



Security Council

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

Nineteenth 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 \(2003\)](#), under which Iraq is required to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products and natural gas into the Fund. The present nineteenth report covers the developments following the issuance of my eighteenth report ([S/2020/610](#)) on 29 June 2020.

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 set at 0.5 per cent for 2018, 1.5 per cent for 2019 and 3 per cent for 2020. The rate will remain at 3 per cent until the outstanding compensation has been paid in full.

3. In exercising its authority over the arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council has continued to actively monitor deposits into the 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.

4. On 28 October 2020, the Governing Council held its eighty-seventh 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 Council welcomed the continued commitment of Iraq, in particular given the impact of the coronavirus disease (COVID-19) pandemic and the dramatic drop in global oil prices. The Council noted that, in the light of those events, the timeline for the completion of the Commission's mandate was expected to extend into 2022.

5. The average monthly income to the Compensation Fund for 2020 to date is \$94 million. Since my previous report, the Commission has made two quarterly payments to Kuwait, one in the amount of \$210 million on 28 July and one in the



amount of \$230 million on 27 October. With those payments, the overall amount of compensation paid to date by the Commission stands at \$50 billion, leaving some \$2.4 billion to be paid to Kuwait to settle the last remaining claim.

6. 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 2018 was issued on 12 August 2020. The audit for 2019 will not be available for some time. The 2018 audit suggests a potential shortfall in deposits to the Compensation Fund as the equivalent value of non-monetary transactions was not reflected as proceeds of oil export sales. That potential shortfall would have a minimal impact on the timing for the completion of the Commission's mandate as it represents, at most, a delay of some three weeks with regard to the final payment. At the direction of the Governing Council, the secretariat is following up on the issue with the Committee and will report back to the Council. However, on the basis of the current levels of income to the Fund and the Council's satisfaction therewith, I am pleased to note that the Government of Iraq remains committed to complying with its obligations.

7. I should again like to express my ongoing appreciation to the Government of Iraq and the Iraq Committee of Financial Experts for their continued cooperation with the Commission and to express my solidarity with the people of Iraq during this difficult time.
