



# Security Council

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

### Eighteenth 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 \(2003\)](#), which requires Iraq to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products, and natural gas into the Fund. The present eighteenth report covers the developments since the issuance of my seventeenth report ([S/2019/948](#)) on 16 December 2019.

#### 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 increased effective 1 January 2020 from 1.5 per cent to 3 per cent, where it is to remain until the outstanding compensation is paid in full.

3. While the eighty-seventh session of the Governing Council, which had been scheduled to be held on 22 April 2020, was postponed to 28 October 2020 owing to the COVID-19 pandemic, the Governing Council has continued actively to monitor deposits into the Fund. The United Nations Compensation 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. As a result of the increase from 1.5 per cent to 3 per cent, the monthly income to the Fund was significantly higher in the first quarter of 2020 than in the fourth quarter of 2019, averaging \$144.8 million per month, compared with \$84.4 million. However, owing to the effects of the COVID-19 pandemic on the world economy, including the sharp drop in global oil prices, deposits to the Fund dropped significantly in April and May 2020 to \$101 million and \$54.8 million, respectively.

4. Since my previous report, the Compensation Commission has made two quarterly payments to Kuwait, in the amounts of \$250 million on 28 January 2020 and \$440 million on 28 April 2020. With those payments, the overall amount of



compensation paid to date by the Compensation Commission stands at \$49.6 billion, leaving approximately \$2.8 billion to be paid to Kuwait to settle the last remaining claim.

5. Prior to the outbreak of the COVID-19 pandemic and the dramatic drop in the price of oil, the Commission had been on track to pay the outstanding claim award in 2021. In the light of recent events, the timeline for the completion of the Compensation Commission's mandate is now likely to extend into 2022.

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 has not been finalized and the audit for 2019 will not be available for some time. However, I would note the continued satisfaction of the Governing Council with the commitment of the Government of Iraq to meeting its deposit obligations.

7. In conclusion, I, too, am satisfied that the Government of Iraq remains committed to complying with its deposit obligations to the Fund. 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 Compensation Commission and to express my solidarity with the people of Iraq during this difficult time.

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