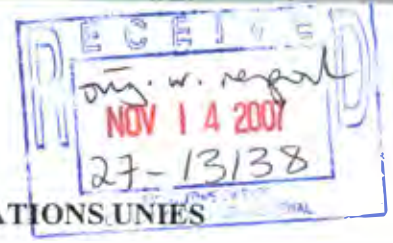


hug / Kwait



UNITED NATIONS
SECURITY COUNCIL
UNITED NATIONS
COMPENSATION COMMISSION



CONSEIL DE SÉCURITÉ
COMMISSION D'INDEMNISATION
DES NATIONS UNIES

FAX TRANSMISSION

REFERENCE: UNCC/615/2007

To:	Mr. Vijay Nambiar Chef de Cabinet of the Secretary-General United Nations New York	From:	Mojtaba Kazazi Secretary, Governing Council, and Officer-in-Charge <i>M. Kazazi</i>
Fax:	+01 212 963 8845	Fax:	+41 22 917 0652
Date:	1 November 2007	Tel:	+41 22 917 3853
		No of pages:	5 (inclusive)

Message:

Please find attached, for the Secretary-General's attention, a letter detailing the outcome of the sixty-fourth session of the UNCC Governing Council, held in Geneva from 30 – 31 October 2007.

The original of the letter, together with the reports and corresponding documents considered by the Governing Council in the course of the session, will be forwarded by pouch.



UNITED NATIONS

SECURITY COUNCIL

UNITED NATIONS
COMPENSATION COMMISSION



NATIONS UNIES

CONSEIL DE SÉCURITÉ

COMMISSION D'INDEMNISATION
DES NATIONS UNIES

Facsimile: (41) (22) 917 0069
Telephone: (41) (22) 917 3800

Villa La Pelouse
Palais des Nations
CH-1211 GENÈVE 10

REFERENCE: UNCC/613/2007

1 November 2007



Dear Mr. Secretary-General,

I am pleased to provide a report on the results of the UNCC Governing Council's sixty-fourth session, which was held in Geneva on 30-31 October 2007.

During the opening plenary meeting, representatives of the Governments of Kuwait and Iraq addressed the Council. 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 in June 2007 and on payment activities, the distribution by Governments and international organisations of payments to successful claimants, and the return of undistributed funds.

With respect to the request made by the delegation of Iraq regarding its level of contribution to the Fund at the sixty-third session in June 2007 and reiterated at this session, the Council recalled that Security Council Resolution 1483, which reduced the level of contribution of Iraq from 25 to 5 per cent, confirmed in paragraph 21 the authority of the Governing Council in dealing with the issue of the level of Iraq's contribution to the Compensation Fund. Accordingly, the current level of 5 per cent remains in force unless the Governing Council and the Government of Iraq decide otherwise. In its conclusion on this issue, the Council also recalled decision 256 (S/AC.26/Dec.256 (2005)) taken at its fifty-eighth session on the payment mechanism, which, inter alia, provided priority in payment to successful environmental claims and other successful claims with outstanding amounts less than \$500 million and noted that on the basis of the current revenue to the Fund, these prioritized claims are expected to be paid in full by mid 2011, with the possibility that an increase in the revenue to the Fund

His Excellency
Mr. Ban Ki-moon
Secretary-General
of the United Nations
United Nations Headquarters

may bring forward that date. The Council also recalled that in approving the creation of the Follow-up Programme for Environmental Awards in December 2005, it had taken into consideration the request by the Government of Iraq that the Governing Council monitor the use of such awards and transparency in expenditures and noted that a change in the current level of contribution at this stage may delay the start up and duration of a number of restoration projects that are part of the Follow-Up Programme, and thus delay the implementation of the Programme as a whole. The Council, while expressing its understanding of the issues raised by the Government of Iraq, declined to reduce the current level of five per cent and requested the secretariat to inform the Republic of Iraq accordingly.

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 had escalated to approximately \$92 million with the release of the audit reports for the period ending 31 December 2006. The Council requested that the Secretary follow up with the Controller regarding the shortfall to the Fund and the action that needs to be taken, if any, to ensure that 5 per cent of the revenue from the sales of petroleum and petroleum products continues to be deposited into the Compensation Fund following any future transfer of oversight functions from the International Advisory and Monitoring Board (IAMB) to the Iraq Committee of Financial Experts (COFE), and report back to a future informal meeting of the Governing Council. The Council also requested that the Secretary continue to monitor the shortfall and the outcome of future meetings of the IAMB and keep the Governing Council advised of any further developments.

During the session, the Council heard a briefing by the secretariat on the status of the Follow-up Programme for Environmental Awards. The Council took note of the expert candidates that have been assembled by Jordan to serve on its Independent Reviewer team under the Guidelines for the Programme, which are annexed to decision 258 (S/AC.26/Dec.258 (2005)). The Council also took note of the expert candidates proposed by both Kuwait and Saudi Arabia to replace some members of their respective Independent Reviewer teams. The Council heard a briefing by the secretariat on the remediation project phasing plans required by the Guidelines under decision 258 and considered a request made by Kuwait's National Focal Point to send a representative to a future informal meeting of the Working Group to discuss Kuwait's phasing approach. The Council also encouraged participating countries to expedite implementation of their respective environmental remediation and restoration projects under the Programme, and requested that the secretariat provide further updates on the Follow-up Programme at future sessions of the Governing Council.

The Council also discussed the implementation of the current UNCC archiving policy as it relates to the disposal of records. In its consideration of the two options set out by the secretariat, the Council noted that payments information is retained by the secretariat in respect of all categories of claims. The Council also noted that the working materials currently in storage are not subject to the

seven year retention period determined by the Governing Council at its fiftieth session, and recommended that such materials accordingly be disposed of at the discretion of the secretariat.

With regard to claims files, the Council noted that the second option presented by the secretariat would result in a more efficient and cost-effective process for the disposal of documents, and accordingly that the secretariat will proceed as follows. First, the approximately 160,000 original category C and some category A and B claim files of the Government of Kuwait will be returned to Kuwait in accordance with its request, and subject to a number of conditions. Second, the secretariat will retrieve and separate the approximately 40,000 category C claim files with a disposal date during the years 2009 to 2014 for disposal at the scheduled time. Third, the secretariat will continue with the disposal of the remaining 210,000 category C claim files slated for disposal during the years 2006 to 2008 without the need of retrieving each file individually in the course of 2008. Further, it was agreed that within a period of one month, the members of the Governing Council will have the opportunity to request that this issue be further discussed at an informal meeting, to be held as soon as practicable.

With respect to the audit of UNCC activities, the Council took note of the final audit report of OIOS on claims payments, the secretariat's response thereto and of the UNCC section of the OIOS annual report to the General Assembly, and the response of the secretariat as was incorporated into the response of the Secretary General.

In the course of the session, the twenty-fourth meeting of the Council's Committee on Administrative Matters was also held. The Committee considered and approved the budget of the Commission for the 2008-2009 biennium, including the budget of the Follow-up Programme for Environmental Awards, and presented a report on its discussion to the closing plenary of the session.

The next payment to successful claimants pursuant to decision 256 is scheduled to be made on 31 January 2007 and there are now 28 approved claims (in categories E and F), with a total outstanding balance of approximately US\$29.4 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 US\$23 billion.

The complete text of all the conclusions adopted by the Governing Council will be sent by mail together with the documents set out in the attached List of Enclosures. As usual, a similar report will be sent from the President of the Governing Council to the Security Council.

Yours sincerely,



Mojtaba Kazazi
Secretary, Governing Council,
and Officer-in-Charge

List of Enclosures

1. Complete set of the Conclusions of the UNCC Governing Council (nos. 5-13) taken at its sixty-fourth session held 30-31 October 2007;
 2. Statements of Kuwait and Iraq (delivered at the opening plenary);
 3. Summary of activities: report of the secretariat (16 May to 30 September 2007) (S/AC.26/2007/R.20);
 4. Report of the secretariat on the distribution of payments and transparency, and the return of undistributed funds (S/AC.26/2007/R.21);
 5. Report of the Committee on Administrative Matters (CAM) to the Governing Council (S/AC.26/2007/R.24).
-

Public Authority For
Assessment Of Compensation
For Damages Resulting
From Iraqi Aggression



الهيئة العامة
لتقدير التعويضات عن خسائر
العدوان العراقي

United Nations Liaison Office

STATEMENT OF THE STATE OF KUWAIT

***DELIVERED BY H.E. KHALED AHMAD AL-MUDAF
CHAIRMAN OF THE BOARD OF DIRECTORS***

***PUBLIC AUTHORITY FOR ASSESSMENT OF
COMPENSATION FOR DAMAGES RESULTING FROM
THE IRAQI AGGRESSION***

***UNITED NATIONS COMPENSATION COMMISSION
GOVERNING COUNCIL
SIXTY-THIRD SESSION
GENEVA, 30 – 31 October 2007***

**STATEMENT OF
THE STATE OF KUWAIT**

**PRESENTED BY H.E. MR. KHALED AHMAD AL MUDHAF
CHAIRMAN OF THE BOARD**

**PUBLIC AUTHORITY FOR ASSESSMENT OF COMPENSATION FOR
DAMAGES RESULTING FROM THE IRAQI AGGRESSION
(PAAC)**

**At the opening of the
UNITED NATIONS COMPENSATION COMMISSION
Sixty-fourth GOVERNING COUNCIL Session**

30 – 31 October 2007

Mr. President and distinguished members of the Governing Council,

On behalf of the Government and the people of the State of Kuwait, it is my honor to address your Council once again, at the opening of its sixty-fourth session and I wish to thank the Council for allowing us to present our views and concerns regarding various matters that relate to the compensation process.

The Government of the State of Kuwait expresses its deepest gratitude to the departing members of the Governing Council; namely the Vice-President of the Governing Council, H.E. Ambassador Roger Menga of Congo, H.E. Ambassador Kwabena Baah-Duodu of Ghana, H.E. Ambassador Jose Eduardo Ponce Vivanco of Peru, H.E. Ambassador Abdulla Al-Dosari of Qatar and H.E. Ambassador Anton Pinter of Slovakia.

We are grateful for all of the work that you have accomplished and the valuable contribution that you have made to the UNCC process to ensure fair compensation to all claimants.

Mr. President,

Kuwait wishes to thank the UNCC for disbursing compensation amounts on 26 July 2007 in accordance with decision 256. These payments are essential for the continuation of the activities of the Kuwait National Focal Point, that are related to the implementation of Kuwait's environmental rehabilitation projects.

Kuwait urges the Governing Council to continue maintaining its responsibility towards all successful claimants by assuring the full and continued payment of compensation.

Mr. President,

We are aware that the Governing Council will address the issue of Iraq's request, which was presented in Iraq's statement at the 63rd session in June 2007. In its statement, Iraq requested an immediate suspension of the payment of compensation or a reduction of the percentage to be decided by the Governing Council.

Kuwait would like to draw the attention of the honorable Council, that the Security Council in 2003, when adopting Resolution 1483, took into account Iraq's needs by reducing the percentage allocated to the Compensation Fund from 25% to 5% . At present payment levels, environmental claims will not be paid in full until the year 2012 even with the increased oil prices. Suspending the payment or reducing the percentage will surely result in further delays in the implementation of the environmental remediation projects.

The environmental remediation program is an important program not just for Kuwait and the region but to the international community as well. The Governing Council of the UNCC has recognized this fact throughout the compensation process and has given the environmental claims a priority in its previous and present payment decisions. We urge the Council to insure the continuation of the current status until all the environmental remediation projects are paid in full.

Mr. President,

Kuwait is committed to the continuation of its efforts towards environmental cooperation among the countries of the region, and, in that regard, Kuwait has invited the claimant countries and Iraq to the 6th Meeting on Regional Cooperation pertaining to Remediation of Environmental Damages, which will be held in Kuwait from the 6th to the 7th of November 2007.

The upcoming meeting will concentrate on the plan of action for closer and more effective regional coordination and cooperation on issues related to environmental projects as well as steps to be taken to advance the regional environmental rehabilitation database. Kuwait has submitted the proposed agenda for this meeting to the UNCC secretariat and all the members of RERAG including Iraq.

Though Iraq has unfortunately announced its desire to suspend any activity within the regional cooperation for the environmental remediation program, we hope that Iraq will participate in this regional meeting to benefit from the environmental regional cooperation and the information that will be collected through the environmental rehabilitation projects which will be available to all participating countries.

We urge the Governing Council to encourage Iraq to take an active role in the regional environmental cooperation program and provide its environmental scientists an opportunity to share and exchange knowledge and know how in the area of environmental remediation.

Mr. President,

In its efforts to implement the Guidelines for the Follow-up Program for Environmental Awards annexed to decision 258, the Kuwait National Focal Point has signed the contracts of the 14 Independent Reviewers who were approved by the Governing Council in the June 2007 session.

Kuwait has also held meetings with the Coordinator of the Independent Reviewers, the IR Auditor and the UNCC secretariat to set the baseline grounds for the administrative, financial and technical requirements for the Environmental Program, and in particular, to organize the work program of the IRs.

The IR Auditor has visited Kuwait in September 2007 to inspect the payment procedures set by the Kuwait National Focal Point and its external auditors. The Independent Review Coordinator has also traveled to Kuwait this month to visit the damaged sites and finalize the action plan for the IRs work program and to prepare for the 1st visit of all 14 IRs to Kuwait in December 2007.

Mr. President,

In compliance with paragraph 4 of decision 258, Kuwait has submitted to the UNCC, on 29 October 2007 its phasing plan for its four environmental projects of long duration with awards greater than US\$ 50 Million indicating Kuwait's plan to allocate funds for each phase. The phasing plan shows the progressive steps Kuwait will undertake to implement its remediation projects.

The phasing plan will start with the appointment of the Project Planning and Supervision Consultant who will develop the Terms of Reference for the implementation of the environmental remediation projects. Kuwait believes that during the implementation of its plan changes may occur and the UNCC will be informed of any modifications to the plan.

Finally, we would like to express the deep appreciation of the Government and the People of Kuwait for the Council's valuable work and to reaffirm our confidence in the Council's ability to guide us towards a successful implementation of the environmental rehabilitation program.

LA MISSION PERMANENTE DE LA
REPUBLIQUE D'IRAK
GENEVE



المثلية الدائمة لجمهورية العراق
لدى مكتب الأمم المتحدة
جنيف

FAX MESSAGE

DE: Mission of IRAQ	FAX: 022 7330326
Mr. Mojtaba Kazzaei A: Chief, Governing Council Secretariat	

We attach herewith the Statement of
the Republic of Iraq, that will be
delivered by his Excellency Ambassador
Baha Al-Shibib, the Permanent
Representative Concerning the Sixty-fourth
Session of The Governing Council.
With Best Regards



STATEMENT OF THE REPUBLIC OF IRAQ TO THE
UNCC

SESSION 64
OCTOBER, 30-31, 2007

DELIVERED BY:
BAHA AL-SHIBIB
AMBASSADOR & PERMANENT REPRESENTATIVE
OF THE MISSION OF IRAQ TO THE U.N.O.G.

Distinguished, Executive Secretary of the Governing Council,
Excellencies, members of the council.

At the outset, allow me to express the deep appreciation and gratitude of the Government of Iraq to your council for giving us this opportunity. As you are well aware, compensation was imposed because of the unjustified actions of the previous regime, but the people of Iraq, who are not accountable for, bore the burden. The relevant SCR's emphasized that nothing should be done to affect the basic essential needs of the Iraqi population.

Mr. Chairman

The policy of Iraq now is predicated on fundamental principles such as, non-interference in the internal affairs of other states, settlement of conflicts through peaceful means, respect of mutual interests and good neighbourly relations, as well as respect for human rights. This official Iraqi declared policy was fruitful when several states, members of Paris club took the initiative and decided to forgive 80 percent of their debts on Iraq, as an appreciation on their part of the magnitude of destruction inflicted on Iraq owing to the policies of the previous regime.

Mr. Chairman

The Government of Iraq, while recalling the relevant Security Council resolutions concerning the deposit of 5 percent in the compensation fund of export of petroleum, petroleum products and natural gas, would like also to quote paragraph 21 of SCR 1483 (2003):

‘...Unless an internationally recognized, representative government of Iraq and the Governing Council of the United Nations Compensation Commission in the exercise of its authority over methods of ensuring that payments are made into the compensation fund, decide otherwise, this requirement shall be binding on a properly constituted, internationally recognized, representative government of Iraq and other success on thereto’

In light of the above, we propose that Iraq and the UN Compensation Commission work out an understanding between them with the aim of establishing a fair and just mechanism to deal with the issue of deductions.

Time has come for the Governing Council to make a full review of the question and submit a report to the Security Council, suggesting, putting an end to the existing deduction percentage, so as to establish a negotiation, mechanism with the states concerned to resolve their claims, similar to that pursued with states members of Paris club which agreed to reduce their debts.

The question of keeping Iraq paying \$200-250 millions every three months, inspite of its difficult situation, is an issue, Iraq cannot and would not be able to bear and continue with, taking into account its urgent needs in the process of reconstruction and rehabilitation.

Mr. Chairman

In his letter to the Security Council dated June 24th 2007, His Excellency, the Prime Minister Nuri AL-MALIKI, suggested that the Compensation Commission with the cooperation of the Government of Iraq get to work together to find out a suitable and convenient mechanism with the view of reconsidering the percentage of deduction. Here we appeal to your august council to establish such necessary mechanism to alleviate the hardships incurred on the Iraqi people who are no longer able to bear these deductions. These deductions do have a large extend adverse impact on the poor and vulnerable segments of the Iraqi population. The Security Council resolutions were adopted primarily as punishment against Saddam Hussein's regime, and not against the people of Iraq, but regrettably, the victim now is the Iraqi population who are suffering from lack of essential needs, healthcare and shortage of food and malnutrition.

Mr. Chairman

Finally, I would like to extend my great thanks for the council, and wish it all success for its present deliberations.

Thank you, Mr Chairman.

بيان حكومة جمهورية العراق

أمام الدورة ٦٤

لمجلس إدارة لجنة الأمم المتحدة للتعويضات

يلقيه الممثل الدائم السفير بهاء حسين الشبيب

جينيف ١٠-٣١ تشرين الاول ٢٠٠٧

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

السيد رئيس مجلس الإدارة المحترم
السادة أعضاء المجلس المحترمون

تود حكومة جمهورية العراق ان تعرب عن عميق امتنانها وتقديرها لمجلس الإدارة على إعطاء العراق هذه الفرصة للتقدم ببيانه. ان فكرة التعميمات جاءت نتيجة للأعمال غير المبررة التي قام بها النظام السابق وبطبيعة الحال، فإن الشعب لعرقي هو الذي يتحمل هذه الأعباء دون ان تكون له ارادة. ان قرارات مجلس الامن ذات الصلة أكدت على عدم المساس بأحتياجات الشعب الأساسية.

السيد الرئيس

أن سياسة الحكومة العراقية تتركز على عدم التدخل في الشؤون الداخلية وتسوية النزاعات الدولية بالطرق السلمية وإحترام المصالح المتبادلة وحسن الجوار واحترام حقوق الإنسان، ان هذه السياسة التي اعلنتها الحكومة العراقية كان من ثمارها مبادرة العديد من الدول ومنها الدول الاعضاء في نادي باريس الى تخفيض ديونها على العراق بنسبة ٨٠% اذراكا منها بحجم الديمار الذي أصاب البلد نتيجة لسياسات النظام السابق.

السيد الرئيس.

ان حكومة جمهورية العراق اذ تشير الى قرارات مجلس الأمن ذات الصلة بمسألة تدفق الأموال العراقية الى صندوق التعويضات بنسبة ٥% من مبيعات النفط والمزيجات النفطية والغاز الطبيعي، تؤكد من خلال الفقرة ٢١ من قرار مجلس الأمن ١٤٨٣ (٢٠٠٣) والتي تشير (ان يكون هذا المطلب ملزماً لحكومة العراق الممثلة للشعب العراقي المعترف بها دولياً المشكلة حسب الأصول واري خلف لها، مالم تقرر خلاف ذلك حكومة العراق الممثلة للشعب المعترف بها دولياً، ومجلس ادارة صندوق الأمم المتحدة للتعويضات، ممارسة منه لسلطته على طرق كفاية لتسديد المدفوعات في صندوق التعويضات)، تتحجج ان يقوم العراق ولجنة الأمم المتحدة للتعويضات للتوصل الى تفاهات بينهما لاجاد آلية جديدة منصفة لمسألة الاستقطاع وأنه حان الوقت لمجلس الإدارة أن يقدم لمجلس الأمن استعراضاً من شأنه يساعد على إيقاف استقطاع النسبة المذكورة بغية ايجاد آلية بشأن التفاوض مع الدول المعنية والتي لديها مبالغ تدفع من صندوق التعويضات لوضع تسوية حول الموضوع، أسوة بالدول التي خفضت ديونها طبقاً لمبادئ نادي باريس، وإن مسألة بقاء العراق يدفع الى صندوق التعويضات، وفي ظرفه العصيب مبلغاً يتراوح بين (٢٠٠-٢٥٠) مليون دولار كل ثلاثة أشهر أمر لا يمكن للعراق تحمله في ظل احتياجاته الأساسية الملحة وفي ظل إعادة الأعمال

السيد الرئيس .

إن رئيس الحكومة العراقية الاستاذ نوري المالكي قد وجه خطاباً الى مجلس الامن بتاريخ ٢٤/٦/٢٠٠٧ يناشده بقيام لجنة الامم المتحدة للتعويضات بالتعاون مع الحكومة العراقية لايجاد آلية مناسبة لإعادة النظر في نسبة الاستقطاع، ونحن بدورنا نناشد مجلسكم الموقر على ضرورة إيجاد مثل هذه الآلية للتخفيف عن كاهل الشعب العراقي الذي لم يعد يتحمل مثل هذه الاستقطاعات التي املت تؤثر على الجياح من أبنائه بشكل كبير لاسيما وإن قرار مجلس الأمن ١٤٨٣ (٢٠٠٣) عندما أتخذ أصلاً كان لمعاقبة نظام صدام وليس الشعب العراقي الا انه مع الاسف ان الضحية الان هو شعبنا الذي يعاني من فقدان الخدمات الاساسية والعلاج الطبي وشحة الغذاء .

في الختام نود ان نعبر عن شكرنا العميق لما يقوم به مجلسكم الموقر في جلسته متمنين لكم النجاح اتمام .

وشكراً سيدي الرئيس

FULL TEXT OF CONCLUSIONS TAKEN BY THE GOVERNING COUNCIL
AT ITS SIXTY-FOURTH SESSION (30-31 OCTOBER 2007)

Agenda item 5 – Sixty-fourth session
Conclusions of the Working Group

Report of the Secretariat: Summary of activities

The Working Group considered the report, which summarizes the activities of the Commission from 16 May to 30 September 2007, as contained in document S/AC.26/2007/R.20. The Working Group thanked the Secretary for the report and took note of it.

Agenda item 6 – Sixty-fourth session
Conclusions of the Working Group

Level of Iraq's contribution to the Fund

The Working Group considered the request made by the delegation of Iraq at the sixty-third session in June 2007 and reiterated at the sixty-fourth session concerning the level of Iraq's contribution to the Compensation Fund, in the light of the briefing from the secretariat, the background information note from the secretariat dated 25 August 2007, and its discussion of the issue at the informal meeting of the Working Group on 11 September 2007.

The Working Group recalled that Security Council Resolution 1483, which reduced the level of contribution of Iraq from 25 to 5 per cent, confirmed in paragraph 21 the authority of the Governing Council in dealing with the issue of the level of Iraq's contribution to the Compensation Fund. Accordingly, the current level of 5 per cent remains in force unless the Governing Council and the Government of Iraq decide otherwise.

The Working Group also recalled decision 256 (S/AC.26/Dec.256 (2005)) taken by the Council at its fifty-eighth session on the payment mechanism, which, inter alia, provided priority in payment to successful environmental claims and other successful claims with outstanding amounts less than \$500 million. The Working Group noted that on the basis of the current revenue to the Fund, these prioritized claims are expected to be paid in full by mid 2011, with the possibility that an increase in the revenue to the Fund may bring forward that date.

The Working Group recalled that in approving the creation of the Follow-up Programme for Environmental Awards in December 2005, the Governing Council had taken into consideration the request by the Government of Iraq that the Governing Council monitor the use of such awards and transparency in expenditures. The Working Group noted that a change in the current level of contribution at this stage may delay the start up and duration of a number of restoration projects that are part of the Follow-up Programme, and thus delay the implementation of the Programme as a whole.

The Working Group, while expressing its understanding of the issues raised by the Government of Iraq, recommends that the Governing Council decline to reduce the current level of five per cent.

The Working Group recommends that the secretariat be requested to inform the Republic of Iraq accordingly.

Agenda item 7 – Sixty-fourth session
Conclusions of the Working Group

Arrangements for ensuring that payments are made to the Fund

The Working Group continued its consideration of the issue of the shortfall to the Compensation Fund in the light of the update provided by the secretariat. The Working Group noted that the cumulative shortfall of income to the Compensation Fund had escalated to approximately \$92 million with the release of the audit reports for the period ending 31 December 2006. The Working Group also noted that the mandate of the International Advisory and Monitoring Board is scheduled to expire on 31 December 2007 and the Iraq Committee of Financial Experts (COFE) would take over as the successor body to oversee the Iraqi oil export revenues.

The Working Group recommends that the Secretary be requested to follow up with the Controller regarding the shortfall to the Fund and the action that needs to be taken, if any, to ensure that 5 per cent of the revenue from the sales of petroleum and petroleum products continue to be deposited into the Compensation Fund following any future transfer of oversight functions from the IAMB to the COFE, and report back to a future informal meeting of the Governing Council.

The Working Group further recommends that the Secretary be requested to continue to monitor the shortfall and the outcome of future meetings of the IAMB and keep the Governing Council advised of any further developments.

Agenda item 8 – Sixty-fourth session
Conclusions of the Working Group

Follow-up Programme for Environmental Awards

The Working Group heard a briefing by the secretariat on the status of the Programme.

The Working Group considered Jordan's nomination of its Independent Reviewers in the light of the information note dated 19 October 2007 and the briefing by the secretariat. The Working Group took note of the secretariat's conclusion that the expert candidates nominated by Jordan meet the criteria of the Guidelines for the Follow-up Programme for Environmental Awards, and are therefore qualified to provide the secretariat with expertise related to the projects governed by the Guidelines.

The Working Group also considered the request made by the Government of Kuwait for the replacement of one member of its Independent Reviewer team; and the request made by the Government of Saudi Arabia for the addition of one member to and replacement of two members on its Independent Reviewer team. The Working Group took note of the secretariat's conclusion that the additional and replacement Independent Reviewer candidates proposed by Kuwait and Saudi Arabia meet the criteria of the Guidelines for the Follow-up Programme for Environmental Awards, and are therefore acceptable members of the respective Independent Reviewer teams.

The Working Group heard a briefing by the secretariat on the remediation project phasing plans required by the Guidelines under decision 258. The Working Group considered a request made by Kuwait's National Focal Point to send a representative to a future informal meeting of the Working Group to discuss Kuwait's phasing approach. Noting that such a discussion would be helpful, the Working Group recommends that the secretariat proceed with making arrangements accordingly.

The Working Group encouraged participating countries to expedite implementation of their respective environmental remediation and restoration projects under the Programme, and recommends that the secretariat be requested to provide further updates on the Follow-up Programme at future sessions of the Governing Council.

Agenda item 9 – Sixty-fourth session
Conclusions of the Working Group

Payment of claims

The Working Group considered and took note of the report, contained in document S/AC.26/2007/R.21 and recommends that the secretariat be requested to continue to inform the Council of the reports of Governments and international organizations on the distribution of payments and the return of undistributed funds.

The Working Group also recommends that the secretariat be requested to continue to report on any funds remitted by claimant Governments in response to the “best efforts” exercise to recover confirmed overpayments.

The Working Group also took note of the written statement submitted by the Hashemite Kingdom of Jordan regarding overpayment to individual claimants. The Working Group expressed its understanding of the difficulties faced by Jordan, however it reaffirmed its prior decisions, which were taken after extensive deliberation, regarding measures to be taken to recover overpayments.

Agenda item 10 – Sixty-fourth Conclusions of the Working Group

Disposal of documents under current UNCC archiving policy

The Working Group discussed the implementation of the current UNCC archiving policy as it relates to the disposal of records in the light of an information note by the secretariat dated 19 October 2007 and the briefing by the secretariat. The Working Group noted that the investigation into duplicates and other claims raising potential overpayments issues created a backlog in the disposal activities because documents scheduled for disposal were kept to facilitate the investigation. The backlog necessitates a re-examination of the method and timeline for the disposal of documents, as well as the labour and costs associated with the current disposal activities, including the maintenance of the Registry and storage space.

In its consideration of the two options set out by the secretariat, the Working Group noted that payments information is retained by the secretariat in respect of all categories of claims. The Working Group also noted that the working materials currently in storage are not subject to the seven year retention period determined by the Governing Council at its fiftieth session, and recommended that such materials accordingly be disposed of at the discretion of the secretariat.

With regard to claims files, the Working Group noted that the second option presented by the secretariat would result in a more efficient and cost-effective process for the disposal of documents, and accordingly that the secretariat will proceed as follows:

First, the Working Group noted that approximately 160,000 original category C and some category A and B claim files of the Government of Kuwait will be returned to Kuwait in accordance with its request, noting that Kuwait has undertaken to retain all returned files until the seven year retention period has expired in accordance with the UNCC archiving policy. The Working Group also notes that appropriate measures be put in place to ensure the UNCC will have access to the records being maintained by Kuwait throughout the period of their retention as necessary.

Second, the secretariat will retrieve and separate the approximately 40,000 category C claim files with a disposal date during the years 2009 to 2014 for disposal at the scheduled time.

Third, that the secretariat will continue with the disposal of the remaining 210,000 category C claim files slated for disposal during the years 2006 to 2008 without the need of retrieving each file individually in the course of 2008. The secretariat recalled that information on category C claims are available electronically in the Commission's database, which is preserved. The Working Group further noted that with respect to categories D, E and F claims that are scheduled for disposal in 2008, they may need to be disposed of before the end of the year in order to manage the disposal and its costs efficiently.

Further, the Working Group agreed that within a period of one month, the members of the Governing Council will have the opportunity to request that this issue be further discussed at an informal meeting, to be held as soon as practiceable.

Agenda item 11 – Sixty-fourth session
Conclusions of the Working Group

Audit review of UNCC activities

The Working Group heard a briefing from the secretariat concerning the final audit report of OIOS on claims payments and the secretariat's response thereto.

The Working Group also was briefed on the UNCC section of the OIOS annual report to the General Assembly, and the response of the secretariat as was incorporated into the response of the Secretary General.

The Working Group took note of the above and recommends that the secretariat be requested to continue to provide updates on audit issues at future meetings of the Governing Council and that this topic be kept on the agenda of the Governing Council.

**Agenda item 12 – Sixty-fourth session
Conclusions of the Working Group**

Future work of the Governing Council and the calendar of meetings

The Working Group discussed the workload of the Council at its next meetings and recommended that the sixty-fifth session of the Governing Council be held on 8-9 April 2008.

The Working Group also recommends that:

- the sixty-sixth session of the Council be tentatively scheduled for 21-22 October 2008;
- informal meetings of the Working Group be held between regular sessions of the Governing Council as required.

Agenda item 13 – Sixty-fourth session
Conclusions of the Working Group

Other matters:

The Working Group considered 1 issue under this agenda item:

(a) Report on the meeting of the Committee on Administrative Matters

The Committee on Administrative Matters (CAM) held its twenty-fourth meeting in Geneva on 30 October 2007 to consider the proposed budget for the biennium 2008-2009.

After discussion, CAM approved, by consensus, the proposed budget, with changes. Details of the discussions that took place during the meeting are contained in the Report of the Committee on Administrative Matters (CAM to the Governing Council (S/AC.26/2007/R.24), which has been made available to Governing Council members.

**UNITED
NATIONS**

S



Security Council

Distr.
RESTRICTED

S/AC.26/2007/R.20
24 September 2007

Original: ENGLISH

UNITED NATIONS
COMPENSATION COMMISSION
GOVERNING COUNCIL
Sixty-fourth session
Geneva, 30-31 October 2007

SUMMARY OF ACTIVITIES

Report of the secretariat



CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
Introduction	1	3
I. PROCESSING OF CLAIMS.....	2 - 7	3
A. Registry.....	2 - 3	3
B. Corrections under article 41.....	4 - 5	3
C. Duplicate or related claims in categories A, B, C and D.....	6 - 7	4
II. FOLLOW-UP PROGRAMME FOR ENVIRONMENTAL AWARDS	8 - 17	4
A. Administrative tasks.....	8 - 9	4
B. Programme implementation	10	4
C. Islamic Republic of Iran.....	11	5
D. Hashemite Kingdom of Jordan.....	12 - 13	5
E. State of Kuwait.....	14 - 15	5
F. Kingdom of Saudi Arabia	16	6
G. Regional Environmental Rehabilitation Advisory Group	17	6
III. INFORMATION SYSTEMS SECTION (ISS)	18 - 20	6
IV. CLAIMS PAYMENT	21 - 27	7
A. Payments made.....	21 - 25	7
B. Anticipated payments	26	8
C. The Compensation Fund	27	8
V. OBSERVATIONS	28 - 36	8

Introduction

1. The present report summarises the activities of the United Nations Compensation Commission ("UNCC") during the period 16 May to 30 September 2007. The report covers matters related to the processing of claims, the Follow-Up Programme for Environmental Awards, the payment of approved claims, and observations.

I. PROCESSING OF CLAIMS

A. Registry

2. During the reporting period, the main activity of the Registry was related to archival activities and to work resulting from the further downsizing of the secretariat. The Registry assisted in the archiving of working materials from departing staff. Further, in cooperation with ISS, an archival application for the organised disposal of claim materials for the period after the closure of the UNCC database was put into production. Based on this application, and pursuant to the determinations of the Governing Council concerning the retention period of category "2" records, more than 14,000 original claim files have so far been disposed of in cooperation with an external company that is specialised in secured disposal of confidential records.

3. Furthermore, 279 boxes containing category "1" documents of historical and /or precedential value have been organised for final archival, which materials will eventually be transferred to the Archives and Records Management Section ("ARMS") in New York.

B. Corrections under article 41

4. During the period under review, the secretariat reviewed enquiries relating to the identification of duplicate claims filed in category A, claims filed in different categories for duplicate losses (other than departure), claims that were filed for higher amounts in category A by claimants who filed claims in other claim categories, claims that were awarded as family claims when they should have been awarded as individual claims and claims that were awarded compensation for departure losses in categories C or D when the recommended amount for such losses did not exceed the amount already awarded in category A.

5. The secretariat presented the thirty-eighth article 41 report to the Governing Council at its sixty-third session held from 20 to 22 June 2007, which was approved by the Council. Following approval of this report, the secretariat issued customised notes verbales to relevant submitting entities, where applicable, enclosing confidential submitting entity reports that provided information on each correction, reiterating that efforts must be made to recover any overpayments and requesting that funds received from claimants be remitted to the UNCC. The secretariat will report any recoveries to the Council at its future sessions.

C. Duplicate or related claims in categories A, B, C and D

6. During the period under review, the secretariat continued and completed its work in relation to the exercise to identify and address duplicates and other claims raising issues of multiple recovery. The secretariat also continued and completed the work necessary to group claims on a per-claimant rather than a per-claim basis, in accordance with the direction of the Governing Council. In addition, the secretariat continued and completed its work on the allocation of amounts to be returned by claimants in relation to corrected claims between “identifiable” and “non-identifiable”. The secretariat also prepared a final update on its investigation for the Council at its sixty-third session in June 2007, together with a reconciliation table containing the results of its work on the allocation of amounts between “identifiable” and “non-identifiable”.

7. Following various payments made by the Claims Payments Section in July 2007, the secretariat conducted a final reconciliation of the amounts to be returned by claimants in relation to corrected claims for each submitting entity and a final analysis of the data, on the basis of the various recovery measures decided by the Governing Council at its sixty-first session in November 2006 and reaffirmed at its sixty-third session in June 2007. The secretariat also issued notes verbale to relevant submitting entities with the results of its final reconciliation and analysis. In addition, at the request of the Council, the secretariat prepared a summary of the investigation into duplicates and other claims raising multiple recovery issues that was sent to Council members on 31 August 2007.

II. FOLLOW-UP PROGRAMME FOR ENVIRONMENTAL AWARDS

A. Administrative tasks

8. During the period covered by this report, the secretariat has continued maintaining its internal administrative systems for tracking the programme finances and technical progress on the remediation and restoration projects.

9. The secretariat prepared a report on the 2006-2007 programme expenditures for the claimant Governments. In addition, the secretariat has prepared a budget proposal for the 2008-2009 biennium, which has been circulated to the claimant Governments for their review and agreement. The proposed budget will be submitted to the CAM for approval in the course of the sixty-fourth session of the Governing Council.

B. Programme implementation

10. The secretariat continues to work closely with the Governments of Iran, Jordan, Kuwait and Saudi Arabia on follow-up programme implementation. An overview of the particular progress made by each claimant Government is set out below.

C. Islamic Republic of Iran

11. The secretariat has been communicating with the Islamic Republic of Iran and understands that it is compiling a list of Independent Reviewer ("IR") candidates to be submitted to the UNCC for approval.

D. Hashemite Kingdom of Jordan

12. On 12-14 August, the secretariat held meetings in Jordan, with the Minister of Environment, his team within the National Focal Point ("NFP"), and the experts proposed by Jordan as IRs to discuss progress on the rangeland restoration programme funded by Jordan's F4 award and on the selection of nominees for the independent reviewer positions. The secretariat also visited the sites of some of the projects that might serve as a model for Jordan's restoration programme. The meetings provided a valuable opportunity for discussion of Jordan's restoration needs and agenda with the NFP, including a representative of the Board of the Hashemite Fund for Development of Jordan Badia and the IR nominees. Jordan's National Focal Point ("NFP") has now finalised its list of IR candidates. The secretariat finds the candidates to be well qualified and intends to present the list to the Governing Council for approval at the October session.

13. The key issue for Jordan's NFP at this point is the tailoring of proposed rangeland restoration activities to better conform with the ecological objectives of the F4 award. The NFP has compiled an initial list of restoration projects through consultations with government agencies and NGOs. These projects differ substantially from the cooperative rangeland management programme on which the F4 award was based. The secretariat is working with the NFP and the IRs in an attempt to better align Jordan's restoration efforts with the goals of the F4 award.

E. State of Kuwait

14. Since the Governing Council's approval of Kuwait's IRs at the sixty-third session in June 2007, the secretariat has been working closely with Kuwait's NFP and IR coordinator to secure executed contracts with the IRs, finalise IR work plans, and organise IR orientation meetings in Geneva and Kuwait, currently scheduled for December 2007. In addition, Kuwait NFP has notified the secretariat that the IR approved to address civil engineering issues has advised that he is not available to participate in the programme. The secretariat is working with Kuwait to find a replacement engineer and anticipates presenting a nominee to the Governing Council at the October session.

15. The secretariat has continued to work closely with Kuwait NFP to finalise the request for proposal (RFP) for a Project Planning and Supervision Consultant (PPSC). Final selection of and contracting with the PPSC, originally planned for late summer or early fall 2007, is a critical milestone for Kuwait's remediation programme, since only after contracting with the PPSC will the final design

of remediation projects begin. Despite the NFP's continuing efforts to gain Government approval to release the RFP to the short-listed bidders, the release has yet to be authorised. The secretariat is working with Kuwait NFP to ensure that RFP is released as soon as possible.

F. Kingdom of Saudi Arabia

16. The secretariat anticipates changes to Saudi Arabia's list of IRs as approved by the Governing Council at its sixty-second session in February 2007. The secretariat is working with Saudi Arabia's NFP to finalise development of the IR process.

G. Regional Environmental Rehabilitation Advisory Group

17. A regional meeting to launch the Regional Environmental Rehabilitation Advisory Group (RERAG) is scheduled for 6 and 7 November to be held in Kuwait, with the anticipated participation of the Government of Iraq and the claimant Governments involved in the Follow-up Programme.

III. INFORMATION SYSTEMS SECTION (ISS)

18. During the period covered by this report, the secretariat has implemented several network, hardware, and software related projects. In July, work was completed to consolidate the UNCC's server and network infrastructure from two sites into one, as the need of a costly fail-over system was reduced with the winding down of the UNCC operations.

19. As part of the decision to close the production Oracle databases, the secretariat identified the information that would-be needed to effectively continue its operations in the absence of the databases. As a result, ISS developed applications to extract 170 spreadsheets to enable the Registry to continue its archive work and to embark on the secure disposal of claims. ISS also created over 700 spreadsheets, spanning 70 categories of reports, for the use of the Claims Payment Section in the processing of payments.

20. As part of the secretariat's Category I archiving effort, the production Oracle databases, over 100 associated custom applications, and documentation are being migrated to a single server which will be sent to ARMS in New York for permanent retention. While most applications based upon the Oracle databases will shut down, some Internet applications, such as the Governing Council Documents application, are in the process of being rewritten to run against minimal administration databases allowing uninterrupted use by the Governing Council members.

IV. CLAIMS PAYMENT

A. Payments made

21. During the reporting period the secretariat continued to make payments in accordance with decision 256 (S/AC.26/Dec.256 (2005)) regarding the payment mechanism and priority of payment of the outstanding claims that was adopted by the Governing Council at its fifty-eighth session.

22. The seventh payment under the current payment mechanism was made on 26 July 2007. Claimants with outstanding amounts greater than US \$500 million (Category 1) were paid a fixed sum of \$2 million thereby receiving a cumulative amount of \$73 million. Claimants with outstanding amounts less than \$500 million and environmental remediation claims (category 2) were paid \$14 million bringing them up to \$107 million (or the principal amount of the award if less). Sufficient funds were also available to pay up to \$109 million to 3 successful claims in the order in which the claims were approved. On 26 July 2007, funds totalling \$391,203,000.00 were transferred to the Governments for distribution to 37 claimants. Following this payment, there are 33 approved claims in categories "E" and "F" that have not been paid in full. These 33 claims have an outstanding award balance of \$29.8 billion to be paid in future in accordance with the Governing Council decision(s) on payments upon the availability of funds.

23. In all, \$394,830,238.04 has been paid during the period under review. Payments include the release of surplus funds amounting to \$3,627,238.04 that were remaining from amounts previously withheld from Bosnia and Herzegovina, Egypt, India and Iran after the implementation of recoveries for confirmed duplicates through set-offs against payable amounts in respect of governmental or quasi-governmental awards.

24. In addition, repayments and payments amounting to \$4,373,071.03 which were requested in respect of claimants located prior to the expiration of the deadline for the submission of such requests were processed and transferred during the period under review. This amount also includes repayments and payments made to claimants in accordance with the Governing Council's direction at its meeting in December 2006 to group and pay claims on a "per claimant" rather than "per claim" basis. The repaid / paid amount of \$4,373,071.03 involves 965 claims from 20 countries and international organisations.

25. As at 31 September 2007, the overall amount of compensation made available by the UNCC was \$22,516,377,660.86.

B. Anticipated payments

26. Under decision 256, payments should be made every quarter. Accordingly, the next payment under the current payment mechanism is scheduled to be made on 25 October 2007.

C. The Compensation Fund

27. As at 31 August 2007, the Compensation Fund held a balance of \$339.1 million.

V. OBSERVATIONS

28. During the period under review the downsizing of the secretariat into a residual format took effect, in line with the decision on successor arrangements taken by the Governing Council at its fifty-eighth session in December 2005. As scheduled, 16 members of the secretariat staff (from the office of the Executive Secretary, Governing Council Secretariat, Claims Payment Section, Legal Services, Executive Office, ISS, and Registry) left in July and August 2007. The transition to a smaller residual secretariat also marked the departure of Mr. Rolf Knutsson, the previous Executive Secretary, and the appointment by the Secretary-General of Mr. Mojtaba Kazazi, Secretary, Governing Council, as Officer-in-Charge of the UNCC.

29. The secretariat is now comprised of the Governing Council Secretariat, Claims Payment Section, Follow-Up Programme for Environmental Awards, and Registry. The total number of the staff as of September 2007 is 17.

30. As part of the new arrangements, a new Memorandum of Understanding was concluded between the UNOG and the UNCC specifying the details of administration, human resources, and support services to be provided to the UNCC in conformity with the approved budget. Pursuant to another new agreement with the UNOG the rent of Villa La Pelouse, the headquarters of the UNCC, was reduced to the top floor of the building and the other two floors of La Pelouse were vacated at the end of July. The rent agreement provides for the occasional use of La Pelouse conference room, for the purpose of the informal meetings of the Working Group and other secretariat's needs. The staff of the Registry and the bulk of the UNCC's documents and archives will continue to be located in the ICC building in Cointrin, until the end of 2008, when as planned the Registry will be closed down and the remaining files will be transferred to an outside location for safekeeping and scheduled disposal.

31. The Board of Auditors conducted an audit of the UNCC during the period 7-18 May 2007. The purpose of the audit was the financial management and follow-up on previous recommendations. The draft audit observations were received on 21 May 2007 in French and 29 May 2007 in English. The secretariat provided its response to the Board's observations and recommendations on 8 June 2007 and responded to additional questions from the Board on 30 July 2007. The Board has indicated that a

final report in the form of a management letter, taking into account comments of the secretariat, would be submitted by mid- September 2007. The secretariat will provide copies of the Board's final report to the Governing Council when received, together with the secretariat's comments thereto.

32. During the period covered by this report, the secretariat has continued its cooperation with the United Nations Office of Internal Oversight Services (OIOS). In respect of OIOS' audit on financial monitoring, commenced in May 2006, OIOS submitted its report on 11 June 2007, and in respect of its audit on claim award payments, commenced in September 2006, OIOS submitted its report on 19 June 2007. Having previously provided comments to OIOS on the drafts of those reports, the Executive Secretary sent the UNCC's comments with respect to the recommendations contained in the final reports on 18 and 27 June 2007 respectively. On 11 September 2007, the secretariat provided its comments on the section of OIOS' annual report dealing with UNCC for incorporation into the response of the Secretary General to OIOS Annual Report to the General Assembly. The secretariat had previously provided its comments to OIOS on the relevant sections of the draft of that report. Further, in August 2007, the secretariat responded to correspondence from OIOS, concerning updates on the status of implementation of recommendations as at 30 June 2007, following which OIOS confirmed that the UNCC implementation rate with respect to all OIOS recommendations is 96 per cent.

33. In addition to the above, the secretariat has also communicated regularly with the Office of the Controller in New York concerning various audit issues.

34. The secretariat has worked with the Office of Legal Affairs and Archives and Records Management Section at United Nations Headquarters to prepare a Secretary-General's Bulletin that was issued on 30 June 2007, recording the archiving and access policies approved by the Governing Council.

35. The secretariat has prepared the budget for the next biennium to be presented to the CAM at the sixty-fourth session of the Governing Council in October 2007. In that context, the secretariat is studying alternative options for expediting the safe disposal of the UNCC's documents, and plans to present its views on that issue to the next informal meeting of the Working Group scheduled for 2 October 2007.

36. The monthly income of the Compensation Fund in the first eight months of 2007 averaged approximately \$132.5 million, with income reaching its highest peak of the biennium at \$180 million in August 2007. The secretariat will continue to monitor the monthly figures and will keep the Governing Council advised as to any major implications for the payment forecast.

UNITED
NATIONS

S



Security Council

Distr.
RESTRICTED

S/AC.26/2007/R.21
5 October 2007

UNITED NATIONS
COMPENSATION COMMISSION
GOVERNING COUNCIL
Sixty-fourth session
Geneva, 30-31 October 2007

PAYMENT ACTIVITIES, DISTRIBUTION OF PAYMENTS AND TRANSPARENCY,
AND RETURN OF UNDISTRIBUTED FUNDS

Report of the Executive Secretary

1. The present report, covering the period from 16 May 2007 to 30 September 2007, provides a summary of the payment activities and a summary update on the distribution of payments pursuant to decision 18 of the Governing Council (S/AC.26/Dec.18 (1994)) and the return of undistributed funds pursuant to decision 48 (S/AC.26/Dec.48 (1998)).
2. This report also includes a summary update of the status of the compliance with the requirement to submit audit certificates in respect of distributed payments in accordance with the decision of the Governing Council at its forty-ninth session in September 2003.
3. Following completion of the processing of repayments in respect of unlocated claimants in July 2007, the present report also contains the updated summary report of the amounts not paid or retransferred in respect of unlocated claimants as of 30 September 2007.
4. This report includes the updated status of the refunds received up to 30 September 2007 as a result of the "best efforts" exercise.
5. During the reporting period, the secretariat continued to make payments in accordance with decision 256 (S/AC.26/Dec.256 (2005)) regarding the payment mechanism and priority of payment of the outstanding claims that was adopted by the Governing Council at its fifty-eighth session. Payments are made under phase two of the mechanism and claimants with outstanding amounts greater than US\$500 million (category 1 claims) receive a maximum amount of \$2 million per quarter, whereas claimants with outstanding amounts of less than \$500 million and environmental awards approved for the third, fourth and fifth instalments of category F4 environmental remediation claims (category 2 claims), receive quarterly rounds of payments of \$2 million, or the unpaid balance of the award, if less, until all available amounts in the Compensation Fund have been exhausted. Since January 2006, seven payments have been made under this decision.
6. The most recent payment under the current payment mechanism was made on 26 July 2007. Funds totalling \$391,203,000.00 were transferred to the Governments for distribution to 37 claimants. Category 1 claims were paid a fixed sum of \$2 million, thereby receiving a cumulative amount of \$73 million and category 2 claims were paid \$14 million bringing them up to \$107 million (or the amount of the award if less). Sufficient funds were also available to pay up to \$109 million to a number of successful claims in the order in which the claims were approved. The details of these payments are presented in table 1. Following this payment, there are 33 approved claims in categories E and F that have not been paid in full. These 33 claims listed in table 2 have an outstanding award balance of \$29.8 billion to be paid in future in accordance with the Governing Council decision(s) on payments.
7. In all, from January 2006, a total of \$2,446,835,206.96 has been paid out under the current phase of the payment mechanism. Of this amount, \$394,830,238.04 was paid during the period under review. This includes the quarterly payment of 26 July 2007 and releases of previously withheld payments amounting to \$3,627,238.04. Following the completion of the investigation into duplicates and claims raising multiple recovery issues and the implementation of recoveries through set-offs

against payable amounts in respect of governmental or quasi-governmental awards, previously withheld amounts of Bosnia and Herzegovina (\$100,000), Egypt (\$500,000), India (\$2,073,297.04) and Iran (\$953,941) amounting to \$3,627,238.04 were released. An amount of \$772,658.02 remains withheld in respect of Egypt for reasons of non-compliance.

8. During the reporting period, repayments and payments amounting to \$4,373,071.03 which were requested in respect of recently located claimants prior to the expiration of the deadline for the submission of such requests were processed and transferred. This amount also includes repayments and payments made to claimants in accordance with the direction of the Governing Council at its meeting in December 2006 to group and pay claims on a "per claimant" rather than "per claim" basis. The repaid/paid amount of \$4,373,071.03 involves 965 claimants. Table 3 provides a summary of these additional ad hoc payments.

9. As at 30 September 2007, the overall amount of compensation transferred to Governments and international organizations in all categories of claims for distribution to claimants made available by the Compensation Commission was \$22,516,377,660.86. Details of the overall payments by submitting entity and category of claims are contained in table 4.

10. According to operative paragraph (a) of decision 48, twelve months after a submitting entity has received each payment for distribution, any undistributed funds shall be returned to the Compensation Commission with a list of the claimants who have not received payments and the amount of payment due to each such claimant. At its thirty-first session, the Governing Council decided that future payments would be withheld from submitting entities that were not in full compliance with decision 48 regarding the return of undistributed funds. At its thirty-third session, the Council further decided that future payments would be withheld from submitting entities that have not reported the distribution of returned funds, or have not reimbursed such undistributed funds to the Compensation Commission within six months after receiving such retransferred funds.

11. Table 5 provides summary information on the time elapsed since submitting entities have missed the deadlines for reporting on payment distribution, or the return of undistributed funds. The outstanding balance has increased from \$6.5 million as at 15 May 2007 to \$22.1 million as at 30 September 2007. Of this amount, \$17.2 million is less than three months overdue. This increase in outstanding balances is largely attributable to the fact that the reports in respect of repayments made in March this year fell due on 22 and 29 September, just prior to the end of the current reporting period. While these reports are expected in the coming months, the secretariat will continue with its efforts to obtain the distribution reports. Out of the \$4.1 million overdue by a period of over three months to two years, \$2 million relates to Palestine, \$1.4 million to Yemen and \$0.5 million to Pakistan. The secretariat is continuing its efforts to follow up on these outstanding amounts. The total outstanding reports include an amount of \$2.4 million due from Egypt. In its recent submission of distribution reports, the Government of Egypt has requested that the Commission allow it additional time to distribute the funds. The secretariat seeks the guidance of the Council in this regard.

12. Five Governments (Benin, Chad, Liberia, Niger and Senegal) continue to remain noncompliant with their reporting obligations for more than two years with outstanding amounts of \$760,458.53. With the exception of a report accounting for \$2,500.00 from Benin, there has been no positive development from the other countries since the last Governing Council session in June 2007. The secretariat continues its efforts to obtain compliance from these Governments through regular communications with the Permanent Missions. Of these five Governments, only Benin has payments withheld pending compliance with the reporting obligations. These long overdue reports or return of funds continue to draw the attention of the auditors who have recommended that the Commission continue to pursue its efforts in securing the recovery of these amounts. The Office for Internal Oversight Services have further recommended that the secretariat contact the office of the United Nations Controller to obtain guidance on the resolution of these long overdue balances in the absence of responses from the Governments concerned.

13. The decision regarding the provision of audit certificates with respect to the distribution of payments to successful claimants was adopted by the Council at its forty-ninth session held from 16 to 18 September 2003. The Council decided that submitting entities should be requested to provide an audit certificate, either with submission of each payment distribution report, or annually, within three months of the end of the calendar year. The Council also decided that this decision would apply only to payment distribution reports after its forty-ninth session and would not apply to previous payment reports.

14. Table 6 summarises the submitting entities that are not compliant with the requirement to submit audit certificates for the indicated payments as of 30 September 2007. The deadline for the provision of audit certificates in respect of payments made in 2003 was 31 March 2005 with audit certificates received for 99.37 per cent of payments; for payments made in 2004, the deadline was 31 March 2006 with audit certificates received for 98.32 per cent of payments; and for payments made in 2005, the deadline was 31 March 2007 with audit certificates received for 84.91 per cent of payments. Overall, as of 30 September 2007, audit certificates remain outstanding for payments totalling \$204 million, representing 9.09 per cent of the value of payments for which certificates should have been submitted. Approximately half of this amount is in respect of payments distributed by Palestine (\$100.4 million). Since Palestine has provided the distribution reports in respect of these payments with the exception of \$2 million, the secretariat is continuing with its efforts to obtain the outstanding audit certificates. Of the outstanding certificates, \$22.7 million relates to payments to category F4 claims (Islamic Republic of Iran, \$13.2 million and Jordan, \$9.5 million), and since they are Governmental awards, the need for an audit certificate to confirm "distribution" is not considered necessary.

15. Following completion of the processing of repayments in respect of unlocated claimants in July 2007, the secretariat is now in a position to provide the updated status of amounts not paid or retransferred in respect of unlocated claimants as of 30 September 2007. The amount returned to the fund is \$66,099,073.18 as the secretariat did not receive the requests to repay by 30 September 2006,

the deadline set by the Governing Council for the receipt of such requests. Table 7 contains a summary of the amounts returned.

16. In addition, there are other awards amounting to \$50,778,878.98 that have not yet been paid for various reasons. This includes \$48 million that has been withheld in accordance with decision 258 concerning the Follow-up Programme for Environmental Awards. The details and reasons for all withheld payments are set out in table 8.

17. At its sixty-third session, the Governing Council discussed the final report on the secretariat's investigation of duplicates and other claims raising overpayment issues (note by the secretariat dated 15 June 2007). In its conclusion, the Council requested the secretariat to continue providing updates on refunded amounts as a result of the "best efforts" exercise at future sessions of the Council. As of 13 June 2007, an amount of \$1,430,337.62 had been received. Since then, funds amounting to \$368,535.61 have been recovered mainly from Sri Lanka (\$298,849.48) and the United Kingdom (\$39,000.00). The updated status of refunds received up to 30 September 2007 is contained in table 9.

Table 1. Payment under the current payment mechanism made on 26 July 2007 (in United States dollars)

<i>Country</i>	<i>Category E</i>		<i>Category F</i>		<i>Totals</i>	
	<i>Amount (US\$)</i>	<i>Number of claims</i>	<i>Amount (US\$)</i>	<i>Number of claims</i>	<i>Amount (US\$)</i>	<i>Number of claims</i>
Kuwait	52,000,000.00	8	283,203,000.00	25	335,203,000.00	33
Saudi Arabia	-	-	28,000,000.00	2	28,000,000.00	2
Turkey	14,000,000.00	1	-	-	14,000,000.00	1
United States of America	14,000,000.00	1	-	-	14,000,000.00	1
Total	80,000,000.00	10	311,203,000.00	27	391,203,000.00	37

[ENGLISH ONLY]

Table 2. Thirty-three claims with outstanding payable balances as of 30 September 2007 (in United States dollars)

<i>Governing decision</i>	<i>Claim number</i>	<i>Country code</i>	<i>Category- instalment</i>	<i>Award amount</i>	<i>Amount transferred / Paid</i>	<i>Amounts deducted for cost of the Follow-up programme for Environmental Awards for the 2006/2007 biennium.</i>	<i>Amount deducted for the recovery of unused funds in respect of M/A projects of Jordan</i>	<i>Amounts reserved (para. 31 of the decision 258 concerning the Follow-up Programme for Environmental Awards</i>	<i>Total paid/recovered reserved amounts</i>	<i>Outstanding balance</i>
<i>Category 1 claims (decision 256) ^a</i>										
S/AC.26/Dec.40 (1996)	1798909	Kuwait	E1-1	610,048,547.00	73,000,000.00	-	-	-	73,000,000.00	537,048,547.00
S/AC.26/Dec.69 (1999)	4004160	Kuwait	E1-2	2,216,550,792.00	73,000,000.00	-	-	-	73,000,000.00	2,143,550,792.00
S/AC.26/Dec.84 (1999)	5000112	Kuwait	F3-1	726,000,000.00	73,000,000.00	-	-	-	73,000,000.00	653,000,000.00
S/AC.26/Dec.102 (2000)	4003197	Kuwait	E1-4	14,750,324,488.00	73,000,000.00	-	-	-	73,000,000.00	14,677,324,488.00 ^b
S/AC.26/Dec.102 (2000)	4004439	Kuwait	E1-4	1,172,180,632.00	73,000,000.00	-	-	-	73,000,000.00	1,099,180,632.00
S/AC.26/Dec.157 (2002)	4003070	Kuwait	E1-7/1	1,579,792,104.00	73,000,000.00	-	-	-	73,000,000.00	1,506,792,104.00
S/AC.26/Dec.171 (2002)	5000381	Kuwait	F4-2	694,375,281.00	73,000,000.00	-	-	-	73,000,000.00	621,375,281.00
S/AC.26/Dec.194 (2003)	5000158	Kuwait	F3-3/3	1,507,604,000.00	73,000,000.00	-	-	-	73,000,000.00	1,434,604,000.00
S/AC.26/Dec.164 (2002)	5000192	Kuwait	F3-3/2	1,541,465,253.00	73,000,000.00	-	-	-	73,000,000.00	1,468,465,253.00
Subtotal				24,798,341,097.00	657,000,000.00	-	-	-	657,000,000.00	24,141,341,097.00
<i>Category 2 claims (decision 256) ^c</i>										
S/AC.26/Dec.69 (1999)	4000604	United States	E1-2	505,587,451.00	109,000,000.00	-	-	-	109,000,000.00	396,587,451.00
S/AC.26/Dec.69 (1999)	4003198	Kuwait	E1-2	114,953,737.00	109,000,000.00	-	-	-	109,000,000.00	5,953,737.00
S/AC.26/Dec.84 (1999)	5000038	Kuwait	F3-1	300,863,000.00	109,000,000.00	-	-	-	109,000,000.00	191,863,000.00
S/AC.26/Dec.84 (1999)	5000169	Kuwait	F3-1	177,109,000.00	107,000,000.00	-	-	-	107,000,000.00	70,109,000.00

[ENGLISH ONLY]

<i>Governing decision</i>	<i>Claim number</i>	<i>Country code</i>	<i>Category- instalment</i>	<i>Award amount</i>	<i>Amount transferred / Paid</i>	<i>Amounts deducted for cost of the Follow-up programme for Environmental Awards for the 2006/2007 biennium.</i>	<i>Amount deducted for the recovery of unused funds in respect of M/A projects of Jordan</i>	<i>Amounts reserved (para. 31 of the decision 258 concerning the Follow-up Programme for Environmental Awards</i>	<i>Total paid/recovered reserved amounts</i>	<i>Outstanding balance</i>
<i>Category 1 claims (decision 256) ^a</i>										
S/AC.26/Dec.92 (2000)	4004916	Kuwait	E4-5	129,244,246.00	107,000,000.00	-	-	-	107,000,000.00	22,244,246.00
S/AC.26/Dec.121 (2001)	5000018	Kuwait	F3-2	432,309,059.00	107,000,000.00	-	-	-	107,000,000.00	325,309,059.00
S/AC.26/Dec.121 (2001)	5000042	Kuwait	F3-2	215,702,865.00	107,000,000.00	-	-	-	107,000,000.00	108,702,865.00
S/AC.26/Dec.121 (2001)	5000111	Kuwait	F3-2	321,455,000.00	107,000,000.00	-	-	-	107,000,000.00	214,455,000.00
S/AC.26/Dec.121 (2001)	5000140	Kuwait	F3-2	123,816,000.00	107,000,000.00	-	-	-	107,000,000.00	16,816,000.00
S/AC.26/Dec.121 (2001)	5000164	Kuwait	F3-2	196,223,000.00	107,000,000.00	-	-	-	107,000,000.00	89,223,000.00
S/AC.26/Dec.121 (2001)	5000173	Kuwait	F3-2	123,915,000.00	107,000,000.00	-	-	-	107,000,000.00	16,915,000.00
S/AC.26/Dec.134 (2001)	4001649	Turkey	E1-6	176,340,655.00	107,000,000.00	-	-	-	107,000,000.00	69,340,655.00
S/AC.26/Dec.153 (2002)	5000044	Kuwait	F3-3/1	117,797,000.00	107,000,000.00	-	-	-	107,000,000.00	10,797,000.00
S/AC.26/Dec.153 (2002)	5000045	Kuwait	F3-3/1	161,192,000.00	107,000,000.00	-	-	-	107,000,000.00	54,192,000.00
S/AC.26/Dec.153 (2002)	5000162	Kuwait	F3-3/1	220,593,000.00	107,000,000.00	-	-	-	107,000,000.00	113,593,000.00
S/AC.26/Dec.153 (2002)	5000171	Kuwait	F3-3/1	126,263,000.00	107,000,000.00	-	-	-	107,000,000.00	19,263,000.00
S/AC.26/Dec.158 (2002)	4003069	Kuwait	E1-7/2	193,984,010.00	107,000,000.00	-	-	-	107,000,000.00	86,984,010.00
S/AC.26/Dec.164 (2002)	5000163	Kuwait	F3-3/2	363,474,000.00	107,000,000.00	-	-	-	107,000,000.00	256,474,000.00
S/AC.26/Dec.164 (2002)	5000181	Kuwait	F3-3/2	163,307,000.00	107,000,000.00	-	-	-	107,000,000.00	56,307,000.00
S/AC.26/Dec.212 (2003)	5000450	Kuwait	F4-3	643,814,034.00	107,000,000.00	-	-	-	107,000,000.00	536,814,034.00

[ENGLISH ONLY]

<i>Governing decision</i>	<i>Claim number</i>	<i>Country code</i>	<i>Category- instalment</i>	<i>Award amount</i>	<i>Amount transferred / Paid</i>	<i>Amounts deducted for cost of the Follow-up programme for Environmental Awards for the 2006/2007 biennium.</i>	<i>Amount deducted for the recovery of unused funds in respect of M/A projects of Jordan</i>	<i>Amounts reserved (para. 31 of the decision 258 concerning the Follow-up Programme for Environmental Awards</i>	<i>Total paid/recovered reserved amounts</i>	<i>Outstanding balance</i>
<i>Category 1 claims (decision 256) ^a</i>										
S/AC.26/Dec.212 (2003)	5000451	Saudi Arabia	F4-3	463,319,284.00	107,000,000.00	-	-	-	107,000,000.00	356,319,284.00
S/AC.26/Dec.234 (2004)	5000455	Saudi Arabia	F4-4/1	618,974,433.00	106,618,358.00	381,642.00	-	-	107,000,000.00	511,974,433.00
S/AC.26/Dec.235 (2004)	5000454	Kuwait	F4-4/2	2,277,206,389.00	106,005,434.00	994,566.00	-	-	107,000,000.00	2,170,206,389.00
S/AC.26/Dec.248 (2005)	5000304	Jordan	F4-5	161,926,734.00	57,312,269.00	54,016.00	1,633,715.00	48,000,000.00	107,000,000.00	54,926,734.00 ^d
Subtotal				8,329,369,897.00	2,522,936,061.00	1,430,224.00	1,633,715.00	48,000,000.00	2,574,000,000.00	5,755,369,897.00
Total				33,127,710,994.00	3,179,936,061.00	1,430,224.00	1,633,715.00	48,000,000.00	3,231,000,000.00	29,896,710,994.00

^a Claims with outstanding amounts greater than \$500 million.

^b The outstanding balance in respect of this Kuwaiti claim includes the amounts of \$3,550,486.16 (decision 252 on competing claims) and \$1,813,756.36 (duplication/overpayments) to be offset against the last payment to Kuwait.

^c Claims with outstanding amounts of less than \$ 500 million and environmental awards approved for the third, fourth and fifth instalments of category F4 environmental remediation claims.

^d The outstanding balance in respect of this Jordanian claim includes the amount of \$12,224,992.25 in respect of duplication/overpayments to be offset against the last payment to Jordan.

Table 3. Other interim (ad hoc) payments made during the reporting period (in United States dollars)

<i>Category</i>	<i>Retransfer of returned funds for located claimants</i>	<i>Release of previously withheld funds for located claimants</i>	<i>Total repaid/paid in respect of unlocated claimants</i>	<i>Release of funds previously withheld due to investigation into duplicates</i>	<i>Total adhoc payments</i>
A	1,353,250.45	93,387.50	1,446,637.95	-	1,446,637.95
B	27,387.50	-	27,387.50	-	27,387.50
C	1,434,704.30	381,705.79	1,816,410.09	-	1,816,410.09
D	1,082,635.49	-	1,082,635.49	-	1,082,635.49
E	-	-	-	600,000.00	600,000.00
F	-	-	-	3,027,238.04	3,027,238.04
Total	3,897,977.74	475,093.29	4,373,071.03	3,627,238.04	8,000,309.07

[ENGLISH ONLY]

Table 4. Summary of Total Payment of Compensation Awards as at 30 September 2007
by Country and Category (in United States dollars)

	<i>Category A</i>	<i>Category B</i>	<i>Category C</i>	<i>Category D</i>	<i>Category E</i>	<i>Category F</i>	<i>Total</i>
Afghanistan	-	-	6,678,681.22	-	-	-	6,678,681.22
Algeria	78,500.00	10,000.00	1,037,604.32	75,479.29	-	-	1,201,583.61
Argentina	-	-	70,538.55	148,555.62	-	-	219,094.17
Australia	705,000.00	17,500.00	5,934,383.47	1,217,151.28	1,536,085.62	92,411.00	9,502,531.37
Austria	132,000.00	-	1,715,649.71	148,705.34	6,067,542.40	178,059.00	8,241,956.45
Bahrain	220,500.00	-	694,245.71	44,330.00	3,571,508.64	-	4,530,584.35
Bangladesh	240,793,827.50	347,500.00	82,482,792.89	1,349,396.00	6,147,813.00	1,232,583.00	332,353,912.39
Belgium	40,500.00	10,000.00	427,351.00	362,019.00	6,462,624.33	-	7,302,494.33
Benin	5,000.00	-	2,500.00	-	-	-	7,500.00
Bolivia	-	-	104,153.39	-	-	-	104,153.39
Bosnia and Herzegovina	10,200,000.00	-	158,855.10	-	94,038,672.00	-	104,397,527.10
Brazil	1,219,500.00	-	531,800.62	5,349,981.22	2,468,554.00	-	9,569,835.84
Bulgaria	4,054,500.00	7,500.00	900,242.35	66,564.02	3,304,679.00	-	8,333,485.37
Cameroon	2,500.00	-	10,481.42	-	-	-	12,981.42
Canada	1,722,000.00	35,000.00	27,772,662.16	18,742,110.33	1,614,159.27	9,822,035.00	59,707,966.76
Chad	5,000.00	-	49,164.45	-	-	-	54,164.45
China	40,769,000.00	5,000.00	396,999.37	-	74,418,507.84	-	115,589,507.21
Croatia	1,159,000.00	-	525,016.72	501,842.55	4,326,466.00	-	6,512,325.27
Cyprus	20,000.00	-	410,384.33	-	5,759,012.00	901,279.00	7,090,675.33
Czech Republic	938,500.00	-	1,194,130.37	-	12,852,319.60	4,733.00	14,989,682.97
Democratic People's Republic of Korea	-	-	-	-	-	118,750.00	118,750.00
Denmark	67,000.00	-	2,523,336.17	159,215.63	3,219,965.70	596,757.00	6,566,274.50
Egypt	820,868,500.00	1,380,000.00	877,838,773.23	8,197,487.71	157,585,773.49	9,368,845.00	1,875,239,379.43
Estonia	24,000.00	-	-	-	-	-	24,000.00
Ethiopia	448,000.00	2,500.00	1,037,789.65	-	-	-	1,488,289.65
Finland	88,000.00	-	554,573.28	-	693,371.00	451,037.00	1,786,981.28

[ENGLISH ONLY]

	<i>Category A</i>	<i>Category B</i>	<i>Category C</i>	<i>Category D</i>	<i>Category E</i>	<i>Category F</i>	<i>Total</i>
France	1,455,000.00	117,500.00	10,620,498.27	1,619,287.11	57,445,299.00	2,833,382.00	74,090,966.38
Germany	409,000.00	17,500.00	5,061,857.30	2,852,227.40	67,862,423.04	7,925,812.00	84,128,819.74
Ghana	34,500.00	-	75,779.59	-	-	-	110,279.59
Greece	104,000.00	-	1,356,521.52	258,871.80	2,487,093.25	-	4,206,486.57
Hungary	570,500.00	-	1,274,739.59	135,487.81	2,057,929.30	156,600.00	4,195,256.70
Iceland	14,000.00	-	70,335.35	213,529.84	-	-	297,865.19
India	407,229,369.31	700,000.00	476,528,776.74	60,618,599.65	34,470,631.83	83,073,297.04	1,062,620,674.57
Iran (Islamic Republic of)	152,056,180.80	12,500.00	43,958,384.72	-	2,402,695.50	41,284,787.00	239,714,548.02
Ireland	657,000.00	12,500.00	3,546,140.16	395,788.24	12,333,617.00	285,726.00	17,230,771.40
Israel	5,500.00	312,500.00	5,238,853.69	3,874,998.62	42,538,888.00	74,563,000.00	126,533,740.31
Italy	501,000.00	32,500.00	2,995,731.85	1,552,313.75	19,985,255.35	615,356.00	25,682,156.95
Japan	1,952,000.00	-	2,108,045.17	446,169.04	55,629,329.47	1,367,884.00	61,503,427.68
Jordan	239,162,000.00	2,022,500.00	629,015,768.30	402,624,366.07	18,348,065.00	138,266,224.00	1,429,438,923.37
Kenya	74,000.00	2,500.00	101,148.15	-	-	-	177,648.15
Kuwait	308,087,500.00	6,225,000.00	1,981,334,891.41	2,785,645,261.35	3,947,317,394.73	3,638,034,637.00	12,666,644,684.49
Lebanon	14,468,000.00	102,500.00	57,346,049.37	9,958,381.36	689,969.00	24,560.00	82,589,459.73
Liberia	-	-	-	-	754,014.00	-	754,014.00
Liechtenstein	-	-	-	-	13,960.00	-	13,960.00
Luxembourg	-	-	29,065.74	-	-	-	29,065.74
Malaysia	36,500.00	-	397,431.64	-	7,997,767.28	-	8,431,698.92
Maldives	-	-	-	-	2,737,156.00	-	2,737,156.00
Malta	13,000.00	-	41,050.02	-	57,857.00	-	111,907.02
Mauritius	9,000.00	2,500.00	386,294.70	-	-	-	397,794.70
Morocco	3,548,500.00	5,000.00	1,219,795.15	65,875.76	426,404.00	-	5,265,574.91
Nepal	947,000.00	-	51,605.64	-	-	-	998,605.64
Netherlands	612,000.00	-	2,061,328.08	932,879.87	43,427,881.95	324,460.00	47,358,549.90
New Zealand	70,000.00	-	672,468.67	-	2,055.00	60,833.00	805,356.67
Niger	15,000.00	-	62,514.04	-	-	-	77,514.04
Nigeria	33,500.00	-	393,073.12	-	-	73,491.00	500,064.12
Norway	31,000.00	-	185,954.30	-	473,310.00	23,149.00	713,413.30

[ENGLISH ONLY]

	<i>Category A</i>	<i>Category B</i>	<i>Category C</i>	<i>Category D</i>	<i>Category E</i>	<i>Category F</i>	<i>Total</i>
Pakistan	127,796,674.80	240,000.00	163,096,959.35	17,004,759.11	1,734,065.60	16,535,557.00	326,408,015.86
Palestine	-	-	123,449,589.09	31,039,474.70	-	-	154,489,063.79
Panama	-	-	-	-	530,243.00	-	530,243.00
Philippines	134,508,984.40	155,000.00	31,280,480.15	860,758.82	8,758,837.00	7,567,327.00	183,131,387.37
Poland	10,941,500.00	10,000.00	6,105,742.90	119,082.26	8,548,292.00	897,313.00	26,621,930.16
Portugal	5,000.00	-	63,496.91	34,597.09	43,161.89	-	146,255.89
Republic Of Korea	2,818,000.00	5,000.00	3,711,190.55	-	68,829,263.84	1,226,772.00	76,590,226.39
Republic Of Serbia	10,267,500.00	2,500.00	1,384,586.85	-	24,655,008.00	-	36,309,594.85
Romania	7,706,500.00	-	60,946.49	-	-	-	7,767,446.49
Russian Federation	28,178,500.00	2,500.00	121,881.64	-	89,887,591.30	1,916,352.00	120,106,824.94
Saudi Arabia	-	-	60,431.66	9,481,958.57	23,303,545.77	569,702,506.31	602,548,442.31
Senegal	129,000.00	-	538,066.77	-	-	-	667,066.77
Seychelles	5,000.00	-	60,418.14	-	-	-	65,418.14
Sierra Leone	-	-	164,636.44	-	-	-	164,636.44
Singapore	23,500.00	-	467,678.23	78,890.79	3,862,476.29	-	4,432,545.31
Slovakia	453,000.00	2,500.00	631,547.40	-	-	-	1,087,047.40
Slovenia	540,500.00	-	367,233.43	26,775.38	1,205,376.00	-	2,139,884.81
Somalia	1,076,000.00	32,500.00	12,108,399.85	123,796.82	-	-	13,340,696.67
South Africa	-	-	196,063.71	-	-	-	196,063.71
Spain	59,000.00	-	660,597.15	160,913.58	591,880.16	416,402.00	1,888,792.89
Sri Lanka	331,272,255.20	140,000.00	12,471,867.82	-	740,533.00	4,062,991.00	348,687,647.02
Sudan	81,517,000.00	322,500.00	57,826,147.94	3,075,207.49	28,671,034.00	-	171,411,889.43
Sweden	275,000.00	2,500.00	3,057,879.44	1,345,364.23	8,703,708.91	445,802.00	13,830,254.58
Switzerland	42,000.00	-	671,311.32	-	22,666,208.45	-	23,379,519.77
Syrian Arab Republic	58,945,925.00	162,500.00	253,495,909.24	25,418,825.13	4,548,511.00	674,200.00	343,245,870.37
Thailand	24,743,485.00	22,500.00	1,603,331.23	52,701.73	27,262,948.00	6,248,908.00	59,933,873.96
The former Yugoslav Republic of Macedonia	2,282,000.00	-	184,480.89	-	8,398,750.00	-	10,865,230.89
Tunisia	2,667,500.00	27,500.00	12,823,274.48	227,975.30	628,385.00	92,417.00	16,467,051.78
Turkey	14,990,000.00	-	7,773,094.94	1,404,585.32	236,312,774.51	12,563,242.00	273,043,696.77
Uganda	-	-	156,802.70	-	-	-	156,802.70

[ENGLISH ONLY]

	Category A	Category B	Category C	Category D	Category E	Category F	Total
Ukraine	708,000.00	5,000.00	-	-	-	-	713,000.00
United Arab Emirates	-	-	-	315,762.42	10,667,094.45	-	10,982,856.87
United Kingdom	4,032,000.00	402,500.00	77,172,309.18	20,770,889.43	320,052,416.96	5,103,899.00	427,534,014.57
United Republic of Tanzania	112,500.00	-	240,257.21	-	-	-	352,757.21
United States	2,978,000.00	135,000.00	57,322,049.69	33,559,433.97	236,542,612.39	12,782,581.00	343,319,677.05
Viet Nam	63,974,500.00	-	160,063.44	-	-	-	64,134,563.44
Yemen	56,853,000.00	355,000.00	96,067,029.00	60,725,358.48	287,290.00	-	214,287,677.48
Corporate claims directly submitted	-	-	-	-	39,914,719.00	-	39,914,719.00
International organizations ^a	-	-	-	-	-	12,423,006.00	12,423,006.00
UNDP Algeria	32,000.00	-	-	72,818.29	-	-	104,818.29
UNDP Egypt	-	-	-	60,000.00	-	-	60,000.00
UNDP Jerusalem	473,500.00	10,000.00	8,694,139.77	-	-	-	9,177,639.77
UNDP Kuwait	-	2,500.00	16,828,419.05	529,194.07	-	-	17,360,113.12
UNDP UAE	8,000.00	-	-	2,825,761.86	-	-	2,833,761.86
UNDP Washington	149,000.00	5,000.00	2,432,054.58	827,976.66	-	-	3,414,031.24
UNDP Yemen	773,500.00	-	1,627,198.75	315,156.98	-	-	2,715,855.73
UNHCR Bulgaria	57,000.00	2,500.00	641,009.54	-	-	-	700,509.54
UNHCR Canada	167,500.00	2,500.00	2,301,968.37	717,942.88	-	-	3,189,911.25
UNHCR Geneva	63,000.00	-	205,954.19	-	-	-	268,954.19
UNHCR Germany	-	-	17,549.34	-	-	-	17,549.34
UNHCR Iran	7,500.00	-	-	-	-	-	7,500.00
UNRWA Gaza	1,459,500.00	22,500.00	10,221,683.63	2,522,939.16	-	-	14,226,622.79
Total	3,228,748,202.01	13,450,000.00	5,207,711,944.21	3,521,255,776.18	5,880,872,776.11	4,664,338,962.35	22,516,377,660.86

^a Relates to six F1 claims submitted directly by various international organisations: Arab Fund, Production Institution, Gulf Center, Arab Towns Organisation, Planning Institute and Inter-Arab Corporation.

[ENGLISH ONLY]

Table 5. Outstanding amounts due from Governments and international organizations that are not in compliance with decisions 18 and 48 of the Governing Council indicating duration of non-compliance as at 30 September 2007

Category	Total					Duration of non-compliance				Total	Withheld amount
	A	C	D	E		Less than 3 months	3 to 12 months	1 to 2 years	More than 2 years		
Bangladesh	98,161.04	164,415.59	-	-	262,576.63	256,894.39	-	5,682.24	-	262,576.63	0.00
Benin	2,500.00	2,500.00	-	-	5,000.00	-	-	-	5,000.00	5,000.00	12,177.00
Chad	-	34,369.52	-	-	34,369.52	-	-	-	34,369.52	34,369.52	0.00
Canada	-	17,681.66	-	-	17,681.66	17,681.66	-	-	-	17,681.66	0.00
Egypt	1,500.00	670,826.51	1,820,820.42	-	2,493,146.93	2,493,146.93	-	-	-	2,493,146.93	772,658.02
India	2,686,682.17	4,929,792.28	1,581,416.28	-	9,197,890.73	9,195,390.73	2,500.00	-	-	9,197,890.73	0.00
Jordan	2,500.00	11,055.36	-	-	13,555.36	13,555.36	-	-	-	13,555.36	0.00
Liberia	-	-	-	540,531.00	540,531.00	-	-	-	540,531.00	540,531.00	0.00
Macedonia	-	-	-	81,819.00	81,819.00	81,819.00	-	-	-	81,819.00	0.00
Niger	-	14,921.16	-	-	14,921.16	-	-	-	14,921.16	14,921.16	0.00
Pakistan	140,300.10	524,260.02	-	-	664,560.12	138,824.46	63,505.80	462,229.86	-	664,560.12	0.00
Palestine	-	1,431,867.19	701,719.53	169,073.00	2,302,659.72	205,904.86	415,833.84	1,680,921.02	-	2,302,659.72	74,390.96
Philippines	919,235.29	432,627.66	-	-	1,351,862.95	1,351,862.95	-	-	-	1,351,862.95	0.00
Russian Federation	113,500.00	-	-	-	113,500.00	113,500.00	-	-	-	113,500.00	0.00
Senegal	-	165,636.85	-	-	165,636.85	-	-	-	165,636.85	165,636.85	0.00
Sri Lanka	283,500.00	126,575.94	-	-	410,075.94	410,075.94	-	-	-	410,075.94	0.00
Syria	10,835.00	1,986,908.35	-	-	1,997,743.35	1,997,743.35	-	-	-	1,997,743.35	0.00
Turkey	63,000.00	54,091.60	-	-	117,091.60	117,091.60	-	-	-	117,091.60	0.00
United Kingdom	-	-	42,654.00	-	42,654.00	42,654.00	-	-	-	42,654.00	0.00
Yemen	9,847.60	45,874.50	2,226,761.66	-	2,282,483.76	790,949.43	-	1,491,534.33	-	2,282,483.76	0.00
UNHCR Canada	17,000.00	22,700.00	-	-	39,700.00	39,700.00	-	-	-	39,700.00	0.00
Total	4,348,561.20	10,636,104.19	6,373,371.89	791,423.00	22,149,460.28	17,266,794.66	481,839.64	3,640,367.45	760,458.53	22,149,460.28	859,225.98

Table 6. Status of compliance with audit certificates requirements
(as at 30 September 2007)

	<i>Payments in 2003</i>	<i>Payments in 2004</i>	<i>Payments in 2005</i>	
<i>Total payments for which certificates should be submitted (US\$)</i>	197,291,814.17	791,115,175.63	1,256,288,450.83	2,244,695,440.63
<i>Percentage of certificates received</i>	99.37	98.32	84.91	90.91
<i>Percentage of certificates not received</i>	0.63	1.68	15.09	9.09
<i>Audit certificates not received</i>				
<i>Country</i>	<i>Due 31 March 2005</i>	<i>Due 31 March 2006</i>	<i>Due 31 March 2007</i>	<i>Total</i>
Austria	51,371.00	-	94,337.00	145,708.00
Bahrain	-	-	27,710.73	27,710.73
Bangladesh	-	-	5,682.24	5,682.24
Egypt	-	-	82,447.00	82,447.00
France	-	-	7,006,371.85	7,006,371.85
Hungary	251,396.81	-	-	251,396.81
India	-	6,500,790.27	2,914.08	6,503,704.35
Iran (Islamic Republic of)	-	195,965.00	32,269,990.40	32,465,955.40
Israel	300,000.00	2,460,887.55	25,062.00	2,785,949.55
Italy	445,768.00	1,876,170.41	177,092.00	2,499,030.41
Jordan	-	-	9,500,000.00	9,500,000.00
Pakistan	-	-	12,793,332.76	12,793,332.76
Palestine	-	28,312.58	100,411,258.34	100,439,570.92
Philippines	-	-	944,501.98	944,501.98
Russian Federation	53,500.00	21,540.42	-	75,040.42
Sri Lanka	-	1,500.00	-	1,500.00
Tunisia	-	227,975.30	-	227,975.30
United Arab Emirates	-	315,762.42	-	315,762.42
United Kingdom	-	-	1,723,209.00	1,723,209.00
United States of America	-	-	16,136,027.98	16,136,027.98
Yemen	-	-	6,443,567.22	6,443,567.22
UNDP United Arab Emirates	-	1,100,000.00	1,690,246.86	2,790,246.86
UNDP Washington	146,746.76	165,980.99	-	312,727.75
UNDP Yemen	-	46,932.00	-	46,932.00
UNHCR Canada	-	386,308.10	206,992.00	593,300.10
Total	1,261,194.17	13,328,125.04	189,540,743.44	204,130,062.65

Table 7. Amounts in respect of unlocated claimants not paid as at 30 September 2007

<i>Category</i>	<i>Amounts returned in respect of unlocated claimants not repaid as of 30 September 2007</i>		<i>Amounts withheld in respect of unlocated claimants as of 30 September 2007</i>		<i>Total amount of awards not paid in respect of unlocated claimants</i>
	<i>Number of claims</i>	<i>Amount (US\$)</i>	<i>Number of claims</i>	<i>Amount (US\$)</i>	<i>Amount (US\$)</i>
A	11,925	37,809,321.55	3,783	5,839,690.80	43,649,012.35
B	14	57,500.00	-	-	57,500.00
C	2,860	17,273,145.97	319	2,265,921.97	19,539,067.94
D	53	2,303,255.85	1	5,207.00	2,308,462.85
E	26	545,030.04	-	-	545,030.04
Total	14,878	57,988,253.41	4,103	8,110,819.77	66,099,073.18

Note: These amounts have already been cancelled and returned to the Compensation Fund.

Table 8. Other withheld/reserved amounts as at 30 September 2007

<i>Country</i>	<i>Amount withheld/reserved (US\$)</i>	<i>Category/instalment</i>	<i>Reason</i>
Jordan	48,000,000.00	F4 - 5	Reservation of funds in accordance with decision 258 concerning the Follow-up Programme for Environmental Awards
Iran (Islamic Republic of)	78,144.00	F4 - 5	
Directly submitted corporate claim	1,755,364.00	E2 - 15	Award to Wong and Sons Trading Company not yet paid due to the pending issue before the Governing Council regarding the compliance with legal requirements to ensure that the rightful claimant will be paid.
Bahamas	86,145.00	E2 - 15	Award to Sheraton Overseas Company Limited not yet paid because the banking details for purposes of the transfer have never been provided in spite of the secretariat's efforts.
Palestine	74,390.96	Late filed C claims	Payments withheld because of non-compliance with reporting obligations under decisions 18 and 48 of the Governing Council
Benin	12,177.00	A-4 and C-7	
Egypt	772658.02	E2-5	
Total	50,778,878.98		

Table 9. Refunds received since the commencement of the "Duplicates" investigation (as of 30 September 2007)

<i>Country</i>	<i>Date of refund</i>	<i>Amount (US\$)</i>
Australia	11 June 2007	3,627.40
Bosnia and Herzegovina	4 May 2007	3,928.00
China	5 January 2006	20,000.00
Germany	29 June 2007	3,589.38
Denmark	7 June 2007	627.62
Pakistan	18 September 2006	8,153.44
	26 September 2006	9,542.47
	27 February 2007	248,929.73
	5 March 2007	1,498.80
Republic of Korea	23 May 2007	2,500.00
Sri Lanka	15 June 2005	863,500.00
	17 May 2007	4,000.00
	18 May 2007	4,000.00
	7 June 2007	238,243.96
	29 June 2007	160,000.00
Syrian Arab Republic	6 July 2007	138,849.48
	14 September 2006	17,000.00
	12 February 2007	8,257.41
Turkey	2 May 2007	7,211.94
	22 March 2007	4,000.00
	27 April 2007	1,000.00
United Kingdom	7 May 2007	1,200.00
	1 June 2007	2,213.60
	28 June 2007	39,000.00
Vietnam	5 July 2007	8,000
Total		1,798,873.23



Security Council

Distr.
RESTRICTED

S/AC.26/2007/R.24
1 November 2007

Original: ENGLISH

UNITED NATIONS
COMPENSATION COMMISSION
GOVERNING COUNCIL
Sixty-fourth session
Geneva, 30-31 October 2007

REPORT OF THE COMMITTEE ON ADMINISTRATIVE MATTERS
(CAM) TO THE GOVERNING COUNCIL

1. The Committee on Administrative Matters (CAM) held its 24th meeting in Geneva on 30 October 2007.
2. The Committee considered and took note of the interim expenditure report for the 2006-2007 biennium set out in the information note dated 23 October 2007, which gives a status report on the current figures for the biennium to date.
3. The Committee considered the proposed budget of the secretariat for the biennium 2008-2009 (S/AC.26/2007/R.23) in the amount of US\$6,454,722, of which \$4,231,600 (\$2,433,700 for 2008 and \$1,797,900 for 2009) is budgeted for the secretariat from the Compensation Fund, and \$2,223,200 is budgeted for the Follow-up Programme from the Special Fund. The Committee noted that the proposed budget is significantly less than that for the previous biennium as a result of the downsizing of the secretariat in July 2007 pursuant to the decision taken by the Governing Council at its fifty-eighth session in December 2005.
4. The Committee also considered the proposal to convert the level of the post of the Secretary of the Governing Council and Officer-in-Charge of the secretariat to D-2 on the basis that the overall responsibilities of the post have increased significantly since the departure of the Executive Secretary (ASG) and in view of the responsibilities associated with directing the Follow-up Programme for Environmental Awards as well as other tasks of the secretariat. In its consideration of this matter, the

Committee noted that 50 per cent of the costs associated with this post would be borne by claimant Governments participating in the Follow-up Programme.

5. The Committee considered the number of Governing Council sessions provided for in the proposed budget and decided that two sessions per year, each lasting two days, would be sufficient to address the issues before the Commission, with the possibility to hold informal meetings as required.

6. The Committee considered the proposed budget for the Follow-up Programme for the 2008-2009 biennium in the amount of \$2,223,200 and noted that the increase from the previous biennium was attributable to the expected increase in activity associated with the Programme over the course of the next biennium. The Committee was informed by the secretariat that the participating Governments had confirmed their agreement with regard to their proportional shares of the proposed budget.

7. With regard to the budget from the Compensation Fund, the secretariat informed the Committee that a downward adjustment has been made reflecting the reduced cost of external audit for the biennium as confirmed by the Board of Auditors. The biennial budget has accordingly been changed from \$4,231,600 to \$4,118,600 as shown in revised annex I to this report.

8. With regard to the budget from the Special Fund, the Committee requested that the inflation rate of 3.5 per cent applied to the 2009 year be removed. The secretariat made the change requested by the Committee resulting in a downward adjustment from \$2,223,200 to \$2,207,300 as shown in revised annex II to this report. The Committee noted that the secretariat will amend the claimant Governments' proportional shares of the amended budget accordingly.

9. Members of the Committee raised a number of questions, which were answered by the secretariat. Following discussion, the Committee on Administrative Matters approved by consensus the proposed budget of the secretariat for the biennium 2008-2009, including the request to convert the D-1 post of the Secretary to a D-2 post, with the changes set out in paragraphs 7 and 8 above.

10. The Committee discussed the use of funds in the operating reserve and decided that the proposed budget for the biennium 2008-2009 be funded out of the available funds in the operating reserve, with the exception of the budget for the Follow-up Programme for Environmental Awards, which is funded by the participating Governments. The current balance of the reserve was noted at \$55,604,700.

11. The Committee will report to the Governing Council on the outcome of its meeting and discussions at the closing plenary of the sixty-fourth session of the Council (30-31 October 2007).

Annex I (revised)

UNCC PROPOSED BUDGET FOR 2008-2009 BIENNIUM (IN US\$'000)

Staffing costs by quarter (US\$1 = SF 1.2620) – proposed staffing levels

<i>IMIS object Class</i>	<i>Objects of expenditure</i>	<i>Year 2008 budget requirements</i>	<i>Year 2009 budget requirements</i>	<i>Total requirements for biennium</i>
601	Staff salaries	805.4	488.2	1,293.6
601	Common staff costs	402.9	243.8	646.7
601	50 per cent reimbursement of salary and common staff costs by the Special Fund for the Governing Council Secretary as Director of the Follow-up Programme	(139.0)	(141.0)	(280.0)
602	General temporary assistance	90.0	90.0	180.0
603	Temporary assistance for meetings	300.0	300.0	600.0
605	Other personnel costs (ASHI)	63.0	81.0	144.0
604	Consultant services	70.0	100.0	170.0
608	Travel on official mission	15.0	15.0	30.0
611	Specialized staff training	14.4	8.4	22.8
612	Contractual services – BOA, Software licensing	92.5	92.5	185.0
614	Rental of premises	270.0	183.0	452.9
614	Cleaning services - ICC	8.0	0.0	8.0
614	Utilities – Water/Electricity ICC	7.0	0.0	7.0
616	Operating expenses	18.0	18.0	36.0
617	Communications	60.5	13.5	74
613	Official functions	2.0	2.0	4.0
615	Maintenance of office equipment	30.0	30.0	60.0
616	Operating expenses - Miscellaneous services	69.0	25.0	94.0
618	Office supplies	8.5	7.0	15.5
618	Acquisition of computer equipment	20.0	20.0	40.0
622	Joint United Nations activities	170.0	165.0	335.0
Total		2,377.2	1,741.4	4,118.6

Annex II (revised)

**UNCC FOLLOW-UP PROGRAMME FOR ENVIRONMENTAL AWARDS
PROPOSED BUDGET FOR 2008-2009 BIENNIUM (IN US\$'000)**

Staffing costs by quarter (US\$1 = SF 1.2620) – proposed staffing levels

<i>Objects of expenditure</i>	<i>Year 2008 budget requirements</i>	<i>Year 2009 budget requirements</i>	<i>Total requirements for biennium</i>
Staff salaries and common staff costs	574.3	581.1	1,155.4
UNOG overhead	126.5	127.4	153.9
Travel on official mission/inspection visit ^a	69.0	69.0	138.0
Consultants ^b	250.0	250.0	500.0
IT support ^c	70.0	70.0	140.0
Other direct costs	10.0	10.0	20.0
Total	1,099.8	1,107.5	2,207.3

^a Based on two five-day trips per year for each of the P-5 Programme Manager and the P-3 Programme Officer; and one trip for the Programme Director to each claimant country. This is based on an estimated average roundtrip economy class airfare of \$2,200 and an average per diem of \$250.

^b Assumes five consultants employed for 30 days per year per consultant (\$1,200 per day at \$150/hour), plus travel costs for one 5-day trip (\$6,000) per year per consultant to claimant countries and two three-day trips (\$4,000/trip) to Geneva per consultant.

^c Services for network, hardware, software support and maintenance, assuming cost sharing with residual UNCC secretariat.