategy of relying on increased intensification of production through mechanization, with little attention to smaller scale inputs and to the

increasing problem of soil waterlogging and salinity, has not succeeded in reversing the continuing decline in food production. Land under cereal cultivation has continued to decline, as have yields. Animal populations have also declined. Animal diseases are endemic in Iraq, and there have not been sufficient vaccines purchased under resolution 986 (1995) to respond in a timely manner to recent outbreaks. The poultry production programme has produced 2,297 tons of frozen poultry meat, making protein available at significantly reduced prices. The link between the distribution of food basket wheat flour and the profitability of cereal production is not as clear in the centre and south of Iraq as it is in Dahuk, Erbil and Sulaymaniyah but, as in the three governorates, local procurement of food basket supplies would give a significant boost to food production in the centre and south.

95. In the three northern governorates, through close and regular consultation with local authorities and farmers' unions, a whole range of needs of the targeted beneficiaries was taken into consideration, within the range of funding availability. Apart from the provision of basic agricultural inputs and livestock services, the programme expanded to address broader agriculture-related issues such as afforestation projects, agro-industrial rehabilitation and the revival of the poultry sector. This wide-ranging approach has served to lower production costs for farmers, although to a less than optimal degree, and has reduced substantially the price of certain food items, making them more available to low-income families. The availability of locally-generated funds from the sale of some inputs under resolution 986 (1995) has provided the financing of several small-scale projects, such as irrigation channels and training courses, to complement the programme's main activities.

96. However, the distribution of wheat flour in the food ration has significantly undermined the demand for locally produced wheat - the region's main crop - and led to a sharp fall in wheat prices in the local market, despite the fact that the Government has procured 107,000 tons or 30 per cent of the 1998 production in the three governorates. For wheat farmers, this has led to a serious loss in profitability, in spite of the lowering of costs of production for those farmers benefiting from resolution 986 (1995) inputs. Farmers have responded to this downturn either by diversifying into other crops or by leaving the land fallow.

#### Electricity

97. Damage from the Gulf war reduced Iraq's power generation capacity by 75 per cent. Rehabilitation efforts during 1992 and 1993 restored generation capacity to only 42 per cent of pre-war capacity, mainly through makeshift repairs.

98. For this sector, as at 28 February 1999, the total value of applications submitted to the Security Council Committee was \$488.47 million. Of that amount, \$87.59 million has been distributed or installed in the centre and south of Iraq, providing spare parts and equipment to 22 generating stations, and \$17.93 million in the three northern governorates of Dahuk, Erbil and Sulaymaniyah, mainly for two hydroelectric plants.

99. The original objective of the programme financed under resolution 986 (1995) was to repair the existing generators, some of which were 25 years old, rather than provide additional or new power generation facilities. Thermal power generation plants were given preference over gas-powered plants, although in fact, gas-powered units might have been easier to procure and put into operation more quickly. There has been a change of strategy in phase IV, and new gas turbine generation units have been ordered.

100. While resolution 986 (1995) inputs have increased output at different power plants, and marginally increased the reliability of the power supply, the overall increase at the level of the national grid has been negligible. Power generation has increased by about 4.5 per cent since the implementation of the programme, but has been outstripped by the growth in demand from consumers. The gap between demand and supply increased by 21 per cent between 1997 and 1998. Power outages have increased from four to six hours per day, in mid-summer 1998, to 12 hours per day in January 1999. The progressive decline in power availability directly affects a range of essential services in health, agriculture, and water and sanitation. The continuing deterioration of power stations has reduced the safety of the system itself. The deterioration of the equipment and the declining safety level have combined to produce a sharp increase in the number of deaths and injuries at generation and transformer sites.

101. The power generation and distribution installations and networks in all three northern governorates were heavily damaged during the departure of government forces in 1991 and the ensuing conflict. In addition, Erbil and Sulaymaniyah were disconnected from the national grid, and forced to depend for their power-generation requirements on two hydropower plants installed at dams which were originally intended primarily for irrigation purposes. Ensuring the safe and reliable operation of these two plants has been a priority, and resolution 986 (1995) inputs and activities have been partially successful in providing a temporary respite in the deterioration of the system. However, the uncertain security situation, particularly the very large number of landmines, has made access to maintenance sites for essential repairs difficult. Progress was further hampered by extremely slow procurement procedures. Although in 1993, Dahuk governorate was reconnected to the country's main network, it continues to suffer from a severe shortage of power.

102. In view of the grave situation in the three northern governorates, where power shortages are even more severe than in the centre and south of Iraq, a major rehabilitation of the whole network and installations is required. This would also have a positive impact on the health and general well-being of the population. If an agreement among the parties cannot be reached to re-link the local system to the national grid, it will be necessary to develop significant power generating capacity in the north.

103. A preferred solution would be to adopt a national approach to the problem. This makes the most sense from the standpoint of managing the national grid, and also in view of the complexity of the work under way and the lack of expertise in the north, which has contributed to the low implementation rate there. However, since there is also an acute shortage of power in the centre and south

of Iraq, an apportioning of resources to enable part of overall requirements to be generated in the north, and part from the national grid, could be envisaged.

### Education

104. During the 1970s and 1980s, education reforms, legislation of compulsory education and campaigns to reduce adult illiteracy had the overall effect of establishing a highly reputed education system that was uniform throughout the country. In the mid-1980s, the enrolment rates, teacher-pupil ratios and the quality of the education environment all ranked among the best in the region. However, from the Iran/Iraq war onwards, government support for the sector declined rapidly and the overall deterioration was progressive and continuous throughout the following years. Increases in primary school drop-out rates, a falling-off in the qualifications of teachers and a marked decline in physical infrastructure and school facilities were indicative of the deterioration of the sector as a result of the acute lack of resources.

105. In the education sector, over half of the allocation since the implementation of resolution 986 (1995) has been applied to the procurement of materials for rehabilitating school buildings and providing school furniture. In addition, resources have been used to procure supplies for printing textbooks and teaching aids, and to procure teaching aids for universities. The impact of these inputs has been minimal. A recent survey conducted by the United Nations Educational, Scientific and Cultural Organization and UNICEF indicates that, despite efforts to address the rehabilitation of the physical structures, the condition of school buildings overall has declined.

106. For this sector, as at 28 February 1999, the total value of applications submitted to the Security Council Committee was \$132.05 million. Of that amount, \$12.84 million has been distributed in the centre and south of Iraq, and \$22.05 million in the three northern governorates of Dahuk, Erbil and Sulaymaniyah.

107. Clearly, materials have not been delivered efficiently. Of the quantities which have arrived in country, 56 per cent remains in storage. There is very little transport available for moving commodities from warehouses to schools and once they reach schools there are no resources to provide for labour and ancillary inputs to complete the installation. Even if the inputs had been processed and delivered efficiently, however, the quantities procured would have been far too small to have made much difference. In the centre and south of Iraq, it is unlikely that the programme will have any substantial impact on school attendance, or on the quality of education, without significant changes to the types of input and the efficiency of their implementation.

108. In the three northern governorates, five United Nations agencies and programmes are involved in implementing activities in the education sector at all levels. Activities financed under resolution 986 (1995) in the three governorates have focused on the construction and rehabilitation of schools, the provision of school supplies and materials, teaching aids, teacher training and printing equipment. The holistic approach taken has had a direct impact, as evidenced by the increase in school enrolment at all levels. There has been a clear improvement in the physical environment of schools. There is concern



however that the progress achieved could be undermined, because of the lack of funding locally to maintain buildings and facilities, as well as to ensure adequate numbers of suitably qualified teachers, especially in the rural areas. The lack or slow delivery of large-scale equipment and its installation, such as the printing press and equipment for the chalk factory, has also reduced the potential impact of the programme on the education sector.

#### Rehabilitation of settlements and mine clearance

109. For the rehabilitation of settlements, as at 28 February 1999, the total value of applications submitted to the Security Council Committee, and contracts entered into, was \$43.24 million. Of that amount, \$19.56 million has been distributed or installed in the three northern governorates of Dahuk, Erbil and Sulaymaniyah.

110. For mine-related activities, as at 28 February 1999, the total value of submissions to the Security Council Committee, and contracts entered into, was \$10.84 million. Of that amount, \$8.77 million has been distributed or installed in the three northern governorates.

111. Activities under these sectors are a critical component of the humanitarian programme in the three northern governorates, as they have a direct impact on the living conditions of approximately 1 million internally displaced persons and returnees, as well as some 400,000 people constituting vulnerable and other groups with special needs. Cross-sectoral activities undertaken by the United Nations Centre for Human Settlements (Habitat) and other concerned United Nations agencies and programmes have included the construction and renovation of houses, schools and health facilities, the improvement of water distribution and sewage systems, and the provision of rural infrastructure and facilities such as roads, irrigation channels and slaughterhouses. These activities have been undertaken with a view either to facilitating the return of internally displaced persons to their villages of origin or to improving the social infrastructure of the communities receiving them, and to improving the dire living conditions of the most vulnerable and needy groups.

112. The mine-clearance programme has complemented the resettlement programme by permitting the safe return of over 639,000 square metres of land to practical use, as well as providing over 700 landmine victims with prosthetic limbs.

113. It is estimated that, to date, approximately 1.25 million people have been directly or indirectly affected by this programme. The multi-sectoral approach has benefited greatly from regular consultation between concerned United Nations agencies and programmes and local authorities to identify and address community needs. Efforts are continuing to further reinforce the synergies achieved through this multisectoral and multi-agency approach.

#### VIII. OBSERVATIONS AND RECOMMENDATIONS

114. Any review and assessment of the humanitarian programme established pursuant to resolution 986 (1995) should bear in mind the special features of the programme. It is not a regular development programme or a humanitarian

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programme funded by voluntary contributions from other countries or from multilateral organizations. The programme is financed entirely from the sale of Iraq's major natural resource - oil.

115. This is a programme established by the Security Council, under Chapter VII of the Charter, as a temporary measure to provide for the humanitarian needs of the Iraqi people until fulfilment by Iraq of the relevant Council resolutions. The programme pursuant to resolution 986 (1995) cannot - and was never meant to - meet all the humanitarian needs of the Iraqi people, nor can it restore Iraq's economic and social infrastructure to pre-1990 levels.

116. Regardless of the improvements that may be brought about in the scope and implementation of the programme - both in terms of approval procedures and funding levels - the magnitude of the humanitarian needs is such that they cannot be met within the parameters set in resolution 986 (1995) and succeeding resolutions, in particular 1153 (1998). The very substantial degradation of infrastructure and the magnitude of the funds required for its rehabilitation is far beyond the funding level available under the programme. There is, therefore, a need for the Council to consider arrangements to allow additional funding through either bilateral or multilateral sources, over and above those made under the programme, still subject to existing financial controls established by relevant decisions of the Council. What I have in mind in particular is the funding of oil spare parts and equipment for which \$300 million are currently allocated during a given phase. Should funding for oil spare parts and equipment be secured outside the resources made available under resolution 986 (1995), there would be an additional \$300 million available for humanitarian supplies.

117. As stated earlier in the report, the objectives of the enhanced humanitarian programme could not be fully achieved, primarily owing to the shortfall in revenues. Instead of the \$3.436 billion funding level envisaged in my supplementary report and authorized by the Council in resolution 1153 (1998) for the implementation of the enhanced humanitarian programme, only \$1.9 billion could be made available for the implementation of the enhanced distribution plan (phase IV), including \$300 million for oil spare parts and equipment - an amount not much greater than that provided for each of the previous three phases. Consequently, with the exception of the agriculture and electricity sectors, none of the additional projects envisaged in my supplementary report (S/1998/90, annex II) could be implemented.

118. While the current higher price for oil will provide revenues for the current phase of the programme above the levels achieved in phase IV, it will not reach the target of \$5.2 billion set by resolution 1153 (1998). I should like to caution against any over-optimism regarding the recent trend in oil prices. Given the magnitude of the humanitarian needs in Iraq and the volatility of the oil market, there are no grounds for complacency. There remains an urgent need to take steps which would raise the level of funds available to the humanitarian programme. Authorization of levels of funding by itself, however, has only symbolic value unless the means are also provided to generate those funds. A case in point is the Council's decision in resolution 1153 (1998) to raise the funding level from \$2 billion to \$5.2 billion.

119. The gravity of the humanitarian situation is such that this funding level, even if it could be reached, is insufficient to meet all the humanitarian needs of the Iraqi people. I have therefore sought to encourage a wider range of complementary assistance from the international community. I regret that such assistance has not been forthcoming.

120. In expressing my satisfaction with the implementation of all the directives I gave to the Office of the Iraq Programme (S/1998/90, para. 53 (a) to (m)), I have directed that Office to further streamline and expedite the procedures for the processing of applications and approval, and to provide all support necessary to the Security Council Committee.

121. In welcoming the improvements achieved by the Security Council Committee in its procedures, I wish to invite the Committee to review its procedures further with a view to expediting the approval of applications and reducing the number of applications that are placed on hold.

122. The Committee may also wish to consider the following measures, some of which were included in my supplementary report to the Council (S/1998/90, para. 58), on which action has yet to be taken:

(a) To review the annexes to the distribution plan at the outset so as to identify as early as possible those items which could be subject to holds and those about which further information and end-use verification are likely to be required;

(b) To reach an understanding to the effect that, for items placed on hold, written and explicit explanations should be provided within 48 hours to enable the applicants to provide any additional information required by the Committee;

(c) To endorse the proposal submitted by the Office of the Iraq Programme on 11 February 1999 regarding the reimbursement of funds from the ESC (13 per cent) account to the ESB (53 per cent) account;

(d) To approve expeditiously applications for oil spare parts and equipment so as to enable Iraq to increase its capacity to produce and export oil on a sustainable basis;

(e) To take full account of the technical complexity of rehabilitation projects or activities undertaken in certain sectors, such as electricity, and, unless there are explicable reasons to the contrary, to approve expeditiously complementary spare parts and equipment when such linkages are explained appropriately by the Government of Iraq. Apart from delaying the implementation of the projects, the absence of safety and control equipment has been causing an increasing number of accidents and deaths;

(f) To authorize the Office of the Iraq Programme, should there be a shortfall in funds available during a given phase, to transfer approved applications from one phase to the next phase for funding purposes, without the need to resubmit them to the Committee;

(g) To be as flexible and pragmatic as possible in responding to unforeseen developments, such as epidemics or natural disasters. An example of this would be the current foot-and-mouth disease epidemic threatening livestock in Iraq and in neighbouring countries.

123. The distribution plan remains central to the entire system of procurement, approval and distribution of humanitarian supplies. In order to meet the humanitarian needs of the Iraqi population more effectively, I invite the Government of Iraq, and the United Nations agencies and programmes, to present sectoral requirements in self-contained packages. These would identify the type of inputs required, covering not only imported commodities but also the local implementation costs to be funded under the programme and the scale and type of rehabilitation required, in particular facilities, installation, training and logistics. This would entail developing the distribution plan from its current limited function as a listing of commodities and materials into a useful checklist for identifying and ensuring the availability of all elements required for successful project implementation. A pro forma description of how particular applications relate to specific packages and the intended use of the materials and equipment would assist all concerned and should lead to a substantial reduction in the number of applications placed on hold for want of sufficient supporting information. The current extensive categorized lists in the annexes to the distribution plan might then be scaled down to the actual requirements of specific projects and activities to be undertaken within a given time-frame. We are all conscious of how much effort is expended at present in devising and reviewing lists which, it is often found later, do not relate sufficiently to actual applications. The packages should be presented in the overall context of sectoral priorities which identify interlinkages and complementarity of activities required within sectors.

124. I recommend that, regardless of the actual level of funding available to the programme, the distribution plan should adopt a genuinely multisectoral approach to improving the nutritional and health situation of the population.

125. Bearing in mind the difficulties experienced in the storage, distribution and installation of equipment, compounded by the health sector's lack of implementation resources, I wish also to recommend to the Government:

(a) To address urgently the growing imbalance between the procurement of pharmaceuticals and equipment so as to establish a pragmatic basis for procurement decisions in the health sector, and to take the necessary steps to utilize the excessive amount of supplies currently in storage. The Government may also wish to conduct a comprehensive infrastructure and equipment inventory, in order to establish a pragmatic basis for procurement decisions;

(b) To review the difficulties encountered in the very late submission of applications in the health sector, including for contracts concerning the targeted nutrition programme.

126. The Security Council has before it a number of proposals and recommendations, including those contained in the report of the Council's panel on humanitarian issues (S/1999/356, annex II). It is my hope that the present

report on the outcome of the review and assessment of the humanitarian programme will also assist the Council in its current deliberations.

127. The humanitarian programme established pursuant to resolution 986 (1995) is making a substantial difference and is helping the Iraqi people under very difficult conditions. It is essential to depoliticize the humanitarian programme and to ensure that its distinct identity from other activities undertaken under the sanctions regime is maintained. I should like to reiterate a point made in my earlier reports to the Council. In implementing the programme to meet the humanitarian needs of the Iraqi people, we must keep in mind the human dimension of what is happening in Iraq. I would appeal, therefore, that this be the Council's primary concern during consideration of the proposals currently before it.

#### Notes

<sup>1</sup> For the texts of letters not issued as United Nations documents, see The United Nations and the Iraq-Kuwait Conflict, 1990-1996, United Nations Blue Books Series, vol. IX (United Nations publication, Sales No. E.96.I.3, pp. 823-824).

Annex I

A. Government of Iraq sectoral allocations for phases I, II and III: ESB (53 per cent) account, including bulk procurement

(Millions of United States dollars)

Sector	Phase I			Phase II			Phase III		
	Amount allocated	Percentage of total allocation	Value of approved applications	Amount allocated	Percentage of total allocation	Value of approved applications	Amount allocated	Percentage of total allocation	Value of approved applications
Food	870.01	72.00	925.09	870.00	72.00	844.22	870.01	72.00	868.04
Food equipment	36.00	3.00	23.77	36.00	3.00	35.34	36.00	3.00	44.69
Health	210.00	17.00	199.24	210.00	17.00	212.24	200.00	17.00	189.62
Oil spare parts	-	-	-	-	-	-	-	-	-
Water and sanitation	24.00	2.00	22.89	24.17	2.00	20.17	24.17	2.00	24.13
Agriculture	24.00	2.00	22.36	24.00	2.00	21.37	24.00	2.00	24.30
Electricity	36.00	3.00	36.22	36.00	3.00	43.34	35.50	3.00	41.45
Education	12.00	1.00	12.00	12.00	3.00	10.68	12.00	1.00	11.12
Communications	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 212.01</b>	<b>100.00</b>	<b>1 241.57</b>	<b>1 212.17</b>	<b>102.00</b>	<b>1 187.36</b>	<b>1 201.68</b>	<b>100.00</b>	<b>1 203.35</b>

B. Government of Iraq sectoral allocations for the enhanced phase: ESB (53 per cent) account, including bulk procurement

(Millions of United States dollars)

Sector	Government of Iraq letter of 24 October 1998		Government of Iraq letter of 28 December 1998 <sup>a</sup>		Government of Iraq letter of 23 February 1999 <sup>b</sup>		Office of the Iraq Programme letter of 3 March 1999 <sup>c</sup>			
	Amount allocated	Percentage of entire allocation	Amount allocated	Percentage of entire allocation	Amount allocated	Percentage of entire allocation	Amount allocated	Percentage of entire allocation		
Food	1 113.00	43.20	906.00	45.20	906.00	51.50	906.00	50.90	902.80	50.40
Food equipment	180.00	7.00	80.00	4.00	52.30	3.00	52.30	2.90	52.30	2.90
Health	274.00	10.60	200.00	10.00	200.00	11.30	159.70	9.00	169.00	9.40
Oil spare parts	300.00	11.70	300.00	15.00	300.00	17.00	210.70	11.80	234.40	12.60
Water and sanitation	174.50	6.80	90.00	4.50	16.00	1.00	46.80	2.60	35.30	2.00
Agriculture	193.00	7.50	130.00	6.50	97.10	5.50	97.10	5.40	97.10	5.40
Electricity	287.50	11.20	250.00	12.50	169.00	9.50	288.00	16.20	286.80	16.00
Education	53.00	2.00	50.00	2.30	22.80	1.20	22.80	1.20	22.80	1.30
Communications	-	-	-	-	-	-	-	-	-	-
Total	2 575.00	100.00	2 006.00	100.00	1 763.20	100.00	1 783.40	100.00	1 800.50	100.00

<sup>a</sup> Owing to limited revenues, sectoral allocations were set at the level of currently funded applications for all sectors except electricity. It was agreed to circulate an additional contract for electricity, valued at about \$75 million, resulting in a phase IV sectoral expenditure of \$169 million. It was also agreed to transfer \$22 million of unfunded phase IV applications for full-cream milk and cheese to phase V.

<sup>b</sup> The sectoral allocations are expressed in the Government of Iraq's letter on the basis of funding levels of 29 January 1999 plus the following additional phase IV expenditures: \$45 million for the oil sector, \$14 million for the health sector, \$32 million for water and sanitation and about \$125 million for electricity.

<sup>c</sup> The Government of Iraq's proposed health sector allocation was adjusted to ensure full funding for targeted nutrition. Forecast revenues for phase IV are approximately \$1,780 million.

C. Government of Iraq sectoral allocations for phase V: ESB  
(53 per cent) account, including bulk procurement

(Millions of United States dollars)

Sector	Original phase V distribution plan		Government of Iraq letter of 25 February 1999	
	Amount allocated	Percentage of entire allocation	Amount allocated	Percentage of entire allocation
Food	1 056.00	43.20	906.00	45.10
Food equipment	120.00	4.90	80.00	4.00
Health	219.00	9.00	200.00	10.00
Oil spare parts	300.00	12.30	300.00	14.90
Water and sanitation	127.50	5.20	90.00	4.50
Agriculture	146.00	6.00	130.00	6.50
Electricity	293.00	12.00	250.00	12.50
Education	75.00	3.00	50.00	2.50
Communications	107.30	4.40	-	-
Total	2 443.80	100.00	2 006.00	100.00



Annex II

Oil exports and revenues received during phases I to V

Phase	Exports (Millions of barrels)	Revenue (Millions of United States dollars)	Average price (United States dollars per barrel)
I	120	2 150	18.0
II	127	2 125	16.7
III	182	2 085	11.5
IV	308	3 027	9.8
V	268	2 619 <sup>a</sup>	9.77

<sup>a</sup> Revenue figure for phase V estimated as at 15 April 1999.

Annex III

Status of applications for oil spare parts and equipment  
as at 20 April 1999

Status	Phase IV		Phase V	
	Number of applications	Value (Millions of United States dollars)	Number of applications	Value (Millions of United States dollars)
Received by Secretariat	552	287.64	119	89.75
Submitted to Committee	489	265.97	52	28.44
Approved	398	237.58	35	13.14
Blocked	0	0.00	0	0.00
On hold	91	28.39	17	15.30

Annex IV

Reimbursement from the ESC (13 per cent) account to the  
ESB (53 per cent) account from phase I to phase V

(United States dollars)

A. Food

	Phase I	Phase II	Phase III	Phase IV	Phase V
Estimated total reimbursable	118 557 979	120 193 393	120 412 245	124 388 170	164 424 514
Total amount reimbursed	118 557 979	113 040 509	99 977 296	80 041 010	397 969
Balance reimbursable	-	7 152 884	20 434 949	44 347 160	164 026 545

B. Medicine

	Phase I	Phase II	Phase III	Phase IV	Phase V
Estimated total reimbursable	28 800 000	28 750 000	18 400 000	12 000 000	14 000 000
Total amount reimbursed	20 935 923	6 205 242	2 468 300	41 394	-
Balance reimbursable	7 970 901	22 544 758	15 931 700	11 958 606	14 000 000

Annex V

Applications on hold

(ESB (53 per cent) account) as at 20 April 1999

Sector	Phase III		Phase IV		Phase V	
	Number of applications	Value (United States dollars)	Number of applications	Value (United States dollars)	Number of applications	Value (United States dollars)
Food basket	3	2 913 750	3	1 069 500	6	2 735 500
Medicine	6	2 481 298	6	13 833 126	5	4 992 465
Oil spare parts	<u>0</u>	<u>0</u>	<u>91</u>	<u>28 387 493</u>	<u>17</u>	<u>15 298 793</u>
Subtotal	9	5 395 048	100	43 290 119	28	23 026 758
Food handling	0	0	5	25 099 010	3	611 658
Water and sanitation	1	312 000	6	17 776 208	8	24 375 182
Electricity	4	3 664 815	23	29 071 522	10	3 394 344
Agriculture	0	0	3	963 500	13	17 290 511
Education	2	1 015 000	4	1 625 095	5	4 695 507
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>7</u>	<u>4 991 815</u>	<u>41</u>	<u>74 535 335</u>	<u>39</u>	<u>50 367 202</u>
Grand total	16	10 386 863	141	117 825 454	67	73 393 960