



# Security Council

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## Fifth report of the Secretary-General pursuant to paragraph 6 of resolution [1956 \(2010\)](#)

### I. Introduction

1. The present report is submitted pursuant to paragraph 6 of Security Council resolution [1956 \(2010\)](#), in which the Council requested me to provide written reports on an ongoing basis to the Council every six months about the United Nations Compensation Fund, evaluating the continued compliance with paragraph 21 of Council resolution [1483 \(2003\)](#), which requires Iraq to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products and natural gas into the Fund. This fifth report covers the developments following the issuance of my fourth report ([S/2013/378](#)) on 26 June 2013.

### II. Developments

2. In its authority over the arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council of the United Nations Compensation Commission has continued to actively monitor deposits to the Fund. In addition, the secretariat of the Commission has continued to engage with the Iraq Committee of Financial Experts, the oversight body for the control, reporting and use of Iraqi oil revenues.

3. The secretariat of the Compensation Commission met with the Iraq Committee of Financial Experts and the Minister for Foreign Affairs of Iraq in Baghdad on 11 September 2013 and again with the Committee in Geneva on 17 November 2013. During these meetings, both the Minister for Foreign Affairs and the Head of the Committee reiterated Iraq's commitment to complying with applicable United Nations resolutions. Further, the Head of the Committee advised that the current mechanism for the payment of 5 per cent of revenues from the sale of Iraqi petroleum and petroleum products into the Compensation Fund remained unchanged. With regard to the obligation under Council resolution [1956 \(2010\)](#) to deposit the equivalent of 5 per cent of non-monetary payments of petroleum, petroleum products and natural gas made to service providers, an additional amount of \$277.8 million has been deposited in the Fund in relation to such transactions since my last report in June 2013. This brings the total deposited in relation to non-monetary payments to \$550.7 million since the Committee assumed oversight of Iraq's oil revenues in July 2011.



4. The Governing Council held its seventy-sixth session from 19 to 21 November 2013. A delegation from the Iraq Committee of Financial Experts attended the opening plenary and the Head of the Committee again reaffirmed Iraq's commitment to meeting its obligations. In its conclusion on the issue of arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council expressed its continued satisfaction with the transfer of 5 per cent of Iraq's oil revenues and the equivalent of 5 per cent of the value of non-monetary payments to the Compensation Fund.

5. The average monthly income accruing to the Compensation Fund for the year to date is approximately \$366.6 million, with quarterly payments of compensation awards continuing to average in excess of \$1 billion. Since my last report to the Council, the Compensation Commission has made two payments to Kuwait totalling approximately \$2.3 billion; the first was made on 25 July 2013 and the second on 24 October 2013. The overall amount of compensation paid to date by the Commission is \$43.5 billion, leaving approximately \$8.9 billion to be paid to settle the last remaining claim. Based on current levels of income to the Fund and recent projections, the Commission remains on track to pay the outstanding balance in 2015.

6. The financial statements for the Development Fund for Iraq and the successor account covering the period from 1 January to 31 December 2012, issued by the auditors, Ernst and Young, reflect the fact that Iraq now has in place a comprehensive oil metering system for its oil exports that is in accordance with standard oil industry practices. I would like to take the opportunity to congratulate Iraq on this important achievement. While the financial statements remain qualified for other reasons, based on current levels of income to the Compensation Fund and the satisfaction of the Governing Council with them, I am satisfied that the Government of Iraq remains committed to complying with its obligations under paragraph 21 of resolution [1483 \(2003\)](#).

7. I would like to conclude by expressing my ongoing appreciation to the Government of Iraq and the Iraq Committee of Financial Experts for their continued cooperation with the Compensation Commission.

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