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UNITED NATIONS

**Observations on the Oil for
Food Program and Iraq's
Food Security**

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Highlights of [GAO-04-880T](#), a testimony before the House Committee on Agriculture

Why GAO Did This Study

The Oil for Food program was established by the United Nations and Iraq in 1996 to address concerns about the humanitarian situation after international sanctions were imposed in 1990. The program allowed the Iraqi government to use the proceeds of its oil sales to pay for food, medicine, and infrastructure maintenance. The program appears to have helped the Iraqi people. From 1996 through 2001, the average daily food intake increased from 1,300 to 2,300 calories. From 1997-2002, Iraq sold more than \$67 billion of oil through the program and issued \$38 billion in letters of credit to purchase commodities. However, over the years numerous allegations have surfaced concerning potential fraud and program mismanagement.

GAO (1) reports on its estimates of the illegal revenue acquired by the former Iraqi regime in violation of U.N. sanctions, (2) provides observations on program administration; and (3) describes the current and future challenges in achieving food security.

www.gao.gov/cgi-bin/getrpt?GAO-04-880T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph Christoff at (202) 512-8979 or christoffj@gao.gov.

UNITED NATIONS

Observations on the Oil for Food Program and Iraq's Food Security

What GAO Found

GAO estimates that from 1997- 2002, the former Iraqi regime acquired \$10.1 billion in illegal revenues, including \$5.7 billion in oil smuggled out of Iraq and \$4.4 billion through surcharges on oil sales and illicit commissions from suppliers exporting goods to Iraq through the Oil for Food program. This estimate includes oil revenue and contract amounts for 2002, updated letters of credit from prior years, and newer estimates of illicit commissions from commodity suppliers.

The United Nations, through the Office of the Iraq Program (OIP) and the Security Council's Iraq sanctions committee, were both responsible for overseeing the Oil for Food Program. However, the Security Council allowed the Iraq government, as a sovereign entity, to negotiate contracts directly with purchasers of Iraqi oil and suppliers of commodities. This structure was an important factor in allowing Iraq to levy illegal surcharges and commissions. OIP was responsible for examining Iraqi contracts for price and value, but it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. The sanctions committee took action to stop illegal oil surcharges, but it is unclear what actions it took on contract commissions. U.N. external audit reports contained no findings of program fraud. Summaries of internal audit reports pointed to some concerns regarding procurement, coordination, monitoring, and oversight and concluded that OIP had generally responded to audit recommendations. Ongoing investigations of the Oil for Food program may wish to further examine how the structure of the program enabled the Iraqi government to obtain illegal revenues, the role of member states in monitoring and enforcing the sanctions, actions taken to reduce oil smuggling, and the responsibilities and procedures for assessing price reasonableness in commodity contracts.

Evolving policy and implementation decisions on the food distribution system and the worsening security situation have affected the movement of food commodities within Iraq. As a result, as of June 2004, food warehouse stocks are low and Iraq has less than a month's supply of essential food items, according to U.S. and World Food Program officials. In addition to these current food security challenges, the new government will have to balance the need to reform a costly food subsidy program with the need to maintain food stability and protect the poorest populations. Also, inadequate oversight and corruption in the Oil for Food program raise concerns about the Iraqi government's ability to manage the food distribution system and absorb \$32 billion in expected donor funds for reconstruction. The coalition authority has taken steps, such as appointing inspectors general, to build internal controls and accountability measures in Iraq's ministries.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss GAO's review of the United Nations (U.N.) Oil for Food program and Iraq's food security.

In 1996, the United Nations and Iraq established the Oil for Food program to address growing concerns about the humanitarian situation after international sanctions were imposed in 1990. The program's intent was to allow the Iraqi government to use the proceeds of its oil sales to pay for food, medicine, and infrastructure maintenance and, at the same time, prevent the regime from obtaining goods for military purposes. From 1997 through 2002, Iraq sold more than \$67 billion in oil through the program and issued \$38 billion in letters of credit to purchase commodities.¹

Today, we will (1) report on our estimates of the illegal revenue acquired by the former Iraqi regime in violation of U.N. sanctions, (2) provide our observations on the administration of the program, and (3) describe the current and future challenges in achieving food security.

To address these objectives, we reviewed documents and statements from (1) the United Nations on its management and oversight responsibilities for the Oil for Food program; (2) the Coalition Provisional Authority (CPA), the Departments of Defense and State, and the United Nations and its World Food Program (WFP) on the current implementation of the program and challenges in ensuring a continued food supply; and (3) from the World Bank and Iraq's 2004 budget regarding the effect of food subsidies on the Iraqi economy. We also reviewed all external audits to determine the use of Oil for Food funds prior to the transfer of the program to the CPA in November 2003. We did not have full access to the U.N. internal audits of the Oil for Food program, but we reviewed the summaries of 7 annual internal audits from 1996 to 2003 and had access to one report made publicly available in May 2004. We met with U.N. officials following the transfer of the program to the CPA and with numerous U.S. officials representing the CPA, the Departments of Defense and State, and the U.S. Agency for International Development, to examine current program management, the status of the food distribution system, and current and future food security challenges.

¹All references to Oil for Food estimates are in 2003 constant U.S. dollars.

We conducted our review from November 2003 through June 2004 in accordance with generally accepted government auditing standards.

Summary

- From 1997 through 2002, we estimate that the former Iraqi regime acquired \$10.1 billion in illegal revenues—\$5.7 billion in oil smuggled out of Iraq and \$4.4 billion in surcharges on oil sales and illicit charges from suppliers exporting goods to Iraq through the Oil for Food program. This estimate is higher than our May 2002 estimate of \$6.6 billion because it includes (1) oil revenue and contract amounts for 2002, (2) updated letters of credit from prior years, and (3) newer estimates of illicit commissions from commodity suppliers.
- The United Nations, through the Office of the Iraq Program (OIP) and the Security Council’s Iraq sanctions committee, were responsible for overseeing the Oil for Food Program. However, the Security Council allowed the Iraqi government, as a sovereign entity, to negotiate contracts directly with purchasers of Iraqi oil and suppliers of commodities. This structure was an important factor in enabling Iraq to levy illegal surcharges and commissions. OIP was responsible for examining Iraqi contracts for price and value, but it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. The sanctions committee took action to stop illegal surcharges on oil, but it is unclear what actions it took on the commissions on commodity contracts. U.N. external audit reports contained no findings of program fraud. Summaries of internal audit reports provided to GAO pointed to some operational concerns in procurement, coordination, monitoring, and oversight. Ongoing investigations of the Oil for Food program may wish to further examine how the structure of the program enabled the Iraqi government to obtain illegal revenues, the role of member states in monitoring and enforcing the sanctions, actions taken to reduce oil smuggling, and the responsibilities and procedures for assessing price reasonableness in commodity contracts.
- Evolving policy and implementation decisions on the food distribution system and the worsening security situation have affected the movement of food commodities within Iraq. As a result, according to U.S. and WFP officials, food warehouse stocks are low and the country has less than a month’s supply of essential food items, such as staple grains. In addition to these current food security challenges, the new government will have to balance the need to reform a costly food subsidy program with the need to maintain food stability and protect

the poorest populations. Also, inadequate oversight and corruption in the Oil for Food program raise concerns about the Iraqi government's ability to manage the food distribution system and absorb \$32 billion in expected donor funds for reconstruction. The CPA has taken steps, such as appointing inspectors general, to build internal controls and accountability measures in Iraq's ministries.

Background

In August 1990, Iraq invaded Kuwait, and the United Nations imposed sanctions against Iraq. Security Council resolution 661 of 1990 prohibited all nations from buying and selling Iraqi commodities, except for food and medicine. Security Council resolution 661 also prohibited all nations from exporting weapons or military equipment to Iraq and established a sanctions committee to monitor compliance and progress in implementing the sanctions. The members of the sanctions committee were members of the Security Council. Subsequent Security Council resolutions specifically prohibited nations from exporting to Iraq items that could be used to build chemical, biological, or nuclear weapons. In 1991, the Security Council offered to let Iraq sell oil under a U.N. program to meet its peoples' basic needs. The Iraqi government rejected the offer, and over the next 5 years, the United Nations reported food shortages and a general deterioration in social services.

In December 1996, the United Nations and Iraq agreed on the Oil for Food program, which permitted Iraq to sell up to \$1 billion worth of oil every 90 days to pay for food, medicine, and humanitarian goods. Subsequent U.N. resolutions increased the amount of oil that could be sold and expanded the humanitarian goods that could be imported. In 1999, the Security Council removed all restrictions on the amount of oil Iraq could sell to purchase civilian goods. The United Nations and the Security Council monitored and screened contracts that the Iraqi government signed with commodity suppliers and oil purchasers, and Iraq's oil revenue was placed in a U.N.-controlled escrow account. In May 2003, U.N. resolution 1483 requested the U.N. Secretary General to transfer the Oil for Food program to the CPA by November 2003. (Appendix I contains a detailed chronology of Oil for Food program and sanctions events.) The United Nations allocated 59 percent of the oil revenue for the 15 central and southern governorates, which were controlled by the central government; 13 percent for the 3 northern Kurdish governorates; 25 percent for a war reparations fund for victims of the Iraq invasion of Kuwait in 1990; and 3 percent for U.N. administrative costs, including the costs of weapons inspectors.

From 1997 to 2003, the Oil for Food program was responsible for more than \$67 billion of Iraq's oil revenue. Through a large portion of this revenue, the United Nations provided food, medicine, and services to 24 million people and helped the Iraqi government supply goods to 24 economic sectors. Despite concerns that sanctions may have worsened the humanitarian situation, the Oil for Food program appears to have helped the Iraqi people. According to the United Nations, the average daily food intake increased from around 1,275 calories per person per day in 1996 to about 2,229 calories at the end of 2001. Malnutrition rates for children under 5 fell by more than half. In February 2002, the United Nations reported that the Oil for Food program had considerable success in several sectors such as agriculture, food, health, and nutrition by arresting the decline in living conditions and improving the nutritional status of the average Iraqi citizen.

Since 1997, Iraq has imported almost 2.7 million metric tons of wheat annually. During the 1980s, Australia was Iraq's primary wheat supplier with 38 percent of the market, and the United States was the second major supplier at 29 percent. By 1989, Iraq was the twelfth largest market for U.S. agricultural exports, including rice. Since 1997, however, Australia has dominated Iraq's Oil for Food wheat trade with a 73 percent market share, and Vietnam has become a major supplier of rice to Iraq. The U.S. market share for wheat dropped to 6 percent during that time. U.S. wheat exports during the sanctions only occurred in 1997 and 1998.

Former Iraqi Regime Acquired an Estimated \$10.1 Billion in Illicit Revenue

We estimate that, from 1997 through 2002, the former Iraqi regime acquired \$10.1 billion in illegal revenues—\$5.7 billion through oil smuggled out of Iraq and \$4.4 billion through surcharges against oil sales and illicit commissions from commodity suppliers. This estimate is higher than the \$6.6 billion in illegal revenues we reported in May 2002.² We updated our estimate to include (1) oil revenue and contract amounts for 2002, (2) updated letters of credit from prior years, and (3) newer estimates of illicit commissions from commodity suppliers. Appendix II describes our methodology for determining illegal revenues gained by the former Iraqi regime.

²U.S. General Accounting Office, *Weapons of Mass Destruction: U.N. Confronts Significant Challenges in implementing Sanctions Against Iraq*, [GAO-02-625](#) (Washington, D.C.: May 23, 2002).

Oil was smuggled out through several routes, according to U.S. government officials and oil industry experts. Oil entered Syria by pipeline, crossed the borders of Jordan and Turkey by truck, and was smuggled through the Persian Gulf by ship. Jordan maintained trade protocols with Iraq that allowed it to purchase heavily discounted oil in exchange for up to \$300 million in Jordanian goods. Syria received up to 200,000 barrels of Iraqi oil a day in violation of the sanctions. Oil smuggling also occurred through Turkey and Iran.

In addition to revenues from oil smuggling, the Iraqi government levied surcharges against oil purchasers and commissions against commodity suppliers participating in the Oil for Food program. According to some Security Council members, the surcharge was up to 50 cents per barrel of oil and the commission was 5 to 15 percent of the commodity contract.

In our 2002 report, we estimated that the Iraqi regime received a 5-percent illicit commission on commodity contracts. However, a September 2003 Department of Defense review found that at least 48 percent of 759 Oil for Food contracts that it reviewed were potentially overpriced by an average of 21 percent.³ Food commodity contracts were the most consistently overpriced, with potential overpricing identified in 87 percent of the contracts by an average of 22 percent. The review also found that the use of middlemen companies potentially increased contract prices by 20 percent or more. Defense officials found 5 contracts that included “after-sales service charges” of between 10 and 20 percent.

In addition, interviews by U.S. investigators with high-ranking Iraqi regime officials, including the former oil and finance ministers, confirmed that the former regime received a 10-percent commission from commodity suppliers. According to the former oil minister, the regime instituted a fixed 10-percent commission in early 2001 to address a prior “compliance” problem with junior officials. These junior officials had been reporting lower commissions than what they had negotiated with suppliers and pocketing the difference.

³The Defense Contract Audit Agency and the Defense Contract Management Agency, *Report on the Pricing Evaluation of Contracts Awarded under the Iraq Oil for Food Program* (Washington, D.C.: Sept. 12, 2003).

United Nations and Security Council Had Responsibility for Oversight of Program, but Iraq Contracted Directly with Purchasers and Suppliers

Both OIP, as an office within the U.N. Secretariat, and the Security Council's sanctions committee were responsible for overseeing the Oil for Food Program. However, the Iraqi government negotiated contracts directly with purchasers of Iraqi oil and suppliers of commodities. While OIP was to examine each contract for price and value, it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. The sanctions committee responded to illegal surcharges on oil purchases, but it is unclear what actions it took to respond to commissions on commodity contracts. Ongoing investigations of the Oil for Food program may wish to consider further examining how the structure of the program enabled the Iraqi government to obtain illegal revenues, the role of member states in monitoring and enforcing the sanctions, actions taken to reduce oil smuggling, and the responsibilities and procedures for assessing price reasonableness in commodity contracts.

Iraq Negotiated Directly with Oil Purchasers and Suppliers

U.N. Security Council resolutions and procedures recognized the sovereignty of Iraq and gave the Iraqi government authority to negotiate contracts and decide on contractors. Security Council resolution 986 of 1995 authorized states to import petroleum products from Iraq, subject to the Iraqi government's endorsement of transactions. Resolution 986 also stated that each export of goods would be at the request of the government of Iraq. Security Council procedures for implementing resolution 986 further stated that the Iraqi government or the United Nations Inter-Agency Humanitarian Program would contract directly with suppliers and conclude the appropriate contractual arrangements. Iraqi control over contract negotiations was an important factor in allowing Iraq to levy illegal surcharges and commissions.

When the United Nations first proposed the Oil for Food program in 1991, it recognized this vulnerability. At that time, the Secretary General proposed that the United Nations, an independent agent, or the government of Iraq be given the responsibility to negotiate contracts with oil purchasers and commodity suppliers. The Secretary General concluded that it would be highly unusual or impractical for the United Nations or an independent agent to trade Iraq's oil or purchase commodities. He recommended that Iraq negotiate the contracts and select the contractors. However, he stated that the United Nations and Security Council would have to ensure that Iraq's contracting did not circumvent the sanctions and was not fraudulent. The Security Council further proposed that U.N.

agents review contracts and compliance at Iraq's oil ministry, but Iraq refused these conditions.

OIP Was Responsible for Key Oversight Aspects of the Program

OIP administered the Oil for Food program from December 1996 to November 2003. Under Security Council resolution 986 of 1995 and a memorandum of understanding between the United Nations and the Iraqi government, OIP monitored the sale of Iraq's oil, monitoring Iraq's purchase of commodities and the delivery of goods, and accounting for the program's finances. The United Nations received 3 percent of Iraq's oil export proceeds for its administrative and operational costs, which included the cost of U.N. weapons inspections.

The sanctions committee's procedures for implementing resolution 986 stated that independent U.N. inspection agents were responsible for monitoring the quality and quantity of the oil shipped. The agents were authorized to stop shipments if they found irregularities. OIP hired a private firm to monitor Iraqi oil sales at exit points. However, the monitoring measures contained weaknesses. According to U.N. reports and a statement from the monitoring firm, the major offshore terminal at Mina al-Basra⁴ did not have a meter to measure the oil pumped nor could onshore storage capacity be measured. Therefore, the U.N. monitors could not confirm the volume of oil loaded onto vessels. Also, in 2001, the oil tanker *Essex* took a large quantity of unauthorized oil from the platform when the monitors were off duty. In December 2001, the Security Council required OIP to improve the monitoring at the offshore terminal. As part of its strategy to repair Iraq's oil infrastructure, the CPA plans to install reliable metering at Mina al-Basra and other terminals, but no contracts have been let.

OIP also was responsible for monitoring Iraq's purchase of commodities and the delivery of goods. Security Council resolution 986, paragraph 8a(ii) required Iraq to submit a plan, approved by the Secretary General, to ensure equitable distribution of Iraq's commodity purchases. The initial distribution plans focused on food and medicines while subsequent plans were expansive and covered 24 economic sectors, including electricity, oil, and telecommunications.

⁴Previously called Mina al-Bakar.

The sanctions committee's procedures for implementing Security Council resolution 986 stated that experts in the Secretariat were to examine each proposed Iraqi commodity contract, in particular the details of price and value, and to determine whether the contract items were on the distribution plan. OIP officials told the Defense Contract Audit Agency they performed very limited, if any, pricing review. They stated that no U.N. resolution tasked them with assessing the price reasonableness of the contracts and no contracts were rejected solely on the basis of price. However, OIP officials stated that, in a number of instances, they reported to the sanctions committee that commodity prices appeared high, but the committee did not cite pricing as a reason to place holds on the contracts. For example, in October 2001, OIP experts reported to the sanctions committee that the prices in a proposed contract between Iraq and the Al-Wasel and Babel Trading Company appeared high. However, the sanctions committee reviewed the data and approved the contract. Subsequently, the Treasury Department identified this company as a front company for the former regime in April 2004. The United Nations also required all countries to freeze the assets of this company and transfer them to the Development Fund for Iraq in accordance with Security Council resolution 1483.⁵

The sanctions committee's procedures for implementing resolution 986 stated that independent inspection agents will confirm the arrival of supplies in Iraq. OIP deployed about 78 U.N. contract monitors to verify shipments and authenticate the supplies for payment. OIP employees were able to visually inspect 7 to 10 percent of the approved deliveries.

Audits Identified Some Operational Concerns but No Fraud

Security Council resolution 986 also requested the Secretary General to establish an escrow account for the Oil for Food Program and to appoint independent and certified public accountants to audit the account. The Secretary General established an escrow account at BNP Paribas for the deposit of Iraqi oil revenues and the issue of letters of credit to suppliers with approved contracts. The U.N. Board of Audit, a body of external public auditors, audited the account.⁶ The external audits focused on

⁵U.N. Security Council Res. 1483 (May 22, 2003). Paragraph 19 states that a Security Council committee will identify individuals and entities whose financial assets should be transferred to the Development Fund for Iraq.

⁶The U.N. Board of Auditors is comprised of the Auditors General of three member countries and their staff. Board members are appointed by the General Assembly for 6-year terms and one member rotates every 2 years. During the period of the Oil for Food program (1996-2003), France, Ghana, India, the Philippines, South Africa, and the United Kingdom served on the Board of Auditors.

management issues related to the Oil for Food program and the financial condition of the Iraq account. U.N. auditors generally concluded that the Iraq account was fairly presented in accordance with U.N. financial standards. The reports stated that OIP was generally responsive to external audit recommendations. The external audits determined that oil prices were mostly in accordance with the fair market value of oil products to be shipped and checked to confirm that pricing was properly and consistently applied. They also determined that humanitarian and essential services supplies procured with oil funds generally met contract terms with some exceptions. U.N. external audit reports contained no findings of fraud during the program.

The U.N. Office of Internal Oversight Services (OIOS) conducted internal audits of the Oil for Food program and reported the results to OIP's executive director. OIOS officials stated that they have completed 55 audits and have 4 ongoing audits of the Oil for Food program. Overall, OIOS reported that OIP had made satisfactory progress in implementing most of its recommendations. We did not have access to individual OIOS audit reports except for an April 2003 report made publicly available in May 2004 that assessed the activities of the company contracted by the United Nations to authenticate goods coming into Iraq. It found that the contractor did not perform all required duties and did not adequately monitor goods coming into the northern areas of Iraq. We also reviewed 7 brief summaries of OIOS reports covering the Oil for Food program from July 1, 1996, through June 30, 2003. These summaries identified a variety of operational concerns involving procurement, inflated pricing and inventory controls, coordination, monitoring, and oversight. In one case, OIOS cited purchase prices for winter items for displaced persons in northern Iraq that were on average 61 percent higher than local vendor quotes obtained by OIOS. In another case, an OIOS review found that there was only limited coordination of program planning and insufficient review and independent assessment of project implementation activities.

The Sanctions Committee Had a Key Role in Enforcing Sanctions and Approving Contracts

The sanctions committee was responsible for three key elements of the Oil for Food Program: (1) monitoring implementation of the sanctions, (2) screening contracts to prevent the purchase of items that could have military uses, and (3) approving Iraq's oil and commodity contracts.

U.N. Security Council resolution 661 of 1990 directed all states to prevent Iraq from exporting products, including petroleum, into their territories. Paragraph 6 of resolution 661 established a sanctions committee to report to the Security Council on states' compliance with the sanctions and to

recommend actions regarding effective implementation. As early as June 1996, the Maritime Interception Force, a naval force of coalition partners including the United States and Great Britain, informed the sanctions committee that oil was being smuggled out of Iraq through Iranian territorial waters. In December 1996, Iran acknowledged the smuggling and reported that it had taken action. In October 1997, the sanctions committee was again informed about smuggling through Iranian waters. According to multiple sources, oil smuggling also occurred through Jordan, Turkey, Syria, and the Gulf. Smuggling was a major source of illicit revenue for the former Iraqi regime through 2002.

A primary function of the members of the sanctions committee was to review and approve contracts for items that could be used for military purposes. The United States conducted the most thorough review; about 60 U.S. government technical experts assessed each item in a contract to determine its potential military application. According to U.N. Secretariat data in 2002, the United States was responsible for about 90 percent of the holds placed on goods to be exported to Iraq. As of April 2002, about \$5.1 billion worth of goods were being held for shipment to Iraq. According to OIP, no contracts were held solely on the basis of price.

Under Security Council resolution 986 of 1995 and its implementing procedures, the sanctions committee was responsible for approving Iraq's oil contracts, particularly to ensure that the contract price was fair, and for approving Iraq's commodity contracts. The U.N.'s oil overseers reported in November 2000 that the oil prices proposed by Iraq appeared low and did not reflect the fair market value.⁷ According to a senior OIP official, the independent oil overseers also reported in December 2000 that purchasers of Iraqi oil had been asked to pay surcharges. In March 2001, the United States informed the sanctions committee about allegations that Iraqi government officials were receiving illegal surcharges on oil contracts and illicit commissions on commodity contracts. The sanctions committee attempted to address these allegations by implementing retroactive pricing for oil contracts in 2001.⁸

⁷The sanctions committee received reports from the independent oil experts appointed by the Secretary General to determine whether there was fraud or deception in the oil contracting process.

⁸Under retroactive pricing, the Security Council did not approve a price per barrel until the oil was delivered to the refinery. The Iraq government signed contracts with suppliers without knowing the price it would have to pay until delivery.

It is unclear what actions the sanctions committee took to respond to illicit commissions on commodity contracts. Due to increasing concern about the humanitarian situation in Iraq and pressure to expedite the review process, the Security Council passed resolution 1284 in December 1999 to direct the sanctions committee to accelerate the review process. Under fast-track procedures, the sanctions committee allowed OIP to approve contracts for food, medical supplies, and agricultural equipment (beginning in March 2000), water treatment and sanitation (August 2000), housing (February 2001), and electricity supplies (May 2001).

Issues for Further Investigation

Several investigations into the Oil for Food program are planned or under way. A U.N. inquiry officially began on April 21, 2004, with a Security Council resolution supporting the inquiry⁹ and the appointment of three high-level officials to oversee the investigation. This investigation will examine allegations of corruption and misconduct within the United Nations Oil for Food program and its overall management of the humanitarian program. In addition, Iraq's Board of Supreme Audit contracted with the accounting firm Ernst and Young to conduct an investigation of the program. Several U.S. congressional committees have also begun inquiries into U.N. management of the Oil for Food program and U.S. oversight through its role on the sanctions committee.

These investigations of the Oil for Food program provide an opportunity to better quantify the extent of corruption, determine the adequacy of internal controls, and identify ways to improve future humanitarian assistance programs conducted within an economic sanctions framework. Based on our work, we have identified several questions that should be addressed:

- How did the size and structure of the Oil for Food program enable the Iraqi government to obtain illegal revenues through illicit surcharges and commissions?
- What was the role of U.N. member states in monitoring and enforcing the sanctions? What were the criteria used to certify national purchasers of oil and suppliers of commodities?
- What actions, if any, were taken to reduce the smuggling of Iraqi oil? What precluded the sanctions committee from taking action?

⁹U.N. Security Council Res. 1538 (April 21, 2004).

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- Who assessed the reasonableness of prices for commodity contracts negotiated between the Iraqi government and suppliers and what actions were taken? How were prices for commodities assessed for reasonableness under fast-track procedures?

Much of the information on surcharges on oil sales and illicit commissions on commodity contracts is with the Iraqi ministries in Baghdad and national purchasers and suppliers. We did not have access to this data to verify the various allegations of corruption associated with these transactions. Subsequent investigations of the Oil for Food program should include a statistical sampling of these transactions to more accurately document the extent of corruption and the identities of companies and countries that engaged in illicit transactions. This information would provide a basis for restoring those assets to the Iraqi government.

Subsequent evaluations and audits should also consider an analysis of the lessons learned from the Oil for Food program and how future humanitarian programs of this nature should be structured to ensure that funds are spent on intended beneficiaries and projects. For example, analysts may wish to review the codes of conduct developed for the CPA's Oil for Food coordination center and suppliers. In addition, U.N. specialized agencies implemented the program in the northern governorates while the program in central and southern Iraq was run by the central government in Baghdad. A comparison of these two approaches could provide insight on the extent to which the operations were transparent and the program delivered goods and services to the Iraqi people.

Challenges in Addressing Iraq's Food Security

Evolving policy and implementation decisions on the food distribution system and the worsening security situation have affected the movement of food commodities within Iraq. As a result, warehouse stocks are low, and Iraq has less than a month's supply of several food items, including staple grains, and no buffer stock. The food distribution system created a dependency on food subsidies that disrupted private food markets. The government will have to decide whether to continue, reform, or eliminate the current system. In addition, inadequate oversight and corruption in the Oil for Food program raise concerns about the Iraqi government's ability to manage the food distribution system and absorb donor reconstruction funds under existing structures. The CPA has taken steps, such as appointing inspectors general, to strengthen accountability measures in Iraq's ministries.

Inadequate Planning, Coordination, and Security Have Resulted in Tenuous Food Supplies

The CPA's failed plans to privatize the food ration system and delayed negotiations with WFP on food procurement and distribution resulted in diminished stocks of food commodities and localized shortages in early 2004. The CPA administrator discussed eliminating Iraq's food distribution system and providing recipients with cash payments based on plans submitted to the CPA in summer 2003 that asserted that the system was expensive and depressed the agricultural sector. As a result, the Ministry of Trade began drawing down existing inventories of food. In December 2003, as the security environment worsened, the administrator decided not to reform the ration system. In January 2004, the CPA negotiated a memorandum of understanding (MOU) with WFP and the Ministry of Trade that committed WFP to procuring a 3-month buffer food stock by March 31, 2004, and assuming the delivery of food to hub warehouses inside Iraq through June 2004. The MOU was delayed due to disagreements about emergency food procurement, contract terms, and the terms of WFP's involvement. No additional food was procured during the negotiations, and food stocks diminished and localized shortages occurred in early 2004. WFP completed its buffer stock procurement by March 31, 2004. The Ministry of Trade assumed responsibility for food procurement on April 1, 2004, and will implement the distribution system after June 30, 2004.

A U.S. official stated in early March 2004 that coordination between WFP and the Ministry of Trade had been deteriorating. The Ministry had not provided WFP with complete and timely information on monthly food allocation plans, weekly stock reports, or information on cargo arrivals, as the MOU required. WFP staff reported that the Ministry's data were subject to sudden, large, and unexplained stock adjustments, thereby making it difficult to plan deliveries. A State Department official noted in April 2004 that coordination between WFP and the Ministry was improving. However, according to early June 2004 discussions with other U.S. officials, these coordination problems are continuing.

The security environment in Iraq has affected the movement of Oil for Food goods since the fall of 2003. A September 2003 U.N. report found that the evacuation of U.N. personnel from Baghdad, following the bombing of the U.N. office in August 2003, affected the timetable and procedures for the transfer of the Oil for Food program to the CPA and contributed to delays in prioritizing and renegotiating contracts. The August bombing of the U.N. office also resulted in the temporary suspension of the border inspection process and shipments of humanitarian supplies and equipment. A March 2004 CPA report noted that stability of the food supply would be affected if security conditions worsened.

According to an Oil for Food coordination center official, the worsening security situation during April 2004 affected food supplies. As of early June, major food transport corridors from Jordan and the port of Umm Qasr are restricted due to security concerns, and border crossings from Jordan, Syria, and Turkey are congested. Also, fewer drivers are willing to work in this environment, thereby reducing the movement of food from the borders and ports to the food warehouses. This situation is exacerbated by congestion at the major port of Umm Qasr, which is operating at 50 percent of its capacity due to inadequate fuel and power supply, off-loading delays, dredging activity, inadequate storage capacity, and security concerns.

Initial planning and management problems, combined with security and port congestion issues limiting the movement of food, have resulted in the drawing down of warehouse food stocks. The food supply situation was described as tenuous by several U.S. and WFP sources in early June. At that time, Iraq had less than a 1-month food supply for several items in the food basket, including grains. About 360,000 metric tons of the 1.6 million metric tons procured for the buffer stock had arrived as of June 10, but the full amount will not be delivered until September, according to a WFP official. Moreover, these commodities are not being reserved as a buffer stock, but are immediately used as operating stocks.

U.S. officials are concerned that, as the Iraqi government assumes full responsibility for food distribution on July 1, 2004, it will find it difficult to manage the food distribution system given low food supplies. According to U.S. and WFP officials, the Ministry of Trade implemented the food distribution system during the Oil for Food program under more favorable conditions. For example, the Ministry was able to maintain at least a 6-month food inventory and operate in a more secure environment.

Food Distribution System Essential for Current Food Security But May Not Be Sustainable

The Oil for Food program facilitated the operation of the Public Distribution System run by Iraq's Ministry of Trade. Under this system, each Iraqi is eligible to receive a monthly "food basket" that normally consists of a dozen items.¹⁰

¹⁰Wheat flour, rice, vegetable ghee (semifluid clarified butter used for cooking), pulses (edible seeds of various leguminous crops, such as peas, beans, or lentils), sugar, tea, salt, milk, infant formula, weaning cereal, soap, and detergent.

After the CPA transfers responsibility for the food distribution system to the Iraqi provisional government in July 2004, the government will have to decide whether to continue, reform, or eliminate the current system. Documents from the Ministries of Finance and Planning indicate that the annual cost of maintaining the system is as high as \$5 billion, or about 25 percent of total government expenditures. In 2005 and 2006, expenditures for food will be almost as much as all expenditures for capital projects. According to a September 2003 joint U.N. and World Bank needs assessment of Iraq,¹¹ the food subsidy, given out as a monthly ration to the entire population, staved off mass starvation during the time of the sanctions, but disrupted the market for food grains produced locally. The agricultural sector had little incentive to produce crops in the absence of a promising market.

However, the Iraqi government may find it politically difficult to scale back the food distribution system with an estimated 60 percent of the population relying on monthly rations as their primary source of nutrition. WFP is completing a vulnerability assessment that Iraq could use to make future decisions on food security programs and better target food items to those most in need. WFP's preliminary assessment results found that 10 percent of the population was extremely poor and needed food aid in addition to the Public Distribution System. WFP is also developing an emergency operation plan to meet the needs of vulnerable populations. In addition, in April 2004, a USAID contractor submitted a strategy for a short-term plan to stabilize the agricultural sector by providing agricultural supplies, re-establishing domestic wheat markets, rehabilitating irrigation systems, and rehabilitating Ministry of Agriculture facilities. The strategy also includes a medium-term plan to create appropriate agricultural policies, provide capacity building for market-led agriculture, and strengthen the agricultural sector through national programs.

Addressing Corruption

In the absence of significant reforms, the history of inadequate oversight and corruption in the Oil for Food program raises questions about the Iraqi government's ability to manage the import and distribution of food commodities and the billions in international assistance expected to flow into the country. The CPA and Iraqi ministries must address corruption to help ensure that the food distribution system is managed with transparent and accountable controls. Building these internal control and

¹¹United Nations/World Bank, *Joint Iraq Needs Assessment: Agriculture, Water Resources, and Food Security* (New York: October 2003).

accountability measures into the operations of Iraqi ministries will also help safeguard the \$18.4 billion in fiscal year 2004 U.S. reconstruction funds and \$13.8 billion pledged by other countries.

To address these concerns and oversee government operations, the CPA administrator appointed inspectors general for Iraq's 26 national ministries. At the same time, the CPA announced the establishment of two independent agencies to work with the inspectors general—the Commission on Public Integrity and a Board of Supreme Audit. Finally, the United States will spend about \$1.63 billion on governance-related activities in Iraq, which will include building an effective financial management system in Iraq's ministries.

The CPA's coordination center continues to provide on-the-job training for ministry staff who will assume responsibility for food contracts after July 2004. Coalition personnel have provided Iraqi staff with guidance on working with suppliers in a fair and open manner and determining when changes to letters of credit are appropriate. In addition, according to center staff, coalition and Iraqi staff signed a code of conduct, which outlined proper job behavior. Among other provisions, the code of conduct prohibited kickbacks and secret commissions from suppliers. The center also developed a code of conduct for suppliers. In addition, the center has begun implementing the steps needed for the transition of full authority to the Iraqi ministries. These steps include transferring contract-related documents, contacting suppliers, and providing authority to amend contracts. In addition, the January 2004 MOU agreement commits WFP to training ministry staff in procurement and transport functions through June 30, 2004. Ten ministry staff are being trained at WFP headquarters in Rome, Italy.

Mr. Chairman and Members of the Committee, this concludes my prepared statement. I will be happy to answer any questions you may have.

Contacts and Acknowledgments

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Appendix I: Scope and Methodology

We used the following methodology to estimate the former Iraqi regime's illicit revenues from oil smuggling, surcharges on oil, and commissions from commodity contracts from 1997 through 2002:

- To estimate the amount of oil the Iraqi regime smuggled, we used Energy Information Administration (EIA) estimates of Iraqi oil production and subtracted oil sold under the Oil for Food program and domestic consumption. The remaining oil was smuggled through Turkey, the Persian Gulf, Jordan, and Syria (oil smuggling to Syria began late 2000). We estimated the amount of oil to each destination based on information from and discussions with officials of EIA, Cambridge Energy Research Associates, the Middle East Economic Survey, and the private consulting firm Petroleum Finance.
- We used the price of oil sold to estimate the proceeds from smuggled oil. We discounted the price by 9 percent for the difference in quality. We discounted this price by 67 percent for smuggling to Jordan and by 33 percent for smuggling through Turkey, the Persian Gulf, and Syria. According to oil industry experts, this is representative of the prices paid for smuggled oil.
- To estimate the amount Iraq earned from surcharges on oil, we multiplied the barrels of oil sold under the Oil for Food program from 1997 through 2002 by 25 cents per barrel. According to Security Council members, the surcharge varied, but Iraq tried to get as much as 50 cents per barrel. Industry experts also stated the surcharge varied.
- To estimate the commission from commodities, we multiplied Iraq's letters of credit for commodity purchases by 5 percent for 1997 through 1998 and 10 percent for 1999 through 2002. According to Security Council members, the commission varied from 5 percent to 10 percent. This percentage was also confirmed in interviews conducted by U.S. officials with former Iraqi regime ministers of oil, finance, and trade and with Saddam Hussein's presidential advisors.

GAO did not obtain source documents and records from the former regime about its smuggling, surcharges, and commissions. Our estimate of illicit revenues is therefore not a precise accounting number. Areas of uncertainty in our estimate include:

- GAO's estimate of the revenue from smuggled oil is less than the estimates of U.S. intelligence agencies. We used estimates of Iraqi oil production and domestic consumption for our calculations. U.S.

intelligence agencies used other methods to estimate smuggling.

- GAO's estimate of revenue from oil surcharges is based on a surcharge of 25 cents per barrel from 1997 through 2002. However, the average surcharge could be lower. U.N. Security Council members and oil industry sources do not know when the surcharge began or ended or the precise amount of the surcharge. One oil industry expert stated that the surcharge was imposed at the beginning of the program but that the amount varied. Security Council members and the U.S. Treasury Department reported that surcharges ranged from 10 cents to 50 cents per barrel. As a test of reasonableness, GAO compared the price paid for oil under the Oil for Food program with a proxy oil price for the period 1997 through 2002. We found that for the entire period, the price of Iraqi oil was considerably below the proxy price. Oil purchasers would have to pay below market price to have a margin to pay the surcharge.

GAO's estimate of the commission on commodities could be understated. We calculated commissions based on the commodity contracts for the 15 governorates in central and southern Iraq (known as the "59-percent account" because these governorates received this percentage of Oil for Food revenues). We excluded contracts for the three northern governorates (known as the "13-percent account"). However, the former Iraqi regime negotiated the food and medical contracts for the northern governorates, and the Defense Contract Audit Agency found that some of these contracts were potentially overpriced. The Defense Contract Audit Agency also found extra fees of between 10 and 20 percent on some contracts.

Appendix II: Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program

Date	Event/Action	Summary
Aug. 2, 1990	U.N. Security Council Resolution 660	Iraqi forces invaded Kuwait. Resolution 660 condemned the invasion and demands immediate withdrawal from Kuwait.
Aug. 6, 1990	U.N. Security Council Resolution 661	Imposed economic sanctions against the Republic of Iraq. The resolution called for member states to prevent all commodity imports from Iraq and exports to Iraq, with the exception of supplies intended strictly for medical purposes and, in humanitarian circumstances, foodstuffs.
Aug. 6, 1990	Operation Desert Shield	President Bush ordered the deployment of thousands of U.S. forces to Saudi Arabia.
Nov. 5, 1990	U.S. legislation	Public Law 101-513, § 586C, prohibited the import of products from Iraq into the United States and the export of U.S. products to Iraq.
Jan. 12, 1991	U.S. legislation	Iraq War Powers Resolution authorized the president to use "all necessary means" to compel Iraq to withdraw military forces from Kuwait.
Jan. 16, 1991	Operation Desert Storm	Operation Desert Storm was launched: coalition operation was targeted to force Iraq to withdraw from Kuwait.
Feb. 28, 1991	Gulf War cease-fire	Iraq announced acceptance of all relevant U.N. Security Council resolutions.
Apr. 3, 1991	U.N. Security Council Resolution 687 (Cease-Fire Resolution)	Mandated that Iraq must respect the sovereignty of Kuwait and declare and destroy all ballistic missiles with a range of more than 150 kilometers as well as all weapons of mass destruction and production facilities.
Jun. 17, 1991	Creation of U.N. Special Commission	The U.N. Special Commission (UNSCOM) was charged with monitoring Iraqi disarmament as mandated by U.N. resolutions and to assist the International Atomic Energy Agency in nuclear monitoring efforts.
Aug. 15, 1991	U.N. Security Council Resolution 706	Proposed the creation of an Oil for Food program and authorized an escrow account to be established by the Secretary General. Iraq rejected the terms of this resolution.
Sep. 19, 1991	U.N. Security Council Resolution 712	Second attempt to create an Oil for Food program. Iraq rejected the terms of this resolution.
Oct. 2, 1992	U.N. Security Council Resolution 778	Authorized transferring money produced by any Iraqi oil transaction on or after August 6, 1990, which had been deposited into the escrow account, to the states or accounts concerned as long as the oil exports took place or until sanctions were lifted.
Apr. 14, 1995	U.N. Security Council Resolution 986	Allowed Iraq to sell \$1 billion worth of oil every 90 days. Proceeds were to be used to procure foodstuffs, medicine, and material and supplies for essential civilian needs. Resolution 986 was supplemented by several U.N. resolutions over the next 7 years that extended the Oil for Food program for different periods of time and increased the amount of exported oil and imported humanitarian goods.
Mar. 27, 1996	U.N. Security Council Resolution 1051	Established the export and import monitoring system for Iraq.
May 20, 1996	Government of Iraq and the United Nations	Signed a memorandum of understanding allowing Iraq's export of oil to pay for food, medicine, and essential civilian supplies.
Jun. 17, 1996	United States	Based on information provided by the Multinational Interception Force (MIF), communicated concerns about alleged smuggling of Iraqi petroleum products through Iranian territorial waters in violation of resolution 661 to the Security Council sanctions committee.

Date	Event/Action	Summary
Jul. 9, 1996	U.N. Security Council Sanctions Committee	Committee members asked the United States for more factual information about smuggling allegations, including the final destination and the nationality of the vessels involved.
Aug. 28, 1996	U.S. delegation to the U.N. Security Council Sanctions Committee	Provided briefing on the Iraqi oil smuggling allegations to the sanctions committee.
Dec. 3, 1996	Islamic Republic of Iran Permanent Representative to the United Nations	Acknowledged that some vessels carrying illegal goods and oil to and from Iraq had been using the Iranian flag and territorial waters without authorization and that Iranian authorities had confiscated forged documents and manifests. Representative agreed to provide the results of the investigations to the sanctions committee once they were available.
Dec. 10, 1996	Iraq and the United Nations	Phase I of the Oil for Food program began.
Jun. 4, 1997	U.N. Security Council Resolution 1111	Extended the term of resolution 986 another 180 days (phase II).
Sep. 12, 1997	U.N. Security Council Resolution 1129	Authorized special provision to allow Iraq to sell petroleum in a more favorable time frame.
Oct. 8, 1997	Representatives of the United Kingdom of Great Britain and Northern Ireland to the United Nations	Brought the issue of Iraqi smuggling petroleum products through Iranian territorial waters to the attention of the U.N. Security Council sanctions committee.
Nov. 18, 1997	Coordinator of the Multinational Interception Force (MIF)	Reported to the U.N. Security Council sanctions committee that since February 1997 there had been a dramatic increase in the number of ships smuggling petroleum from Iraq inside Iranian territorial waters.
Dec. 4, 1997	U.N. Security Council Resolution 1143	Extended the Oil for Food program another 180 days (phase III).
Feb. 20, 1998	U.N. Security Council Resolution 1153	Raised Iraq's export ceiling of oil to about \$5.3 billion per 6-month phase (phase IV).
Mar. 25, 1998	U.N. Security Council Resolution 1158	Permitted Iraq to export additional oil in the 90 days from March 5, 1998, to compensate for delayed resumption of oil production and reduced oil price.
Jun. 19, 1998	U.N. Security Council Resolution 1175	Authorized Iraq to buy \$300 million worth of oil spare parts to reach the export ceiling of about \$5.3 billion.
Aug. 14, 1998	U.S. legislation	Public Law 105-235, a joint resolution finding Iraq in unacceptable and material breach of its international obligations.
Oct. 31, 1998	U.S. legislation: Iraq Liberation Act	Public Law 105-338, § 4, authorized the president to provide assistance to Iraqi democratic opposition organizations.
Oct. 31, 1998	Iraqi termination of U.N. Special Commission (UNSCOM) Activity	Iraq announced it would terminate all forms of interaction with UNSCOM and that it would halt all UNSCOM activity inside Iraq.
Nov. 24, 1998	U.N. Security Council Resolution 1210	Renewed the Oil for Food program for 6 months beyond November 26 at the higher levels established by resolution 1153. The resolution included additional oil spare parts (phase V).
Dec. 16, 1998	Operation Desert Fox	Following Iraq's recurrent blocking of U.N. weapons inspectors, President Clinton ordered 4 days of air strikes against military and security targets in Iraq that contribute to Iraq's ability to produce, store, and maintain weapons of mass destruction and potential delivery systems.

Date	Event/Action	Summary
Mar. 3, 1999	President Clinton Report to Congress	President Clinton provided the status of efforts to obtain Iraq's compliance with U.N. Security Council resolutions. He discussed the MIF report of oil smuggling out of Iraq and smuggling of other prohibited items into Iraq.
May 21, 1999	U.N. Security Council Resolution 1242	Renewed the Oil for Food program another 6 months (phase VI).
Oct. 4, 1999	U.N. Security Council Resolution 1266	Permitted Iraq to export an additional amount of \$3.04 billion of oil to make up for revenue deficits in phases IV and V.
Nov. 19, 1999	U.N. Security Council Resolution 1275	Extended phase VI of the Oil for Food program for 2 weeks until December 4, 1999.
Dec. 3, 1999	U.N. Security Council Resolution 1280	Extended phase VI of the Oil for Food program for 1 week until December 11, 1999.
Dec. 10, 1999	U.N. Security Council Resolution 1281	Renewed the Oil for Food program another 6 months (phase VII).
Dec. 17, 1999	U.N. Security Council Resolution 1284	Abolished Iraq's export ceiling to purchase civilian goods. Eased restrictions on the flow of civilian goods to Iraq and streamlined the approval process for some oil industry spare parts. Also established the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC).
Mar. 31, 2000	U.N. Security Council Resolution 1293	Increased oil spare parts allocation from \$300 million to \$600 million under phases VI and VII.
Jun. 8, 2000	U.N. Security Council Resolution 1302	Renewed the Oil for Food program another 180 days until December 5, 2000 (phase VIII).
Dec. 5, 2000	U.N. Security Council Resolution 1330	Extended the Oil for Food program another 180 days (phase IX).
Mar. 8, 2001	Deputy U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham acknowledged Iraq's illegal re-export of humanitarian supplies, oil smuggling, establishment of front companies, and payment of kickbacks to manipulate and gain from Oil for Food contracts. Also acknowledged that the United States had put holds on hundreds of Oil for Food contracts that posed dual-use concerns.
Mar. 8, 2001	Acting U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham addressed questions regarding allegations of surcharges on oil and smuggling. Acknowledged that oil industry representatives and other Security Council members provided the United States anecdotal information about Iraqi surcharges on oil sales. Also acknowledged companies claiming they were asked to pay commissions on contracts.
Jun. 1, 2001	U.N. Security Council Resolution 1352	Extended the terms of resolution 1330 (phase IX) another 30 days.
Jul. 3, 2001	U.N. Security Council Resolution 1360	Renewed the Oil for Food program an additional 150 days until November 30, 2001 (phase X).
Nov. 29, 2001	U.N. Security Council Resolution 1382	The resolution stipulated that a new Goods Review List would be adopted and that relevant procedures would be subject to refinement. Renewed the Oil for Food program another 180 days (phase XI).
May 14, 2002	U.N. Security Council Resolution 1409	UNMOVIC reviewed export contracts to ensure that they contain no items on a designated list of dual-use items known as the Goods Review List. The resolution also extended the program another 180 days (phase XII).
Nov. 6, 2002	U.N. Security Council Sanctions Committee	MIF reported that there had been a significant reduction in illegal oil exports from Iraq by sea over the past year but noted oil smuggling was continuing.

Date	Event/Action	Summary
Nov. 25, 2002	U.N. Security Council Resolution 1443	Extended phase XII of the Oil for Food program another 9 days.
Dec. 4, 2002	U.N. Security Council Resolution 1447	Renewed the Oil for Food program another 180 days until June 3, 2003 (phase XIII).
Dec. 30, 2002	U.N. Security Council Resolution 1454	Approved changes to the list of goods subject to review by the sanctions committee.
Mar. 12, 2003	U.N. Security Council Sanctions Committee	Chairman reported on a number of alleged sanctions violations noted by letters from several countries and the media from February to November 2002. Alleged incidents involved Syria, India, Liberia, Jordan, Belarus, Switzerland, Lebanon, Ukraine, and the United Arab Emirates.
Mar. 19, 2003	Operation Iraqi Freedom	Operation Iraqi Freedom is launched. Coalition operation led by the United States initiated hostilities in Iraq.
Mar. 28, 2003	U.N. Security Council Resolution 1472	Adjusted the Oil for Food program and gave the Secretary General authority for 45 days to facilitate the delivery and receipt of goods contracted by the Government of Iraq for the humanitarian needs of its people.
Apr. 16, 2003	U.S. legislation	Public Law 108-11, § 1503, authorized the President to suspend the application of any provision of the Iraq Sanctions Act of 1990.
Apr. 24, 2003	U.N. Security Council Resolution 1476	Extended provisions of resolution 1472 until June 3, 2003.
May 1, 2003	Operation Iraqi Freedom	End of major combat operations and beginning of post-war rebuilding efforts.
May 22, 2003	U.N. Security Council Resolution 1483	Lifted civilian sanctions on Iraq and provided for the end of the Oil for Food program within 6 months, transferring responsibility for the administration of any remaining program activities to the Coalition Provisional Authority (CPA).
Nov. 21, 2003	U.N. Secretary General	Transferred administration of the Oil for Food program to the CPA.
Mar. 19, 2004	U.N. Secretary General	Responded to allegations of fraud by U.N. officials that were involved in the administration of the Oil for Food program.
Mar. 25, 2004	U.N. Secretary General	Proposed that a special investigation be conducted by an independent panel.
April 21, 2004	U.N. Security Council Resolution 1538	Supported the appointment of the independent high-level inquiry and called upon the CPA, Iraq, and member states to cooperate fully with the inquiry.

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