

Statement for the Record

of

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**Before the U.S. House of Representatives
Committee on International Relations**

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Presentation before the U.S. House of Representatives Committee on International Relations

Mr Chairman, members of the Committee:

I would like to make a brief statement and present the committee with a more detailed document, both of which I would like to request to be entered into the official record.

Allow me to begin my statement by thanking you for inviting me here today to talk to you. Please allow me to all thank you on behalf of the people of Iraqi Kurdistan for having protected us from Saddam's tyranny and for then liberating our fellow Iraqis from his murderous rule. We could not have survived without the northern no-fly zone, nor could Iraq have been liberated last year without the bravery of the men and women in uniform of the United States armed forces. We are truly grateful and we are your allies and partners.

Thank you also for the opportunity to present to you the scandal that lies at the core of the UN Oil for Food Program (OFF). To do so, I need to provide you with a little bit of context about how a plan, that the US government backed in 1995, was perverted by the UN Secretariat, the UN Office of the Iraq Program and Saddam's regime. OFF was set up by UN Security Council Resolution 986 with the noble aim of protecting Iraqis from the folly of Saddam's government. President Clinton's administration supported OFF as a means of responding to complaints that Iraqis were suffering. At the heart of OFF were the twin notions of:

1. international oversight of Iraqi oil sales, spending of the resulting oil revenues and delivery of humanitarian goods; and
2. revenue sharing between Iraqis. There was a separate account for Iraqi Kurdistan which was 13% of the revenues.

OFF implicitly recognised that Iraqi Kurdistan had special needs and was beyond Saddam's control. Iraqi Kurdistan had been devastated by:

- Over 30 years of ethnic cleansing during which Kurds were forcibly moved out of their homes and in many cases replaced by Arab colonists;
- The *Anfal* genocide of 1987-1988 during which an estimated 4,500 Kurdish villages and towns were destroyed and during which up to 182,000 persons were killed. Up to 1 million of the 4 million inhabitants of Iraqi Kurdistan were internally displaced;
- Repeated use of chemical weapons by the Iraqi regime against Kurdish civilians. The best known instance was the murder of around 5,000 civilians in Halabja on March 16, 1988. Chemical weapons were used against civilians in an estimated 200 locations;
- An estimated 16 million landmines had rendered large areas of Iraqi Kurdistan uninhabitable and continued to claim the lives of scores of civilians every year;
- In addition, Iraqi Kurdistan was under multiple embargoes. It was under UN sanctions, a boycott imposed by Saddam's regime and intermittent embargoes imposed by the regional states.

As a result, Iraqi Kurdistan was allocated 13% of the value of goods from Iraqi oil revenues sold under OFF. The UN Security Council earmarked money for the Kurds to prevent Saddam's regime discriminating against the Kurds.

Despite the best efforts of the United States and the UK, the UN Secretariat immediately set up OFF in a manner that ensured that the process was cumbersome and bureaucratic. The structure of implementation of OFF was of the UN Secretariat's making, not, as some UN officials have claimed, the responsibility of the Security Council.

In addition, UN staff repeatedly showed a marked bias against the Kurds. For too many UN staff, the Kurds were to be treated with suspicion because they were enemies of Saddam's regime and because they are the friends of the United States. The OIP appeased Saddam's regime by excluding Americans and Britons and by hiring nationals from Arab countries.

We noted these problems early on and in March 1999 we complained to the UN. We always found a sympathetic hearing from our friends in the United States and the UK, but the UN generally responded with contempt. Benon Sevan, the head of OIP, told Jeffrey Goldberg of *The New Yorker* in March 2002:

"If they [i.e. the Kurds] had a theme song, it would be 'Give Me, Give Me, Give Me,' " Sevan said.¹

Let me give you a few examples of what we wanted the UN to give us:

- A new general hospital for the city of Sulaimani, which has around 750,000 inhabitants. The current situation is that we have three small hospitals none of which is suitable for an urban center the size of Sulaimani, a city that also houses many of those who were ethnically cleansed by Saddam's regime from Kirkuk during the years following 1991. Funds for the Sulaimani General Hospital were allocated in 1998, but six years on the hospital has yet to be built. The UN body responsible was the World Health Organization (WHO), with specific authority for this project delegated to its East Mediterranean Regional Office (EMRO). WHO-EMRO is headed by Dr Hussein Abdel-Razzak Al Gezairy, the regional director who has been in his job since 1982;
- Disposable surgical gloves for the maternity hospital in Sulaimani. During 2002 the hospital was receiving no more than 2,000 gloves per month when it needed 10,000;
- A diagnostic and oncology facility for Iraqi Kurdistan. The lack of any such facility prevented the proper treatment of cancer in Iraqi Kurdistan, another "achievement" of WHO-EMRO;
- A program of demining. Instead, little money was allocated to demining and the problem of landmines continues to blight Iraqi Kurdistan. We estimate that no more than 10% of the mined that Saddam's regime had laid in Iraqi Kurdistan were removed.

A key problem with OFF was that procurement was in the hands of the Iraqi regime, which meant that Baghdad was ordering humanitarian goods for the Kurdish 13% account. The excuse used by OIP was that this created economies of scale. In reality, the result was:

¹ THE GREAT TERROR by JEFFREY GOLDBERG Issue of 2002-03-25 Posted 2002-03-25 available at: http://newyorker.com/fact/content/?020325fa_FACT1 (last accessed April 25, 2004).

- A poor quality procurement;
- A process that gave Saddam's regime another opportunity corrupt the system;
- Ample opportunities for Saddam to use procurement as a political tool with which to punish Iraqi Kurdistan.

An example of the poor implementation of OFF came in early 2001. A shipment of wheat flour arrived at the Jordanian-Iraqi border. As per UN regulations, a sample was taken and sent to a laboratory in Jordan for quality control. In the meantime, as per UN regulations and in order not to interrupt the supply of food, the shipment was sent to Iraqi Kurdistan and was distributed to the population. Several weeks later, however, a laboratory report came back reporting excess levels of contamination. A junior UN official suggested that the UN immediately issue public announcements warning the population and telling them they would receive replacement rations. This official's suggestion was overruled.

Given the problems that we were having, UNOPS proposed to OIP that the UN agencies share its humanitarian project assessments and evaluations with the Kurdistan Regional Government. OIP specifically refused to allow this.

Despite all these problems, Iraqi Kurdistan demonstrably used its meagre share of OFF goods more efficiently than the Iraqi regime. While Saddam's regime, with the backing of UNICEF, claimed that infant mortality was rising in the 15 provinces under his control, in Iraqi Kurdistan infant mortality actually fell.

OIP was quick to assist Saddam's regime with goods paid for by the 59% account (which covered the 15 provinces under his control). The best known example of the absurd lengths to which OIP went in its appeasement of Saddam's regime was its decision in 2002 to allocate, with the full approval of the Secretary-General, \$20m towards building an Olympic Stadium for Uday Saddam Hussein, the sadistic elder son of the Iraqi dictator. That was the sad result of OFF, no hospitals for the Kurds, money for Uday.

The delays in spending money allocated to the 13% account meant that so many vital goods never arrived that in the end we received just 7% of the value of humanitarian goods. Instead of preventing discrimination, a key aim of UN Security Council Resolution 986, OFF proved to be yet another act of discrimination against the Kurds.

- The total value of humanitarian goods to the Kurdish 13% account should have been around \$8.4bn (13% of the \$64.4bn of UN declared Iraqi oil sales);
- Iraqi Kurdistan, according to our calculations, received goods worth only around \$4.4bn (6.8% of the \$64.4bn of UN declared Iraqi oil sales);
- The UN Secretariat admitted in July 2003 that there was \$1.6bn in cash of unspent 13% account money (2.5% of the \$64.4bn of UN declared Iraqi oil sales, or close to one-fifth of the money owed to the Iraqi Kurds);
- Iraqi Kurdistan is therefore owed some \$4bn in OFF humanitarian goods. Thus far, projects with a value of \$750m (0.9% of the \$64.4bn of UN declared Iraqi oil sales have been handed

over to the Office of Project Coordination, a body set up by the Kurdistan Regional Government and the Coalition Provisional Authority.

What should come next? We propose:

- A full and independent inquiry into OFF that is entirely separate from the UN. The current inquiry and its remit is inadequate to the task;
- All OFF funds and purchases must be fully accounted for under the auspices of a genuinely independent and external audit. A full statement of must be delivered by OIP for the Kurdish 13% account. We hope that you will fully support our request for what is rightfully ours;
- Iraqi Kurdistan should receive all withheld OFF funds, with interest, and be compensated for delayed good deliveries. It is not right that the US taxpayer be asked to take up the burden created by the incompetence and corruption that was rife in OFF.

The UN Oil for Food Program (OFF) and the Iraqi Kurds

1. How OFF was supposed to work

To alleviate the effect of UN sanctions imposed in 1990, the UN and the Iraqi regime agreed OFF. A key official negotiating OFF was the then UN Under Secretary-General, Kofi Annan. OFF was set up by UN Security Council Resolution 986, passed in 1995 (UNSCR 986/1995, appendix 1) which stipulated that Iraq only be sold oil was under UN supervision. Humanitarian goods were then to be supplied to the areas of Iraq under the Iraqi regime's control and to the three northern governorates of Iraqi Kurdistan.

The oil revenues were divided up into four streams:

- 59% for humanitarian goods to be delivered to the areas of Iraq under Saddam's control;
- 13% for humanitarian goods to be delivered to Iraqi Kurdistan;
- 3% to cover UN administrative costs (of which 2.2% OFF and 0.8% arms inspections);
- 25% to be paid in compensation for the Iraqi invasion of Kuwait.

Implementation of OFF was regulated by the Memorandum of Understanding (MOU) between the UN and the Iraqi regime and the KRG (appendix 2). OFF was run by the UN Office of the Iraq Program (OIP), headed by Benon Sevan.²

Humanitarian goods were defined in the MOU paragraph 5 of Section II (appendix 2) as: "medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs." Although nothing like the full allocation of goods was ever delivered to Iraqi Kurdistan, the definition of humanitarian goods was stretched to include funding for "Project of construction of olympic sports city" (sic).³ The cost of the project was \$20m.⁴ Sports in Iraq were under the control of Saddam Hussein's older son, Uday.

² Office of the Iraq Programme Oil-for-Food, homepage <http://www.un.org/Depts/oip/> (last accessed April 11, 2004).

³ Borad (sic) OF Youth and Sports M.O.U (phase 11), 13-05-00034 SECT(34) Project of construction of olympic sports city Including :Architecture works Civil works Electrical works Mechanical works All other requirements, available at <http://www.un.org/Depts/oip/dp/dp11/13-05.pdf> (last accessed April 11, 2004).

⁴ ANNEX III [Original: English] Distribution plan for phase XII Submitted by the government of Iraq to the Secretary-General in accordance with the memorandum of understanding of 20 May 1996 and Security Council resolution 1409 (2002) paragraph 237 "\$20 million will be allocated for the construction of the Olympic stadium which include several electrical and mechanical works as well as sanitary installations. In addition, this amount will be utilized for the importation of equipment sets, air conditioning sets, communication networks and electronic computers." Available at <http://www.un.org/Depts/oip/dp/dp12/execsummary.pdf> (last accessed April 11, 2004)

Executive summary

Key concerns

- The UN Oil-for-Food programme (OFF) failed to deliver the promised benefits to the citizens of Iraq. In particular the population of the three northern governorates of Iraqi Kurdistan (Dohuk, Suleimani and Irbil, henceforth Iraqi Kurdistan) never received their full allocation of OFF humanitarian goods;
- Iraqi Kurdistan was allocated 13% of the value of goods from Iraqi oil revenues sold under OFF. The total value of humanitarian goods to the Kurdish 13% account should have been equal to \$8.4bn. The international community earmarked money for the Kurds to safeguard against Saddam's regime discriminating against the Kurds and in recognition of the disproportionate suffering of Iraqi Kurdistan during the years of Saddam's rule;
- In practise, Iraqi Kurdistan received goods worth only around \$4.4bn (6.8% of Iraqi oil revenues);
- Iraqi Kurdistan is therefore owed some \$4bn in OFF goods;
- OFF often maintained large cash balances of up to \$12bn. Interest earnings on these cash balances, and in particular on the value of goods owed to Iraqi Kurdistan, have not been accounted for;
- OFF failed to protect Iraqi Kurdistan against the kind of Arab nationalist discrimination against the Kurds that the Iraqi state had practiced for decades. Instead, OFF became a vehicle for discrimination by withholding humanitarian goods from the Kurds;
- Iraqi Kurdistan did not receive its full OFF allocation because of political manipulation by the Iraqi regime, with which the UN was complicit, UN inefficiencies and UN political bias;
- Iraqi Kurdistan demonstrably used its meagre share of OFF goods more efficiently than the Iraqi regime.

Recommendations

- Iraqi Kurdistan is now a recognised legal entity within the framework of the Transitional Administrative Law (TAL) and, along with the government of Iraq, may be in a position to take legal action to recover what it is owed from OFF.
- There must be a full and independent inquiry into OFF that is entirely separate from the UN
- All OFF funds and purchases must be fully accounted for under the auspices of a genuinely independent and external audit;
- Iraqi Kurdistan should receive all withheld OFF funds, with interest, and be compensated for delayed good deliveries.

Analysis

1. How OFF was supposed to work

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2. OFF and the KRG

Iraqi Kurdistan is governed by the Kurdistan Regional Government (KRG) with two administrations. One administration is based in Irbil and is majority controlled by the Kurdistan Democratic Party (KDP). The other in Suleimani is majority controlled by the Patriotic Union of Kurdistan (PUK). Although each administration has its own ministries for social services, the two administrations integrated their operations for OFF.

The KRG authorities have been providing comprehensive public services to their populations since 1992. These include healthcare, education, personal security and social services to approximately four million Iraqi citizens in Iraqi Kurdistan, a region the size of Vermont.

Although the KRG authorities provided essential support services for the implementation of OFF projects, they never received their administrative costs associated with running these public services from OFF. Instead, the KRG was responsible for paying salaries of all schoolteachers, doctors, health care workers and public utility employees, as well as covering the costs of law enforcement duties. This was done by raising revenues through local duties and taxes. The burden on the KRG of administrative costs was higher than for the Iraqi regime because:

- the Iraqi regime imposed a blockade of Iraqi Kurdistan in violation of its undertakings. The MOU (MOU paragraph 5 in Section II, see appendix 2) had clearly stated that the Iraqi regime “throughout the country” would “effectively guarantee equitable distribution” of “medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs.” Instead, there was intermittent withholding of petrol supplies (appendix 8)
- there were embargoes applied by regional states specifically against Iraqi Kurdistan;
- the KRG had incurred the additional costs of having to start their administrations from scratch after the Iraqi regime withdrew its administration from Iraqi Kurdistan in October 1991.

3. How OFF withheld money to Iraqi Kurdistan

The supposed 13% in revenues from OFF equalled only 6.8% because of Iraqi regime obstruction that the UN facilitated and abetted. The UN Security Council mandated that 13% of Iraqi oil revenues were to provide humanitarian goods for Iraqi Kurdistan. Due to Iraqi obstruction, aided and abetted by the UN, goods worth only 6.8% of revenues were delivered.

The KRG realised early on that OFF was not working well and sent a memorandum to the UN in 1999 (appendix 3).

The Iraqi regime held up spending in Iraqi Kurdistan and discriminated against the region by:

- delaying or impeding the flow of materials and technical experts to Iraqi Kurdistan;
- refusing to issue visas to UN staff and experts. Under the MOU staff working for OFF had “the right of unimpeded entry into and exit from Iraq” and that visas be issued “promptly and free of charge” (MOU paragraph 46 in Section VIII, see appendix 2). The Iraqi regime frequently violated this obligation, a violation that the UN failed to address;
- refusing to allow a power station to be built in Iraqi Kurdistan;
- preventing supplies of vital goods. For example, during 2002, the chief maternity hospital in Suleimani was receiving no more than 2,000 surgical gloves per month when 10,000 were required (see appendix 7);
- exploiting the mention in UNSCR 986/1995 and the 1995 Memorandum of Understanding of the UN’s support for “the sovereignty and territorial integrity of Iraq” to hold up spending Iraqi Kurdistan because of the alleged separatism of the Iraqi Kurds. In fact, the KRG never declared independence and continued to use Iraqi currency and regard themselves as part of Iraq;
- recruiting UN staff to help Iraqi intelligence. In one case a Tunisian working for the UN was caught with explosives in his car while in Iraqi Kurdistan. Iraqi intelligence sabotaged the work of those UN personnel and offices that they could not suborn. Iraqi intelligence appears to have been behind the murder in 1998 of Nicholas Speight, a New Zealander working for UNOPS on de-mining;
- failing to allow necessary equipment, such as large number of de-mining equipment,;
- refusing to provide UN with map/records of the mine fields and a continuous targeted campaign against the UN program in the region;

The UN participated in withholding spending from the 13% account for Iraqi Kurdistan through:

- the employment of poor quality staff, personnel who clearly lacked expertise in their respective fields and who undertook inferior and wasteful procurement policies (appendix 4);
- delaying implementation of the building of a hospital in Suleimani, a city of 700,000 that still does not have a proper general hospital. Funds were allocated in 1998 but the hospital has yet to be built. The official responsible was Dr Hussein Abdel-Razzak Al Gezairy, the regional director of the World Health Organization (WHO) East Mediterranean Regional Office

(EMRO).⁸ Foreign and Kurdish doctors protested about the behaviour of the UN with regard to hospitals in a letter in 2002 (appendices 3 and 5);

- the absence of proper and adequate consultation with the local authorities;
- the lack of proper co-coordinating procedure by the various UN agencies among themselves;
- a poorly thought out the general concept and management of OFF from inception. Secretary-General Annan received a recommendation from UNOPS, the only self-financing UN agency which undertakes project-management services, to create one sole agency to run OFF. The sole agency recommended by UNOPS would have set policy, implemented the program and dealt with the Iraqi partners directly. Instead, the Secretary-General set up the Office of the Iraq Program (OIP) in New York and a coordinating office known as the UN Humanitarian Coordinator for Iraq (UNOCHI). UNOCHI reported to OIP. Also reporting to OIP, but working side by side to UNOCHI, were nine separate UN agencies, each of which in turn delegated the work to their Middle East regional offices which in turn dealt with the Iraqi partners;
- excessive bureaucracy that caused needless delays in carrying out already agreed projects;
- allowing the Iraqi regime to dictate hiring policies. There was a tacit agreement between OIP and the Iraqi regime that none of the foreign UN staff would be either British or American nationals. In addition, the OIP and UN agencies deliberately refused to employ any Kurd among its international staff, even though there are many well-known Kurds working within the UN system with valuable expertise on Iraq. The result was that a large number of staff from Arab countries, France and Russia ended up dominating the programme. Many of these staff members were openly hostile to the Iraqi Kurds. The actual programme heads of OFF ended up becoming lobbyists against the very sanction that the UN sought to enforce.

The UN gave itself a clear financial incentive to add bureaucracy to OFF through its very high 2.2% administrative fee. The size of the fee was entirely unjustified and has been widely condemned. One experienced oil executive, Edward C. Chow,⁹ a visiting scholar at the Carnegie Endowment for International Peace, a Washington D.C. think tank, stated on April 17, 2003 that:

"The U.N. Oil-for-Food Program currently takes an administrative cost margin of 2-1/2 percent. That is enormous. I mean, that is absolutely huge....That is outrageous."¹⁰

Despite these obstacles, the KRG used the 6.8% goods that were handed over more efficiently than the 59% of oil revenues given to the Iraqi regime. For example, infant mortality in Iraqi Kurdistan dropped despite the UN sanctions, regional sanctions and the Kurdish civil war.

OFF also undermined the economy of Iraqi Kurdistan and continued the Iraqi regime policy of destroying Kurdish agriculture. During the 1980s Iraq had imported large quantities of foreign wheat even though wheat could be grown at a far lower cost in Iraqi Kurdistan. OFF engaged in the blanket distribution of free food. This prevented the rehabilitation of Iraqi Kurdistan's agricultural sector.

⁸ Profile of Dr Hussein Abdel-Razzak Al Gezairy available at <http://www.emro.who.int/rd/biography.htm> (last accessed April 10, 2004). Dr Al Gezairy has been regional director since 1982.

⁹ Biography available at <http://www.ceip.org/files/about/Staff.asp?r=171> (last accessed April 10, 2004).

¹⁰ Carnegie Endowment for International Peace, "BRIEFING ON IRAQ'S FUTURE: WHAT NOW?" Transcript available at: <http://www.ceip.org/files/events/2003-04-18-iraq-future-tscript.asp> (last accessed April 10, 2004).

Farmers had no local market in which to sell agricultural products, which forced down prices and kept unemployment higher than necessary.

The end result of UN and Iraqi regime obstruction was that by the time of the Iraq war in March 2003, Iraqi Kurdistan was owed an estimated \$4bn or 47.6% of the value of goods that should have been delivered to Iraqi Kurdistan.

4. How the UN deliberately made OFF unaccountable

The UN took immediate advantage of the impending hostilities in early 2003 to come up with a plan that would allow it to mingle monies in the 59% and 13% accounts. The logic of the plan was that the Iraq war would lead to a humanitarian catastrophe. The UN would therefore need immediate access to cash to provide humanitarian relief to Iraqis. The UN therefore planned to take unspent 13% account money and use it as it saw fit. The convenient result would be that full accounting for unspent 13% account money would become extremely difficult.

The two Kurdish leaders, Massoud Barzani of the KDP and Jalal Talabani of the PUK, wrote to Mr Annan on February 10, 2003 to protest at plans to merge the 13% and 59% accounts. They never received a reply to their letter (appendix 9).

4.i. UNSCR 1472/2003

Kofi Annan then wrote to the UN Security Council in March 2003 proposing the very plan that the Kurdish leaders had decried a month earlier. The Security Council Resolution put this plan into effect with UNSCR 1472/2003, passed during Operation Iraqi Freedom on March 28, 2003 (appendix 10) which:

- authorized the UN Secretary General to assume responsibility for the implementation of the OFF program for forty-five days;
- allowed the UN Secretary General to move money between the 13% and 59% accounts;
- institutionalised the misuse of revenues destined for Iraqi Kurdistan. Existing unspent revenue, most of which came from the 13% account, could be spent as the UN Secretary General saw fit. Clause 4 (f) stated that the money could be spent: “irrespective of the phase in which such funds entered the escrow accounts or the phase to which those funds may have been allocated.” Clause 4 (f) clearly related to unspent by Kurdish 13% account money as there was little unspent money in the 59% account;
- further diminished accountability. The transfer between the 13% and 59% accounts was to be “on an exceptional and reimbursable basis” but there was no appropriate stipulation given as to the manner and timing of the reimbursement.

The Iraq war proved to be brief. There were no large refugee movements, shortages of food or epidemics. The provision in UNSCR 1472/2003 to allow for the 13% and 59% accounts to be merged was therefore redundant. Despite this, the UN Secretariat sought permission to keep OFF going under the new rules. The KRG representation at the UN warned against any measures which would leave OFF unaccountable and which might make it difficult to trace 13% account money (appendix 11). Again the UN paid no heed to the views of the KRG.

During post-war negotiations on a new UNSCR to potentially lift sanctions, and so end the need for OFF, the UN Secretariat asked UN Security Council to prolong the life of OFF. OFF was temporarily suspended on March 17, 2003 when the UN pulled its staff out of Iraq. UNSCR 1472/2003 of March 28, 2003 kept OFF going for a further 45 days. Benon Sevan, the executive director of OIP, was forced to admit to a closed meeting of UN Security Council on April 22, 2003 that:

- 11 of these 45 days had been taken up with dealing with procedural matters;
- that just \$454.6 million in contracts had been processed by OFF out of what he estimated was \$10 billion in contracts

As OFF was to end on May 12, 2003, Mr Sevan sought and received permission for a three-week prolongation to OFF. The UN Security Council unanimously agreed to keep OFF going until June 3, 2003.

4.ii. UNSCR 1483/2003

After some weeks of negotiation, during which countries which had opposed the liberation of Iraq and had criticized sanctions threatened to keep sanctions in place, the UN decided to lift most of the sanctions that had been imposed by UNSCR 661/1990, with UNSCR 1483/2003 (appendix 12) on May 22, 2003 (there was a follow up resolution, UNSCR 1500/2003 available at appendix 13).

At the recommendation of the UN Secretary-General, UNSCR 1483/2003 stipulated that:

- remaining funds of the 13% account allocated to Iraqi Kurdistan were to be put into the Development Fund for Iraq, DFI (clause 16 d) which the Coalition had set up to succeed OFF;
- OFF was to be closed down six months after the resolution on November 21, 2003.

The issue of the unspent 13% account money was not addressed.

4. iii. UN admission that it held \$1.6 billion in Kurdish cash

The extent to which the UN had failed Iraqi Kurdistan started to come into the open during the summer of 2003. In a joint article in *The New York Times* ("What Iraq Needs Now" July 9, 2003), Massoud Barzani and Jalal Talabani stated that:

"It is a scandal that \$4 billion destined for the Kurds sits, unused, in a United Nations-controlled French bank account because of past obstruction by Saddam Hussein and the present incompetence of the United Nations bureaucracy."

In reply, Edward Mortimer, Director of Communications for the UN Secretary General in a letter dated July 11, 2003 "UN and Iraqi Kurds" (*The New York Times* July 14, 2003) stated that:

"In fact, as of May 22, when the Security Council adopted Resolution 1483, there was only \$1.6 billion in uncommitted funds in the account for the Kurdish-controlled area."

The statement about the "\$1.6 billion in uncommitted funds" (i.e. cash) was an admission that 19% of the money due to Iraqi Kurdistan had not been spent on humanitarian goods as was promised.

4. iv. UNSCR 1511/2003 and OFF project handover

UNSCR 1511/2003 of October 8, 2003 (appendix 14) gave recognition to the Iraqi Governing Council (IGC). UNSCR 1511/2003 stated in clause 4 that:

"the Governing Council and its ministers are the principal bodies of the Iraqi interim administration, which, without prejudice to its further evolution, embodies the sovereignty of the State of Iraq during the transitional period until an internationally recognized, representative government is established and assumes the responsibilities of the Authority [Coalition Provisional Authority]."

The recognition of the IGC meant that for the first time the Kurds ended up fully in charge of their OFF projects. When OFF was closed the UN handed over all OFF projects to the Coalition Provisional Authority (CPA), which then gave them to the IGC. All Iraqi Kurdistan 13% projects were given by the IGC to the KRG Office of Project Coordination (OPC) in Irbil.¹¹ The total value of projects under OPC is just \$750 million, of which not one penny had been allocated to de-mining.

OPC is precisely the structure that OFF should have adopted from the beginning but did not. OPC is a professional, streamlined business-style framework that is independent of the KRG but that has the full support of the KRG and operates according to international norms of accountability and transparency.

Significantly, OPC is headed by Dr. Akram Jaff, a former Middle East Director of FAO (a UN agency). Dr. Jaff was never employed or consulted by OIP during the operation of OFF, despite his obvious expertise in the field of humanitarian affairs and, in particular, Iraqi Kurdistan.

¹¹ The Office of Project Coordination website is <http://www.opc-krg.net/> (last accessed April 20, 2004).

4.v. The lack of accounting

The UN handover of OFF to CPA has been grossly inadequate. For example, not a simple bank statement has been given by the UN in New York to CPA or the IGC.¹²

With regard to the 13% Iraqi Kurdistan account, the situation is even more unsatisfactory. Of the \$4 billion that is likely owed to Iraqi Kurdistan:

- just \$750 million in money committed to humanitarian goods and humanitarian projects has been given to OPC;
- the \$1.6 billion in "uncommitted funds" (i.e. cash) has not been accounted;
- the balance of the likely \$4 billion owed to Iraqi Kurdistan is \$1.65 billion. This money remains unaccounted for;
- there is no explanation as to what has happened to interest earnings on any of the unused 13% account monies.

¹² Claudia Rosett "Turtle Bay's Carnival of Corruption: Digging deeper into the scandalous Oil-for-Food program", *National Review Online*, March 21, 2004, <http://www.nationalreview.com/comment/rosett200403212155.asp> (last accessed April 12, 2004).

Appendices

Appendix 1

UNITED NATIONS Security Council RESOLUTION 986 (1995)

April 14 1995

The Security Council,

Recalling its previous relevant resolutions,

Concerned by the serious nutritional and health situation of the Iraqi population, and by the risk of a further deterioration in this situation,

Convinced of the need as a temporary measure to provide for the humanitarian needs of the Iraqi people until the fulfilment by Iraq of the relevant Security Council resolutions, including notably resolution 687 (1991) of 3 April 1991, allows the Council to take further action with regard to the prohibitions referred to in resolution 661 (1990) of 6 August 1990, in accordance with the provisions of those resolutions,

Convinced also of the need for equitable distribution of humanitarian relief to all segments of the Iraqi population throughout the country,

Reaffirming the commitment of all Member States to the sovereignty and territorial integrity of Iraq,

Acting under Chapter VII of the Charter of the United Nations,

1. Authorizes States, notwithstanding the provisions of paragraphs 3 (a), 3 (b) and 4 of resolution 661 (1990) and subsequent relevant resolutions, to permit the import of petroleum and petroleum products originating in Iraq, including financial and other essential transactions directly relating thereto, sufficient to produce a sum not exceeding a total of one billion United States dollars every 90 days for the purposes set out in this resolution and subject to the following conditions:

(a) Approval by the Committee established by resolution 661 (1990), in order to ensure the transparency of each transaction and its conformity with the other provisions of this resolution, after submission of an application by the State concerned, endorsed by the Government of Iraq, for each proposed purchase of Iraqi petroleum and petroleum products, including details of the purchase price at fair market value, the export route, the opening of a letter of credit payable to the escrow account to be established by the Secretary-General for the purposes of this resolution, and of any other directly related financial or other essential transaction;

(b) Payment of the full amount of each purchase of Iraqi petroleum and petroleum products directly by the purchaser in the State concerned into the escrow account to be established by the Secretary-General for the purposes of this resolution;

2. Authorizes Turkey, notwithstanding the provisions of paragraphs 3 (a), 3 (b) and 4 of resolution 661 (1990) and the provisions of paragraph 1 above, to permit the import of petroleum and petroleum products originating in Iraq sufficient, after the deduction of the percentage referred to in paragraph 8 (c) below for the Compensation Fund, to meet the pipeline tariff charges, verified as reasonable by the independent inspection agents referred to in paragraph 6 below, for the transport of Iraqi petroleum and petroleum products through the Kirkuk-Yumurtalik pipeline in Turkey authorized by paragraph 1 above;

3. Decides that paragraphs 1 and 2 of this resolution shall come into force at 00.01 Eastern Standard Time on the day after the President of the Council has informed the members of the Council that he has received the report from the Secretary-General requested in paragraph 13 below, and shall remain in force for an initial period of 180 days unless the Council takes other relevant action with regard to the provisions of resolution 661 (1990);

4. Further decides to conduct a thorough review of all aspects of the implementation of this resolution 90 days after the entry into force of paragraph 1 above and again prior to the end of the initial 180 day period, on receipt of the reports referred to in paragraphs 11 and 12 below, and expresses its intention, prior to the end of the 180 day period, to consider favourably renewal of the provisions of this resolution, provided that the reports referred to in paragraphs 11 and 12 below indicate that those provisions are being satisfactorily implemented;

5. Further decides that the remaining paragraphs of this resolution shall come into force forthwith;

6. Directs the Committee established by resolution 661 (1990) to monitor the sale of petroleum and petroleum products to be exported by Iraq via the Kirkuk-Yumurtalik pipeline from Iraq to Turkey and from the Mina al-Bakr oil terminal, with the assistance of independent inspection agents appointed by the Secretary-General, who will keep the Committee informed of the amount of petroleum and petroleum products exported from Iraq after the date of entry into force of paragraph 1 of this resolution, and will verify that the purchase price of the petroleum and petroleum products is reasonable in the light of prevailing market conditions, and that, for the purposes of the arrangements set out in this resolution, the larger share of the petroleum and petroleum products is shipped via the Kirkuk-Yumurtalik pipeline and the remainder is exported from the Mina al-Bakr oil terminal;

7. Requests the Secretary-General to establish an escrow account for the purposes of this resolution, to appoint independent and certified public accountants to audit it, and to keep the Government of Iraq fully informed;

8. Decides that the funds in the escrow account shall be used to meet the humanitarian needs of the Iraqi population and for the following other purposes, and requests the Secretary-General to use the funds deposited in the escrow account:

(a) To finance the export to Iraq, in accordance with the procedures of the Committee established by resolution 661 (1990), of medicine, health supplies, foodstuffs, and

materials and supplies for essential civilian needs, as referred to in paragraph 20 of resolution 687 (1991) provided that:

- (i) Each export of goods is at the request of the Government of Iraq;
 - (ii) Iraq effectively guarantees their equitable distribution, on the basis of a plan submitted to and approved by the Secretary-General, including a description of the goods to be purchased;
 - (iii) The Secretary-General receives authenticated confirmation that the exported goods concerned have arrived in Iraq;
- (b) To complement, in view of the exceptional circumstances prevailing in the three Governorates mentioned below, the distribution by the Government of Iraq of goods imported under this resolution, in order to ensure an equitable distribution of humanitarian relief to all segments of the Iraqi population throughout the country, by providing between 130 million and 150 million United States dollars every 90 days to the United Nations Inter-Agency Humanitarian Programme operating within the sovereign territory of Iraq in the three northern Governorates of Dihouk, Arbil and Suleimaniyeh, except that if less than one billion United States dollars worth of petroleum or petroleum products is sold during any 90 day period, the Secretary-General may provide a proportionately smaller amount for this purpose;
- (c) To transfer to the Compensation Fund the same percentage of the funds deposited in the escrow account as that decided by the Council in paragraph 2 of resolution 705 (1991) of 15 August 1991;
- (d) To meet the costs to the United Nations of the independent inspection agents and the certified public accountants and the activities associated with implementation of this resolution;
- (e) To meet the current operating costs of the Special Commission, pending subsequent payment in full of the costs of carrying out the tasks authorized by section C of resolution 687 (1991);
- (f) To meet any reasonable expenses, other than expenses payable in Iraq, which are determined by the Committee established by resolution 661 (1990) to be directly related to the export by Iraq of petroleum and petroleum products permitted under paragraph 1 above or to the export to Iraq, and activities directly necessary therefor, of the parts and equipment permitted under paragraph 9 below;
- (g) To make available up to 10 million United States dollars every 90 days from the funds deposited in the escrow account for the payments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992;
9. Authorizes States to permit, notwithstanding the provisions of paragraph 3 (c) of resolution 661 (1990):

(a) The export to Iraq of the parts and equipment which are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq, subject to the prior approval by the Committee established by resolution 661 (1990) of each export contract;

(b) Activities directly necessary for the exports authorized under subparagraph (a) above, including financial transactions related thereto;

10. Decides that, since the costs of the exports and activities authorized under paragraph 9 above are precluded by paragraph 4 of resolution 661 (1990) and by paragraph 11 of resolution 778 (1991) from being met from funds frozen in accordance with those provisions, the cost of such exports and activities may, until funds begin to be paid into the escrow account established for the purposes of this resolution, and following approval in each case by the Committee established by resolution 661 (1990), exceptionally be financed by letters of credit, drawn against future oil sales the proceeds of which are to be deposited in the escrow account;

11. Requests the Secretary-General to report to the Council 90 days after the date of entry into force of paragraph 1 above, and again prior to the end of the initial 180 day period, on the basis of observation by United Nations personnel in Iraq, and on the basis of consultations with the Government of Iraq, on whether Iraq has ensured the equitable distribution of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs, financed in accordance with paragraph 8 (a) above, including in his reports any observations he may have on the adequacy of the revenues to meet Iraq's humanitarian needs, and on Iraq's capacity to export sufficient quantities of petroleum and petroleum products to produce the sum referred to in paragraph 1 above;

12. Requests the Committee established by resolution 661 (1990), in close coordination with the Secretary-General, to develop expedited procedures as necessary to implement the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of this resolution and to report to the Council 90 days after the date of entry into force of paragraph 1 above and again prior to the end of the initial 180 day period on the implementation of those arrangements;

13. Requests the Secretary-General to take the actions necessary to ensure the effective implementation of this resolution, authorizes him to enter into any necessary arrangements or agreements, and requests him to report to the Council when he has done so;

14. Decides that petroleum and petroleum products subject to this resolution shall while under Iraqi title be immune from legal proceedings and not be subject to any form of attachment, garnishment or execution, and that all States shall take any steps that may be necessary under their respective domestic legal systems to assure this protection, and to ensure that the proceeds of the sale are not diverted from the purposes laid down in this resolution;

15. Affirms that the escrow account established for the purposes of this resolution enjoys the privileges and immunities of the United Nations;

16. Affirms that all persons appointed by the Secretary-General for the purpose of implementing this resolution enjoy privileges and immunities as experts on mission for the United Nations in accordance with the Convention on the Privileges and Immunities of the United Nations, and requires the Government of Iraq to allow them full freedom of movement and all necessary facilities for the discharge of their duties in the implementation of this resolution;

17. Affirms that nothing in this resolution affects Iraq's duty scrupulously to adhere to all of its obligations concerning servicing and repayment of its foreign debt, in accordance with the appropriate international mechanisms;

18. Also affirms that nothing in this resolution should be construed as infringing the sovereignty or territorial integrity of Iraq;

19. Decides to remain seized of the matter.

Appendix 2

IMPLEMENTATION OF SECURITY COUNCIL RESOLUTION 986 (1995)
AND THE MEMORANDUM OF UNDERSTANDING

**MEMORANDUM OF UNDERSTANDING BETWEEN THE SECRETARIAT OF THE
UNITED NATIONS AND THE GOVERNMENT OF IRAQ ON THE IMPLEMENTATION
OF SECURITY COUNCIL RESOLUTION 986 (1995)**

Section I

General provisions

1. The purpose of this Memorandum of Understanding is to ensure the effective implementation of Security Council resolution 986 (1995) (hereinafter the Resolution).
2. The Distribution Plan referred to in paragraph 8 (a) (ii) of the Resolution, which has to be approved by the Secretary-General of the United Nations, constitutes an important element in the implementation of the Resolution.
3. Nothing in the present Memorandum should be construed as infringing upon the sovereignty or territorial integrity of Iraq.
4. The provisions of the present Memorandum pertain strictly and exclusively to the implementation of the Resolution and, as such, in no way create a precedent. It is also understood that the arrangement provided for in the Memorandum is an exceptional and temporary measure.

Section II

Distribution Plan

5. The Government of Iraq undertakes to effectively guarantee equitable distribution to the Iraqi population throughout the country of medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs (hereinafter humanitarian supplies) purchased with the proceeds of the sale of Iraqi petroleum and petroleum products.
6. To this end, the Government of Iraq shall prepare a Distribution Plan describing in detail the procedures to be followed by the competent Iraqi authorities with a view to ensuring such distribution. The present distribution system of such supplies, the prevailing needs and humanitarian conditions in the various Governorates of Iraq shall be taken into consideration with due regard to the sovereignty of Iraq and the national unity of its population. The plan shall include a categorized list of the supplies and goods that Iraq intends to purchase and import for this purpose on a six-month basis.
7. The part of the Distribution Plan related to the three northern Governorates of Arbil, Dihouk and Suleimaniyeh shall be prepared in accordance with Annex I, which constitutes an integral part of this Memorandum.

8. The Distribution Plan shall be submitted to the Secretary-General of the United Nations for approval. If the Secretary-General is satisfied that the plan adequately ensures equitable distribution of humanitarian supplies to the Iraqi population throughout the country, he will so inform the Government of Iraq.

9. It is understood by the Parties to this Memorandum that the Secretary- General will not be in a position to report as required in paragraph 13 of the Resolution unless the plan prepared by the Government of Iraq meets with his approval.

10. Once the Secretary-General approves the plan, he will forward a copy of the categorized list of the supplies and goods, which constitutes a part of the plan, to the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait (hereinafter the 661 Committee) for information.

11. After the plan becomes operational, each Party to the present Memorandum may suggest to the other for its consideration a modification to the plan if it believes that such adjustment would improve the equitable distribution of humanitarian supplies and their adequacy.

Section III

Establishment of the escrow account and audit of that account

12. The Secretary-General, after consultations with the Government of Iraq, will select a major international bank and establish there the escrow account described in paragraph 7 of the Resolution, to be known as "the United Nations Iraq Account" (hereinafter the "Iraq Account"). The Secretary-General will negotiate the terms of this account with the bank and will keep the Government of Iraq fully informed of his actions in choosing the bank and opening the account. All transactions and deductions mandated by the Security Council under paragraph 8 of the Resolution shall be made from the "Iraq Account", which will be administered in accordance with the relevant Financial Regulations and Rules of the United Nations.

13. The Iraqi authorities might designate a senior banking official to liaise with the Secretariat of the United Nations on all banking matters relating to the "Iraq Account".

14. In accordance with the United Nations Financial Regulations, the "Iraq Account" will be audited by the Board of Auditors who are external independent public auditors. As provided for in the Regulations, the Board of Auditors will issue periodic reports on the audit of the financial statements relating to the account. Such reports will be submitted by the Board to the Secretary-General who will forward them to the 661 Committee and to the Government of Iraq.

15. Nothing in this Memorandum shall be interpreted to create a liability on the part of the United Nations for any purchase made by the Government of Iraq or any agents acting on its behalf pursuant to the provisions of the Resolution.

Section IV

Sale of petroleum and petroleum products originating in Iraq

16. Petroleum and petroleum products originating in Iraq will be exported via the Kirkuk-Yumurtalik pipeline through Turkey and from the Mina al-Bakr oil terminal. The 661 Committee will monitor the exports through those outlets to ensure that they are consistent with the Resolution. Transportation costs in Turkey will be covered by an additional amount of oil, as foreseen in the Resolution and in accordance with procedures to be established by the 661 Committee. The arrangement between Iraq and Turkey concerning the tariffs and payment modalities for the use of Turkish oil installations has been provided to the 661 Committee.
17. Each export of petroleum and petroleum products originating in Iraq shall be approved by the 661 Committee.
18. Detailed provisions concerning the sale of Iraqi petroleum and petroleum products are contained in Annex II, which constitutes an integral part of this Memorandum.

Section V

Procurement and confirmation procedures

19. The purchase of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs of the Iraqi population throughout the country, as referred to in paragraph 20 of resolution 687 (1991), will, subject to paragraph 20 below, be carried out by the Government of Iraq, will follow normal commercial practice and be on the basis of the relevant resolutions of the Security Council and procedures of the 661 Committee.
20. The purchase of humanitarian supplies for the three northern Governorates of Arbil, Dihouk and Suleimaniyeh, as provided for in the Distribution Plan, will be carried out in accordance with Annex I.
21. The Government of Iraq will, except as provided for in paragraph 20, contract directly with suppliers to arrange the purchase of supplies, and will conclude the appropriate contractual arrangements.
22. Each export of goods to Iraq shall be at the request of the Government of Iraq pursuant to paragraph 8 (a) of the Resolution. Accordingly, exporting States will submit all relevant documentation, including contracts, for all goods to be exported under the Resolution to the 661 Committee for appropriate action according to its procedures. It is understood that payment of the supplier from the "Iraq Account" can take place only for items purchased by Iraq that are included in the categorized list referred to in Section II of the present Memorandum. Should exceptional circumstances arise, applications for the export of additional items may be submitted to the 661 Committee for its consideration.
23. As noted above, the 661 Committee will take action on applications for the export of goods to Iraq in accordance with its existing procedures subject to future modifications under paragraph 12 of the Resolution. The 661 Committee will inform the Government of Iraq, requesting States, and the Secretary-General of the actions taken on the requests submitted.

24. After the 661 Committee has taken action on the applications for export in accordance with its procedures, the Central Bank of Iraq will request the bank holding the "Iraq Account" to open irrevocable letters of credit in favour of the beneficiaries. Such requests shall be referred by the bank holding the "Iraq Account" to the United Nations Secretariat for approval of the opening of the letter of credit by the latter bank, allowing payment from the "Iraq Account" upon presentation of credit-conform documents. The letter of credit will require as condition of payment, inter alia, the submission to the bank holding the "Iraq Account" of the documents to be determined by the procedures established by the 661 Committee, including the confirmations by the agents referred to in paragraph 25 below. The United Nations, after consultations with the Government of Iraq, shall determine the clause to be inserted in all purchase orders, contracts and letters of credit regarding payment terms from the "Iraq Account". All charges incurred in Iraq are to be borne by the applicant, whereas all charges outside Iraq are for the account of the beneficiary.

25. The arrival of goods in Iraq purchased under the plan will be confirmed by independent inspection agents to be appointed by the Secretary-General. No payments can be made until the independent inspection agents provide the Secretary-General with authenticated confirmation that the exported goods concerned have arrived in Iraq.

26. The independent inspection agents may be stationed at relevant Iraqi entry points, customs areas or other locations where the functions set out in paragraph 27 of this Section can be performed. The number and location of the stationing points for the agents will be designated by the United Nations after consultations with the Government of Iraq.

27. The independent inspection agents will confirm delivery to Iraq of shipments. They will compare the appropriate documentation, such as bills of lading, other shipping documents or cargo manifests, and the documents issued by the 661 Committee, against goods actually arriving in Iraq. They will also have the authority to perform duties necessary for such confirmation, including: quantity inspection by weight or count, quality inspection including visual inspection, sampling, and, when necessary, laboratory testing.

28. The inspection agents will report all irregularities to the Secretary-General and to the 661 Committee. If the problem is related to normal commercial practice (e.g., some shortlanded goods), the 661 Committee and the Government of Iraq are informed, but normal commercial resolution practices (e.g., claims) go forth. If the matter is of serious concern, the independent inspection agents will hold the shipment in question pending guidance from the 661 Committee.

29. As regards the export to Iraq of parts and equipment which are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq, the requests will be submitted to the 661 Committee by the national Government of the supplier. Such requests will be considered for approval by the Committee in accordance with its procedures.

30. If the 661 Committee has approved a request in accordance with paragraph 29, the provisions of paragraph 24 shall apply. However, since the supplier can expect payment against future oil sales, as stated in paragraph 10 of the Resolution, the proceeds of which are to be deposited in the "Iraq Account", the bank holding the "Iraq Account" will issue an irrevocable letter of credit stipulating that payment can only be effected when at the time of drawing the "Iraq Account" has sufficient disposable funds and the United Nations Secretariat approves the payment.

31. The requirement of authenticated confirmation of arrival provided for in this Section shall apply also to the parts and equipment mentioned in paragraph 29.

Section VI

Distribution of humanitarian supplies purchased under the Distribution Plan

32. The distribution of humanitarian supplies shall be undertaken by the Government of Iraq in accordance with the Distribution Plan referred to in Section II of the present Memorandum. The Government of Iraq will keep the United Nations observation personnel informed about the implementation of the plan and the activities that the Government is undertaking.

33. The distribution of humanitarian supplies in the three northern Governorates of Arbil, Dihouk and Suleimaniyeh shall be 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.

Section VII

Observation of the equitable distribution of humanitarian supplies and determination of their adequacy

GENERAL PROVISIONS

34. The United Nations observation process will be conducted by United Nations personnel in Iraq under the overall authority of the Department of Humanitarian Affairs at United Nations Headquarters in New York in accordance with the provisions described below. Such observation shall apply to the distribution of humanitarian supplies financed in accordance with the procedures set out in the Resolution.

35. The objectives of the United Nations observation process shall be:

(a) to confirm whether the equitable distribution of humanitarian supplies to the Iraqi population throughout the country has been ensured;

(b) to ensure the effectiveness of the operation and determine the adequacy of the available resources to meet Iraq's humanitarian needs.

OBSERVATION PROCEDURES

36. In observing the equitable distribution and its adequacy, United Nations personnel will use, inter alia, the following procedures.

Food items

37. The observation of the equitability of food distribution will be based on information obtained from local markets throughout Iraq, the Iraqi Ministry of Trade, the information available to the United Nations and its specialized agencies on food imports, and on sample surveys conducted by United Nations personnel. The observation will also include the quantity and prices of food items imported under the Resolution.

38. To provide regular updated observation of the most pressing needs, a survey undertaken by United Nations agencies in cooperation with the appropriate Iraqi ministries will serve as a baseline for the continuing observation of nutritional status of the population of Iraq. This information will take account of public health data generated by the Ministry of Health (MOH) and the relevant United Nations agencies.

Medical supplies and equipment

39. Observation regarding distribution of medical supplies and equipment will focus on the existing distribution and storage system and will involve visits to hospitals, clinics as well as medical and pharmaceutical facilities where such supplies and equipment are stored. Such observation will also be guided by health statistics data from MOH and surveys by relevant United Nations agencies.

Water/sanitation supplies and equipment

40. Observation of distribution of water/sanitation supplies and equipment will focus on the determination that they are used for their intended purposes. Confirmation will be carried out by collecting data on the incidence of water-borne diseases and by water quality control checks by visits to water and sanitation facilities by representatives of relevant United Nations agencies. In this regard the United Nations will rely on all relevant indicators.

Other materials and supplies

41. With reference to materials and supplies which do not fall within the three areas indicated above, in particular, those needed for the rehabilitation of infrastructures essential to meet humanitarian needs, observation will focus on confirmation that such materials and supplies are delivered to the predefined destinations in accordance with the Distribution Plan and that they are used for their intended purposes, and on the determination of whether these materials and supplies are adequate or necessary to meet essential needs of the Iraqi population.

COORDINATION AND COOPERATION

42. The United Nations observation activities will be coordinated by the Department of Humanitarian Affairs at United Nations Headquarters in New York. Observation will be undertaken by United Nations personnel. The exact number of such personnel will be determined by the United Nations taking into account the practical requirements. The Government of Iraq will be consulted in this regard.

43. The Iraqi authorities will provide to United Nations personnel the assistance required to facilitate the performance of their functions. United Nations personnel will coordinate with the Iraqi competent authorities.

44. In view of the importance of the functions which United Nations personnel will perform in accordance with the provisions of this Section of the Memorandum, such personnel shall have, in connection with the performance of their functions, unrestricted freedom of movement, access to documentary material which they find relevant having discussed the matter with the Iraqi authorities concerned, and the possibility to make such contacts as they find essential.

Section VIII

Privileges and Immunities

45. In order to facilitate the successful implementation of the Resolution the following provisions concerning privileges and immunities shall apply:

(a) officials of the United Nations and of any of the Specialized Agencies performing functions in connection with the implementation of the Resolution shall enjoy the privileges and immunities applicable to them under Articles V and VII of the Convention on the Privileges and Immunities of the United Nations, or Articles VI and VIII of the Convention on the Privileges and Immunities of the Specialized Agencies to which Iraq is a party;

(b) independent inspection agents, technical experts and other specialists appointed by the Secretary-General of the United Nations or by heads of the Specialized Agencies concerned and performing functions in connection with the implementation of the Resolution, whose names will be communicated to the Government of Iraq, shall enjoy the privileges and immunities accorded to experts on mission for the United Nations or for the Specialized Agency under Article VI of the Convention on the Privileges and Immunities of the United Nations or the relevant Annexes of the Convention on the Privileges and Immunities of the Specialized Agencies respectively;

(c) persons performing contractual services for the United Nations in connection with the implementation of the Resolution, whose names will be communicated to the Government of Iraq, shall enjoy the privileges and immunities referred to in sub-paragraph (b) above concerning experts on mission appointed by the United Nations.

46. In addition, officials, experts and other personnel referred to in paragraph 45 above shall have the right of unimpeded entry into and exit from Iraq and shall be issued visas by the Iraqi authorities promptly and free of charge.

47. It is further understood that the United Nations and its Specialized Agencies shall enjoy freedom of entry into and exit from Iraq without delay or hindrance of supplies, equipment and means of surface transport required for the implementation of the Resolution and that the Government of Iraq agrees to allow them to, temporarily, import such equipment free of customs or other duties.

48. Any issue relating to privileges and immunities, including safety and protection of the United Nations and its personnel, not covered by the provisions of this Section shall be governed by paragraph 16 of the Resolution.

Section IX

Consultations

49. The Secretariat of the United Nations and the Government of Iraq shall, if necessary, hold consultations on how to achieve the most effective implementation of the present Memorandum.

Section X

Final clauses

50. The present Memorandum shall enter into force following signature, on the day when paragraphs 1 and 2 of the Resolution become operational and shall remain in force until the expiration of the 180 day period referred to in paragraph 3 of the Resolution.

51. Pending its entry into force, the Memorandum shall be given by the United Nations and the Government of Iraq provisional effect.

SIGNED this 20th day of May 1996 at New York in two originals in English.

For the United Nations

(Signed) Hans CORELL
Under-Secretary-General
The Legal Counsel

For the Government of Iraq

(Signed) Abdul Amir AL-ANBARI
Ambassador Plenipotentiary
Head of the Delegation of Iraq

Annex I

1. In order to ensure the effective implementation of paragraph 8 (b) of the Resolution, the following arrangements shall apply in respect of the Iraqi Governorates of Arbil, Dihouk and Suleimaniyeh. These arrangements shall be implemented with due regard to the sovereignty and

territorial integrity of Iraq, and to the principle of equitable distribution of humanitarian supplies throughout the country.

2. The United Nations Inter-Agency Humanitarian Programme shall collect and analyze pertinent information on humanitarian needs in the three northern Governorates. On the basis of that information, the Programme will determine the humanitarian requirements of the three northern Governorates for discussion with the Government of Iraq and subsequent incorporation in the Distribution Plan. In preparing estimates of food needs, the Programme will take into consideration all relevant circumstances, both within the three northern Governorates and in the rest of the country, in order to ensure equitable distribution. Specific rehabilitation needs in the three northern Governorates shall receive the necessary attention.

3. Within a week following the approval of the Distribution Plan by the Secretary-General, the Programme and the Government of Iraq will hold discussions to enable the Programme to determine how the procurement of humanitarian supplies for the three northern Governorates can be undertaken most efficiently. These discussions should be guided by the following considerations. The bulk purchase by the Government of Iraq of standard food commodities and medicine may be the most cost-effective means of procurement. Other materials and supplies for essential civilian needs, specifically required for the three northern Governorates, may be more suitably procured through the United Nations system in view of technical aspects related to their proper use.

4. To the extent that purchases and deliveries are made by the Government of Iraq in response to the written communication of the Programme, an amount corresponding to the cost of the delivered goods will be deducted from the amount allocated to the Programme from the "Iraq Account".

5. Humanitarian supplies destined for distribution in the three northern Governorates shall be delivered by the Programme to warehouses located within these Governorates. Such supplies can also be delivered by the Government of Iraq or the Programme, as appropriate, to warehouses in Kirkuk and Mosul. The warehouses shall be managed by the Programme. The Government of Iraq shall ensure the prompt customs and administrative clearances to enable the safe and quick transit of such supplies to the three northern Governorates.

6. The Programme shall be responsible in the three northern Governorates for the storage, handling, internal transportation, distribution and confirmation of equitable distribution of humanitarian supplies. The Programme will keep the Government of Iraq informed on the implementation of distribution.

7. Whenever possible and cost-effective, the Programme shall use appropriate local distribution mechanisms which are comparable to those existing in the rest of Iraq in order to effectively reach the population. Recipients under this arrangement will pay a fee for internal transportation, handling, and distribution as in the rest of the country. The Programme shall ensure that the special needs of internally displaced persons, refugees, hospital in-patients and other vulnerable groups in need of supplementary food are appropriately met, and will keep the Government of Iraq informed.

8. The Programme will observe that humanitarian supplies are used for their intended purposes, through visits to sites and by collecting relevant data. The Programme will report to the Department of Humanitarian Affairs at United Nations Headquarters in New York and the Government of Iraq any violation observed by the Programme.

Annex II

1. The State concerned or, if the 661 Committee so decides, the national petroleum purchaser authorized by the 661 Committee, shall submit to the Committee for handling and approval the application, including the relevant contractual documents covering the sales of such petroleum and petroleum products, for the proposed purchase of Iraqi petroleum and petroleum products, endorsed by the Government of Iraq or the Iraqi State Oil Marketing Organization (hereinafter SOMO) on behalf of the Government. Such endorsement could be done by sending a copy of the contract to the 661 Committee. The application shall include details of the purchase price at fair market value, the export route, opening of a letter of credit payable to the "Iraq Account", and other necessary information required by the Committee. The sales of petroleum and petroleum products shall be covered by contractual documents. A copy of these documents shall be included in the information provided to the 661 Committee together with the application for forwarding to the independent inspection agents described in paragraph 4 of this Annex. The contractual documents should contain the following information: quantity and quality of petroleum and petroleum products, duration of contract, credit and payment terms and pricing mechanism. The pricing mechanism for petroleum should include the following points: marker crude oil and type of quotations to be used, adjustments for transportation and quality, and pricing dates.

2. Irrevocable confirmed letters of credit will be opened by the oil purchaser's bank with the irrevocable undertaking that the proceeds of the letter of credit will be paid directly to the "Iraq Account". For this purpose, the following clauses will have to be inserted in each letter of credit:

"- Provided all terms and conditions of this letter of credit are complied with, proceeds of this letter of credit will be irrevocably paid into the "Iraq Account" with Bank."

"- All charges within Iraq are for the beneficiary's account, whereas all charges outside Iraq are to be borne by the purchaser."

3. All such letters of credit will have to be directed by the purchaser's bank to the bank holding the "Iraq Account" with the request that the latter adds its confirmation and forwards it to the Central Bank of Iraq for the purpose of advising SOMO.

4. The sale of petroleum and petroleum products originating in Iraq will be monitored by United Nations independent oil experts appointed by the Secretary- General of the United Nations to assist the 661 Committee. The monitoring of oil exports will be carried out by independent inspection agents at the loading facilities at Ceyhan and Mina al-Bakr and, if the 661 Committee so decides, at the pipeline metering station at the Iraq-Turkey border, and would include quality and quantity verification. They would authorize the loading, after they receive the information from the United Nations oil experts that the relevant contract has been approved, and report to the United Nations.

5. The United Nations will receive monthly reports from SOMO on the actual volume and type of petroleum products exported under the relevant sales contracts.

6. The United Nations Secretariat and SOMO shall maintain continuing contact and in particular United Nations oil experts shall meet routinely with SOMO representatives to review market conditions and oil sales.

Letter dated 20 May 1996 from the Head of delegation
of Iraq addressed to the Legal Counsel

In reference to the memorandum of understanding signed today and as I advised you during the discussion that a letter would be sent to you concerning the position of Iraq as to the cost of production and transportation of oil inside Iraq, I state below Iraq's position, which I request that you include in the official record of our discussion:

The Iraqi delegation explained during the discussion that the cost of production and transportation of petroleum excluding expenses in local currency, is currently estimated at US\$ 2.00 per barrel. Such cost had to be deducted from the sale price or recovered through the production and export of extra quantity of petroleum and petroleum products. In either case the amount referred to above would be deposited in the "Iraq account" to be utilized for the import of spare parts and other items necessary for the maintenance and sustaining of production and transportation operations as is the established practice in the oil industry, otherwise production and transportation operations would be hindered and eventually come to a halt.

Nevertheless, and in order to facilitate the conclusion of this memorandum of understanding, the Iraqi delegation agreed not to insist on the acceptance of its position by the United Nations Secretariat delegation at this stage and agreed to have it included in a separate letter addressed to the Head of the delegation of the United Nations Secretariat for consideration in any future discussion.

Although the matter is not discussed, the Iraqi delegation wishes to state that a third outlet for Iraqi petroleum export could be via the Syrian Arab Republic.

(Signed) Ambassador A. Amir ANBARI
Head of the delegation of Iraq

Appendix 3

Oil-for-food Program in Northern Governorates Supporting Document for the Joint Memorandum on Behalf of the Kurdistan Regional Government (PUK & KDP) presented to the Iraq Review Panel March 15, 1999

The Kurds and the KRG authority in the region of Iraqi Kurdistan were not consulted in the drafting of the original UNSC resolution 986 and the MOU that regulates its implementation. However the UN Security Council must have found in the devastated condition of Iraqi Kurdistan and the great need for rehabilitation of the region-□ compelling reasons to set the region's share of SCR 986 revenues at 13-15%. Regrettably, a decision by the UN has arbitrarily chosen the lower limit. We believe a fair and sensible review of the various aspects of 986 must take into consideration the totality of reasons, conditions, and rationale that led to the establishment of the program, and the distinction made with regard to UN's own implementation in the three northern governorates as separate from GOI's control in the rest of the country.

The amount of 986 revenue targeted for the various phases of the program are not being realized for the full and effective implementation of the requirements of those phases. In the enhanced (Phase IV) program, no more than half of the projected amount has been realized. Phase V is not expected to fair any better.

The time and funding necessary for the resettlement of nearly hundreds of thousands of internally displaced people (due to the destruction of some 4,500 villages and to forcible transfer of the population as part of GOI's policy of ethnic cleansing) can hardly be met by the allocations under the existing phases of the program.

The financial requirements for the rehabilitation of the electricity sector, which in its present state has serious adverse affects on water and sanitation as well as on essential services in the region, need to go far beyond the□ presently projected allocations for that sector under UNSC resolution 986 program.

It is being argued that resolution of some of the problems in the 986 program require changes in the MOU and decisions by the Security Council. As there is great pressure on the United Nations Office of the Iraq Program to make the 986 implementation program work, there should also be the willingness to make the necessary changes in that system. Consequently, a review of the program should effect changes that will:

--allow the UN the capacity to buy local crops from Kurdish farmers and alleviate the apparent disincentive to agriculture resulting from the food distribution program;

-- enable WFP to deliver the region's share of flour in the food basket as wheat to be milled in the region's established mills that conform to Iraqi standards;

--allow for the transfer of the responsibility for the procurement of medicine, medical supplies and equipment and their distribution to a system or agency different from the existing one.

The United Nations direct handling and implementation of the program in the three northern governorates is not only in full agreement with the intent of SCR 986 and the MOU, but it also means

that the United Nations, in close consultation with the region's authorities is the source of all decisions and assessments. However, in the face of this there is increasing tendency by the GOI to force decisions from Baghdad with the aim of bringing the program under its direct control.

A joint FAO/WFP mission that was to investigate the issue of disincentive to agriculture resulting from the food distribution program has been barred from entering the region.

The delivery of some 140 vehicles (pickups, four wheel drives, etc.) ordered by UNICEF and intended for the northern governorates under UNSC resolution 986, has been hampered under the pretext of customs regulations and number plate registration procedures that are being introduced for the first time. An estimated 21 million anti-personnel mines, that on a daily basis threaten civilian lives, have been planted throughout the Kurdish territory.

When compared to the resources needed for an effective de-mining operation, present efforts at de-mining under 986 seem truly insignificant. Additionally, Baghdad has not only withheld the appropriate location maps from the relevant UN agencies, but it also continues to raise objections to present efforts at de-mining.

Under the provisions of the MOU, Iraq has been entrusted with the procurement of bulk food and medical supplies for the whole of Iraq. Due to the slow pace of distribution of medical supplies (and consequent accumulation of such supplies in GOI warehouses); the slow contracting procedures by Kimadia (the Iraqi state company for drug imports); and WHO's lack of ability or willingness to challenge forced decisions by the GOI, the 986 food and medicine sector suffers continued problems and shortcomings.

WHO denies having responsibility for the quality or usability of medicines and medical equipment procured by the GOI. When evidence of quality control is asked for it is not given. The agency does not have much of a presence in the region and those who are in charge claim not to have the necessary control or decision-making authority.

Within the 986 health care and medicine sector, some of the medicines procured by the GOI are given to public clinics, pharmacies and other groups in the private sector. Similar private health facilities in are not covered by this arrangement. The result, on top of the exclusion itself, is that medicines are smuggled into the region and sold on the black market. In such a situation it is nearly impossible to hold anyone responsible for the sale or distribution of expired or unsuitable medicine.

The program recommended, in January 1998, an increase in the caloric value of the food baskets and the addition of full cream adult milk and weaning cereal. These supplements did not arrive in sufficient quantities to permit distribution. In fact, it was only a year later in January 1999 that stocks were sufficient to permit their distribution in the food basket for the first time. High-protein biscuits for pregnant women and therapeutic milk for malnourished children under five years of age were provided for in the enhanced distribution plan. Considerable delay occurred in the signing of contracts by the Iraqi Ministry of Health pertaining to the provision of these items.

It should also be noted that in addition to a less efficient food ration delivery in the north, there are no arrangements for the stockpiling of food items in the northern governorates to which food is transferred on a daily basis. There is little doubt that due to this dependence on GOI's procurement of food items, repeated staff relocations and periodic mounting tensions can and do adversely affect the food distribution program in the north.

KRG authorities have had to divert much-needed funds from their own projects to purchase medicine that is supposed to have been supplied by the WHO under the program.

Low oil prices and limitations on Iraq's ability to pump oil are often given as reasons for the lower rate of funds made available for the program. Subsequently, as the latest report by the UN Secretary General shows, delays in the submission of and holds placed on applications are also reasons for the inability to utilize funds apportioned to the oil spare parts sector under Phase IV. The supposedly adverse affect of the slow rate of reimbursement from ESC (13%) account to the ESB (53%) account is, when compared to the above reasons, but a small factor in the shortfall of oil revenues for the program's implementation.

Appendix 4

Kurdistan Regional Government
Council of Ministers
Ministry of Health

Private Bureau

Date: September 3, 2001

Number:

TO: Mr. Tun Myat, Chief Coordinator, OIP, Iraq
Cc: Mr. John Almstrom, Coordinator, North, Erbil
Cc: Dr. Badraddin Fehri
Cc: HE Dr. Barham Salih, Prime Minister

Subject: A Critical Health Situation.

Dear Mr. Myat,

I am writing as a matter of urgency on the status of our health services in our region, which has reached a critical stage needing immediate attention.

For the past 6 months we have been awaiting such simple matters as “Sticker Numbers” to start the following essential projects:

-  Heart Rehabilitation Center
-  X-Ray Center
-  Addition of an Emergency Section at the Education Hospital
-  Extension and renovation of Chemchamal Hospital

The region is still suffering from deficiency and total lack of essential drugs and medical supplies, that have nearly paralyzed the work of our hospitals. Such shortages have had catastrophic consequences on the patients requiring emergency treatments. Examples of such essential requirements are lack of surgical gloves, sutures, Anti D Ampule for Rh negative, And drugs for cancer, after kidney transplants, drugs given to chronic patients, as those needed for hypertension, heart disease, and other essential drugs that are constantly needed in the course of treating of a variety of illnesses. We have been obliged, during the course of the last 9 months, and due to our emergency needs, to obtain such drugs from the local markets, from a number of sources, at exorbitant prices, and with inherent dangers, as we had no other alternatives.

We wish to emphasize that the situation has reached a point that requires immediate attention. We have continuously emphasized the urgent need of specific drugs and material referred to above in a number of meetings with yourself and with Dr. Popal. I am sorry to say that in spite of promises, the situation has

remained unchanged.

We are amazed at the chronic lack of drugs, referred to as life- saving drugs, among all other drugs that are being supplied to us, as if such drugs have been hand-picked. We find no logic or satisfying statements from your offices here, in Erbil, or even from Baghdad. We request that such queries be relayed to Geneva or to New York immediately in order to soon get logical answers and solutions.

In a jointly held sectoral meeting, in Sulaimania, on May 15th, in your presence, Dr. Popal, and our colleagues from Erbil, promises were made to address the chronic shortages of essential medicines, and other problems related to health sector. Unfortunately, nothing has changed.

Further, our people are asking us as whatever happened to the fate of the 400-Bed Hospital for which sufficient funds have been allocated since Phase VII of the Distribution Plan.

We believe that, with amply available funds, there is no excuse in delaying the delivery of our essential health needs. Our people will not forgive those responsible for such delays. People cannot be blamed if they were to hold the WHO responsible for the needless deaths of our citizens who die due to lack of medicine and inadequate hospitals. WHO's delaying tactics, inefficiency, and irresponsibility can not be tolerated any longer.

I hope you take very seriously the content of this letter and please find us answers to our questions.

Sincerely,

Dr. Yadgar R. Heshmet
Minister of Health

Appendix 5

KURDISTAN REGIONAL GOVERNMENT MINISTRY OF HUMANITARIAN AFFAIRS SULAIMANI

Memorandum on the Implementation of UN Oil for Food Program In Iraqi Kurdistan

According to the Security Council Resolution 986 (1995) and the Memorandum of Understanding (MOU), 1996, together with a special Annex, the United Nations Secretariat is entrusted to implement the responsibilities of providing humanitarian assistance and rehabilitation of the three governorates of Dihok, Arbil and Sulaimani, which constitute the Iraq Kurdistan region. Hence, 13% of the revenues were to be allocated to the Kurdistan region. It is worth remembering that the reason the UN was chosen for this task was that Iraqi Government could not be trusted to carry out the humanitarian and rehabilitation program in Kurdistan region, given the political background of devastation it had inflicted on the region during the previous decade.

The UN program has benefited the region enormously. It has led to marked improvement in the citizens' welfare and health standards according to all statistical indicators. The contrast with the way the program has been handled in the rest of Iraq is glaring in all aspects. However, after five years of experience since the program started, it is appropriate to review the overall performance of the UN Agencies in the implementation process, with the view of identifying the shortcomings in the practical application and overall management of the program. We recognize the difficult environment in Iraq under which the UN Agencies operate in Kurdistan region. The goal of this exercise is to offer constructive criticism to improve the performance of the biggest civilian economic project undertaken by the UN ever. We call upon the UN Secretariat and the Security Council members to address the issues raised in this memorandum on a priority basis as they are matters of immediate relevance to the security and well being of the citizens of Kurdistan region. We are willing and prepared to discuss the issues with all the parties involved in order to achieve the full benefit from this unique program.

Iraqi Tactics

The first issue of concern is the Iraqi Government's continuous and shrill attempts to thwart attempts to attend to the immediate needs of the region. These, especially in the last year, have affected the implementation process negatively to a great extent. Contrary to the letter and spirit of the MOU, the Iraqi regime has not allowed the UN to fulfill the responsibilities entrusted to it by the Security Council. The Iraqi measures have ranged from intimidation of UN staff, proven cases of Iraqi intelligence attempts of sabotage against UN personnel and offices in the region, denying and delaying UN requests for visas its staff and experts and other personnel performing contracted services for the UN in Iraqi Kurdistan; failure to allow necessary equipment, such as large number of demining equipment, including mechanical mini-flails for the demining program, to be released at the border; refusal to provide UN with map/records of the mine fields and a continuous targeted campaign against the UN program in the region to the extent of the Iraqi delegate denouncing the UN in the Security Council debate for looking after of welfare of dogs used in the demining program! The regime has the audacity to accuse the UN of failure to implement the program effectively, while continuously trying to deny the UN the essential tools to implement the program. Unfortunately, this trend toward undermining the integrity of the UN program has been escalating recently without any counter measures by the Security Council. The Iraqi tactic is to force the acquiescence of the UN staff in this process so that it becomes yet another political and economic tool in the hands of the regime to intimidate the region. The Security Council should use the leverage of the approval procedure for Iraqi

applications for their needs to make sure they do not obstruct the humanitarian and rehabilitation efforts in Kurdistan region.

In addition, the Iraqi regime has escalated its campaign of ethnic cleansing in areas of Kurdistan still under its control i.e. Kirkuk, Khanaqin, Makhmoor and Sheikhan causing the forced displacement of thousands of Kurdish, Turkoman and Assyrian families from their homes. Thus, the arrival of the internal refugees has increased the economic and social burden of the regional authorities.

UN Implementation Process

Many of the problems relating to proper execution of the UN program are connected with the modality of implementation: absence of proper and adequate consultation with the local authorities, the lack of proper co-coordinating procedure by the various UN agencies among themselves and with the general concept and management of the program, excessive bureaucratization causing procrastination in carrying out already agreed projects, prevalence of poor quality staff who clearly lack expertise in their respective fields and inferior and wasteful procurement policies; all of which will considerably undermine the integrity of the overall program, if not checked soon. Among those agencies mentioned in particular are the World Health Organization (WHO) and Food and Agriculture Organization (FAO) whose performances need attention and improvement. The program needs a unified project management system under one authority, with lines of consultation with specialized agencies and local authorities.

Procurement

In the last six months there has been a serious deficiency and lack of essential drugs and medical supplies, which have nearly paralyzed the work of hospitals and clinics. Shortages in emergency treatment supplies, surgical gloves, cancer drugs, hypertension and heart drugs have been communicated to the Chief Coordinator of Office of Iraq Program and the Headquarters in New York without any response. The proposed hospital project in Sulaimani is a case study on lack of proper planning, management direction, clarity of decision-making, coordination and oversight, and concern for the immediate and future humanitarian needs of the community.

In addition to procurement delays, there have been many cases of wasteful procurement practices, due mainly to the mismanagement and lack of competent staff that make these important decisions. For example, the FAO procured 100,000 tons of feed at a price of @240 per ton that arrived at the height of the lush spring season, which was a total waste. Twenty-five chain tractors were procured which were completely unsuitable for agricultural production (Not a single implement accompanied them). Eight vehicles were quarantined in a warehouse last year in Sulaimani for eight months pending vehicle registration procedure.

Recurring Costs

According to UN figures there are 3.6 million citizens of Kurdistan region who are being provided with humanitarian and rehabilitation needs. In this regard it is important to bear in mind that the Iraqi Government unilaterally decided in 1992 to abdicate its financial and administrative responsibilities in the Kurdistan region. Furthermore, it imposed its own economic embargo on the region as a policy of intimidation. Therefore the regional authorities, for the last ten years, had the responsibility to undertake all those budgetary and public service duties abandoned by Baghdad. That includes not only providing security and law and order, but all other civic functions such as education, health, environment and justice. It has been extremely difficult to fund these services. The UN program is mandated to provide humanitarian needs of the region. Yet it does not fund the basic activities such as education. We have, within our administration area, 75,000 students and 15,000 teachers to cater for. There are three universities in the whole region. The teachers desperately need assistance in updating

their skills and training them in proper methods of induction, computer literacy and curriculum instruction. Kindergarten and primary level schools for children in particular need this assistance.

A specific proposal to train teachers and health worker has been languishing in the bureaucratic corridors of OIP for many months now. We need an immediate plan of action on this essential project.

Rehabilitation

The Kurdistan region was subjected to a decade of destruction and genocide prior to the Gulf war. It is estimated that the Iraqi Army destroyed more than 250,000 people perished 4000 villages during the Anfal campaign in the 1980's. The impact of this destruction on the infrastructure and the living communities, especially the rural life, was devastating. Therefore, the task of rehabilitating the infrastructure is essential to provide for the humanitarian needs of the community. The provision of water, sanitation, sewage, electricity and housing is essential in rehabilitating the normal community life. The UN program in this respect seriously lags far behind. There is no focused plan to address the infrastructure needs of the region. Efforts in this regard are ad hoc, perfunctory and lost in the bureaucratic haze of the UN system.

Examples of the neglect of infrastructure rehabilitation are: the region desperately needs cement for the rehabilitation projects. The existing cement factory in Tasluja can produce 5000-6000 tons of cement a day if overhauled. Currently it can only produce 500 tons a day. Again we are waiting for a decision from OIP on this vital issue.

The electricity needs of the region are not catered for. The three 29 MW generating plants are unable to run 24 hours a day, the way public utilities should normally run.

Summary

We consider the UN Oil for Food program as a unique opportunity for the UN to demonstrate that it can make a huge difference in the lives of citizens, especially those who have been subjected to oppression. The UN and the Security Council member should address the shortcomings of the program as an urgent matter. We again reach out to state that we are ready to play our part in instituting reforms in the implementation process to make sure full benefit is achieved.

October 22, 2001

Appendix 6

“H.E. Dr Neel Mani
Director,
Department of the Iraq Programme
World Health Organisation,
Avenue Appia 20,
Geneva 27
Switzerland.

Your Reference: IRP-E17/180/2, IRQ (A) 147

Our Ref: The Arbil Cancer Hospital Plan

Your Excellency,

As you kindly suggested, I traveled to “northern Iraq” hoping to discuss the plan with the local WHO staff and the Kurdistan Regional Government. I am writing to inform you of the results of my trip to Northern Iraq and meetings with Dr Popal, and the local WHO staff in Erbil concerning the Cancer Hospital plan which we spent a year preparing.

I am sorry to tell you that I was far from being encouraged to continue our efforts as a result of the totally negative attitudes I met with from all concerned at WHO.

I shall try to summarise the reasons as follows:

- 1 - Dr Popal did not actually attend the meeting which he himself arranged for me. The meeting was to be with himself and the WHO “feasibility” team as well as the KRG Minister for Health.
- 2 - Those I met with were unable to understand the need for the project and were using a variety of political arguments against even considering it. They had not been informed of the plan before my arrival but even so they were highly opposed to consider it on the basis of claims which Mr Siddiqi said were in the MOU but when challenged he admitted not having read the MOU or the SCR986. None of the others had done so either.
- 3 - Not even the WHO representative, Dr Sheherezad, who was also in the building at the time, attended either of the two meetings.
- 4 - A team member by the name of Khalid Al-Dik seemed to think I should have gone to the South of Iraq to look after the people there and was vehemently against the plan.
- 5 - After one week or so to allow the WHO team to read the plan we held another meeting during which Eng Adham Ismail was present. This gentleman expressed gratitude for our “great” work and described the plan as “the best he had ever come across”. He repeated this several times during and, at the end of, the meeting. The minutes of both meetings were misrepresentation and concocted to suit the decision they had arrived at even before reading the plan. There was a great deal of economy with the truth and Mr Ismail’s comments were completely left out.
- 6 - The Minutes of both meetings conclude with “No commitments on the part of WHO whatever were given”. This quite unnecessary and rather emphatic negative statement could only have been made to

send a message to “someone” that all is well and there will never be any scope for a positive reply and we find it rather offensive in the light of the atrocious health conditions we found on the ground.

7 - The reasons for being so negative were explained by Mr Siddiqi and Mr Al-dik and if true then the message is clear: We cannot do anything of real value or efficacy so any effort to alleviate the suffering of the Kurds WHO or anyone else is quite useless. Keep out!!

8 - Even so the new obstacles Mr Siddiqi, the team leader, was placing in the way of WHO support were:

A - Lack of sufficient survey and statistics indicating the level of cancer incidences

B - The claim that a 200 bed hospital was too big and a smaller number of beds should be aimed at.

These claims were both unfounded since we had actually included whatever statistics we had available from the Ministry of Health. Furthermore there were the statistics which the team members had included in a paper submitted in a hurry by Mr Al-Dik to the Minister of Health Dr Jamal urging him to consider it instead of our plan before my arrival. He had obtained the figures from the local authorities and included them in his paper and depended on them in his arguments. Those statistics indicated that we had already undersized the hospital considerably.

At any rate, it should be expected that WHO had and has a duty to carry out accurate surveys to find out not the extent of the spread of cancer but all other major diseases and they had not done any. Therefore, WHO could hardly blame us for not having the data. Furthermore, it is a known fact that the rate of cancer among any population is at least 5 (five) percent and 10 (ten) percent in most cases. Therefore, we should plan for at least $5 \times 3.6 \text{ million}/100$ or 180,000 incidences among the population of the three northern governorates.

A 200 bed hospital would not cover more than 0.0005% of that population which means either the WHO Staff in Erbil are completely unaware of the prevalent incidences of cancer worldwide or they were deliberately creating obstacles against the project. My own very strong feeling was that they had been instructed by the Iraqi regime which had been precluded from deciding on such matters not to allow any worthwhile project to be carried out in Kurdistan.

Given that enormous salaries are paid to WHO and other UN staff in Northern Iraq, I found a terrible lack of things to show for it. After six years of the oil for food programme and a great deal of money in banks in France have been allocated for the Kurds, the sewerage system is almost non-existent. Erbil is a stinking filthy place. Surveys are not being done to identify disease. The existing rotting hospitals are lacking in medicine, instrumentation, trained nurses and doctors and funds. There no statistics to indicate child mortality, or mortality in general. I visited and videoed entire hospitals and interviewed personnel and doctors and I found the majority of medicines unavailable or expired. I have full interviews with medical staff which affirm this. Laboratories are inadequately supplied with expired chemicals which are totally useless, the wrong chemicals, or wrong instruments which they have to wait very long periods for. Disposable tools and tubes are being washed several times to carry out the most basic tests. Generally WHO is blamed for all these shortcomings and the main reason seems to be the pro-Iraqi staff hired by the organisation. Everywhere I went whether in Erbil, Suleimania or Dihok the story was the same. Everyone seems to blame WHO and there is ample evidence that this may be true.

Since the UN and WHO is particular are there to implement resolution 986 and look after the

population of the three northern governorates, the charge is that they have both failed. The main reason is allowing the Saddam regime, the reason for the suffering and backwardness of the health service in Kurdistan to have a final say in the recruitment of international civil servants mandated by law to serve the community there and to veto anything he does not want for the Kurds to benefit from and that includes absolutely everything.

At a time when there is over \$7 billion unspent Kurdish funds and WHO staff get huge salaries this may be a great injustice against the Kurds no less in magnitude to the repeated Genocidal acts committed against them by the people your organisation seems very keen to keep happy.

During the last meeting I held with the WHO team we agreed that the Ministry of Health would write to them indicating their agreement to carry out a quick survey and that the WHO Office would soon carry the survey out. The Minister wrote the letter in my presence the same day and it was delivered by hand the next day. So far WHO Erbil have not replied. In the minutes of the two meetings Dr Siddiqi and Dr Sheherezad both claim that the “local authorities” had not written officially to ask for the project to be implemented. This is quite false and I have evidence that the Ministry had twice written to them indicating their full support for the hospital, once in Arabic and again in English.

I hope you will be able to provide a reasonable plan of action urgently for there are many thousands of people dying whose welfare has been entrusted to your organisation.

We remain, sir, truly yours,

Dr F R Hilmi
For the Arbil Cancer Hospital Project Team

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Copies to:
The Secretary General of the UN, Mr Kofi Annan
Mr Nechirwan Barzani, KRG Prime Minister, Erbil
Dr Jamal Abudlhamid, Minister of Health, Erbil
Ms Nasreen Barwari, Minister of Reconstruction, Erbil
Mr Barham Salih, KRG Prime Minister Slemani
Dr Yadgar, Minister of Health, KRG Slemani
Mr Sadi Pire, Foreign Relations, PUK, Slemani”

Appendix 7

UN DEAL LEAVES IRAQ KURDS AT BAGHDAD'S MERCY BY GUY DINMORE IN NORTHERN IRAQ AND CAROLA HOYOS, UNITED NATIONS CORRESPONDENT, FINANCIAL TIMES PUBLISHED: JULY 6 2002 5:00 | LAST UPDATED: JULY 8 2002

In theory, the Kurds of northern Iraq have never had it so good, effectively independent from Baghdad and guaranteed a substantial slice of the country's oil income under the United Nations oil-for-food programme.

The reality is rather different.

Zhiyan Ahmad Abdullah fights a daily battle with shortages of basic supplies as director of the main maternity hospital in Sulaimani, one of the two regional capitals controlled by rival Kurdish factions. "We have many, many problems," she says in despair, having to cope with nearly 30 deliveries a day. "Each month we get 1,000 pairs of gloves, at best 2,000. But we need 10,000, so we have to re-use them."

The same shortages apply to drugs for delivery, blood-bags and blood-testing equipment. Prostaglandin, used for abortions, has never been supplied, forcing doctors to use more dangerous methods for terminating pregnancies.

"Really, the WHO is to blame," says Dr Abdullah, referring to the World Health Organisation, which is responsible for delivering medical aid under the oil-for-food programme.

"This programme serves the rest of Iraq more than Kurdistan. A lot of money goes to serving those who work in the UN. For example, a local UN employee earns about \$600 [£390] a month. My salary is \$80 and my nurses get only \$10."..

The Baghdad government led by President Saddam Hussein is allowed to purchase supplies and implement distribution directly, but because the Kurdish north has no international recognition it has to acquire aid through Kimadia, the official Baghdad procurement agency, and rely on the UN for distribution.

This, as regional Kurdish officials argue, leaves the north at the mercy of Baghdad and what they call the inefficiency and even corruption within the dozen or so UN agencies involved in Iraq.

A commonly voiced complaint is that the WHO programme is dominated by Arabs who have little sympathy for the Kurds and rely on Baghdad.

One official in the Kurdish region, which effectively broke away from Baghdad in 1991 and is partly protected by a US-imposed no-fly zone, estimated that only 37 per cent of the oil income allocated for the north had been spent on humanitarian goods and services. Infrastructure projects, such as water, electricity and a \$400m hospital, have been blocked by Baghdad.

"Baghdad vetoes many projects, and the UN does not defend us," says Sami Abdul-Rahman, deputy prime minister in the Kurdish regional government based in Arbil, calling the UN agencies "bureaucratic, biased and cumbersome"...

WHO blames the sanctions regime for some of the problems. "The process is known to be laborious because of the lengthy procurement procedures imposed by the sanctions regime," it says.

Appendix 8

Iraq government cuts petrol supplies to Kurds

Date: 13 January 2003

Source: Reuters

SULAYMANIYAH, Kurdistan–Iraq, 12/1 2003 (Reuters) - Iraq's government has cut off petrol supplies to the breakaway Kurdish-run north of the country, Kurdish officials said, sending prices soaring and ordinary Kurds rushing to stock up on fuel.

The officials said they did not know why the fuel supplies, brought across the front lines between Iraqi government troops and the Kurdish north in tankers, car fuel tanks and gerry cans, had been shut off for a second day on Sunday.

But the move comes amid U.S. preparations for a possible war in Iraq over Baghdad's alleged weapons of mass destruction, with thousands of American troops being despatched to the Gulf.

The apparent embargo points up the fragility of the Kurds' de facto autonomy from Baghdad won when U.S. and British planes began enforcing a no-fly zone over the area in 1991 after Iraqi troops put down an uprising against President Saddam Hussein.

Aside from a small oilfield in the east of the area and a converted refinery near the city of Sulaymaniyah which once refined sugar, north Iraq's three million Kurds rely almost entirely on supplies brought from the government-held region.

Pump prices had more than quadrupled on Sunday compared with before the blockade, some petrol stations closed down altogether for lack of fuel while long queues formed at others as drivers sought to fill up while they could.

One Kurdish official in the city of Sulaymaniyah, in the east of the rugged enclave, said petrol had been cut off before due to wrangling over prices with Baghdad.

Iraqi Kurds would join other opposition groups in running the country under U.S. scenarios for a post-Saddam Iraq should a U.S.-led invasion topple the present government.

The Kurds played a leading role in mustering opposition parties in a conference in London last month and are due to host a further meeting of leaders opposed to Saddam near the eastern city of Arbil later this month.

Appendix 9

IRAQI KURDISTAN REGION

February 10, 2003

His Excellency Kofi Annan
General Secretary
United Nations
One United Nations Plaza
New York, New York 1007
U.S.A.

Excellency:
Re: Diversion of Funds in the 13% Account

We have received definite information that some people at the United Nations are planning to use funds deposited to the Oil-for-Food Programme 13% Account for the three governorates of Erbil, Duhok and Sulaimaniyah for the anticipated emergency situation in Iraq. We understand that there are plans to divert these funds, which currently total approximately US \$2 billion, away from their intended purpose of providing for the relief and rehabilitation of the three northern governorates.

Funds deposited in the 13% Account are specifically earmarked for humanitarian programs and projects in Iraqi Kurdistan. All these funds have been allocated for approved projects outlined in the thirteen Distribution Plans approved by the Government of Iraq and the Security Council. Hundreds of approved projects have funds allocated; however, they have not been implemented.

Because of the very slow project implementation rate, the 13% Account still maintains a very large cash balance. This situation has occurred mainly because of the many methods of obstruction used by the GOI, including not providing visas for experts and professionals required for the implementation of projects in the north or using pressure and influence on UN Agencies to delay project implementation. Other reasons for the slow implementation rate include the bureaucracy of the UN Agencies that has made the process of implementation of projects very slow and the extremely time-consuming decision making process. Also many projects are delayed due to hold from the 661 Committee.

Badly needed humanitarian projects, such as building houses for IDPs, schools and hospitals or water and sanitation networks, should not have funds diverted for other purposes. Every single cent of the funds of the 13% Account is needed for the provision of food and medicines for the local population as well as the rehabilitation of this region. The projects were carefully chosen between the Regional authorities and the UN Agencies for these purposes. Although there are many examples of the benefits of the Oil-for-Food program in Iraqi Kurdistan, still about 20 per cent of households survive on less than US \$200 a year and 40 per cent of households on less than US \$300 a year, which means that 50 per cent of the population remains totally dependent on the monthly food basket (per survey conducted by SCF in 2001).

A large number of projects are designed to rehabilitate the three northern governorates, which were devastated during three decades of war and destruction by the Government of Iraq. The destruction of Iraqi Kurdistan is very well documented. Over 4,500 villages and towns out of a total of around 5,000 villages and towns were completely destroyed during 1970s and 1980s. An estimated 200, 000 people

disappeared during successive campaigns of genocide against the people of the region by the Government of Iraq, including about 182, 000 during the infamous Anfal campaigns of 1987-1988. In Halabja over 5,000 people in a chemical weapons attack in March 1988- although this is just one of the scores of villages that were attacked with chemical weapons by the Government of Iraq. Ethnic cleansing continues on a daily basis thus constantly increasing the demands on the local authorities to provide shelter and other public services for these very vulnerable families and individuals. Figures from UNCHS- Habitat show that about 23 per cent of the region's population are still IDPs.

We have feared that these funds might be diverted before they could be used and have sought assurances on several occasions that this would not be the case. We believed that the funds would continue to be held in the account for the use that they were intended and would not be diverted for other purposes.

Now we have learned that there is a move afoot to try to grab these funds from the victims of this repressive regime and use them for other purposes. This is like adding salt to the wound and deprives the citizens of this region of their legitimate rights to the financial resources allocated to them, their property, and their land. We believe that it is unconscionable fro the UN to consider diverting funds from the 13% Account under the pretext of an anticipated emergency cover which we have no control.

Since we have no representative at the United Nations, we are asking you to take immediate action to stop any attempts to divert these funds from the humanitarian purposes for which they were intended with or without the benefit of a Security Council resolution..

You have played a vital role in making sure that our people received a fair share of the resources of this program and we are putting our trust in you trust in you now to protect the funds allocated by the international community through resolutions of the Security Council and by the Memorandum for Understanding negotiated by the United Nations and the Government of Iraq.

Sincerely,

Massoud Barzani
President
Kurdistan Democratic Party

Jalal Talabani
General Secretary
Patriotic Union of Kurdistan

Appendix 10

UNITED NATIONS Security Council RESOLUTION 1472 (2003)

March 28, 2003

THE SECURITY COUNCIL

NOTING that under the provisions of Article 55 of the Fourth Geneva Convention (Geneva Convention Relative to the Protection of Civilian Persons in Time of War of August 12, 1949), to the fullest extent of the means available to it, the Occupying Power has the duty of ensuring the food and medical supplies of the population; it should, in particular, bring in the necessary foodstuffs, medical stores and other articles if the resources of the occupied territory are inadequate;

CONVINCED of the urgent need to continue to provide humanitarian relief to the people of Iraq throughout the country on an equitable basis, and of the need to extend such humanitarian relief measures to the people of Iraq who leave the country as a result of hostilities;

RECALLING its previous relevant resolutions, and in particular resolutions 661 (1990) of 6 August 1990, 986 (1995) of 14 April 1995, 1409 (2002) of 14 May 2002, and 1454 (2002) of 30 December 2002, as they provide humanitarian relief to the people of Iraq;

NOTING the decision made by the Secretary-General on 17 March 2003 to withdraw all United Nations and international staff tasked with the implementation of the "Oil-for-Food" Program (hereinafter "the Program") established under resolution 986 (1995);

STRESSING the necessity to make every effort to sustain the operation of the present national food basket distribution network;

STRESSING also the need for consideration of a further reassessment of the Program during and after the emergency phase;

REAFFIRMING the respect for the right of the people of Iraq to determine their own political future and to control their own natural resources;

REAFFIRMING the commitment of all Member States to the sovereignty and territorial integrity of Iraq;

ACTING UNDER CHAPTER VII OF THE CHARTER OF THE UNITED NATIONS,

1. REQUESTS all parties concerned to strictly abide by their obligations under international law, in particular the Geneva Conventions and the Hague Regulations, including those relating to the essential civilian needs of the people of Iraq, both inside and outside Iraq;

2. CALLS ON the international community also to provide immediate humanitarian assistance to the people of Iraq, both inside and outside Iraq in consultation with relevant states, and in particular to respond immediately to any future humanitarian appeal of the United Nations, and supports the activities of the International Committee of the Red Cross and of other international humanitarian organizations;

3. RECOGNIZES that additionally, in view of the exceptional circumstances prevailing currently in Iraq, on an interim and exceptional basis, technical and temporary adjustments should be made to the Program so as to ensure the implementation of the approved funded and non-funded contracts concluded by the Government of Iraq for the humanitarian relief of the people of Iraq, including to meet the needs of refugees and internally displaced persons, in accordance with this resolution;

4. AUTHORIZES the Secretary-General and representatives designated by him to undertake as an urgent first step, and with the necessary coordination, the following measures:

a) TO ESTABLISH alternative locations, both inside and outside Iraq, in consultation with the respective governments, for the delivery, inspection and authenticated confirmation of humanitarian supplies and equipment provided under the Program, as well as to redirect shipments of goods to those locations, as necessary;

b) TO REVIEW, as a matter of urgency, the approved funded and non-funded contracts concluded by the Government of Iraq to determine the relative priorities of the need for adequate medicine, health supplies, foodstuffs and other materials and supplies for essential civilian needs represented in these contracts which can be shipped within the period of this mandate, to proceed with these contracts in accordance with such priorities;

c) TO CONTACT suppliers of these contracts to determine the precise location of contracted goods and, when necessary, to require suppliers to delay, accelerate or divert shipments;

d) TO NEGOTIATE and agree on necessary adjustments in the terms or conditions of these contracts and their respective letters of credit and to implement the measures referred to in

4 (a), (b) and (c), notwithstanding distribution plans approved under the Program;

e) TO NEGOTIATE AND EXECUTE new contracts for essential medical items under the Program and to authorize issuance of the relevant letters of credit, notwithstanding approved distribution plans, provided that such items can not be delivered in execution of contracts pursuant to 4 (b) and subject to the approval of the Committee established pursuant to resolution 661 (1990);

f) TO TRANSFER unencumbered funds between the accounts created pursuant to paragraphs 8 (a) and 8 (b) of resolution 986 (1995) on an exceptional and reimbursable basis as necessary to ensure the delivery of essential humanitarian supplies to the people of Iraq and to use the funds in the escrow accounts referred to in paragraphs 8 (a) and (b) of resolution 986 (1995) to implement the Program as provided for in this resolution, irrespective of the phase in which such funds entered the escrow accounts or the phase to which those funds may have been allocated;

g) TO USE, subject to procedures to be decided by the Committee established by resolution 661 (1990) prior to the end of the period set out in 10 below and based on recommendations provided by the Office of the Iraq Program, funds deposited in the accounts created pursuant to paragraphs 8 (a) and (b) of resolution 986 (1995), as necessary and appropriate, to compensate suppliers and shippers for agreed additional shipping, transportation and storage costs incurred as a result of diverting and delaying shipments as directed by him according to the provisions of 4 (a), (b) and (c) in order to perform his functions set out in 4 (d);

h) TO MEET additional operational and administrative costs resulting from the implementation of the temporarily modified Program by the funds in the escrow account established pursuant to paragraph 8 (d) of resolution 986 (1995) in the same manner as costs arising from those activities set forth in paragraph 8(d) of resolution 986 (1995) in order to perform his functions set out in (d);

i) TO USE funds deposited in the escrow accounts established pursuant to paragraphs 8 (a) and 8 (b) of resolution 986 (1995) for the purchase of locally produced goods and to meet the local cost for essential civilian needs

which have been funded in accordance with the provisions of resolution 986 (1995) and related resolutions, including, where appropriate, the costs of milling, transportation and other costs necessary to facilitate the delivery of essential humanitarian supplies to the people of Iraq;

5. EXPRESSES its readiness as a second step to authorize the Secretary-General to perform additional functions, with the necessary coordination, as soon as the situation permits as activities of the Program in Iraq resume;

6. EXPRESSES FURTHER its readiness to consider making additional funds available, including from the account created pursuant to paragraph 8 (c) of resolution 986 (1995), on an exceptional and reimbursable basis, to meet further the humanitarian needs of the people of Iraq.

7. DECIDES that, notwithstanding the provisions of resolution 661 (1990) and resolution 687 (1991) and for the duration of the present resolution, all applications outside the Oil-For-Food Program submitted by the United Nations agencies, programs and funds, other international organizations and non-governmental organizations (NGOs) for distribution or use in Iraq of emergency humanitarian supplies and equipment, other than medicines, health supplies and food stuffs, shall be reviewed by the Committee established pursuant to resolution 661 (1990), under a 24-hour no-objection procedure;

8. URGES all parties concerned, consistent with the Geneva Conventions and the Hague Regulations, to allow full and unimpeded access by international humanitarian organizations to all people of Iraq in need of assistance and to make available all necessary facilities for their operations and to promote the safety, security and freedom of movement of United Nations and associated personnel and their assets as well as personnel of humanitarian organizations in Iraq in meeting such needs;

9. DIRECTS the Committee established pursuant to resolution 661 (1990) to monitor closely the implementation of the provisions in paragraph 4 above and, in that regard, requests the Secretary-General to update the Committee on the measures as they are being taken and, to consult with the Committee on prioritization of contracts for shipments of goods, other than foodstuffs, medicines, health and water sanitation related supplies;

10. DECIDES that the provisions contained in 4 of this resolution shall remain in force for a period of 45 days following the date of adoption of this resolution and may be subject to further renewal by the Council;

11. REQUESTS the Secretary-General to take all measures required for the implementation of the present resolution and to report to the Security Council prior to the termination of the period defined in 10;

12. DECIDES to remain seized of the matter.

Appendix 11

Kurdistan Regional Government

UN Liaison Office

Tel: (212) 581 9525 Email: KurdistanUN@msn.com

Press Statement: May 16, 2003 New York

UN Oil-for-Food Program: Iraqi Kurds ask for reform and accountability

Thanks to the resolute and courageous leadership of President George W. Bush and Prime Minister Tony Blair, Iraq has now been completely liberated. As a result, on April 16, 2003, President George W. Bush called on the UN to lift economic sanctions against Iraq. The draft US-sponsored UN Security Council Resolution (UNSCR) would replace UN oversight of Iraq's oil revenues with an internationally supervised Iraqi Assistance Fund (IAF).

The leadership of Iraqi Kurdistan welcomes this proposal. We believe that the principle of international control of Iraqi oil revenues and supervision of the spending of these revenues in a transparent and accountable manner should be preserved to prevent the corruption and human rights violations that plague oil-dependent, Middle Eastern countries.

While welcoming the US proposals, we are concerned that they fail to address the issue of billions of unspent dollars in UN controlled accounts, nominally allocated to three Iraqi Kurdish provinces. Thanks to obstruction by Saddam's regime, unspent money for the Iraqi Kurds totals in excess of \$2.5bn and could even be double that figure. Under UN Security Council resolution (UNSCR) 986, 13% of Iraqi oil revenues are reserved for three Kurdish provinces. These provinces are desperately poor. The unspent funds are needed to cope with the ongoing reconstruction following the genocidal Anfal campaign of 1987-88. The Kurdish provinces contain around 800,000 internally displaced persons, roughly a quarter of the total population, and victims of ethnic cleansing by the Iraqi regime that continued until late March 2003. Basic infrastructure available elsewhere in Iraq still needs to be built for the Kurds.

The US-sponsored draft fails to specify that the IAF will operate on the same basis as UNSCR 986, with a separate account for the Kurdish provinces. The international community recognized the right of Iraqi Kurds to their legitimate share of Iraqi oil revenues with UNSCR 986. It would be a strange and retrograde step for a US-sponsored resolution to roll back the rights of Iraq's most brutalized citizens.

Under UNSCR 1472, the UN Secretary-General can divert unspent funds from the Kurdish 13% account for short-term humanitarian relief. UNSCR 1472 specified that the diversion of funds would be on an "exceptional and reimbursable basis". The Iraqi Kurds do not object to providing relief to their fellow Iraqis from the 13% account—quite the contrary. Regrettably, the US-sponsored draft resolution does not affirm the crucial principle that such monies should only be used exceptionally and should be reimbursed. Again, it would be odd if a resolution sponsored by the liberators of Iraq were to leave their main Iraqi allies, the Kurds, worse off.

Background

UN SCR 986 "Oil for Food" program

Iraqi oil is sold under UN control. The proceeds are then broken down and used in the following manner:

- 72% of Iraqi oil export proceeds fund the humanitarian program and is broken down into 59% for the contracting and supplies of equipment by the then government for 15 central and southern mainly Arab-inhabited provinces. The remaining 13% is allocated to three northern, mostly Kurdish, provinces;
- the balance of proceeds is spent as follows: 25% percent for the Compensation Fund for Gulf War reparation payments (the U.N. Compensation Commission); 2.5% for U.N. administrative and operational costs of the Oil-for Food program; 0.8% for the weapons inspection costs.

Why is so much money for the Kurds unspent?

The UN allowed Saddam's regime to hold up as the building and equipping of hospitals, water and sanitation projects, agricultural development, educational services, provision of electricity and the removal of landmines. Saddam's regime refused to grant entry visas to qualified staff and declined import permits for necessary equipment.

The Iraqi regime, with tacit UN approval, engaged in a campaign to exclude qualified staff from the US and UK . Additionally, not a single Kurd was employed as member of the international staff of the Oil-for-Food program Instead, with the staff was deliberately selected from Arab states, to be used as couriers for information to the Iraqi secret police. These workers also impeded UN projects. In July 2001, Kurdish police caught a Tunisian national working for the UN with explosives in his car. The man was handed over to the UN.

Mismanagement and incompetence also held up projects The Kurdish city of Sulaimani, with a population of over 600,000, is still waiting for a 400-bed hospital to be built five years after funds were allocated for it.

Kurdish success with Oil-for-Food

The Kurdish provinces are an example of the program's success when a cooperative local partner is available, in contrast to the way the Saddam regime manipulated Oil-for-Food to its own benefit. Despite being poorer, the Kurdish provinces experienced a dramatic decline in the child mortality rate, while in Saddam's Iraq it was claimed that the infant mortality rate increased dramatically.

The failure of the Oil-for-Food program outside of the Kurdish areas was a consequence of a deliberate program of subversion by Saddam Hussein. Saddam and his sons siphoned off significant funds from the Oil-for-Food program. As General Tommy Franks remarked when in Baghdad, it was more of an "oil for palace" program.

Any reformed UN Oil-for-Food program or the IAF program should examine the Kurdish experience.

Allocating 13% to the three Kurdish provinces was an act of justice

The decision to specifically allocate revenues to the three Kurdish provinces a just and innovative method of revenue sharing among the citizens of Iraq, designed to provide the humanitarian and reconstruction needs of the Kurdish region, which had been subjected to decades of political and economic discrimination as well as a brutal campaign of genocide, the infamous Anfal of 1987-1988 and close to 40 years of ethnic cleansing.

UN indifference

The Iraqi Kurds have made repeated representations to the UN about the management of the Oil-for-Food program. On February 10, 2003 Iraqi Kurdish leaders, Jalal Talabani and Massoud Barzani, wrote to UN Secretary-General Kofi Annan to discuss UN plans to allow the unspent cash allocated to the Iraqi Kurds to be used for short-term humanitarian relief resulting from the approaching allied invasion of Iraq. We regret that the UN failed to respond to the Iraqi Kurdish leaders' letter.

New York May 16, 2003

For further information contact:

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Appendix 12

UNITED NATIONS Security Council RESOLUTION 1483 (2003)

May 22, 2003

The Security Council:

Recalling all its previous relevant resolutions;

Reaffirming the sovereignty and territorial integrity of Iraq;

Reaffirming also the importance of the disarmament of Iraqi weapons of mass destruction and of eventual confirmation of the disarmament of Iraq;

Stressing the right of the Iraqi people freely to determine their own political future and control their own natural resources, welcoming the commitment of all parties concerned to support the creation of an environment in which they may do so as soon as possible, and expressing resolve that the day when Iraqis govern themselves must come quickly;

Encouraging efforts by the people of Iraq to form a representative government based on the rule of law that affords equal rights and justice to all Iraqi citizens without regard to ethnicity, religion, or gender, and, in this connection, recalls resolution 1325 (2000) of 31 October 2000;

Welcoming the first steps of the Iraqi people in this regard, and noting in this connection the 15 April 2003 Nasiriya statement and the 28 April 2003 Baghdad statement;

Resolved that the United Nations should play a vital role in humanitarian relief, the reconstruction of Iraq, and the restoration and establishment of national and local institutions for representative governance;

Noting the statement of 12 April 2003 by the Ministers of Finance and Central Bank Governors of the Group of Seven Industrialised Nations in which the members recognised the need for a multilateral effort to help rebuild and develop Iraq and for the need for assistance from the International Monetary Fund and the World Bank in these efforts;

Welcoming also the resumption of humanitarian assistance and the continuing efforts of the secretary general and the specialised agencies to provide food and medicine to the people of Iraq;

Welcoming the appointment by the secretary general of his special adviser on Iraq;

Affirming the need for accountability for crimes and atrocities committed by the previous Iraqi regime;

Stressing the need for respect for the archaeological, historical, cultural, and religious heritage of Iraq, and for the continued protection of archaeological, historical, cultural, and religious sites, museums, libraries, and monuments;

Noting the letter of 8 May 2003 from the Permanent Representatives of the United States of America and the United Kingdom of Great Britain and Northern Ireland to the President of the Security Council (S/2003/538) and recognising the specific authorities, responsibilities, and obligations under applicable international law of these states as occupying powers under unified command (the "Authority");

Noting further that other states that are not occupying powers are working now or in the future may work under the Authority;

Welcoming further the willingness of member states to contribute to stability and security in Iraq by contributing personnel, equipment, and other resources under the Authority;

Concerned that many Kuwaitis and Third-State Nationals still are not accounted for since 2 August 1990;

Determining that the situation in Iraq, although improved, continues to constitute a threat to international peace and security;

Acting under Chapter VII of the Charter of the United Nations,

1. Appeals to Member States and concerned organisations to assist the people of Iraq in their efforts to reform their institutions and rebuild their country, and to contribute to conditions of stability and security in Iraq in accordance with this resolution;

2. Calls upon all member states in a position to do so to respond immediately to the humanitarian appeals of the United Nations and other international organisations for Iraq and to help meet the humanitarian and other needs of the Iraqi people by providing food, medical supplies, and resources necessary for reconstruction and rehabilitation of Iraq's economic infrastructure;

3. Appeals to member states to deny safe haven to those members of the previous Iraqi regime who are alleged to be responsible for crimes and atrocities and to support actions to bring them to justice;

4. Calls upon the Authority, consistent with the Charter of the United Nations and other relevant international law, to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability and the creation of conditions in which the Iraqi people can freely determine their own political future;

5. Calls upon all concerned to comply fully with their obligations under international law including in particular the Geneva Conventions of 1949 and the Hague Regulations of 1907;

6. Calls upon the Authority and relevant organisations and individuals to continue efforts to locate, identify, and repatriate all Kuwaiti and Third-State Nationals or the remains of those present in Iraq on or after 2 August 1990, as well as the Kuwaiti archives, that the previous Iraqi regime failed to undertake, and, in this regard, directs the high-level co-ordinator, in consultation with the International Committee of the Red Cross and the Tripartite Commission and with the appropriate support of the people of Iraq and in co-ordination with the Authority, to take steps to fulfil his mandate with respect to the fate of Kuwaiti and Third-State National missing persons and property;

7. Decides that all member states shall take appropriate steps to facilitate the safe return to Iraqi institutions, of Iraqi cultural property and other items of archaeological, historical, cultural, rare

scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since the adoption of resolution 661 (1990) of 2 August 1990, including by establishing a prohibition on trade in or transfer of such items and items with respect to which reasonable suspicion exists that they have been illegally removed, and calls upon the United Nations Educational, Scientific, and Cultural Organization, Interpol, and other international organisations, as appropriate, to assist in the implementation of this paragraph;

8. Requests the secretary general to appoint a Special Representative for Iraq whose independent responsibilities shall involve reporting regularly to the Council on his activities under this resolution, co-ordinating activities of the United Nations in post-conflict processes in Iraq, co-ordinating among United Nations and international agencies engaged in humanitarian assistance and reconstruction activities in Iraq, and, in co-ordination with the Authority, assisting the people of Iraq through:

(a) co-ordinating humanitarian and reconstruction assistance by United Nations agencies and between United Nations agencies and non-governmental organisations;

(b) promoting the safe, orderly, and voluntary return of refugees and displaced persons;

(c) working intensively with the Authority, the people of Iraq, and others concerned to advance efforts to restore and establish national and local institutions for representative governance, including by working together to facilitate a process leading to an internationally recognised, representative government of Iraq;

(d) facilitating the reconstruction of key infrastructure, in co-operation with other international organisations;

(e) promoting economic reconstruction and the conditions for sustainable development, including through co-ordination with national and regional organisations, as appropriate, civil society, donors and the international financial institutions;

(f) encouraging international efforts to contribute to basic civilian administration functions;

(g) promoting the protection of human rights;

(h) encouraging international efforts to rebuild the capacity of the Iraqi civilian police force; and

(i) encouraging international efforts to promote legal and judicial reform.

9. Supports the formation, by the people of Iraq with the help of the Authority and working with the special representative, of an Iraqi interim administration as a transitional administration run by Iraqis, until an internationally recognised, representative government is established by the people of Iraq and assumes the responsibilities of the Authority;

10. Decides that , with the exception of prohibitions related to the sale or supply to Iraq of arms and related materiel other than those arms and related materiel required by the Authority to serve the purposes of this and other related resolutions, all prohibitions related to trade with Iraq and the provision of financial or economic resources to Iraq established by resolution 661 (1990) and subsequent relevant resolutions, including resolution 778 (1992) of 2 October 1992, shall no longer apply;

11. Reaffirms that Iraq must meet its disarmament obligations, encourages the United Kingdom of Great Britain and Northern Ireland and the United States of America to keep the Council informed of their activities in this regard, and underlines the intention of the Council to revisit the mandates of the United Nations Monitoring and Verification Commission and the International Atomic Energy Agency as set forth in resolutions 687 (1991) of 3 April 1991, 1284 (1999) of 17 December 1999, and 1441 (2002) of 8 November 2002;

12. Notes the establishment of a Development Fund for Iraq to be held by the Central Bank of Iraq and to be audited by independent public accountants approved by the International Advisory and Monitoring Board of the Development Fund for Iraq and looks forward to the early meeting of that International Advisory and Monitoring Board, whose members shall include duly qualified representatives of the secretary general, of the managing director of the International Monetary Fund, of the director-general of the Arab Fund for Social and Economic Development, and of the president of the World Bank;

13. Notes further that the funds in the Development Fund for Iraq shall be disbursed at the direction of the Authority, in consultation with the Iraqi interim administration, for the purposes set out in paragraph 14 below;

14. Underlines that the Development Fund for Iraq shall be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, and for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq;

15. Calls upon the international financial institutions to assist the people of Iraq in the reconstruction and development of their economy and to facilitate assistance by the broader donor community, and welcomes the readiness of creditors, including those of the Paris Club, to seek a solution to Iraq's sovereign debt problems;

16. Requests also that the secretary general, in co-ordination with the Authority, continue the exercise of his responsibilities under Security Council resolution 1472 (2003) of 28 March 2003 and 1476 (2003) of 24 April 2003, for a period of six months following the adoption of this resolution, and terminate within this time period, in the most cost effective manner, the ongoing operations of the oil-for-food programme (the "programme"), both at headquarters level and in the field, transferring responsibility for the administration of any remaining activity under the programme to the Authority, including by taking the following necessary measures:

(a) to facilitate as soon as possible the shipment and authenticated delivery of priority civilian goods as identified by the secretary general and representatives designated by him, in co-ordination with the Authority and the Iraqi interim administration, under approved and funded contracts previously concluded by the previous Government of Iraq, for the humanitarian relief of the people of Iraq, including, as necessary, negotiating adjustments in the terms or conditions of these contracts and respective letters of credit as set forth in paragraph 4 (d) of resolution 1472 (2003);

(b) to review, in light of changed circumstances, in co-ordination with the Authority and the Iraqi interim administration, the relative utility of each approved and funded contract with a view to determining whether such contracts contain items required to meet the needs of the people of Iraq both now and during reconstruction, and to postpone action on those contracts determined to be of questionable utility and the respective letters of credit until an internationally recognised,

representative government of Iraq is in a position to make its own determination as to whether such contracts shall be fulfilled;

(c) to provide the Security Council within 21 days following the adoption of this resolution, for the Security Council's review and consideration, an estimated operating budget based on funds already set aside in the account established pursuant to paragraph 8 (d) of resolution 986 (1995) of 14 April 1995, identifying:

(i) all known and projected costs to the United Nations required to ensure the continued functioning of the activities associated with implementation of the present resolution, including operating and administrative expenses associated with the relevant United Nations agencies and programs responsible for the implementation of the programme both at headquarters and in the field;

(ii) all known and projected costs associated with termination of the programme;

(iii) all known and projected costs associated with restoring Government of Iraq funds that were provided by member states to the secretary general as requested in paragraph 1 of resolution 778 (1992) of 2 October 1992; and

(iv) all known and projected costs associated with the special representative and the qualified representative of the secretary general identified to serve on the International Advisory and Monitoring Board, for the six-month time period defined above, following which these costs shall be borne by the United Nations;

(d) to consolidate into a single fund the accounts established pursuant to paragraphs 8 (a) and 8 (b) of resolution 986 (1995);

(e) to fulfil all remaining obligations related to the termination of the programme, including negotiating in the most cost-effective manner, any necessary settlement payments, which shall be made from the escrow accounts established pursuant to paragraphs 8(a) and 8 (b) of resolution 986 (1995), with those parties that previously have entered into contractual obligations with the secretary general under the programme, and to determine, in co-ordination with the Authority and the Iraqi interim administration, the future status of contracts undertaken by the United Nations and related United Nations agencies under the accounts established pursuant to paragraphs 8 (b) and 8 (d) of resolution 986 (1995);

(f) to provide the Security Council, 30 days prior to the termination of the programme, with a comprehensive strategy developed in close co-ordination with the Authority and the Iraqi interim administration that would lead to the delivery of all relevant documentation and the transfer of all operational responsibility of the programme to the Authority;

17. Requests further that the secretary general transfer as soon as possible to the Development Fund for Iraq \$1bn from unencumbered funds in the accounts established pursuant to paragraphs 8 (a) and 8 (b) of resolution 986 (1995), restore Government of Iraq funds that were provided by member states to the secretary general as request in paragraph 1 of resolution 778 (1992), and decides that, after deducting all relevant United Nations expenses associated with the shipment of authorised contracts, and costs to the programme outlined in paragraph 16 (c) above, including residual obligations, all surplus funds in the escrow accounts established pursuant to paragraphs 8 (a), 8 (b), 8 (d), and 8 (f) of

resolution 986 (1995) shall be transferred at the earliest possible time to the Development Fund for Iraq;

18. Decides to terminate effective on the adoption of this resolution the functions related to the observation and monitoring activities undertaken by the secretary general under the programme, including the monitoring of the export of petroleum and petroleum products from Iraq;

19. Decides to terminate the Committee established pursuant to paragraph 6 of resolution 661 (1990) at the conclusion of the six months period called for in paragraph 16 above and further decides that the Committee shall identify individuals and entities referred to in paragraph 23 below;

20. Decides that all export sales of petroleum, petroleum products, and natural gas from Iraq following the date of the adoption of this resolution shall be made consistent with prevailing international market best practices, to be audited by independent public accountants reporting to the International Advisory and Monitoring Board referred to in paragraph 12 above in order to ensure transparency, and decides further that, except as provided in paragraph 21 below, all proceeds from such sales shall be deposited into the Development Fund for Iraq, until such time as an internationally recognised, representative government of Iraq is properly constituted;

21. Decides further that 5% of the proceeds referred to in paragraph 20 above shall be deposited into the Compensation Fund established in accordance with resolution 687 (1991) of 3 April 1991 and subsequent relevant resolutions and that, unless an internationally recognised, representative government of Iraq and the Governing Council of the United Nations Compensation Commission, in the exercise of its authority over methods of ensuring that payments are made into the Compensation Fund, decide otherwise, this requirement shall be binding on a properly constituted, internationally recognised, representative government of Iraq and any successor thereto;

22. Noting the relevance of the establishment of an internationally recognised, representative government of Iraq and the desirability of prompt completion of the restructuring of Iraq's debt as referred to in paragraph 15 above, further decides that, until December 31 2007, unless the Council decides otherwise, petroleum, petroleum products, and natural gas originating in Iraq shall be immune, until title passes to the initial purchaser from legal proceedings against them and not be subject to any form of attachment, garnishment, or execution, and that all states shall take any steps that may be necessary under their respective domestic legal systems to assure this protection, and that proceeds and obligations arising from sales thereof, as well as the Development Fund for Iraq, shall enjoy privileges and immunities equivalent to those enjoyed by the United Nations except that the above-mentioned privileges and immunities will not apply with respect to any legal proceeding in which recourse to such proceeds or obligations is necessary to satisfy liability for damages assessed in connection with an ecological accident, including an oil spill, that occurs after the date of adoption of this resolution;

23. Decides that all member states in which there are:

(1) funds or other financial assets or economic resources of the previous Government of Iraq or its state bodies, corporations, or agencies, located outside Iraq as of the date of this resolution, or

(2) funds or other financial assets or economic resources that have been removed from Iraq, or acquired, by Saddam Hussein or other senior officials of the former Iraqi regime and their immediate family members, including entities owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction,

shall freeze without delay those funds or other financial assets or economic resources and, unless these funds or other financial assets or economic resources are themselves the subject of a prior judicial, administrative, or arbitral lien or judgement, immediately shall cause their transfer to the Development Fund for Iraq, it being understood that, unless otherwise addressed, claims made by private individuals or non-government entities on those transferred funds or other financial assets may be presented to the internationally recognised, representative government of Iraq; and decides further that all such funds or other financial assets or economic resources shall enjoy the same privileges, immunities, and protections as provided under paragraph 22;

24. Requests the secretary general to report to the Council at regular intervals on the work of the special representative with respect to the implementation of this resolution and on the work of the International Advisory and Monitoring Board and encourages the United Kingdom of Great Britain and Northern Ireland and the United States of America to inform the Council at regular intervals of their efforts under this resolution;

25. Decides to review the implementation of this resolution within 12 months of adoption and to consider further steps that might be necessary;

26. Calls upon member states and international and regional organisations to contribute to the implementation of this resolution;

27. Decides to remain seized of this matter.

Appendix 13

UN Security Council Resolution 1500 (2003)

August 14, 2003

The Security Council,

Recalling all its previous relevant resolutions, in particular Resolution 1483 (2003) of 22 May 2003,

Reaffirming the sovereignty and territorial integrity of Iraq,

Reaffirming also the vital role for the United Nations in Iraq which was set out in relevant paragraphs of Resolution 1483,

Having considered the report of the Secretary-General of 15 July 2003 (S/2003/715),

1. Welcomes the establishment of the broadly representative Governing Council of Iraq on 13 July 2003, as an important step towards the formation by the people of Iraq of an internationally recognized, representative government that will exercise the sovereignty of Iraq;
 2. Decides to establish the United Nations Assistance Mission for Iraq to support the Secretary-General in the fulfillment of his mandate under Resolution 1483 in accordance with the structure and responsibilities set out in his report of 15 July 2003, for an initial period of twelve months;
 3. Decides to remain seized of this matter.
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Appendix 14

UNITED NATIONS Security Council RESOLUTION 1511 (2003)

October 8, 2003

The Security Council,

REAFFIRMING its previous resolutions on Iraq, including resolution 1483 (2003) of 22 May 2003 and 1500 (2003) of 14 August 2003, and on threats to peace and security caused by terrorist acts, including resolution 1373 (2001) of 28 September 2001, and other relevant resolutions,

UNDERSCORING that the sovereignty of Iraq resides in the State of Iraq, reaffirming the right of the Iraqi people freely to determine their own political future and control their own natural resources,

REITERATING its resolve that the day when Iraqis govern themselves must come quickly, and

RECOGNIZING the importance of international support, particularly that of countries in the region, Iraq's neighbors, and regional organizations, in taking forward this process expeditiously,

RECOGNIZING that international support for restoration of conditions of stability and security is essential to the well-being of the people of Iraq as well as to the ability of all concerned to carry out their work on behalf of the people of Iraq, and welcoming Member State contributions in this regard under resolution 1483 (2003),

WELCOMING the decision of the Governing Council of Iraq to form a preparatory constitutional committee to prepare for a constitutional conference that will draft a constitution to embody the aspirations of the Iraqi people, and

URGING it to complete this process quickly,

AFFIRMING that the terrorist bombings of the Embassy of Jordan on 7 August 2003, of the United Nations headquarters in Baghdad on 19 August 2003, of the Imam Ali Mosque in Najaf on 29 August 2003, and of the Embassy of Turkey on 14 October 2003, and the murder of a Spanish diplomat on 9 October 2003 are attacks on the people of Iraq, the United Nations, and the international community, and

DEPLORING the assassination of Dr. Akila al-Hashimi, who died on 25 September 2003, as an attack directed against the future of Iraq,

In that context, RECALLING and REAFFIRMING the statement of its President of 20 August 2003 (S/PRST /2003/13) and resolution 1502 (2003) of 26 August 2003,

DETERMINING that the situation in Iraq, although improved, continues to constitute a threat to international peace and security,

ACTING UNDER CHAPTER VII OF THE CHARTER OF THE UNITED NATIONS,

1. REAFFIRMS the sovereignty and territorial integrity of Iraq, and UNDERSCORES, in that context, the temporary nature of the exercise by the Coalition Provisional Authority (Authority) of the specific responsibilities, authorities, and obligations under applicable international law recognized and set forth in resolution 1483 (2003), which will cease when an internationally recognized, representative government established by the people of Iraq is sworn in and assumes the responsibilities of the Authority, inter alia through steps envisaged in paragraphs four through seven and ten below;
2. WELCOMES the positive response of the international community, in fora such as the Arab League, the Organization of the Islamic Conference, the United Nations General Assembly, and the United Nations Educational, Scientific and Cultural Organization, to the establishment of the broadly representative Governing Council as an important step towards an internationally recognized, representative government;
3. SUPPORTS the Governing Council's efforts to mobilize the people of Iraq, including by the appointment of a cabinet of ministers and a preparatory constitutional committee to lead a process in which the Iraqi people will progressively take;
4. DETERMINES that the Governing Council and its ministers are the principal bodies of the Iraqi interim administration, which, without prejudice to its further evolution, embodies the sovereignty of the State of Iraq during the transitional period until an internationally recognized, representative government is established and assumes the responsibilities of the Authority;
5. AFFIRMS that the administration of Iraq will be progressively undertaken by the evolving structures of the Iraqi interim administration;
6. CALLS UPON the Authority, in this context, to return governing responsibilities and authorities to the people of Iraq as soon as practicable and requests the Authority, in cooperation as appropriate with the Governing Council and the Secretary-General, to report to the Council on the progress being made;
7. INVITES the Governing Council to provide to the Security Council, for its review, no later than 15 December 2003, in cooperation with the Authority and, as circumstances permit, the Special Representative of the Secretary-General, a timetable and a program for the drafting of a new constitution for Iraq and for the holding of democratic elections under that constitution;
8. RESOLVES that the United Nations, acting through the Secretary-General, his Special Representative, and the United Nations Assistance Mission in Iraq, should strengthen its vital role in Iraq, including by providing humanitarian relief, promoting the economic reconstruction of and conditions for sustainable development in Iraq, and advancing efforts to restore and establish national and local institutions for representative government;
9. REQUESTS that, as circumstances permit, the Secretary-General pursue the course of action outlined in paragraphs 98 and 99 of the report of the Secretary-General of 17 July 2003 (S/2003/715);
10. TAKES NOTE of the intention of the Governing Council to hold a constitutional conference and, recognizing that the convening of the conference will be a milestone in the movement to the full exercise of sovereignty, calls for its preparation through national dialogue and consensus-building as soon as practicable and requests the Special Representative of the Secretary-General, at the time of the convening of the conference, or, as circumstances permit, to lend the unique expertise of the United

Nations to the Iraqi people in this process of political transition, including the establishment of electoral processes;

11. REQUESTS the Secretary-General to ensure that the resources of the United Nations and associated organizations are available, if requested by the Iraqi Governing Council and, as circumstances permit, to assist in furtherance of the program provided by the Governing Council in paragraph 7 above and encourages other organizations with expertise in this area to support the Iraqi Governing Council, if requested;

12. REQUESTS the Secretary-General to report to the Security Council on his responsibilities under this resolution and the development and implementation of a timetable and program under paragraph 7 above;

13. DETERMINES that the provision of security and stability is essential to the successful completion of the political process as outlined in paragraph 7 above and to the ability of the United Nations to contribute effectively to that process and the implementation of resolution 1483 (2003), and AUTHORIZES a multinational force under unified command to take all necessary measures to contribute to the maintenance of security and stability in Iraq, including for the purpose of ensuring necessary conditions for the implementation of the timetable and program as well as to contribute to the security of the United Nations Assistance Mission for Iraq, the Governing Council of Iraq and other institutions of the Iraqi interim administration, and key humanitarian and economic infrastructure;

14. URGES Member States to contribute assistance under this United Nations mandate, including military forces, to the multinational force referred to in paragraph 13 above;

15. DECIDES that the Council shall review the requirements and mission of the multinational force referred to in paragraph 13 above not later than one year from the date of this resolution, and that in any case the mandate of the force shall expire upon the completion of the political process as described in paragraphs 4 through 7 and 10 above, and EXPRESSES readiness to consider on that occasion any future need for the continuation of the multinational force, taking into account the views of an internationally recognized, representative government of Iraq;

16. EMPHASIZES the importance of establishing effective Iraqi police and security forces in maintaining law, order, and security and combating terrorism consistent with paragraph 4 of resolution 1483 (2003), and calls upon Member States and international and regional organizations to contribute to the training and equipping of Iraqi police and security forces;

17. EXPRESSES deep sympathy and condolences for the personal losses suffered by the Iraqi people and by the United Nations and the families of those United Nations personnel and other innocent victims who were killed or injured in these tragic attacks;

18. UNEQUIVOCALLY CONDEMNS the terrorist bombings of the Embassy of Jordan on 7 August 2003, of the United Nations headquarters in Baghdad on 19 August 2003, and of the Imam Ali Mosque in Najaf on 29 August 2003, and of the Embassy of Turkey on 14 October 2003, the murder of a Spanish diplomat on 9 October 2003, and the assassination of Dr. Akila al-Hashimi, who died on 25 September 2003, and EMPHASIZES that those responsible must be brought to justice;

19. CALLS UPON Member States to prevent the transit of terrorists to Iraq, arms for terrorists, and financing that would support terrorists, and emphasizes the importance of strengthening the cooperation of the countries of the region, particularly neighbors of Iraq, in this regard;
 20. APPEALS to Member States and the international financial institutions to strengthen their efforts to assist the people of Iraq in the reconstruction and development of their economy, and urges those institutions to take immediate steps to provide their full range of loans and other financial assistance to Iraq, working with the Governing Council and appropriate Iraqi ministries;
 21. URGES Member States and international and regional organizations to support the Iraq reconstruction effort initiated at the 24 June 2003 United Nations Technical Consultations, including through substantial pledges at the 23-24 October 2003 International Donors Conference in Madrid;
 22. CALLS UPON Member States and concerned organizations to help meet the needs of the Iraqi people by providing resources necessary for the rehabilitation and reconstruction of Iraq's economic infrastructure;
 23. EMPHASIZES that the International Advisory and Monitoring Board (IAMB) referred to in paragraph 12 of resolution 1483 (2003) should be established as a priority, and reiterates that the Development Fund for Iraq shall be used in a transparent manner as set out in paragraph 14 of resolution 1483 (2003);
 24. REMINDS all Member States of their obligations under paragraphs 19 and 23 of resolution 1483 (2003) in particular the obligation to immediately cause the transfer of funds, other financial assets and economic resources to the Development Fund for Iraq for the benefit of the Iraqi people;
 25. REQUESTS that the United States, on behalf of the multinational force as outlined in paragraph 13 above, report to the Security Council on the efforts and progress of this force as appropriate and not less than every six months;
 26. DECIDES to remain seized of the matter.
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