



Security Council

Distr.: General
29 December 2021

Original: English

Implementation of paragraph 6 of resolution [1956 \(2010\)](#)

Twenty-first report of the Secretary-General

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 to the Council every six months about the United Nations Compensation Fund, with effect from 1 January 2012, evaluating the continued compliance with the provisions of paragraph 21 of resolution [1483 \(2003\)](#), by which Iraq was required to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products and natural gas into the Fund. The present twenty-first report covers the developments following the issuance of my twentieth report ([S/2021/596](#)) on 24 June 2021.

II. Developments

2. Under decision 276 (2017) of the Governing Council of the United Nations Compensation Commission, the percentage of proceeds from oil export sales to be deposited into the Compensation Fund was reduced from 5 per cent under resolution [1483 \(2003\)](#) to 0.5 per cent for 2018, 1.5 per cent for 2019 and 3 per cent for 2020, where it is to remain until the outstanding compensation has been paid in full.

3. On 13 October 2021, the Governing Council held its eighty-eighth session. At the opening plenary meeting, the delegation of Iraq reaffirmed the Government's commitment to meeting its obligations under relevant Security Council resolutions and Governing Council decisions. The Governing Council welcomed the continued commitment of Iraq, in particular given the economic challenges associated with the coronavirus disease (COVID-19) pandemic.

4. Since my previous report, the Commission has made two quarterly payments to Kuwait, one in the amount of \$600 million, on 27 July 2021, and one in the amount of \$490 million, on 26 October. With those payments, the overall amount of compensation paid to date by the Commission stands at \$51.8 billion, leaving approximately \$629.3 million to be paid to Kuwait to settle the last remaining claim.

5. In exercising its authority over the arrangements for ensuring that payments are made, the Governing Council has continued to actively monitor deposits into the Compensation Fund. The Commission secretariat has also continued to engage with the Iraq Committee of Financial Experts, the oversight body for the control, reporting and use of Iraqi oil revenues. I should like to recall that the proceeds from export



sales by Iraq of petroleum and petroleum products are deposited into the successor account to the Development Fund for Iraq. The audit of the successor account for 2020 reflected a shortfall in deposits into the Compensation Fund as the equivalent value of non-monetary transactions was not deposited. The Commission's secretariat followed up on this matter with the Committee and the shortfall of \$207 million was deposited on 7 December. Since then, further deposits have brought the balance in the Compensation Fund to a level sufficient to pay the outstanding award balance of \$629.3 million in full. As such, the Government of Iraq has ceased transferring 3 per cent of its oil export proceeds into the Compensation Fund. The final payment to Kuwait is scheduled to be made in the second week of January 2022.

6. In the light of the foregoing, the present report is my final report submitted under paragraph 6 of Security Council resolution [1956 \(2010\)](#). I should like to take this opportunity to recognize and thank the Government of Iraq for its compliance with relevant Security Council resolutions and Governing Council decisions over the past 31 years and for its cooperation with the Commission through some very challenging periods.
