

**Security Council**

Distr.: General  
3 July 2007

Original: English

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**Letter dated 25 June 2007 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council**

The Governing Council of the United Nations Compensation Commission has concluded its sixty-third session, which was held at Geneva from 20 to 22 June 2007.

During the opening plenary meeting, representatives of Kuwait, Bangladesh, India and Jordan addressed the Council, representatives of Iraq addressed the closing plenary meeting. Copies of their respective statements are being sent by mail with the original of this letter.

During the session, the Council considered reports on the activities of the Commission since the last session; on payment activities, the distribution by Governments and international organizations of payments to successful claimants and the return of undistributed funds; and on the corrections of awards pursuant to article 41 of the Provisional Rules for Claims Procedure. The Council adopted one decision pertaining to the corrections of awards identified in the article 41 report.

With respect to the issue of arrangements for ensuring that payments are made to the Compensation Fund, the Council noted that the shortfall of income to the Fund remained at \$53.6 million pending the release of the latest audit of the Development Fund for Iraq for the year ending 31 December 2006 and that the Security Council had agreed on the continuation of the International Advisory and Monitoring Board and the Development Fund for Iraq until 31 December 2007. The Council requested that the secretariat continue to monitor the issue of the shortfall and the draft Iraq oil law currently before the Iraqi Parliament.

During the session, the Council also took note of the expert candidates assembled by Kuwait to serve on its independent reviewer team under the guidelines for the follow-up programme annexed to decision 258 (S/AC.26/Dec.258 (2005)). The Council also considered the applicability of Kuwait's offset programme to the projects funded by the F4 awards and, without prejudice to the appropriate action to be taken within the framework of national legislation, recalled that all F4 awards are intended for the sole purpose of the remediation and restoration projects approved by the F4 Panel of Commissioners and the Governing Council.

In its consideration of the issue of duplicates and other claims raising overpayment issues, the Council heard a report by the secretariat on the best efforts responses received from submitting entities and expressed its appreciation for the



efforts expended by submitting entities. The Council also expressed its understanding of the difficulties faced by submitting entities in recovering the overpayments from claimants; however, it reaffirmed its prior decisions, which were taken after extensive deliberation, regarding measures to be taken by the Commission to recover overpayments.

With respect to the audit of the activities of the Compensation Commission, the Council took note of the audit report of the Office of Internal Oversight Services on the financial monitoring at the Commission and the response of the Executive Secretary thereto.

The Council also took note of a report by the Committee on Administrative Matters regarding revisions to the approved budget of the Executive Secretary for 2007.

The Council considered the issue of repayment of six claims and noted that they presented exceptional and unique circumstances and, as a result, approved the repayment of the awards of compensation to the respective Governments.

With respect to requests by the Government of India in its statement at the opening plenary meeting that the Governing Council consider granting an extension of the deadline of 30 September 2006 for the location of and payment to unlocated claimants and that it accept "missing" claims for late filing, the Council noted that it had previously considered these requests and declined to accept them. The Council also declined to consider a request for the acceptance of late claims for filing and for the reconsideration of three individual claims, recalling decision 219 (S/AC.26/Dec.219 (2004)) in which it decided that it would not accept further claims.

With respect to the request by the Government of Iraq in its statement at the closing plenary meeting that the Governing Council consider reducing the current level of 5 per cent of proceeds of all export sales of Iraqi petroleum, petroleum products and natural gas currently deposited into the Compensation Fund in accordance with Security Council resolution 1483 (2003), the Council referred the request to the next informal meeting of the Working Group for consideration.

This was the last session under the present format of the United Nations Compensation Commission. As from 1 July 2007, the Commission secretariat will be downsized to its residual format in line with the decision taken by the Governing Council at its fifty-eighth session in December 2005 to maintain the Compensation Fund under the continuing oversight of the Governing Council, supported by a small secretariat. The Commission will now focus its work on payments of awards to claimants and the follow-up programme to monitor the technical and financial aspects of the environmental remediation projects. The Council decided to hold its next session under the new format on 30 and 31 October 2007.

The Council was informed by the secretariat that the next payment to successful claimants pursuant to decision 256 is scheduled to be made in July 2007 and that there are now 39 approved claims (in categories E and F), with a total outstanding balance of approximately US\$ 30.3 billion, which have not been paid in full. The overall amount of compensation made available to date by the United Nations Compensation Commission is approximately \$22.1 billion.

*(Signed)* Alex **Van Meeuwen**  
President of the Governing Council

**Annex**

**Documents before the Governing Council at its sixty-third session**

1. Thirty-eighth report of the Executive Secretary pursuant to article 41 of the Provisional Rules for Claims Procedure (S/AC.26/2007/2).
  2. Decision concerning corrections of awards pursuant to article 41 of the Provisional Rules for Claims Procedure (S/AC.26/Dec.265 (2007)).
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