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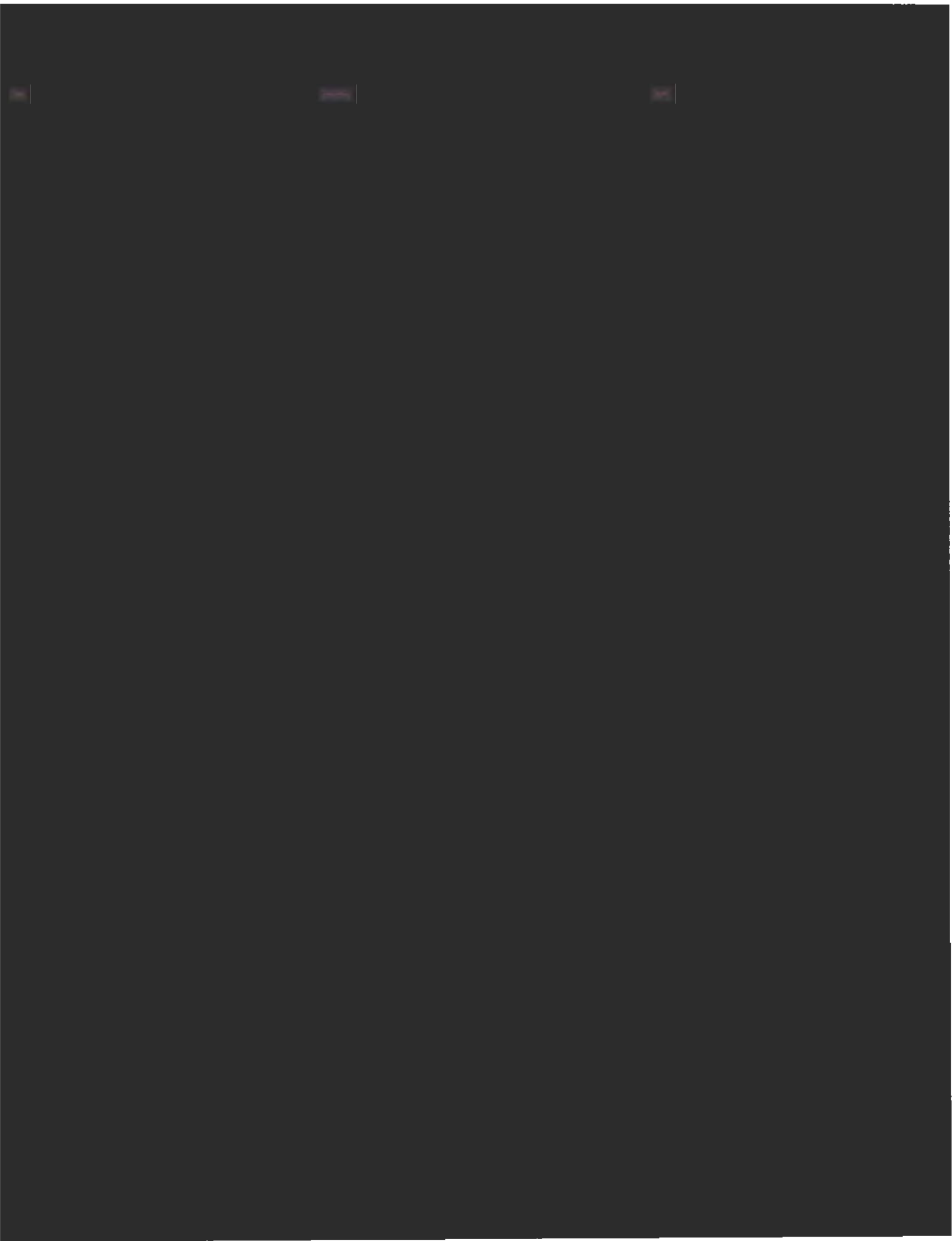
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Abstract The purpose of this study is to explore the role of the business case in the implementation of sustainability. The study is based on a case study of a large multinational company.

Keywords business case, sustainability, implementation, multinational company, case study

The business case is a key concept in the implementation of sustainability. It is a tool that helps organizations to understand the value of sustainability and to make decisions about how to implement it.

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Fallujah	
Fallujah Main	LB 863 911
Al Shuhada (destroyed)	LB 853 908
Al Taheed (destroyed)	LB 858 905
Al Fallujah Traffic Police	LB 862 908
Highway Police Station	LB 907 889

Ar Ramdi	
Main Station	LB 418 998
Sub-Station	LB 442 991
Hospital	LB 408 997
Courthouse	LC 427 009
Al Jazerra	LC 393 030
Al Habni	LB 623 957
Al Kada	LB 684 938
Al Haria	LB 372 997

Ar Rutbah	
Rutbah City PS	FS 205 563
HIP Station #5	FS 264 598
HIP Station #4	FS 703 572
Trebil PS	ES 009 228

Bayji	
Bayji PD	LD 625 668
Siniyah PD	LD 560 659
Hajaj PD	LD 648 549
Makhul/HWY PD	LD 431 971

Samarra	
CMOC Annex	LC 956 851
Samarra Main	LC 959 852
Samarra Sub	LC 959 852
Samarra Central	LC 969 844
Bridge Station	LC 949 845

Tikrit	
Tikrit HQ/Main PS	LD 779 300
Al Farook	LD 792 269
Tikrit Hospital	LD 804 274
Al Salidin Hospital	LD 782 349
Courthouse	LD 794 296
Al Owja	LD 811 212
University Police	LD 762 356

Ad Diwaniyah	
Ad Diwaniyah PS	MA 923 389
Askary	MA 920 403
Whada	MA 945 400
Zawra'a	MA 910 397
Jaza'ar	MA 915 387
Al Balde	

Nahda	MA 945 381
Kamarik	
Rafat	MA 933 375

Al Hillah

Public Directorate of PS	MA 464 939
Patrol HQ	MA 463 948
Al Fihaa	MA 467 945
Haybabii	MA 479 947
Al Huriya	MA 474 941
Checkpoint HQ	MA 459 941
Hospital Sub Station	MA 456 917
Al Jibal	MA 460 927

An Najaf

An Najaf Main PS	MA 370 405
Kufa	MA 378 417
Akara PS	MA 429 436
Al Ghary PS	MA 429 436
Customs PS	MA 503 433

Karbala

Main PS	MB 094 083
Al Hussein	MB 088 065
Al Mukhaym	MB 058 094
Al Moalomin	MB 060 094
Al Abassiyah	MB 090 085
Tourist Sub Station	MB 098 098

Northern Iraq

Qayyarah PS	LE 456 621
Ash Shurah PS	LE 399 847
Mahkmur PS	LE 712 605
Hamman Al Ali PS	LF 434 039
Al Hadr PS	KE 945 392

Mosul

Mosul HQ Station 1W	LF 330 227
Al Hadbaa Station 2W	LF 322 225
Al Jadada Station 3W	LF 300 227
Al Rabeen Station 4W	LF 299 255
Yarmuk Station 5W	LF 277 235
Al Thakafa Station NE1	LF 334 269
Aby Tammam Station NE2	LF 372 272
Al Rashida Station NE3	LF 293 305
Al Rimah Station NE4	LF 351 287
Station SE1	LF 333 240
Station SE2	LF 348 243
February 8 SE3	LF 404 255
Al Karamah Station SE4	LF 401 242
Al Razy Station SE5	LF 372 214
Baaj Station	GV 448 919

Bulayj Station	KF 324 057
Sinjar Station 1	GA 560 232
Sinjar Station 2	GA 573 236

Dohuk

Dohuk HQ	LF 215 816
Khabat PS	LF 222 797
Nawroz PS	
Sarhidan PS	LF 242 803
Sawita PS	LF 340 861
Indibatia PS	
Kadaiya PS	
Sub Station Malta	LF 158 809
Azadi Sub Station	LF 220 801
Mangesh PS	LG 304 005

Summaly

Summaly District HQ	LF 084 812
Batli District	KF 937 930
Khane Substation	LF 022 726
Faidah Station	

Shekhan

Ayn Sifni Station	LF 528 628
Atrush	LF 511 779
Ba idharah	LF 440 644
Qasruk PS	LF 748 616
Fascek PS	LF 541 488

Agrah
Arah
Dinarta
Bijeel
Rizgari
Gircasin
Azady

Zakho

Zakho HQ	KG 133 941
Delal Substation	LG 121 955
Carez Substation	LG 141 966
Undercover Officer's Station	KG 134 928

Batufa Substation	LG 231 162
Dakar Ajam Substation	LG 068 195
Kani Masi	
Bamimi	
Deralok	LG 798 016
Qadish	LG 570 069
Sarsing	
Amadyah	LG 657 060

As Sulamaniyyah

As Sulamaniyyah HQ	NE401 351
Azady	NE 308 552
Saraa	NE 406 360
Kareza Wassk	NE 385 373
Baksatyary	NE 364 361
Riziagary	NE381 351

Choman	MF 902 546
Galala	MF 841 521
Haji Omran	MF 040 585
Simelan	MF 775 599
Shaqlawah	MF 402 281
Salahadin	MF 285 264
Mergasur	MF 373 777
Piran	MF 425 826
Mazna	MF 503 676
Sherwan Mazan	MF 290 934
Bille	MF 174 808
Barzan	MF 155 867
Soaran District	MF 583 561
Rowandoz	MF 575 525
Diyanah	MF 501 579
Khalafon	MF 467 518
Sida Kan	MF 702 731
Traffic Police	MF 570 511

13 October 2003

Iraq Releases Fiscally Responsible 2004 Budget

The Iraqi Minister of Finance Mr. Kamil al-Gailani announced today the release of the Iraqi Budget for 2004.

The budget provides authority for the commitment and expenditure of money by the Iraqi Ministries for 2004 and sets the fiscal framework for 2005 and 2006. It meets the recurrent expenditures of the Ministries, including a significant social safety net, along with some of the most pressing capital projects, and provides for the most urgent daily and social needs of the Iraqi people.

Commenting on the preparation of the budget, Minister al-Gailani said, "This budget represents an important step towards the rebuilding of Iraq by Iraqis. The Budget was prepared by a team of Iraqi experts, with a series of budget hearings attended by representatives from the various Iraqi ministries, and chaired by officials of the Ministry of Finance."

Consistent with responsible fiscal policy this budget does not rely on increased borrowing, printing money, or foreign assistance.

The public release of the 2004 budget further demonstrates the Governing Council's commitment to public sector transparency. On the road to modernization, it is important for Iraq's institutions to be open to public scrutiny. This ensures spending will be directed towards those areas the Iraqi people feel have the greatest need. This transparency will also help reduce cases of corruption and strengthen the overall confidence of the Iraqi people and investors.

However, Iraq has very substantial reconstruction and redevelopment needs that are not able to be funded in the 2004 budget. With this in mind, the Iraqi Governing Council plans to exert all possible efforts to finance the above mentioned needs through activating the national economy and the private sector. The Governing Council also plans to seek the support of the international community at the International Donors Conference in late October in Madrid.

Mr. al-Gailani concluded: "Iraq is a country with enormous economic and human potential. By applying sound economic financial and monetary policies, and creating a good investment environment with international donors over the transition, Iraq will restore the economic and financial status which it previously held."

Notes for editors

1. The Budget for 2004 expects revenues of around NID 19.5 trillion (US\$ 13 billion), with expenditures of NID 20.25 trillion (US\$ 13.5 billion), meaning the Budget in 2004 will run a deficit of around NID 900 billion (US\$ 600 million). This deficit will be funded through refunds from cancelled Oil-For-Food contracts, meaning there will be no need for Iraq to borrow or print money to finance its deficit. In 2005 and 2006, the Budget is in balance, with spending matching revenues.
2. The budget reflects the 5 core principles laid out by the Iraqi ministries to drive the economic agenda. The core principles include, economic openness, private sector development, international integration, transparency in Government spending, and providing a safety net for the poor.
3. Journalists can obtain copies of the Iraqi 2004 Budget at the Convention Center.

Justice

(note: the Ministry of Justice includes prisons)

Summary

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Expenditure				
Operating Expenditure	15.0	144.6	134.4	134.4
Capital Projects	34.8	63.3	150.0	150.0
Total	49.8	207.9	284.4	284.4

Ministry Expenditure

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
<i>Ministry Capital Projects</i>	34.8	63.3	150	150
Staff Expenditures		44.1	44.1	44.1
Service Requirements	5.0	21.1	15.9	15.9
Goods Requirements	9.6	60.7	56.2	56.2
Assets Maintenance	0.5	6.2	6.2	6.2
Capital Expenditures		12.5	12.0	12.0
Transferred Expenditures				
Foreign Obligations				
Salaries & Retirement rewards				
<i>Ministry Operating Expenditure</i>	15.0	144.6	134.4	134.4
Total Ministry Expenditure	49.8	207.9	284.4	284.4

Memorandum Items

# Employees	2003	2004	2005	2006
Tier 1		991	991	991
Tier 2		3030	3030	3030
Tier 3		7766	7766	7766
Tier 4		9646	9646	9646
Total Employees		21433	21433	21433

Total Salary Cost		44.1	44.1	44.1
-------------------	--	------	------	------

Operating Expenses	2003	2004	2005	2006
Normal Ministry Operating Expenses	15.0	138.1	133.6	133.6
Office of Foreign Litigation		5.3		
Security for Justices		1.2	0.7	0.7
<i>Sub-total Operating Expenses</i>	<i>15.0</i>	<i>144.6</i>	<i>134.4</i>	<i>134.4</i>

Budget Funded Capital Projects (including reconstruction)

	2004 Total Project Cost	
Justice		
reconstruction	42.0	42.0
projects	3.0	3.0
prisons		
reconstruction	18.3	18.3
<i>Sub total Capital Projects</i>	<i>63.3</i>	<i>63.3</i>

2003	2004	2005	2006
15.0	144.6	134.4	134.4
34.8	63.3	150.0	150.0
49.8	207.9	284.4	284.4

2003	2004	2005	2006
34.8	63.3	150	150
-	44.1	44.1	44.1
5.0	21.1	15.9	15.9
9.6	60.7	56.2	56.2
0.5	6.2	6.2	6.2
-	12.5	12.0	12.0

75.0	744.6	134.4	134.4
49.8	207.9	284.4	284.4

2003	2004	2005	2006
	991	991	991
	3030	3030	3030
	7766	7766	7766
	9646	9646	9646
	21433	21433	21433
	44.1	44.1	44.1

2003	2004	2005	2006
15.0	138.1	133.6	133.6
-	5.3	-	-
-	12	0.7	0.7
15.0	144.6	734.4	134.4

2004

42.0	42.0
3.0	3.0
10.3	10.3
63.3	63.3

CPT, Dept. of Prisons

From: [REDACTED] (Civ)
Sent: Thursday, January 22, 2004 6:39 AM
To: CPA Ministries; CPA Budget Contacts
Cc: [REDACTED]
Subject: Jan / Feb budget process

Attached are the estimated spending numbers for Ministries for January operating budget. This is the spreadsheet that was sent to governorate treasuries, along with the attached letters (in English and Arabic) that allows treasurers to pay those civil servants who were paid in December if the estimates do not include sufficient funds for individual departments. Full details included in the letter.

These are interim measures to ensure that salaries and other operating expenses are paid. The goal now is to finish up and submit to CPA – MOF (and to MOF through your Iraqi counterparts) your spending plans for February. This should include any January budget revisions (FPS, Haz Duty pay, allocation increases) that may not have been applied in the attached table. ***Remember, Ministries are responsible for their own budgets and paying their civil servants' salaries. Ministry of Finance is here to supply guidance and ensure that you stay within your total amounts. For February and beyond, you need to tell us where and when you would like your budget allocations sent, using the format provided.** If you want to spend money on capital projects, there has to be an additional sheet with your capital spending plan.

Notes:

- 1) Includes forty percent increase for the new salary scale, but in the absence of direction on where individual ministries need this distributed, it has been added to the Baghdad allocation.
- 2) Does not include additions for FPS and Hazardous Duty Pay. As you are working through your numbers and locations of guards with my colleague [REDACTED] please be deciding where the funds for these guards must be sent.
- 3) Ministries that rely on support from the Ministry of Finance to pay the salaries of SOE's must ensure they have requested the proper amount from the Ministry of Finance, Budget Department. Questions on how to do this can be forwarded to CPA – MOF or to Ministry of Electricity, which is working through this process.

[REDACTED]

1/22/2004

13 October 2003

2004 BUDGET PRESS STATEMENT – AS PREPARED FOR DELIVERY

I am pleased to announce the release of the Iraqi Budget for 2004.

This budget represents an important step towards the rebuilding of Iraq by Iraqis.

The budget was prepared by a team of Iraqi experts, with a series of budget hearings attended by representatives from the various Iraqi ministries, and chaired by officials of the Ministry of Finance.

The Ministry of Finance fully discussed the proposed budget with each Ministry and, based upon available resources, agreements were made as to the required allocations for operating expenditures and capital projects.

The 2004 budget is characterized by the following:

1. The budget was prepared by Iraqi staff.
2. Budget's expenditures were funded by available Iraqi resources. It does not rely on increased borrowing, printing money, or foreign assistance.
3. Financing the 2004 Budget: The current budget shows a deficit of about 600 million dollars (900 billion dinars) compared to the 2003 budget which showed a deficit of about 3,000 million dollars (4,500 billion dinars). This

deficit will be financed from the return of unspent Oil-for-Food program funds.

4. Undoubtedly the estimated needs to rebuild Iraq would exceed resources available for the 2004 budget. The Governing Council will exert all possible efforts to finance the above mentioned needs through activating the national economy and the private sector.

It will also be financed through the money Iraq is requesting from the United States and through the Donors in Madrid on 23 and 24 October.

The Governing Council's approval of the budget provides the authority for the commitment and expenditure of money by the Iraqi ministries for 2004 and sets the fiscal framework for 2005 and 2006.

Iraq is a country with enormous economic and human potential. By applying sound economic financial and monetary policies, and creating a good investment environment with international donors over the transition, Iraq will restore the economic and financial status which it previously held.

Through ambitious redeveloping programs, the people of Iraq will achieve prosperity, security, and stability.

PRISON DEPARTMENT

MINISTRY OF JUSTICE

2004 BUDGET

General Paragraph

A credible prison service is a vital component in the administration of security and the administration of justice. The funding proposed will sustain the facilities opened in 2003, and establish further facilities around the country that meet with recognized international standards. It will ensure that Iraq will treat all prisoners with decency and fairness.

Capital Projects

A list of desired capital projects is shown below. At present there has not been a full assessment of all the facilities around the country by International Prison Experts. Consequently generic projects have been identified to provide a coverage of pre trial and post trial facilities for both adults and juveniles. In particular the Juvenile facilities under the old regime were concentrated in Baghdad, there is a need to have a much wider spread of facilities around the country.

Location	Adults	Juveniles
Al Amarah, Maysan	X	
Ninewa	X	
Al Kut – Wasit	X	
Al Fullujah Al Anbar	X	
Karkuk – At' Tamim	X	X
Samarra – Salah Ad Din	X	X
Karbala	X	X
Nasiriyah – Dhi Qar	X	
Ad Dinawaniyah - Al Qadisiyah	X	X
Kani Ban Sa'ad	X	
Samawah Al Muthanna		
Najaf – An Najaf		
An Nasiriyah – Dhi Qar		
Salah Ad Din		X
Baghdad		X
Basrah		X

Form No (2)

Estimation of Expenditures According to the Sections

Part	
Department	
Section	

Thousand Dinar

Section	Title	Actual Expenditures for 2002 (A)	Additional Requirements				Expected for 2003		
			First Alternative	Second Alternative	Third Alternative	Fourth Alternative	Total of Additional Requirements B	Suggested from the office A+B	Agreed on
	Number of Employees								
1	Staff Expenditures								
2	Service Requirements								
3	Goods Requirements								
4	Assets Maintenance								
5	Capital Expenditures								
6	Transferred Expenditures								
7	Foreign Obligations								
8									
9	Salaries & Retirements' rewards								
	Total								

Form No (2-B)

Supplemental Page/ Estimation of Expenditures According to the Sections

Part	
Department	
Section	

Thousand Dinar

Section	Title	Additional Requirements			
		Alternative	Alternative	Alternative	Alternative
	Number of Employees				
1	Other Expenditures				
2	Service Requirements				
3	Goods Requirements				
4	Assets Maintenance				
5	Capital Expenditures				
6	Transferred Expenditures				
7	Foreign Obligations				
8					
9	Salaries & Retirements' rewards				
	Total				

Form No (3-B)

Supplemental Page/Estimation of Expenditures According to the Parts

Part	
Department	
Section	

Thousand Dinar

Section	Title	Additional Requirements			
		Alternative	Alternative	Alternative	Alternative
	Number of Employees				
1	Staff Expenditures				
2	Service Requirements				
3	Goods Requirements				
4	Assets Maintenance				
5	Capital Expenditures				
6	Transferred Expenditures				
7	Foreign Obligations				
8					
9	Salaries & Retirements' rewards				
	Total				

Form No (1)

Table of Jobs According to the Post Grading

Class	
Department	
Part	

No.	Items	2003	2004	
		No. of the employees (EXCL SOE)	No. of the employees (EXCL SOE) - proposed	No. of employees agreed
1	Level (1) (Special degrees)			
2	Level (2) (First and Second Degrees)			
3	Level (3) (Third, Fourth, Fifth Degrees)			
4	Level (4) (Sixth, Seventh, Eighth, Ninth, Tenth Degrees)			
	Total Employees			
	Estimated Salary Cost ('000 ID)			

Form No (4-B)

Supplemental Page /Estimation of Expenditures According to the Items

Part	
Department	
Section	

Thousand Dinar

Section	Item	Title	Additional Requirements			
			Alternative	Alternative	Alternative	Alternative
				2004	2005	2006
1		Employees Expenditures				
	1	Employees Salaries				
		Total of First Section				
2		Services requirements				
	1	Travel Expenses & Allowances	10 000 000	20 000 000	20 000 000	20 000 000
	2	Delegation Expenses & Allowances	10 000 000	20 000 000	20 000 000	20 000 000
	3	Transferred Expenses & Allowances		10 000 000	10 000 000	10 000 000
	4	Publication & Information (Media) Expenses	10 000 000	50 000 000	50 000 000	50 000 000
	5	Printing Expenses	4 000 000	90 000 000	90 000 000	90 000 000
	6	Post	10 000 000	10 000 000	10 000 000	10 000 000
	7	Cable & Telephone	50 000 000	75 000 000	75 000 000	75 000 000
	8	Lands & Buildings rents				
		Machines & Machinery Rents &				
	9	Transportation	100 000 000	150 000 000	150 000 000	150 000 000

Section	Item	Title	Additional Requirements			
			Alternative	Alternative	Alternative	Alternative
				2004	2005	2006
	10	Insurance premiums				
	12	Lawyers wages	10 000 000	10 000 000	10 000 000	10 000 000
	13	Accommodation & Delegations	10 000 000	10 000 000	10 000 000	10 000 000
		Conferences and symposiums				
	14	(seminars)				
	15	Celebrations	10 000 000	10 000 000	10 000 000	10 000 000
	16	Civil Defence	10 000 000	15 000 000	15 000 000	15 000 000
	17	Rewards & Medals for others	10 000 000	15 000 000	15 000 000	15 000 000
	19	Subscription of training courses	10 000 000	15 000 000	15 000 000	15 000 000
	21	Sports Activity				
	22	School Activity				
	23	Scanning & Specifying & Correcting kinds of lands and their registrations				
	24	Money Transferring				
	25	witnesses & arrested transferring	10 000 000			
	27	Stamps selling commission				
	28	Students Allowances				
	29	Student leave				
	30	Office Cleaning	100 000 000	150 000 000	150 000 000	150 000 000
	31	Wages for joining the scientific institutions				
	32	assessment of Scientific Research & Translation				
	33	Advisors and Experts wages				
	42	Loading & Off-loading of Goods & materials				
	43	Cleaning & it's requirements	90 000 000	200 000 000	200 000 000	200 000 000
	44	City Planning & Organizing				
	48	Guarding wages		15 000 000	15 000 000	15 000 000
	49	Jewelry Stamping wages				

Form No. (-B)

Supplemental Page / Estimation of Expenditures According to the Departments

Part	
Department	
Section	

Thousand Dinar

[illegible]

Ministry of Justice (Prisons)

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	0	0	0
Expenditure			
Operating Expenditure	40	40	40
Reconstruction	12.2	0	0
Ministry Capital Projects	50	500	500
Budget funded expenditure	102.2	540	540

Unfunded needs

Examples of items which might be included are:
Prison Modernisation

Notes:

Operating expenses reflect increased capacity - including food (query whether provided by MoT).

Reconstruction reflects continuation of plans outlined in 2003 Budget.

Ministry of Justice (excluding prisons)

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	25	30	35
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	25	30	35
<i>Expenditure</i>			
Operating Expenditure	12	12	12
Reconstruction	25	0	0
Ministry Capital Projects	5	10	10
Budget funded expenditure	42	22	22

Unfunded needs

Examples of items which might be included are:

Institution Building

Notes:

All Ministries

<i>Budget Funded</i>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Revenue</i>			
Transfers from SOEs	390	215	155
Taxes/Fees for Services	915	128	151
Oil Revenue	12069	19170	19440
Taxes/Customs Duty	360	440	480
Total Revenue	13734	19953	20226
<i>Expenditure</i>			
Operating Expenditure	5821	6166	5811
Reconstruction	249	510	510
Ministry Capital Projects	8557	13268	13896
Budget funded expenditure	14627	19944	20218
Budget Balance	-893	9	8

Ministry of Agriculture

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Budget Funded</i>			
Revenue			
Transfers from SOEs	70	40	20
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
<i>Total Revenue</i>	70	40	20
Expenditure			
Operating Expenditure	112	87	62
Reconstruction	10	0	0
Ministry Capital Projects	5	50	50
<i>Budget funded expenditure</i>	127	137	112

Unfunded needs

Examples of items which might be included are:

Agriculture (desalination etc)

Other Projects

Notes:

Operating expenses include \$5m per annum for animal vaccinations - reflecting public good/positive externalities.

Assume OFF contracts continue to provide 'profits' to Agricultural SOEs.

Assume agricultural subsidies of \$100m/\$75m/\$50m in 2004/2005/2006.

Baghdad Mayoralty

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	15	25	30
Total Revenue	15	25	30
<i>Expenditure</i>			
Operating Expenditure	20	20	20
Reconstruction	4	0	0
Ministry Capital Projects	40	85	125
Budget funded expenditure	64	105	145

Unfunded needs

Examples of items which might be included are:

Other Projects

Notes:

Revenues rise over time to cover operating expenses including salaries.

Board of Supreme Audit

\$m

	2004	2005	2006
Budget Funded			
Revenue			
Transfers from SOEs	0	0	0
Taxes/Fees for Services			
Total Revenue	0	0	0
Expenditure			
Operating Expenditure	0.5	0.5	0.5
Reconstruction	0	0	0
Ministry Capital Projects	0	0	0
Budget funded expenditure	0.5	0.5	0.5

Unfunded needs

Examples of items which might be included are:
Institution Building

Notes:

Central Organisation for Standards

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs	0	0	0
Taxes/Fees for Services			
Total Revenue	0	0	0
<i>Expenditure</i>			
Operating Expenditure	0.2	0.2	0.2
Reconstruction	0	0	0
Ministry Capital Projects	0	0	0
Budget funded expenditure	0.2	0.2	0.2

Unfunded needs

Examples of items which might be included are:

Institution Building

Notes:

Assume that it is largely self-financed, including in relation to salaries and the degree to which the function is a public good.

Ministry of Culture

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs	50	50	50
Taxes/Fees for Services	0.5	1	1.5
Total Revenue	50.5	51	51.5
Expenditure			
Operating Expenditure	2.4	2.4	2.5
Reconstruction	0	0	0
Ministry Capital Projects	10	15	15
Budget funded expenditure	12.4	17.4	17.5

Unfunded needs

Examples of items which might be included are:

Cultural Site Restorations

Notes:

Assume substantial returns from SOEs, particularly hospitality sector.

Require entry fees to be recognised in consolidated revenue.

Ministry of Security Affairs

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Total Revenue	0	0	0
<i>Expenditure</i>			
Operating Expenditure	44	280	280
Reconstruction	0	0	0
Ministry Capital Projects	0	300	300
Budget funded expenditure	44	580	580

Unfunded needs

Examples of items which might be included are:

New Iraqi Army

Notes:

Ministry of Education

\$m

	2004	2005	2006
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
 Total Revenue	 0	 0	 0
 <i>Expenditure</i>			
Operating Expenditure	20	20	20
 Reconstruction	 0	 0	 0
Ministry Capital Projects	0	20	20
Budget funded expenditure	20	40	40

Unfunded needs

Examples of items which might be included are:

Education - classrooms

Education - equipment

Notes:

Capital expenditure on education is not considered an immediate priority for Iraq.

2004 teachers salaries are \$77.8 million.

Electricity Commission

\$m

	2004	2005	2006
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Total Revenue	0	0	0
<i>Expenditure</i>			
Operating Expenditure	30.5	20.5	10.5
Reconstruction	0	500	500
Ministry Capital Projects	0	2520	2520
Budget funded expenditure	30.5	3040.5	3030.5

Unfunded needs

Examples of items which might be included are:

Electricity: 24/7 power to consumers

Missed five year maintenance

Other electricity Investment

Notes:

Supplemental covers maintenance and investment from budget for 2004.

Assume SOE subsidies of \$30m/\$20m/\$10m in 2004/2005/2006 - reflecting rising electricity charges (40/50/60).

Ministry of Foreign Affairs

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Budget Funded</i>			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services	0.2	0.2	0.2
Oil Revenue			
Taxes/Customs Duty			
<i>Total Revenue</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>
Expenditure			
Operating Expenditure	20	20	20
Reconstruction	6	0	0
Ministry Capital Projects	0	0	0
<i>Budget funded expenditure</i>	<i>26</i>	<i>20</i>	<i>20</i>

Unfunded needs

Examples of items which might be included are:
Institution building

Notes:

Revenue includes a minor amount for visa and other consular fees.

2003 included 'one-off' expenses of embassy closures.

Reconstruction spending was under asset maintenance in 2003 and has been shifted to capital spending in 2004.

Ministry of Finance

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue	12069	19170	19440
Taxes/Customs Duty	60	110	110
Total Revenue	12129	19280	19550
Expenditure			
Operating Expenditure	1246.5	1625.5	1635.9
Reconstruction	3	0	0
Ministry Capital Projects	30	65	0
Budget funded expenditure	1279.5	1690.5	1635.9

2

Unfunded needs

Examples of items which might be included are:

Notes:

Assumed \$50 million/100million/100 million in personal/corporate income taxes in 2004, 2005, 2006.

Operating expenditure includes: \$25 million/year interest on domestic debt; \$200 million/year in 2005 & 2006 servicing foreign debt;

5 % oil revenues paid for Kuwaiti war reparations; ; pension & military demobilisation payments (paid at the same rate);

\$200/100/50 million/year in SOE loan subsidies; \$8 million/year for other operating expenses.

Ministry capital projects is the Trade Bank.\$50 million/year fees to financial institutions for making payments;

Ministry of Health

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Budget Funded</i>			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	10	10	10
Oil Revenue			
Taxes/Customs Duty			
<i>Total Revenue</i>	10	10	10
<i>Expenditure</i>			
Operating Expenditure	450	450	450
Reconstruction	0	0	0
Ministry Capital Projects	50	100	100
<i>Budget funded expenditure</i>	500	550	550

Unfunded needs

Examples of items which might be included are:

Notes:

Health operating expenditure driven by higher quality medical supplies.

Ministry of Higher Education

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services	5	10	10
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	5	10	10
Expenditure			
Operating Expenditure	45	45	45
Reconstruction	2	0	0
Ministry Capital Projects	1	5	5
Budget funded expenditure	48	50	50

Unfunded needs

Examples of items which might be included are:
University reconstruction (including billeting)

Notes:

Operating expenses driven by many contracted teachers.

Traditional course fees resumed (mainly for night school).

Need to pursue "twinning"/partnership relationships with universities in other countries.

Ministry of Housing and Construction

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs	5	5	5
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	5	5	5
<i>Expenditure</i>			
Operating Expenditure	11	11	11
Reconstruction	5	0	0
Ministry Capital Projects	124	128	134
Budget funded expenditure	140	139	145

Unfunded needs

Examples of items which might be included are:

Housing

Roads and Bridges

Notes:

Assume all roads and bridges expenditures under Housing and Construction.

Ministry of Industry and Minerals

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs	50	50	50 will tell them to seek support through loans
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	50	50	50
<i>Expenditure</i>			
Operating Expenditure	24	19	14
Reconstruction	0.5	0	0
Ministry Capital Projects	1	1	1
Budget funded expenditure	25.5	20	15

Unfunded needs

Examples of items which might be included are:

Notes:

Assume direct support for SOEs of \$20 million/\$15 million/\$10 million; other operating \$4million/year.

Ministry of Interior (includes Border Protection)

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	17.5	20	22.5
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	17.5	20	22.5
<i>Expenditure</i>			
Operating Expenditure	250	550	300
Reconstruction	10	0	0
Ministry Capital Projects	50	100	100
Budget funded expenditure	310	650	400

Unfunded needs

Examples of items which might be included are:

International police force

Cross-border enforcement

Fire and Emergency Communications

Notes:

Ministry capital budgets includes equipment purchases for border security.

Operating expenditure assumes international police force phases out in mid 2005.

Fees relate to passport issue and vehicle registration.

Ministry of Water Resources (formerly Irrigation)

\$m

	2004	2005	2006
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	5	7.5	10
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	5	7.5	10
<i>Expenditure</i>			
Operating Expenditure	6	6	6
Reconstruction	10	10	10
Ministry Capital Projects	100	200	200
Budget funded expenditure	116	216	216

Unfunded needs

Examples of items which might be included are:

Irrigations (Marsh reclamation and water to farms)

Dam & Infrastructure Rebuilding

Notes:

Operating expenses increased to reflect higher maintenance.

Reconstruction refers to catch up maintenance on existing pumps; maintaining structural integrity of dams.

Ministry of Labour and Social Affairs

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services	2	4	6
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	2	4	6
Expenditure			
Operating Expenditure	216.5	418.5	418.5
Reconstruction	2.5	0	0
Ministry Capital Projects	1	5	5
Budget funded expenditure	220	423.5	423.5

Unfunded needs

Examples of items which *might* be included are:

Retraining & reskilling programs

Notes:

Fees are rent on buildings held by the social security fund for private pensioners.

Operating expenses include 40/40/40 computer training; 140/year redundancy training; 36.5/year unemployment spending.

Ministry of Oil

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs	10	10	10
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	10	10	10
<i>Expenditure</i>			
Operating Expenditure	2	2	2
Reconstruction	0	0	0
Ministry Capital Projects	860	550	1000
Budget funded expenditure	862	552	1002

Unfunded needs

Examples of items which might be included are:

Oil production to pre-war level

Notes:

Capital projects includes \$60 million for oil guards.

50 dinar a barrel export fee not included

excise on benzine not included.

Ministry of Planning

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services	0.1	0.2	0.3
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	0.7	0.2	0.3
<i>Expenditure</i>			
Operating Expenditure	10	10	10
Reconstruction	2	0	0
Ministry Capital Projects	0	0	0
Budget funded expenditure	72	70	70

Unfunded needs

Examples of items which might be included are:

unexploded ordinance removal

de-mining

Census

Notes:

Operating expenses includes \$1 million for the production of economic statistics.

Ministry of Public Works

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	0	0	0
Expenditure			
Operating Expenditure	27	22	17
Reconstruction	10	0	0
Ministry Capital Projects	160	320	480
Budget funded expenditure	197	342	497

Unfunded needs

Examples of items which might *be* included are:

Potable Water

Water and Sewerage

Environment

Notes:

Assuming total cost is \$20 billion; normal 4% upkeep; can only afford 1% in budget in 2004; 2% in 2005; 3% in 2006.

Revenues (15/20/25) netted against operating expenses

8/5/2003 2:30 PM

- - - - -

Ministry of Endowments and Religious Affairs

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Budget Funded</i>			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
<i>Total Revenue</i>	0	0	0
<i>Expenditure</i>			
Operating Expenditure	1.5	1.5	1.5
Reconstruction	3.2	0	0
Ministry Capital Projects	0	0	0
<i>Budget funded expenditure</i>	4.7	1.5	1.5

Unfunded needs

Examples of items which might be included are:

Complete Baghdad Mosque Projects

Notes:

Science and Technology Commission

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Budget Funded</i>			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
<i>Total Revenue</i>	0	0	0
<i>Expenditure</i>			
Operating Expenditure	3.6	3.6	3.6
Reconstruction		0	0
Ministry Capital Projects	3.2	3.2	3.2
<i>Budget funded expenditure</i>	6.8	6.8	6.8

Unfunded needs

Examples of items which might be included are:

Institution Building

Laboratory Buildings & Equipment

Notes:

Ministry of Trade

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs	200	50	5
Taxes/Fees for Services	20		
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	220	50	5
Expenditure			
Operating Expenditure	602	2	2
Reconstruction	1	0	0
Ministry Capital Projects	20	0	0
Budget funded expenditure	623	2	2

Unfunded needs

Examples of items which might be included are:

Notes:

\$600 million to purchase items for the food basket.

Ministry of Transport and Communications

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs	5	10	15
Taxes/Fees for Services	15	20	25
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	20	30	40
<i>Expenditure</i>			
Operating expenditure	16	4	4
Reconstruction	10	0	0
Ministry Capital Projects	56	292	296
Budget funded expenditure	82	296	300

Unfunded needs

Examples of items which might be included are:

Communications (completion of information systems)

Notes:

Operating expenses in 2004 includes \$9 million for first half of year Airport safety contract and \$3 million for SOE support.

Ministry of Youth and Sport

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	0	0	0
<i>Expenditure</i>			
Operating Expenditure	5.2	5.2	5.2
Reconstruction	2.8	0	0
Ministry Capital Projects	0	50	50
Budget funded expenditure	8	55.2	55.2

Unfunded needs

Examples of items which might be included are:

Elite athlete support

Notes:

Unallocated

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services	800		
Oil Revenue			
Taxes/Customs Duty			
Total Revenue	800	0	0
Expenditure			
Operating Expenditure	2153	2028	1938
Reconstruction	0	0	0
Ministry Capital Projects/Amba	6670.715	7478.645	7492.275
sub-total Budget funded expend	8823.715	9506.645	9430.275
Supplemental Items			
sub-total Supplemental expend	0	0	0
Items for Donor's conference			
sub-total donor's conference expend	0	0	0
Total Needs	8823.715	9506.645	9430.275

Notes:

\$800 million in OFF recovery included as taxes on fees/services.

Operating expenditure line is salaries (including Northern territories).

Social safety net for food is in ministerial capital expenditure.

Ambassador's reserve of 5 per cent of revenue is in Ministry Capital Projects.

Support for governing council estimated at \$20 million/year

Erbil Region

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
Revenue			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty	200	220	250
Total Revenue	200	220	250
 Expenditure			
Operating Expenditure	230	230	230
 Reconstruction	70	0	0
Ministry Capital Projects	160	250	270
Budget funded expenditure	460	480	500

Unfunded needs

Examples of items which might be included are:

Notes:

These figures do not include salaries, pensions and the social safety net, as these amounts have yet to be disaggregated.

Notes:

Sulemaniyah Region

\$m

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Budget Funded			
<i>Revenue</i>			
Transfers from SOEs			
Taxes/Fees for Services			
Oil Revenue			
Taxes/Customs Duty	100	110	120
Total Revenue	100	110	120
<i>Expenditure</i>			
Operating Expenditure	220	230	250
Reconstruction	60	0	0
Ministry Capital Projects	160	220	220
Budget funded expenditure	440	450	470

Unfunded needs

Examples of items which might be included are:

Notes:

These figures do not include salaries, pensions and the social safety net, as these amounts have yet to be disaggregated.

Notes:



COALITION PROVISIONAL AUTHORITY
Ministry of Justice, Iraqi Correctional Services
BAGHDAD, IRAQ
APO AE 09302

20 February 2004

To: Ministry of Finance, Director General

From: Ministry of Justice, Prisons Department

Subject: Authorization for Release of 2004 Ministry Projects Capital. Section 8

Prisons (ICS) respectfully requests release of the ministry projects capital for 2004, section 8. The value is 81 billion dinar (equivalent to U.S. \$54,000,000).

The funds were agreed upon at the budget hearings in September of 2003. [REDACTED] senior advisor to the Ministry of Finance, the Minister of Finance, [REDACTED] budget advisor for Ministry of Justice, the Minister of Justice, Sarkies Seebo Sarkies, chief accountant for ICS, and CPT [REDACTED] military advisor to ICS among other representatives were present for the hearings and the agreement. A copy of the memorandum from [REDACTED] budget advisor to the Ministry of Justice is attached as a reference as well as a copy of the worksheet provided by Ministry of Finance.

The capital agreed upon is less than what the advisory team recommended for the reconstruction and construction efforts required to bring the ICS to minimally acceptable standards outlined by the United Nations and the team of prison experts.

The funds provided by the United States Supplemental budget were intended to meet the shortfalls created by the lack of revenues in the Iraqi economy. The shortfalls are indicative of the needs at the time and based upon Iraqi materials, labor, design expenses, and other day to day operational expenses. However, the Supplemental funds will be spent, in large part, utilizing imported materials and designs that cannot be obtained in Iraq, therefore the increased cost will cause a shortfall in the material output of the monies. Given these facts and given that the Supplemental budget was intended to augment Iraqi budget funds as planned last year, a failure to release any of those monies will create a critical situation in the development and rehabilitation of the Iraqi Correctional Service.

A schedule of anticipated capital obligations is enclosed. Further obligations will be required as the ICS exercises its authority under CPA Order #10 and the Memorandum of Agreement with Ministry of Interior. Ministry of Interior did not budget for the necessary expenses of feeding prisoners, housing prisoners, or treating prisoners using minimally acceptable standards. All the detention facilities in Iraq are woefully overcrowded. As ICS assesses centers owned by Interior and accepts responsibility for these facilities, funds must be immediately available in order to rehabilitate the structures so that overcrowding is reduced and security in Iraq is assured.

We further asked that the Planning Office ensure that procedures are sufficiently streamlined so that projects will be started quickly and that contractors may be paid in a timely fashion.

We thank you for your time and consideration in this matter.

Point of contact for the MOJ, ICS is [REDACTED] or CPT [REDACTED]

//ORIGINAL SIGNED//

[REDACTED]
Senior Advisor
MoJ, Prisons Department

cc:
MoJ, CPA Senior Advisor
MoJ, Account Department
ICS File

Republic of Iraq

2004 Budget

Minister of Finance
Minister of Planning

October 2003

(a) The following definitions are used in this Budget Paper:

- Budget year refers to 2004, while the forward years refer to 2005 and 2006, and the Budget period is 2004-6; and
- one billion is equal to one thousand million.

(b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:

- estimates are in New Iraqi Dinar (NID);
- estimates are generally rounded to the nearest 100 million New Iraqi Dinar; and
- estimates midway between rounding points are rounded up.

(c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.

(d) The following notations are used:

NID	New Iraqi Dinar
-	Nil
na	not available
bn	billion
\$m	\$ million

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Budget Overview

This Budget provides authority for the commitment and expenditure of money by the Interim Government of Iraq for 2004 and sets the fiscal framework for 2005 and 2006.

As a consequence of over two decades of neglect by the former regime, Iraq has immediate reconstruction and redevelopment needs well in excess of available revenues.

The Budget meets, to the extent possible with available revenues, the recurrent costs of the Iraqi government, some of the most pressing capital projects and around NID 940 billion (\$US 625 million) in urgent nation building programs.

Iraq will run a deficit in 2004 of NID 886.3 billion (\$US 590.9 million), financed by refunds of unspent Oil-for-Food funds. In 2005 and 2006, the budget is in balance (see Table 1).

Table 1: Budget Aggregates for 2003 to 2006

	2003(a) bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Revenues				
Oil	4,096.5	18,000.0	27,750.0	28,950.0
Customs Duty		450.0	525.0	
Income Tax		45.0	120.0	240.0
Returns from State Owned Entities	337.5	562.5	142.5	150.0
User pays fees and charges	85.5	96.3	132.5	185.1
Other taxes and income	76.5	105.0	105.0	120.0
Total Revenues	4,596.0	19,258.8	28,775.0	29,645.1
Expenditures				
Operating Expenditure	7,362.3	19,026.7	21,119.2	21,463.8
Capital Projects	1,869.9	1,118.4	7,636.5	8,154.0
Total Expenditures	9,232.2	20,145.1	28,755.7	29,617.8
Budget Balance (Deficit)	4,636.2-	886.3-	19.3	27.3

(a) The 2003 Budget only covers July to December 2003.

In 2005 and 2006, revenue growth will permit Iraq to commit increased expenditures to much needed investment projects. These investment projects will grow to around NID 8 trillion (\$US 5.3 billion) in 2005 and 2006.

The Budget process identified very substantial reconstruction and redevelopment needs, nearly all of which are not able to be funded in the 2004 Budget. The Iraqi Governing Council, in conjunction with the Coalition Provisional Authority, is seeking the support of the international donor and investment community to meet these unmet needs.

Budget Financing

Consistent with responsible fiscal policy this Budget does not rely on increased borrowing or printing money. Rather, the Budget deficit of NID 886.3 billion (\$US 590.9 million) for 2004 will be financed from the return of unspent Oil-for-Food program funds.

Table 2 outlines the financing of Iraq's budgets for the coming years.

Table 2: Budget Financing for 2003 to 2006

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Opening Financial Capital				
Development Fund for Iraq	1,500.0	1,513.8	177.4	166.7
Vested Assets	1,350.0			
Seized Assets	825.0			
Total Opening Financial Capital	3,675.0	1,513.8	177.4	166.7
Plus: Capital Inflow				
Oil-for-Food Program Refunds	2,025.0	900.0	420.0	-
Transfer of Iraqi assets from abroad	450.0			-
Less: Capital Outflow				
Transfer to Central Bank Reserves	-	1,350.0	450.0	-
plus/less: Budget Surplus/deficit	4,636.2-	886.3-	19.3	27.3
Closing Financial Capital				
Development Fund for Iraq	1,513.8	177.4	166.7	194.0
Vested Assets				
Seized Assets				
Total Closing Financial Capital	1,513.8	177.4	166.7	194.0
Memorandum Item				
Cumulative Central Bank Reserves	450.0	1,800.0	2,250.0	2,250.0

The **Development Fund for Iraq (DFI)** was established by the United Nations Security Council Resolution 1483 to be administered by the CPA, in consultation with the interim Iraqi authority. Contributions to the DFI have included a \$US1 billion (NID 1.5trillion) transfer from Iraq's Oil-for-Food program account, proceeds from oil export sales, and funds in other countries that belonged to the previous regime. These funds may only be used for humanitarian assistance, economic reconstruction, Iraqi civil administration and other purposes benefiting the Iraqi people.

Vested assets consisted of approximately \$1.7 billion (NID 2.55 trillion) in Iraqi funds that previously belonged to the former regime in Iraq were frozen in US bank accounts and vested by the President of the United States in a special account of the United States

Department of Treasury. These funds will be fully disbursed in paying salaries and pensions to Iraqi civil service workers and to fund other Iraq relief and reconstruction projects in 2003.

Seized Assets These funds consist of state owned or regime owned cash that was captured and safeguarded by Coalition Forces in Iraq. The authority for use of these funds was delegated to the CPA Administrator to use only to assist the Iraqi people and to support reconstruction of Iraq. All of these funds will be disbursed in 2003.

In addition to these funds, US Government appropriated funds are also being used to assist in the reconstruction of Iraq.

Relative to the 2003 Budget that was published in July, the 2004 Budget has reclassified US Government appropriated funds to being 'off budget' sources of finance. These appropriated funds however are noted below.

Iraq Relief and Reconstruction Fund (IRRF):	\$US 2.475 billion (NID 3.71 trillion)
Natural Resources Risk Remediation Fund (NRRRF):	\$US 0.502 billion (NID 753 billion)
Army Operations and Maintenance Funds for the New Iraqi Army transferred from the Iraq Freedom Fund:	\$US 0.101 billion (NID 151.5 billion)

These funds will be fully committed against 2003 requirements.

Economic and Fiscal Policy Overview

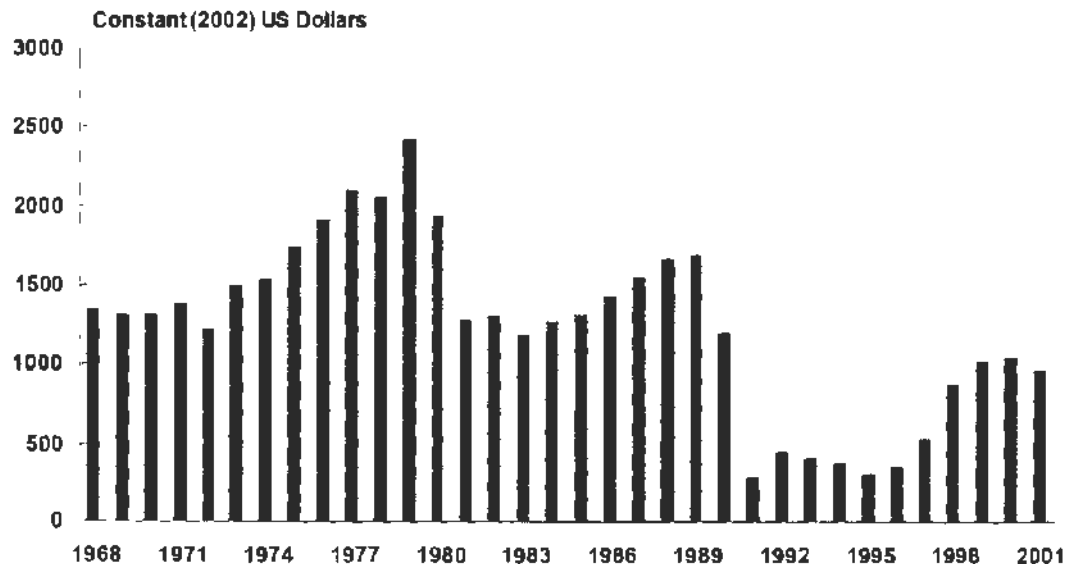
This section provides an overview of the fiscal and economic policy issues and challenges confronting Iraq. It starts with an analysis of Iraq's economy over the past three decades. An assessment of the current state of Iraq's economy and the challenges confronting it follows. This is followed by an outline of the fiscal and economic policy framework proposed to re-develop Iraq's economy to improve the living standards of the population, drawing on the lessons from other transition economies.

The decline of Iraq's economy

It is very difficult to get reliable economic and fiscal data for Iraq over the past two decades. Since 1979 the Iraqi national Budget was prepared in secret, and very closely held by the highest levels of the regime. Similarly, releasing core economic information about Iraq (Gross Domestic Product, unemployment and inflation rates) to the wrong hands carried the death penalty.

Nevertheless, the devastating economic effect of the previous regime's policies is undeniable. Saddam Hussein and his Ba'ath party presided over a very significant fall in living standards in Iraq, both in absolute and relative terms.

Chart 1 Iraqi per capita GDP: 1968-2001 (\$US 2002)



Source: Ministry of Planning, CPA estimates.

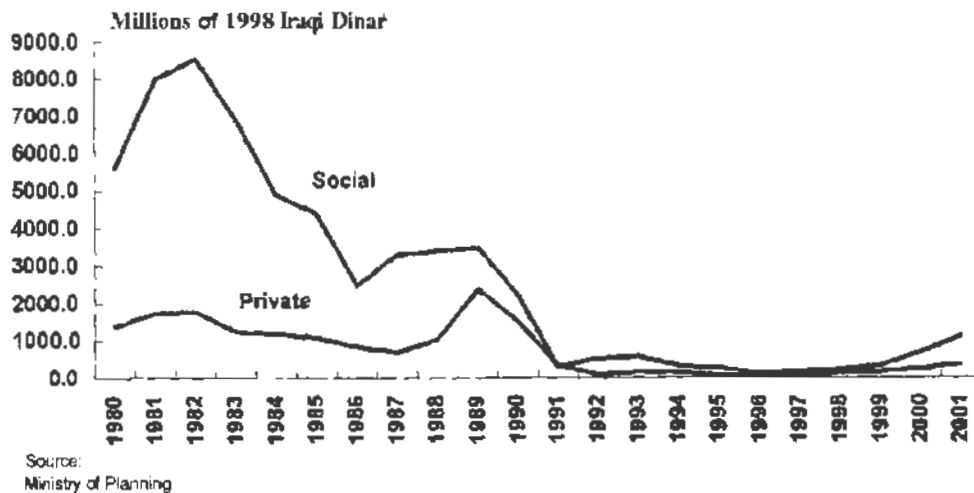
Thirty years ago, Iraq was an economic leader in the Arab world. Iraq had a strong workforce, modern infrastructure, and an effective public administration.

Today, while incomes of the rest of the world have gone forwards, per capita income in Iraq is a fraction of what it was 20 years ago (Chart 1).

The scale of this economic tragedy is difficult to overstate. The result is that Iraq today is an impoverished country, having once been a middle income country.

This decline in income co-incided with a collapse in infrastructure investment (Chart 2). This long term neglect of Iraq's vital infrastructure has left a legacy of a decrepit and fragile public infrastructure, and a capital stock a fraction of what it was two decades ago.

Chart 2: Gross Capital Formation in Iraq: 1980-2001



The economic legacy of Saddam Hussein

The source of Iraq's current problems stems from decades of economic mismanagement and corruption at the hands of Saddam Hussein and Iraq's Ba'ath party.

War, Opulence and Isolation

To some extent, this mismanagement is well known and broadly accepted. For example, the former regime:

- Started wars of aggression that cost untold Iraqi lives and tens of billions of dollars;

- Squandered Iraq's oil wealth on an opulent lifestyle for favoured officials of the previous regime, while ordinary Iraqis suffered a sustained decline in living standards; and
- Chose to isolate Iraq from the international community rather than dismantle its capacity for further military aggression against its neighbours and demonstrate that it had done so.

Some of the consequences of these policies are obvious.

The previous regime's wars and opulence diverted scarce resources away from social infrastructure and economic development. Its self-imposed isolation from the international business community has seen two decades of technological development pass it by, making state-owned enterprises increasingly inefficient. This is particularly evident in the crippled state of the banking and payments system.

Other consequences are less obvious.

The population policy of the previous regime was based on actively encouraging rapid growth in population to provide additional soldiers for its wars. However investment in education and housing declined, rather than increase in line with demand – in part reflecting the increased number of people seeking their share of Iraq's oil wealth.

In the first part of the 1990s, the previous regime's response to the international isolation it chose was to finance its spending by printing additional currency. The inevitable resultant hyperinflation created massive distortions throughout the economy, including the destruction of the real value of households saving deposits in the banks.

In the second part of the 1990s, the previous regime systematically and corruptly manipulated the humanitarian Oil-for-Food program instituted by Security Council resolution 986 and monitored by the United Nations.

The previous regime required that 10 per cent of the face value of contracts they submitted under the Oil-for-Food program be paid directly to the regime. These bribes were a key part in financing the palaces of the previous regime and maintaining and developing its military capability. In return, companies received inflated prices more than covering this additional cost.

In addition, a significant proportion of the goods imported under the Oil-for-Food program were on-sold by the State-owned enterprises at very significant discounts (over 50 per cent) in either local markets or smuggled out of the country to be sold in regional markets. The proceeds – much less than the oil exports used to purchase the goods – were then shared by the employees of the State-owned enterprises as 'profit' bonuses and the Iraqi budget (which in turn mainly funded the presidency and the military).

The result of this manipulation and corruption was that the humanitarian object of the Oil-for-Food program was undermined to a very significant degree. The extent of corruption under this program warrants further investigation.

State-Run Economy

Perhaps less obvious was the damage that the previous regime inflicted on Iraq through centralised command style economic policies.

The previous regime nationalised by force many industries from the 1970s. The consequence was a sustained reduction in the private sector's share of an already declining economy, as the private sector lost its incentive to save, invest and innovate.

The model of the State, rather than capital and product markets, determining the allocation of scarce financial capital has proven a failure across the world, as demonstrated by the collapse of the former Soviet Union. The experience of Iraq over the past two decades is yet another example, albeit among the most extreme, to add to this list.

Leaving aside the manner in which they were acquired, the enterprises run by the State have, almost without exception, been destroyers not creators of value, surviving only with subsidies from oil production.

Iraq's Economic Challenge

Iraq is a country with enormous economic potential. With sound policies, significant investments and assistance from international donors over the next several years, Iraq has the human and natural resources to return to the position of economic leadership it once held.

Fiscal and Economic Policy Approach

Iraq has significant reserves of natural resources. However ultimately, Iraq's economic future will depend on the adoption of sound fiscal and economic policies.

The objective of Iraq's fiscal and economic policy is to raise the living standards of all Iraqis as rapidly as possible through sustained economic growth.

Responsible fiscal policy is a key component of Iraq's economic strategy. The 2004 Budget was prepared on the basis that Iraq needs to demonstrate that it can operate with the resources available to it. The 2004 Budget does not rely on increased borrowing or printing money.

More generally, there are five core principles guiding Iraq's economic policy agenda:

1. Economic openness
2. Private sector development
3. International integration
4. Public sector transparency
5. A safety net for the poor.

Economic Openness

Economic openness is essential for markets to function properly, for business and job creation to occur, for ideas and entrepreneurship to flourish, and for Iraq to realise its full potential. The public sector has an important, but limited, role to play in everyday economic life.

Private Sector Development

The private sector, especially small and medium-sized companies that are often the most flexible and growth-oriented sector, will be strongly encouraged.

International Integration

Iraq is eager to full rejoin the community of nations – practically and economically. Iraq will seek new and open trade relationships, financial links and other ties to the outside world to facilitate economic growth.

Public Sector Transparency

Iraq's institutions will be open to public scrutiny. Iraq's institutions will operate be clearly defined rules and will be held strictly accountable for their performance. This will help to reduce room for corruption and strengthen the confidence of investors and the Iraqi people alike.

A Safety Net for the Poor

Iraq must also help those suffering hardship now during this difficult economic transition. All Iraqis must share in Iraq's economic wealth. This will be done in a way that leaves people free to make their own choices but will also build a strong foundation for a market economy.

Lessons From Transition Economies

From the experience of other countries, we know that economic transitions are not easy and take time. The three decades of economic destruction wrought by the previous regime will not be undone overnight.

The history and stark facts of the twenty-odd transition economies during the last twenty years is that all of them suffered severe depressions and none of them started to grow in less than two years from the date they made the decision to change.

Iraq is in a much more difficult situation than other transitional economies since, unlike the transitional economies in the former Soviet Union, there is a significant security problem and a grossly inadequate infrastructure.

Given the years of neglect and war, the economy can't get into full gear unless the security problem is solved and the basic infrastructure which will facilitate economic development is repaired – electricity, water, sewage, transportation, communications and health.

The 2004 Iraqi Budget is the bare minimum necessary to keep Iraq going. It is nowhere near enough to kick-start the economy and create an enabling environment for future growth and prosperity.

Iraq will need international assistance to help it through this transition period, and enable it to take large strides back on the path to economic prosperity.

If started now, the security situation could be improved significantly within a year, the communications and electrical situation well on its way to being workable and the water, sewage, health and transportation problems demonstrably on their way to success, completely changing the environment for investment.

These projects will of course significantly improve the employment situation and provide positive feedback on the security side.

Without this crucial investment there is little chance that the depressed private sector will recover in the short to medium term.

Iraq's Budget Process and Framework

Budget Process

The 2004 Budget process began in July 2004. Officials from the Ministries of Finance and Planning, in conjunction with the Coalition Provisional Authority (CPA), prepared and circulated guidance to Ministries, including “top line” provisional budget figures against which they needed to bid.

It included guidance on key assumptions to be used in the preparation of submissions, including a single exchange rate – 1500NID to the US dollar.

In keeping with the principle of public sector transparency, this guidance was published on the internet at the same time it was provided to Ministries.

Ministries’ budget submissions were received by the end of August. The Ministries of Finance and Planning conducted joint hearings in the first week of September in which each ‘Ministry had the opportunity to explain and expound on the expenditure priorities they identified. These hearings were chaired by the Ministry of Finance and conducted in Arabic, with technical assistance provided by CPA officials.

The outcome of these hearings was then consolidated, and presented to the Governing Council and the CPA Administrator for approval.

Budget Coverage

Geographically, Iraq’s budget was previously only for the Center and South of the country. This Budget covers all 18 governorates of Iraq, including the northern regions of Dohuk, Erbil and Suleymaniah. In the 2004 Budget, the northern regions of Iraq are treated as regional governments, with revenues flowing into the central Treasury consolidated revenue account and expenditures centrally funded by tied grants.

Budget Framework

Iraq’s budget framework is characterized by a dichotomy between public entities that are ‘on-budget’ (all Ministries and their agencies that perform a public function) and ‘off-budget’ entities (also known as ‘self-financing’ entities).

All revenues of ‘on-budget’ entities are required to be put into consolidated revenue, controlled by the Ministry of Finance. Expenses of ‘on-budget’ entities are made against Budget appropriation lines.

Support for 'off-budget' entities is regarded as a transferred expenditure. Revenues of 'off-budget' entities are not required to be paid directly into consolidated revenue. Profits of State-owned enterprises are generally required to be transferred to the Ministry of Finance.

To avoid confusion, residual receipt of goods under the Oil-for-Food program are not recognised in the 2004 Budget.

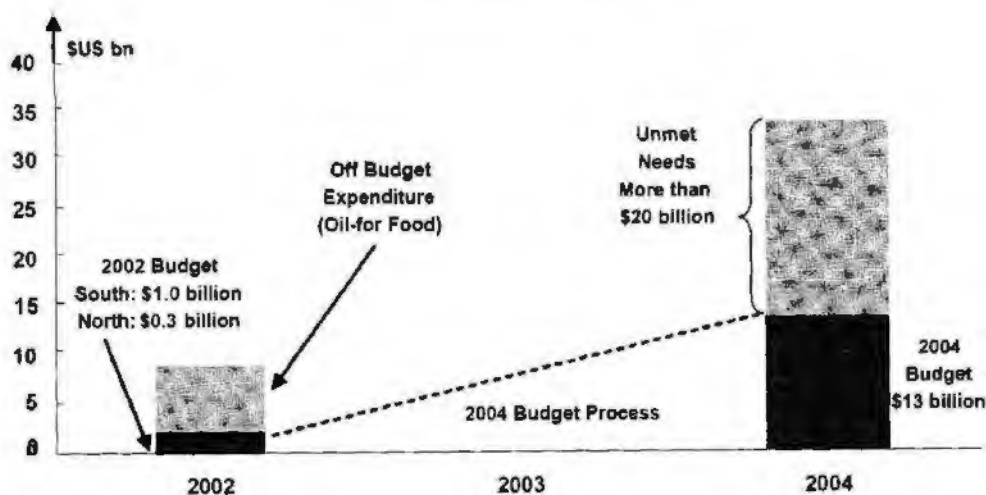
The Budget Challenge

A key challenge in preparing the 2004 Budget was the lack of a clear base on where funds were spent by the previous regime.

Of the appropriations 'on-budget', a variety of exchange rates were used, as a means of providing subsidies, and little detail exists on how or where military or Presidency appropriations were spent.

Further, the vast bulk of public expenditure under the previous regime was 'off-budget', reflecting goods received under the Oil-for-Food program. The manipulation of this program by the former regime presented a significant challenge in preparing the 2004 Budget.

Chart 3: Iraq's budget challenge



Risks Surrounding the Estimates

The estimates of revenue and expenditure in this Budget incorporate best information available at the time of publication. A range of factors may influence the actual budget outcome in future years.

The disclosure of these factors in this statement increases the transparency of the fiscal projections and ensures they remain 'on-balance' estimates.

Events that could affect fiscal outcomes include changes in economic and other parameters and matters not included in the fiscal forecasts because of uncertainty about their timing, magnitude and/or likelihood.

In particular, there are upside and downside risks to the oil price and export volume forecasts. Similarly, there is a possibility that tax revenues will be higher or lower than expected.

Should anticipated revenues be lower than expected, either expenditures would need to be reduced, or other revenue sources identified.

Revenues

An important element of the Budget fiscal strategy is the resumption of existing, and the creation of new, revenue sources. This is balanced against the impact on the development of the private sector. While the oil sector will provide the substantial majority of revenues in the near term, in 2004 Iraq will begin to diversify its revenue sources.

Total revenue for 2004 is forecast at NID 19.3 trillion (\$US 12.8 billion), increasing to NID 28.8 trillion (\$US 19.2 billion) in 2005 and nearly NID 30 trillion (\$US 19.8 billion) in 2006 as oil production increases (see Table 3).

Table 3: Revenues

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Oil Revenue	4,096.5	18,000.0	27,750.0	28,950.0
Reconstruction Levy		450.0	525.0	
Personal Income Tax	-	15.0	45.0	90.0
Corporate Income Tax		30.0	75.0	150.0
Interest Income	76.5	15.0		
Transfers from SOEs	337.5	562.5	142.5	150.0
User Pay Charges	85.5	96.3	132.5	185.1
Other Taxes and Charges		90.0	105.0	120.0
Total	4,596.0	19,268.8	28,775.0	29,645.1

Oil Revenue

The Budget assumes that the level of oil exports will rise over the forecast period to reach pre-war level of 2.5 million barrels per day in 2005 – rather than the production target of the end of 2004. It also assumes a decline in the oil price from current levels to \$US 21 per barrel over the Budget period. These assumptions reflect the need for Budget revenues to prudently balance risks.

	2004	2005	2006
Oil Revenue (NID bn)	18,000	27,750	28,950
Oil Exports (mb/d)	1.6	2.4	2.5
Oil Price (\$US)	21	21	21

Reconstruction Levy

A 5 per cent reconstruction levy will be levied on all goods, except humanitarian goods, imported into Iraq from 1 January 2004. The revenues from the Reconstruction levy shall

be used only to assist the Iraqi people and support the reconstruction of Iraq. It shall expire on 1 January 2006.

NID billion	2004	2005	2006
Reconstruction Levv	450	525	-

Personal Income Tax

From 1 January 2004, personal income tax will recommence, with a maximum rate of 15 per cent. It will be levied on the income of individuals, as defined under existing Iraqi income tax law. This lower rate, compared to the 75 per cent top rate that existed previously, will encourage compliance and reward effort.

NID billion	2004	2005	2006
Personal Income Tax	15	45	90

Company Income Tax

From 1 January 2004, company income tax will recommence at a flat rate of 15 per cent. It will be levied on the income of companies, including on the profits of foreign companies operating in Iraq.

NID billion	2004	2005	2006
Company Income Tax	30	75	150

Interest Income

The funds invested in the Development Fund for Iraq earn interest income.

NID billion	2004	2005	2006
Interest Income	15	-	-

Transfers from State Owned Enterprises (SOEs)

The following transfers are expected from SOEs in the forward estimates period.

Table 4: Revenue from State Owned Enterprises

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Central Bank of Iraq		75.0	90.0	105.0
Shopping Centers Company		75.0	7.5	
Automobiles Company		150.0	7.5	
Construction Materials Company		150.0	7.5	
Agriculture Supplies Company	135.0	105.0	7.5	
Al-Rasheed Hotel	7.5	7.5	22.5	45.0
Other enterprises	195.0			
Total	337.5	562.5	142.5	150.0

Transfers are only expected from several of the nearly two hundred State Owned Enterprises (SOEs) in 2004. The bulk of the transfers anticipated in 2004 reflect the proceeds from the resale of goods imported under the Oil-for-Food program by companies overseen by the Ministries of Trade and Agriculture. The transfer from the Central Bank of Iraq reflects interest earned on Treasury notes less operating expenses, approved capital projects and some retained earnings.

User Pays Charges

One of the general principles underpinning this Budget is that Iraqis must contribute to the recovery of their economy. This includes paying for services used – at least to the extent this was done under the previous regime. By 2004 user pay arrangements will be re-implemented for:

- Vehicle registration;
- Other fees from emergency services;
- Passport Fees;
- Higher Education Course Fees;
- Court Fees; and
- Social Security Rental Income.

The revenue expected from these charges is displayed in the table below.

Table 5: Revenues from User Charges

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Passport Fees		0.8	0.8	0.8
Pharmaceutical scrip charge	15.00	30.0	37.5	45.0
Entry Fees to Cultural Institutions	0.15	0.8	0.8	0.8
Consultancy Charges	-	0.2	0.3	0.5
Sale of Statistical Publications		0.2	0.2	0.2
Court Fees	3.00	7.5	7.5	7.5
Social Security Rental Income	1.50	3.0	3.0	3.0
Vehicle Registration		30.0	45.0	60.0
Higher Education Course Fees	1.50	1.5	7.5	30.0
Other fees from emergency services		7.5	15.0	22.5
Flight overpass fees	7.50	15.0	15.0	15.0
Other fees and charges	56.85	-	-	-
Total	85.5	96.3	132.5	185.1

The structure of each of these fee arrangements will be reviewed by the responsible Minister, in consultation with the Minister of Finance, to assess its adequacy relative to the service provided. The details of this review for each of these fees and charges will be published no later than 31 December 2003.

In addition, there are several new fees and charges applicable in 2004:

- Flight overpass fees
- Pharmaceutical scrip charge (for non-exempt)
- Entry Fees to Cultural Institutions
- Consultancy Charges
- Sale of Statistical Publications

Flight overpass fees are charges for the use of Iraqi airspace by commercial airlines. A pharmaceutical scrip charge of NID 1500 per scrip will apply to help defray the large cost of pharmaceuticals. Exemptions will apply to this charge where its application would result in significant hardship. Entry fees will be charged at cultural institutions such as Baghdad Museum. The Ministry of Planning will charge for consultancy services and statistical publications provided to commercial interests (domestic and foreign) investigating investing in Iraq.

There are also some significant examples of other user pays arrangements in place that do not appear as budget revenue. For example, electricity charges are paid to State Owned Enterprises monitored by the Electricity Commission, rather than directly into consolidated revenue. Similarly, municipal water rates and charges are paid to the municipality directly.

Other Taxes

Several other taxes will be raised in 2004. These are outlined in the table below.

Table 6: Other Taxes

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Excise Tax		15.0	15.0	15.0
Hotel and Restaurant Service Tax		7.5	7.5	7.5
Land Tax		15.0	30.0	45.0
Other		52.5	52.5	52.5
Total		90.0	105.0	120.0

A 15 per cent excise tax will apply to alcohol and tobacco products and other items to be determined. Collection of the 10 per cent tax on 4 and 5 star hotel accommodation and restaurants and the real estate transfer tax resumed on 19 September 2003. A range of other smaller existing taxes will continue to be collected. It includes taxes collected by regional governments.

In order to fund an indigenous effort to search for and recover funds stolen from Iraq under the previous regime, a luxury tax of ten per cent will be placed on the profits of businesses delivering remote television access.

Budget Expenditures

This Budget provides authority for around NID 20 trillion (\$US 13.4 billion) in expenditure in 2004, increasing to NID 28.8 trillion (\$US 19.2 billion) in 2005 and NID 29.6 trillion (\$US 19.7 billion) in 2006, in line with increased revenues.

Table 7: Expenditure Aggregates

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Expenditures				
Operating Expenditure	7,362.3	19,026.7	21,119.2	21,463.8
Capital Projects	1,869.9	1,118.4	7,636.5	8,154.0
Total Expenditures	9,232.2	20,145.1	28,755.7	29,617.8

Expenditure information is presented in several different forms. First, operating expenditure and capital projects are presented for each Ministry and Statutory Authority, along with employment levels and staffing costs.

Operating expenditures are then broken down into the eight headings of the existing Iraqi budget system: staffing expenditures, service requirements, goods requirements, asset maintenance, capital expenditures, transferred expenditures, foreign obligations and staff and retirement rewards.

However, this presentation does not provide satisfactory guidance on what is being achieved by this spending. To correct for this gap, operating expenditures are also broken down into major initiatives in the Budget, along with normal ministry operating expenses.

Capital projects funded by the budget are listed, along with their estimated cost in 2004 and total project cost.

Finally, for each Ministry and statutory authority a summary of all expenditure items is presented.

Expenditure Summary by Ministry

Table 8 provides a summary of operating expenditure, capital projects and total expenditure approved in the 2004 Budget by Ministry and Statutory Authority.

	2004			2005			2006		
	Operating bn NID	Capital bn NID	Total bn NID	Operating bn NID	Capital bn NID	Total bn NID	Operating bn NID	Capital bn NID	Total bn NID
Agriculture	35.4	17.7	53.2	42.2	75.0	117.2	45.5	75.0	120.5
Communications	1.8	7.5	9.3	6.3	225.0	231.3	6.3	225.0	231.3
Culture	12.3	1.5	13.8	9.3	22.5	31.8	9.3	22.5	31.8
Displacement and Migration	0.9	1.5	2.4	0.9	7.5	8.4	0.9	15.0	15.9
Education	805.9	10.0	815.9	806.2	30.0	836.2	806.2	30.0	836.2
Electricity Commission	2.2	-	2.2	2.2	2,250.0	2,252.2	2.2	2,475.0	2,477.2
Environment	0.9	1.5	2.4	0.9	30.0	30.9	0.9	60.0	60.9
Finance	15,683.8	132.9	15,816.7	17,441.4	240.0	17,681.4	17,545.4	240.0	17,785.4
Foreign Affairs	57.6	9.0	66.6	56.9	15.0	71.9	56.9	15.0	71.9
Governing Council	9.6	-	9.6	12.0	-	12.0	15.0	-	15.0
Health	1,345.5	75.0	1,420.5	1,592.9	150.0	1,742.9	1,790.5	150.0	1,940.5
Higher Education	171.1	12.0	183.1	171.1	7.5	178.6	171.1	7.5	178.6
Housing	55.2	200.1	255.3	46.7	450.0	496.7	46.7	450.0	496.7
Human Rights	0.9	1.5	2.4	0.9	7.5	8.4	0.9	15.0	15.9
Industry and Minerals	12.0	-	12.0	9.0	1.5	10.5	9.0	1.5	10.5
Interior	187.3	-	187.3	200.0	150.0	350.0	215.0	150.0	365.0
Justice	144.6	63.3	207.9	134.4	150.0	284.4	134.4	150.0	284.4
Labour and Social Affairs	49.2	3.1	52.3	52.2	7.5	59.7	67.2	7.5	74.7
Municipalities and Public Works	60.0	249.0	309.0	84.5	727.5	812.0	84.5	975.0	1,059.5
Oil	2.7	-	2.7	1.9	1,500.0	1,501.9	1.9	1,500.0	1,501.9
Planning	45.0	22.5	67.5	54.9	-	54.9	61.6	-	61.6
Science and Technology	28.6	7.7	36.4	31.0	15.0	46.0	31.0	15.0	46.0
Trade	10.8	4.5	15.3	6.3	-	6.3	6.3	-	6.3
Transport	34.2	93.0	127.2	8.1	750.0	758.1	8.1	750.0	758.1
Water Resources	25.2	192.3	217.5	29.3	750.0	779.3	29.3	750.0	779.3
Youth and Sport	18.2	4.2	22.4	18.2	75.0	93.2	18.2	75.0	93.2
Statutory Authorities									
Board of Supreme Audit	4.1	0.5	4.5	3.8	-	3.8	3.8	-	3.8
Central Organisation for Standards	2.7	-	2.7	1.7	-	1.7	1.7	-	1.7
Awqaf (Religious Endowments)	2.1	8.1	10.2	2.3	-	2.3	2.3	-	2.3
Iraqi Media Network	2.2	-	2.2	2.2	-	2.2	2.2	-	2.2
New Iraqi Army	34.8	-	34.8	109.8	-	109.8	109.8	-	109.8
Unallocated	180.0	-	180.0	180.0	-	180.0	180.0	-	180.0
Total	19,026.7	1,118.4	20,145.1	21,119.2	7,636.5	28,755.7	21,463.8	8,154.0	29,617.8

Staffing Levels and Expenditure Summary by Ministry

This table provides a summary of the number of employees on the direct Government payroll by Ministry. An allocation of salaries has been provided to each Ministry to meet salary costs for these employees, using the interim four tier salary scale. The new 13 tier salary scale will increase the overall public sector wage bill. The budget allocation to fund this increase is only transferred to a Ministry when the proposed aggregate plan for allocating all of the Ministry's staff into the new tiers has been approved.

Table 9: Ministry Staffing Levels

	2004 Employees	2004 bn NID
Agriculture	8,166	19.7
Communications	174	0.3
Culture	3,213	5.1
Displacement and Migration	34	0.1
Education	324,532	655.9
Electricity Commission	846	1.4
Environment	34	0.1
Finance	6,633	14.4
Foreign Affairs	1,410	2.7
Health	105,481	220.5
Higher Education	50,055	107.3
Housing	16,409	30.2
Human Rights	34	0.1
Industry and Minerals	584	1.3
Interior	65,105	155.0
Justice	21,433	44.1
Labour and Social Affairs	5,413	11.7
Municipalities and Public Works	22,874	39.5
Oil	770	1.9
Planning	1,050	2.4
Science and Technology	10,041	16.0
Trade	1,419	3.0
Transport	1,888	4.1
Water Resources	6,958	14.3
Youth and Sport	2,427	3.2
Statutory Authorities		
Board of Supreme Audit	1,216	3.0
Central Organisation for Standards	500	1.0
New Iraqi Army	26,500	34.8
Iraqi Media Network	1,322	2.2
Governing Council	125	1.2
Centrally Funded Employees	353,578	1,762.5
Total	1,047,718	3,159.0

Operating Expenditure Summary by Input

This table provides a summary of operating expenditure broken down into the eight headings of the existing Iraqi budget system.

Table 10: Operating Expenditure Summary by Input

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Staff Expenditures	1,467.6	3,159.0	3,153.0	3,148.5
Service Requirements	277.2	544.8	544.2	584.0
Goods Requirements	419.7	1,101.1	1,354.0	1,528.9
Assets Maintenance	99.4	154.4	193.0	204.1
Capital Expenditures	154.1	159.4	179.3	192.8
Transferred Expenditures	4,173.1	11,182.8	12,406.2	12,223.7
Foreign Obligations	205.7	925.2	1,414.3	1,631.8
Salaries & Retirement rewards	565.5	1,800.0	1,875.0	1,950.0
Total Budget Inputs	7,362.3	19,026.7	21,119.2	21,463.8

Capital expenditures are regarded as operating expenditures if they represent the regular purchase of capital items necessary for the operation of a ministry, rather than representing a capital project or investment. New vehicle expenditures, for example, are recorded under this expenditure line.

Transferred expenditures include, amongst other things, the cost of the public distribution system and support for State Owned Enterprises.

The **Foreign obligations** category includes the war reparations to Kuwait required under Security Council resolution 1483 (discussed further below).

Operating Expenditure Summary by Output

Table 11 below provides a summary of operating expenditure by program initiatives. A brief description of each item follows.

Table 11: Operating Expenditure Summary by Output

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Public Distribution System		5,250.0	7,350.0	7,350.0
Oil product imports	2,287.5	-		
Normal Ministry Operating Expenditure	869.2	2,192.7	2,353.4	2,430.5
Contingency Reserve		1,125.0	1,500.0	1,500.0
Local/Regional Government Grants	294.0	1,117.5	1,117.5	1,117.5
Reserve for New Salary Scale		1,065.0	1,065.0	1,065.0
Regional Development Projects	340.5	1,116.0	450.0	450.0
Nation Building Projects	466.5	937.5	75.0	75.0
Pharmaceuticals		930.0	1,125.0	1,275.0
Kuwait War Reparations	205.5	900.0	1,380.0	1,447.5
Support for SOEs	558.0	750.0	675.0	600.0
Economic Restructuring Programs	160.5	750.0	750.0	750.0
Centrally funded salaries	1,467.0	697.5	697.5	697.5
Pensions and other Transfer Payments	225.0	675.0	750.0	825.0
Stipends to Demobilised Military	180.0	375.0	375.0	375.0
Agricultural Subsidies		300.0	300.0	300.0
Interest on Foreign Debt			300.0	300.0
Interest on Treasury Notes		210.0	210.0	210.0
Payment System Fees		135.0	135.0	135.0
Oil Export Production Fee		109.5	146.0	182.5
Consultancies		75.0	75.0	75.0
Haj subsidies		56.3	56.3	56.3
New Office for Landmine Removal		30.0	37.5	45.0
On the job training initiative		7.5	9.0	15.0
Recovery of Iraqi Assets from Abroad		5.4		
Office of Foreign Litigation		5.3		
Iba Agricultural Research Institute		3.0	3.0	3.0
Privatisation Consultants	-	3.0		
Economic Policy Consultancy		3.0	3.0	3.0
Transition Management Assistance		3.0		
Other Measures	308.5	199.6	181.0	181.0
Total Operating Expenditures	7,362.3	19,026.7	21,119.2	21,463.8

Public Distribution System

A central element of the Oil-for-Food program under Security Council Resolution 986 was the monthly provision of a ration of food to each Iraqi citizen in return for a nominal

fee. This ration represents the principal income of many Iraqi households. The estimated full year total cost of this program is NID 7.4 trillion. A reduced level of funding is necessary in 2004, reflecting the residual provision of food items under the Oil-for-Food program.

This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Public Distribution System	-	5,250	7,350	7,350

Normal Ministry Operating Expenses

Ministries require a level of funding to meet the normal (or base case) operating expenses (including salaries – except in 2003, where they were centrally financed).

Estimated cost (bn NID)	2003	2004	2005	2006
Normal Ministry Operating Expenses	869.2	2,192.7	2,353.4	2,430.5

Contingency Reserve

Given the uncertainty surrounding Iraq's situation, it is prudent to set aside a contingency reserve to cover the level of currently unidentified needs likely expected to arise over the Budget period. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Contingency Reserve		1,125	1,500	1,500

Local and Regional Government Grants

Local and Regional governments provide services direct to their communities. Grants will be provided to these governments to supplement, not replace, their traditional financing sources - fees and charges for the services provided. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Local/Regional Government Grants	294.0	1,117.5	1,117.5	1,117.5

Reserve for New Salary Scale

A new thirteen tier salary scale takes effect in October 2003. This reserve reflects the estimated additional cost of the new salary scale. The amount allocated to Ministries for salary expenses in this Budget reflect the previous four tier scale. As each Ministry has its allocations across the thirteen tiers approved, the additional cost will be transferred from this reserve to the Ministry's budget appropriation. This amount is included under salary expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Reserve for New Salary Scale	-	1,065	1,065	1,065

Nation Building Projects

With the fall of the previous regime, Iraq is in the transition to becoming a free and democratic society. This transition process requires many of the traditional democratic institutions and structures to be built, or at least significantly reconstructed. This measure provides funding of around NID 938 billion in 2004 and NID 75 billion in 2005 and 2006 for nation and institution building projects.

The projects that are expected to be funded under this measure are listed below. The Ministers of Finance and Planning have joint responsibility for assessing these proposals for submission to the Governing Council. This amount is included under transferred expenditures.

Table 12: Nation Building Projects

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
National Census		150.0		
Elections Assistance		75.0		
Constitutional Development		45.0		
Civil Society and Community Dvmt		30.0		
WMD Scientist Retention		90.0	30.0	30.0
Legal claims/debt negotiation		15.0		
Modernize banking system		30.0	15.0	15.0
Tax administration modernization		15.0	15.0	15.0
Stock Exchange modernization		7.5		
Economic indices development		22.5		
Labour force survey development		22.5		
Other projects	466.5	435.0	15.0	15.0
Total Nation Building Projects	466.5	937.5	75.0	75.0

Kuwait War Reparations

United Nations Security Council resolution 1483 requires Iraq to pay 5 per cent of gross oil export revenues to meet reparation claims from the first Gulf war. This amount is included under foreign obligations.

Estimated cost (bn NID)	2003	2004	2005	2006
Kuwait War Reparations	205.5	900.0	1,380.0	1,447.5

Support for State Owned Enterprises (SOEs)

Iraq's State Owned Enterprises (SOEs) employ nearly 500,000 people. From 1 January 2004, salaries of SOEs employees will no longer be centrally funded directly from the Budget, but will need to be paid from SOEs revenues. With the greater consumer choice and lower prices associated with open borders many of these enterprises will be unprofitable as currently structured.

This budget provides NID 750 billion in 2004 in support for SOEs to enable them to resume and maintain operations as options for their future are assessed – it does not allow for significant reconstruction of destroyed facilities or significant new investment. Lesser amounts are set aside for 2005 and 2006 reflecting both an expected improvement in the profitability of these enterprises and the expectation that some less profitable enterprises would be closed.

This support has yet to be allocated to each SOE, as sufficient information is not yet available. Through their responsible monitoring Ministry, SOEs will apply to the Ministry of Finance for access to this support on a case by case basis as information on their needs becomes clearer. Updated lists of allocations to individual SOEs will be published at regular intervals.

This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Support for SOEs	-	750	675	600

Economic Restructuring Programs

The transition of Iraq's economy from centrally managed to one driven by market forces will involve significant restructuring of the economy. Economic restructuring programs are necessary to assist this transition process. Payments to workers made redundant through the closure or restructuring of State Owned Enterprises will reduce the hardship associated with this necessary but difficult process. Similarly training programs will assist in providing a closer match of the skills of the workforce with the changing demands of the labour market. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Economic Restructuring Programs	160.5	750	750	750

Pensions and Other Transfer Payments

There is a range of pension and transfer payments in Iraq, including: pensions to retired public servants, military and their dependents; 'private' pension arrangements previously financed through the social security fund, and the 'family social bonus' paid to those in greatest need. The number of beneficiaries is expected to increase over the Budget period, as previous restrictions (eg, caps) are lifted. This amount is included under salaries and retirement rewards.

Estimated cost (bn NID)	2003	2004	2005	2006
Pensions and Other Transfer Payments	225	675	750	825

Stipends to Demobilised Military

With the dissolution of the old Iraqi Army, the Coalition Provisional Authority decided to pay, for an indefinite period, stipends to the demobilised military. A future Iraqi government will need to decide whether or not to continue paying these stipends. This amount is included under salaries and retirement rewards.

Estimated cost (bn NID)	2003	2004	2005	2006
Stipends to Demobilized Military	180	375	375	375

Agricultural Subsidies

Iraq's agricultural sector has a long history of state support and control. On the one hand this has involved the subsidized provision of agricultural inputs, while on the other hand price controls discouraged and distorted the pattern of agricultural production. The strategy in this Budget has two pillars – increasing agricultural output prices to market prices and delivering subsidies in a more efficient manner. This amount is included under transferred expenditures.

Interest on Treasury Notes

Iraq has around NID 3.5 trillion in Treasury notes on issue, with a coupon of 6 per cent per annum. The vast majority of these notes are held by the Central Bank of Iraq and the State owned commercial banks. Meeting the interest obligations on these notes will cost NID 210 billion per annum. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Interest on Treasury notes	-	210	210	210

Interest on Foreign Debt

Iraq has very substantial levels of foreign debt. Security Council resolution 1483 provides a moratorium on interest and principal repayments until the end of 2004. The level of interest and principal payments on foreign debt beyond 2004 is a matter for future negotiations. In this budget, NID 300 billion is set aside for interest payments in 2005 and 2006. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Interest on Foreign debt	-	-	300	300

Payment System Fees

The execution of this budget requires the movement and payment of significant amounts of currency. In 2003 many of these services have been provided by Coalition forces. In 2004, these services will need to be purchased by the Government of Iraq – usually, but not necessarily by SOEs (in particular the banks). The budget sets aside NID 135 billion per annum for fees and charges associated with payment system services provided to the Government. The amount paid for particular services is a matter for competitive commercial negotiations. This amount is included under service expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Payment System Fees	-	135	135	135

Oil Export Production Fee

Gross oil export revenue is recognized directly on the budget, in accordance with Security Council resolution 1483. It follows that expenses associated with the production of oil exports also need to be funded through the budget. This budget provides for NID 200 per barrel of oil exported to be paid to companies monitored by the Ministry of Oil. This amount is included under transferred expenditures.

Estimated cost (bn NID)	2003	2004	2005	2006
Oil Export Prod'n Fee	-	109.5	146	182.5

Consultancies

Iraq's Ministries will be confronted with a range of new issues and challenges over the period ahead, outside their recent institutional experience and expertise. To meet this challenge, Ministries will need to engage independent external consultants to advise on these issues and more generally to assist in building institutional capacity.

The range and type of these issues is not yet known with certainty, so it is not yet possible to allocate these amounts by Ministry and/or project. Rather, this funding provides a capped general allocation of NID 75 billion per annum that Ministries can apply to the Minister of Finance for access on a case by case basis as needs emerge. The Minister of Finance will publish details on consultancies approved at regular intervals. This amount is included under service requirements.

Estimated cost (bn NID)	2003	2004	2005	2006
Consultancies	-	75	75	75

Economic Policy Consultancy

The Minister of Finance will engage independent consultants to advise him on a range of economic policy issues. This amount is included under service requirements.

Estimated cost (bn NID)	2003	2004	2005	2006
Economic Policy Consultancy	-	3	3	3

Salary Progression Chart Monthly salaries in Iraqi Dinar (000)

<u>Grade</u>	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
SUPER A	2250	2233	2316	2400	2483	2566	2650	2733	2817	3000
SUPER B	1500	1583	1666	1750	1833	1916	1999	2083	2166	2249
1	740	760	780	800	820	840	860	880	900	920
2	574	589	605	620	636	651	667	682	698	713
3	444	456	468	480	492	504	516	528	540	552
4	342	352	361	370	379	389	398	407	416	426
5	264	271	278	285	292	299	306	314	321	328
6	204	209	215	220	226	231	237	242	248	253
7	157	162	166	170	174	179	183	187	191	196
8	125	128	132	135	138	142	145	149	152	155
9	102	105	107	110	113	116	118	121	124	127
10	83	86	88	90	92	95	97	99	101	104
11	69	71	73	75	77	79	81	83	84	86

CORRELATION OF RANKS BY PAY GRADES

GRADE	NIA / ICDC enlisted	NIA / ICDC commissioned	IPS	BORDER GUARD	FPS
SUPER A					
SUPER B					
1		LG	National Commissioner	Director of Border Enforcement	
2		MG	Commissioner	Deputy Director	
3		BG	Dep Commissioner	Bureau Chief	
4		COL	Superintendent	Region Chief	Colonel
5		LTC	Inspector	Asst Chief	
6	SGM / CWO	CPT / MAJ	Lieutenant / Captain	Lieutenant / Captain	Major
10	PVT / PFC		Constable (Probation)	Agent (Probation)	Guard
11	RCT		Trainee	Trainee	

COMPARISON OF RANKS (SHOWING INITIAL STEP INCREMENT)

GRADE	NIA / ICDC enlisted	NIA / ICDC commissioned	IPS	BORDER	FPS
SUPER A					
SUPER B					
1		LG 1	National Commissioner	Dir of Border Enforcement 1	
2		MG 1	Commissioner 1	Deputy Director 1	
3		BG 1	Dep Commissioner 1	Bureau Chief 1	
4		COL 1	Superintendent 1	Region Chief 1	Colonel 1
5		LTC 1	Inspector 1	Asst Chief 1	
6	SGM / CWO 1 2	CAPT/MAJ 1 6	Lieut / Captain 1 6	Lieut / Captain 1 6	Major 1
7	SFC/MSG/WO 4 7 8	2LT / 1LT 6 7	Sergeant 6	Sergeant 6	
8	SGT 6	OFC 8	(Snr) Constable 6	Snr) Agent 6	Captain 1
9	CPL 7		(Constable 5	Agent 5	Sergeant 1
10	PVT / PFC 4 8		Constable (Probation) 4	Agent (Probation) 4	Guard 1
11	Recruit 1		Trainee 4	Trainee	

ENTRY LEVEL SALARIES FOR NEW IRAQI ARMY / IRAQI CIVIL DEFENCE CORPS

STEPS – Salaries listed in New Iraqi Dinars

			1	2	3	4	5	6	7	8	9
		Enlisted	Commission								
	1		LG	739,500	760,500	780,000	799,500	820,500	840,000	859,500	880,500
	2		MG	573,000	589,500	604,500	619,500	636,000	651,000	666,000	
	3		BG	444,000	456,000	468,000	480,000	492,000	504,000	516,000	
C R A D E	4		COL	342,000	351,000	361,500	370,500	379,500	388,500	397,500	
	5		LTC	264,000	271,500	277,500	285,000	292,500	300,000		
	6		MAJ						231,000	237,000	241,500
	6	CWO			208,500	214,500					
	6		CPT	204,000	208,500	214,500					
	6	SGM		204,000	208,500						
	7	WO								187,500	192,000
	7		1LT						183,000	187,500	192,000
	7	MSG							183,000	187,500	192,000
	7		2LT				174,000	178,500	183,000		
	7	SFC				169,500	174,000	178,500			
	8		OFC							148,500	
	8	SGT						142,500	145,500	148,500	151,500
	9	CPL							118,500	121,500	124,500
	10	PFC								99,000	102,000
	10	PVT				90,000	93,000	94,500	97,500	99,000	
	11	RCT				75,000					

ENTRY LEVEL SALARIES FOR IRAQI POLICE SERVICE

STEPS – Salaries Listed in New Iraqi Dinars

		1	2	3	4	5	6	7	8	9	10
1	National Commissioner	739,500	760,500	780,000	799,500	820,500	840,000	859,500	880,500	900,000	919,500
G 2	Commissioner	573,000	589,500	604,500	619,500	636,000	651,000	666,000	682,500	697,500	712,500
R 3	Dep. Commissioner	444,000	456,000	468,000	480,000	492,000	504,000	516,000	528,000	540,000	552,000
A 4	Superintendent	342,000	351,000	361,500	370,500	379,500	388,500	397,500	406,500	417,000	426,000
D 5	Inspector	264,000	271,500	277,500	285,000	292,500	300,000	306,000	313,500	321,000	328,500
E 6	Captain						231,000	237,000	241,500	247,500	253,500
6 E	Lieutenant	204,000	208,500	214,500	220,500	225,000					
7	Sergeant				169,500	174,000	178,500	183,000	187,500	192,000	195,000
8	Constable (Senior)						142,500	145,500	148,500	151,500	156,000
9	Constable					112,500	115,500	118,500	121,500	124,500	126,000
10	Constable (Probation)				90,000	93,000	94,500	97,500	99,000	102,000	103,500
11	Trainee				75,000						

ENTRY LEVEL SALARIES FOR FACILITIES PROTECTION SERVICE

Salaries listed in New Iraqi Dinars

Grades (below)		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
4	FPS Colonel	342,000	351,000	361,500	370,500	379,500	388,500				
5											
6	FPS Major	204,000	208,500	214,500	220,500	225,000	231,000				
7											
8	FPS Captain	124,500	129,000	132,000	135,000	138,000	142,500				
9	Guard Sergeant	102,000	105,000	108,000	109,500	112,500					
10	Guard	84,000	85,500	88,500	90,000						

**Ministry of Justice
Department of Prisons
Office of Coalition Provisional Authority
Baghdad, Iraq APO AE 09302**

22 October 2003

MEMORANDUM FOR: Minister of Justice

THRU: COL [REDACTED] Senior Advisor, Ministry of Justice

THRU: [REDACTED] Senior Advisor, Iraqi Correctional Services (ICS)

SUBJECT: ICS Management Team

ICS administrative functions are not being conducted in any recognizable manner. Immediate action is imperative to correct the problems within ICS management and provide leadership with direction. due to the dire situations facing ICS.

The problems facing the department are:


- Inadequate leadership by decision-makers
- Lack of action by appropriate employees
- Failure to make timely payment of contractual obligations
- Failure to make timely and accurate payment of employee salaries
- Failure to properly coordinate with other ministries regarding local and national:
 - o Disbursement of funds
 - o Acquisition of property and facilities as per CPA Order Number 10 and directives given by the CPA prisons team
 - o Identification of employees throughout Iraq
 - o Development of provincial prison departments
 - o Operations of ICS detention centers and prisons
- Failure to manage current construction projects
- Failure to actively pursue new construction projects as per CPA advisory team guidance and priorities
- Failure to plan for the use and management of 2003 budget funds, given guidance for 2003 operations and as directed by the CPA advisory team

Although Iraq's Governing Council and several other ministries are making great strides toward the goal of operating freely as sovereign government and without the aid of CPA or others, the ICS remains stagnant. Failure to operate in a proactive or even in a reactive fashion will require an unduly extended presence of CPA or U.N. representatives. The opportunities available to the department are being squandered as experts and advisors are wasting precious time and resources in order to maintain the most basic of operations.

Immediate personnel changes are required and suggestions are as follows:

- ICS Director. The interim director, Salam Kareem Hussein has indicated that he has no interest in a permanent assignment as ICS director. The Ministry of Justice candidate should be installed immediately. The new director should be responsible for ensuring that the entire national system is coordinated, that communication is maintained, and that all aspects of the system operate in a consistent manner.
- Deputy Director, Adult Corrections (including Females). Khazi Yaseen Al-Any Taha was suspended pending investigation of improprieties. The director or Ministry of Justice should fill this vacancy as soon as possible.
- Deputy Director, Juveniles. Hammed Jaber Aboud displays no leadership ability and indicates that he has no fear of being removed from his post and welcomes the prospect.
- Assistant Deputy, Juvenile Legal Affairs. Mona Mahdi Idrees has no desire to work in a position of responsibility and also indicated that she welcomes removal from her post.
- Regional Directors. Official appointments for regional directors or provincial directors do not exist. These positions must be identified, authorized, recruited, and assigned as soon as possible.
- Facility Managers or Wardens. Individual facility wardens and deputies need to be identified for all facilities throughout Iraq. The individuals must be responsible for maintaining proper operation of the facility and must be responsible for the reconstruction projects or new construction projects. The individuals must be supported by the provincial management, regional management, and national management teams.

Failure to address these issues immediately will result in an absolute collapse and failure of the correctional system. The ICS will revert to operations as observed under the former regime. A return to old practices is not acceptable and cannot be tolerated.


CPT, MP, USA
Military Advisor
Finance and Administration
Dept of Prisons, MoJ

Opening Balance:			
Payee	RECEIPTS	CREDIT()	Cash on Hand:
			\$24,639
PRB CASH DRAWDOWN		\$93,000	\$117,639
Bus Payment: 2 w/o screens + 15K down	\$45,000		\$72,639
PRB CASH DRAWDOWN		\$3,125,754	\$3,198,393
Switch Movement			\$3,193,393
Chain Link			\$3,178,393
Generator			\$3,159,993
Bunks			\$3,109,993
Wall Around Death House			\$3,097,993
\$105,500 Swamp Coolers: Al Tasferat			\$3,092,893
Bunks			\$3,088,893
Raid: samples, chair and stool			\$3,088,886
Kitchen: Al-Tasferat			\$3,063,086
Final payment: uniforms			\$3,061,636
OPN Supplies for Tasferat, Rusafa and Salhya			\$3,061,186
stools for Abu and Tasferat			\$3,059,611
\$2,025 Electrical supplies for Dowoodie			\$3,059,556
Paper goods from Tamimi for Tasferat, etc.			\$3,059,176
added Huffman change			\$3,059,180
Final payment: buses			\$2,981,180
Electrical supplies			\$2,980,980
paper goods for Tasferat, etc.			\$2,980,780
Final Payment for Al Hillah			\$2,914,157
Handcuffs from the UK			\$2,894,157
paper goods for Tasferat, etc.			\$2,893,157
catering payment withdrawal			\$2,878,747
applications printing			\$2,878,557
Abu Kitchen			\$2,698,557
Refund back from Harith			\$2,698,697
Refund back from Thair			\$2,698,723
Ward for Abu			\$2,526,723
Ward for Karkh			\$2,446,723
Ward for Eisenbarel			\$2,408,723
Bed Payment			\$2,404,723
catering payment withdrawal			\$2,399,996
BANK DEPOSIT			\$249,996
Added from Grant/Huffman(160+140)			\$250,296
to Harith for Tasferat supplies			\$249,996

<---Opening Cash Balance From Safe Audit

\$3,125,754 <---Major Drawdown
 \$24,639 <---Cash in the Safe
 \$93,000 <---Bus Draw
 \$326,953 <---Remainder of PRs
 \$3,570,346

\$363,851 <---On Hand
 \$363,451 <---Should have
 \$400 <--- + or (-)

\$1,420,346 Net Through Safe
 \$1,056,895 Net Receipts

\$363,451 <---Result
 \$363,851 <---Cash Inventory: Safe Audit
 \$400 <--- + or (-)

Variance indicates missing receipt entry of
 change back into the safe.

Rafidain Bank
 Account Balance
 \$2,150,000

<---bunk contract
 <---20% of Abu Contracts

refund from Harith		\$250,000	\$1,860,720
bunks from Sami Abdulla		\$210,000	
catering payment withdrawal		\$180,000	
return of unneeded catering funds		\$187,600	
return \$100 each to Huffman/Grant (40/60 owed)		\$187,400	
petty cash for Tasferat		\$185,400	
badging system for prisons		\$183,400	
refund from badging		\$183,600	
catering payment withdrawal		\$171,600	
Eisenbaret Funds returned by CW4 Ward		\$209,600	
Eisenbaret Project Funds to CPT Rich Spencer		\$171,600	
op fund for Tasferat per Gary DeLand		\$169,600	
Graduation Food via Thair Massarf		\$169,500	
air conditioning per Ken Grant		\$169,200	
Rusafa Kitchen Final Payment		\$147,000	
graduation food via Thair Massarf: change refund		\$147,050	
printer cartridges		\$146,940	
Handcuffs from the UK: refund of change		\$153,190	
\$100 to Huffman/Grant (40/60 paid to return float)		\$153,090	
catering payment withdrawal		\$135,790	
op fund for Salhya, Rusafa, Tasferat (400th) per C		\$130,790	
catering payment withdrawal		\$113,390	
badging material for prisons		\$112,990	
refund from AJ for badging material		\$113,170	
catering payment withdrawal		\$94,370	
catering payment withdrawal		\$74,766	
PRB CASH DRAWDOWN	\$326,953	\$401,719	
catering payment withdrawal		\$383,537	
Khan Bani Sa'ad Site Guards		\$382,788	
catering payment withdrawal		\$366,233	
Khan Bani Sa'ad Site Guards: final pymt		\$363,451	
		\$363,451	
	\$1,056,895	\$1,420,346	

PRB No.	Amount	Drawn by	Date
DRAWN:			
15	\$60,000		May
			\$60,000
370	\$93,000		15-Jul
135	\$159,350		16-Jul
136	\$158,000		16-Jul
137	\$169,380		16-Jul
198	\$101,970		16-Jul
223	\$1,755,500		16-Jul
336	\$38,000		16-Jul
353	\$25,800		16-Jul
370	\$717,754		16-Jul
			\$3,125,754
15	\$66,623		16-Sep
47	\$172,000		16-Sep
50	\$66,140		16-Sep
199	\$22,190		16-Sep
			\$326,953
135	\$10,000		16-Jun
136	\$10,000		16-Jun
137	\$10,000		16-Jun
135	\$30,000		6-Jul
136	\$30,000		6-Jul
137	\$20,000		7-Jul
48	\$92,909		
186	\$1,400,000		
			\$1,602,909
\$5,208,616			\$5,208,616
NOT DRAWN:			
174	\$22,500	NONE	
120	\$48,000	NONE	

The Ministry of Justice respectfully requests that the Ministry of Housing and Construction carry out an assessment of the below identified facility in concert with our CPA-MOJ Prisons Office. The point of contact representative for this project is John J. Armstrong, who is coordinating Prison and Detention Center reconstruction and construction activities. I understand that you have met him at your office on -----

The facility was previously known as "Al Katool", and served as a Detention Facility in the Rusaffa area of Baghdad. The facility is located across the street from the Police Academy at (Grid Coordinates).

Our needs are pressing, and require expedited action to execute the assessment quickly in order to begin and complete reconstruction activities as soon as possible. It is our intent to be able to occupy this location in 120 days or less.

Special Requirements, in addition to the standard items generally included in such assessments are:

- 1) The Complete Rehabilitation of Utility Services for continuous operation as a holding facility for criminal detainees (Electric, Water and Sewage)
- 2) Rehabilitation of existing Kitchen, Toilet and Shower facilities.
- 3) Upgrade of Holding Cells, where possible, to opening of windows to allow natural light to enter in sufficient quantity.
- 4) Addition of toilet and hygiene fixtures to Holding Cells, where possible..
- 5) Installation of Security Hardware at all gates, door and window locations to prevent escapes.
- 6) Wall and Perimeter evaluation to secure the compound from escape as well as unauthorized intrusion.

Following the completion of this assessment, a decision will be made by the Ministry of Justice as to the required work to be done at this site. The Ministry of Housing and Construction will be tasked with the preparation of any pre-award documents for such proposed projects, and with preparing and advertising the requests for bids, contract award and execution of the actual contract. During the life of the contract, the Ministry of Housing and Construction will act as the agent of the Ministry of Justice to administer the contract.

Funds are available for this project. Funding for this project will be provided by transfer of funds from the Ministry of Justice to the Ministry of Housing and Construction.

cc: [REDACTED]



Request for Exception to a
National Policy Order
Iraqi Corrections Service

CN 1302
Rev 2/5/03

National Policy Order No.

Title

☐ I request approval of the following exception to the above referenced National Policy Order (provide detailed explanation)

☐ Please see attached

Signed

Facility

Date

Approved Denied

☐☐

Unit Administrator/Director signature

Date

☐☐

Deputy Director General's signature

Date

DIRECTOR GENERAL'S APPROVAL

This request is ☐ Approved ☐ Denied Effective date of exception _____

☐ This exception is valid through _____, by which the exception must be re-requested.
Date

☐ This exception is valid until such time as the National Policy Order is updated.

☐ This exception shall be added immediately to the National Policy Order.

Director General's Signature

Date



National Policy Order
Iraqi Corrections Service
Transmittal Memorandum # _____

National Policy Order No. _____

Title _____

Signed _____

Facility _____

Date _____

APPROVALS

Approved Denied

☐☐

Unit Administrator/Director signature

Date _____

☐☐

Deputy Director General's signature

Date _____

DIRECTOR GENERAL'S APPROVAL

This request is ☐ Approved ☐ Denied Effective date of exception _____

☐ This exception is valid through _____, by which the exception must be re-requested.
Date

☐ This exception is valid until such time as the National Policy Order is updated.

☐ This exception shall be added immediately to the National Policy Order.

Director General's Signature _____

Date _____

To: Treasury Offices in the Governorates

Subject: Transitioning to New Iraqi Dinar Financing

Transitioning to New Iraqi Dinar Financing

1. From October 15, 2003 Ministry funding will be provided in new Iraqi dinar with the exception of settling dollar contracts entered into *before* October 15, 2003.
2. Alternatively, if ministries or departments want to buy dollars because their current dollar balance is not enough to cover domestic contracts entered into *before* October 15, 2003, they can purchase these from the Central Bank at the previous day's exchange rate
3. Ministries will be expected to make domestic expenditures with new Iraqi dinar.
4. Till December 31, 2003, when requesting transfers from the Treasury account to their own accounts, centrally financed departments should not request funds that will be used to finance **large purchases** of imports in dollars. These should be left in the Treasury account and the Ministry of Finance will exchange them for dollars, which it will transfer to the Iraq DFI account at the Central Bank. DFI New York will issue a dollar payment for the imports against receipt of these funds. Departments must register this as expenditure in their records at the budget exchange rate of 1:1500
5. Five private banks are now able to provide international banking service which will normalize transfers of money into and out of Iraq and make available standard Letters of Credit to finance imports into Iraq.
6. Local Treasury Offices and other departments are to run down the remaining dollar balances in their accounts until December 31, 2003. This dollar expenditure will be scored against departments' allocations at a rate of 1:1500, which was the rate used to convert the dollar budget to New Iraqi Dinars. All positive balances remaining in department's accounts, including any dollar amounts remaining at that time will be transferred back to the central Treasury Account at the end of the year
7. After meeting existing dollar obligations, local Treasury offices and departments can sell dollars to the Treasury Account at the Central Bank at a rate of 1:1500. This is the same the rate used to convert the dollar budget amounts to New Iraqi Dinars. The MOF will credit the local Treasury or department's account in Dinars for the amount exchanged
8. Unless specifically authorized by the Ministry of Finance, all dollar accounts of Ministries will be closed on January 1, 2004

Under E.O.A. 12812
 and A.P. 12812
 Regulations

STREPS

can be shared / Restrict as follows:
File / Types of organized applications
File / Content

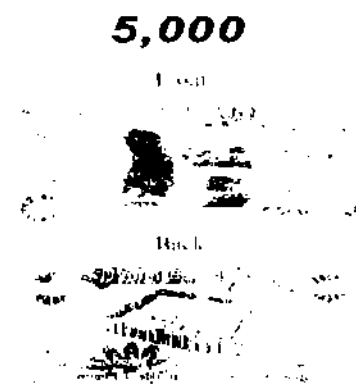
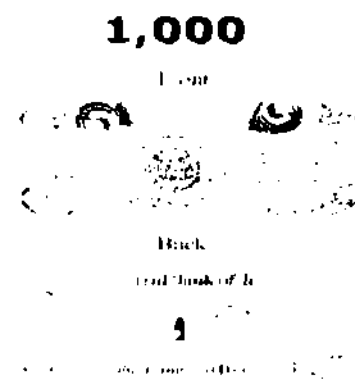
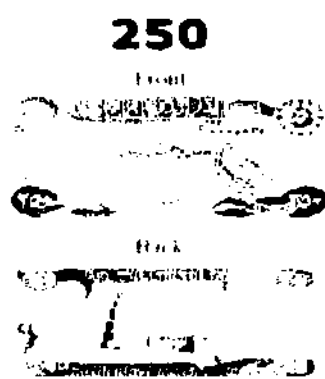
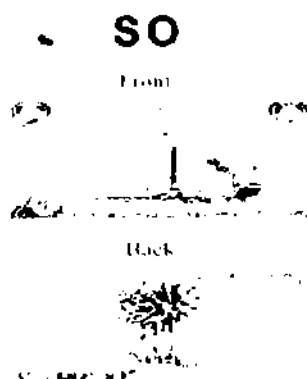
de - Beathification related

all original notes should be clipped to
"clean" consolidated lists (i.e. border no
note follow typed English & Arabic)
All Security Reform files (with)

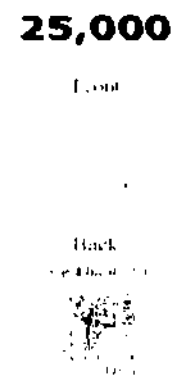
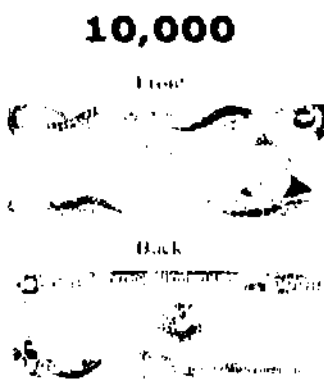
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Approved Funding (1st 8 letters only)
New Contract A

Contract to the subject lot

1900/1901, 1902/1903, 1903/1904, 1904/1905, 1905/1906, 1906/1907, 1907/1908, 1908/1909, 1909/1910, 1910/1911, 1911/1912, 1912/1913, 1913/1914, 1914/1915, 1915/1916, 1916/1917, 1917/1918, 1918/1919, 1919/1920, 1920/1921, 1921/1922, 1922/1923, 1923/1924, 1924/1925, 1925/1926, 1926/1927, 1927/1928, 1928/1929, 1929/1930, 1930/1931, 1931/1932, 1932/1933, 1933/1934, 1934/1935, 1935/1936, 1936/1937, 1937/1938, 1938/1939, 1939/1940, 1940/1941, 1941/1942, 1942/1943, 1943/1944, 1944/1945, 1945/1946, 1946/1947, 1947/1948, 1948/1949, 1949/1950, 1950/1951, 1951/1952, 1952/1953, 1953/1954, 1954/1955, 1955/1956, 1956/1957, 1957/1958, 1958/1959, 1959/1960, 1960/1961, 1961/1962, 1962/1963, 1963/1964, 1964/1965, 1965/1966, 1966/1967, 1967/1968, 1968/1969, 1969/1970, 1970/1971, 1971/1972, 1972/1973, 1973/1974, 1974/1975, 1975/1976, 1976/1977, 1977/1978, 1978/1979, 1979/1980, 1980/1981, 1981/1982, 1982/1983, 1983/1984, 1984/1985, 1985/1986, 1986/1987, 1987/1988, 1988/1989, 1989/1990, 1990/1991, 1991/1992, 1992/1993, 1993/1994, 1994/1995, 1995/1996, 1996/1997, 1997/1998, 1998/1999, 1999/2000, 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005, 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010, 2010/2011, 2011/2012, 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022, 2022/2023, 2023/2024, 2024/2025, 2025/2026, 2026/2027, 2027/2028, 2028/2029, 2029/2030, 2030/2031, 2031/2032, 2032/2033, 2033/2034, 2034/2035, 2035/2036, 2036/2037, 2037/2038, 2038/2039, 2039/2040, 2040/2041, 2041/2042, 2042/2043, 2043/2044, 2044/2045, 2045/2046, 2046/2047, 2047/2048, 2048/2049, 2049/2050, 2050/2051, 2051/2052, 2052/2053, 2053/2054, 2054/2055, 2055/2056, 2056/2057, 2057/2058, 2058/2059, 2059/2060, 2060/2061, 2061/2062, 2062/2063, 2063/2064, 2064/2065, 2065/2066, 2066/2067, 2067/2068, 2068/2069, 2069/2070, 2070/2071, 2071/2072, 2072/2073, 2073/2074, 2074/2075, 2075/2076, 2076/2077, 2077/2078, 2078/2079, 2079/2080, 2080/2081, 2081/2082, 2082/2083, 2083/2084, 2084/2085, 2085/2086, 2086/2087, 2087/2088, 2088/2089, 2089/2090, 2090/2091, 2091/2092, 2092/2093, 2093/2094, 2094/2095, 2095/2096, 2096/2097, 2097/2098, 2098/2099, 2099/2100, 2100/2101, 2101/2102, 2102/2103, 2103/2104, 2104/2105, 2105/2106, 2106/2107, 2107/2108, 2108/2109, 2109/2110, 2110/2111, 2111/2112, 2112/2113, 2113/2114, 2114/2115, 2115/2116, 2116/2117, 2117/2118, 2118/2119, 2119/2120, 2120/2121, 2121/2122, 2122/2123, 2123/2124, 2124/2125, 2125/2126, 2126/2127, 2127/2128, 2128/2129, 2129/2130, 2130/2131, 2131/2132, 2132/2133, 2133/2134, 2134/2135, 2135/2136, 2136/2137, 2137/2138, 2138/2139, 2139/2140, 2140/2141, 2141/2142, 2142/2143, 2143/2144, 2144/2145, 2145/2146, 2146/2147, 2147/2148, 2148/2149, 2149/2150, 2150/2151, 2151/2152, 2152/2153, 2153/2154, 2154/2155, 2155/2156, 2156/2157, 2157/2158, 2158/2159, 2159/2160, 2160/2161, 2161/2162, 2162/2163, 2163/2164, 2164/2165, 2165/2166, 2166/2167, 2167/2168, 2168/2169, 2169/2170, 2170/2171, 2171/2172, 2172/2173, 2173/2174, 2174/2175, 2175/2176, 2176/2177, 2177/2178, 2178/2179, 2179/2180, 2180/2181, 2181/2182, 2182/2183, 2183/2184, 2184/2185, 2185/2186, 2186/2187, 2187/2188, 2188/2189, 2189/2190, 2190/2191, 2191/2192, 2192/2193, 2193/2194, 2194/2195, 2195/2196, 2196/2197, 2197/2198, 2198/2199, 2199/2200, 2200/2201, 2201/2202, 2202/2203, 2203/2204, 2204/2205, 2205/2206, 2206/2207, 2207/2208, 2208/2209, 2209/2210, 2210/2211, 2211/2212, 2212/2213, 2213/2214, 2214/2215, 2215/2216, 2216/2217, 2217/2218, 2218/2219, 2219/2220, 2220/2221, 2221/2222, 2222/2223, 2223/2224, 2224/2225, 2225/2226, 2226/2227, 2227/2228, 2228/2229, 2229/2230, 2230/2231, 2231/2232, 2232/2233, 2233/2234, 2234/2235, 2235/2236, 2236/2237, 2237/2238, 2238/2239, 2239/2240, 2240/2241, 2241/2242, 2242/2243, 2243/2244, 2244/2245, 2245/2246, 2246/2247, 2247/2248, 2248/2249, 2249/2250, 2250/2251, 2251/2252, 2252/2253, 2253/2254, 2254/2255, 2255/2256, 2256/2257, 2257/2258, 2258/2259, 2259/2260, 2260/2261, 2261/2262, 2262/2263, 2263/2264, 2264/2265, 2265/2266, 2266/2267, 2267/2268, 2268/2269, 2269/2270, 2270/2271, 2271/2272, 2272/2273, 22



Iraqi Currency Exchange Overview



17 November 2003

Accomplishments

Hired more than 700 personnel

Established ICE Project Management Office

Established 3 Distribution hubs with storage and security elements

Established 8 currency convoys comprised of 64 vehicles

17 of 24 currency flights completed from England

One of three currency flights completed from Spain

Received 5.1 Trillion in new Iraqi Dinar

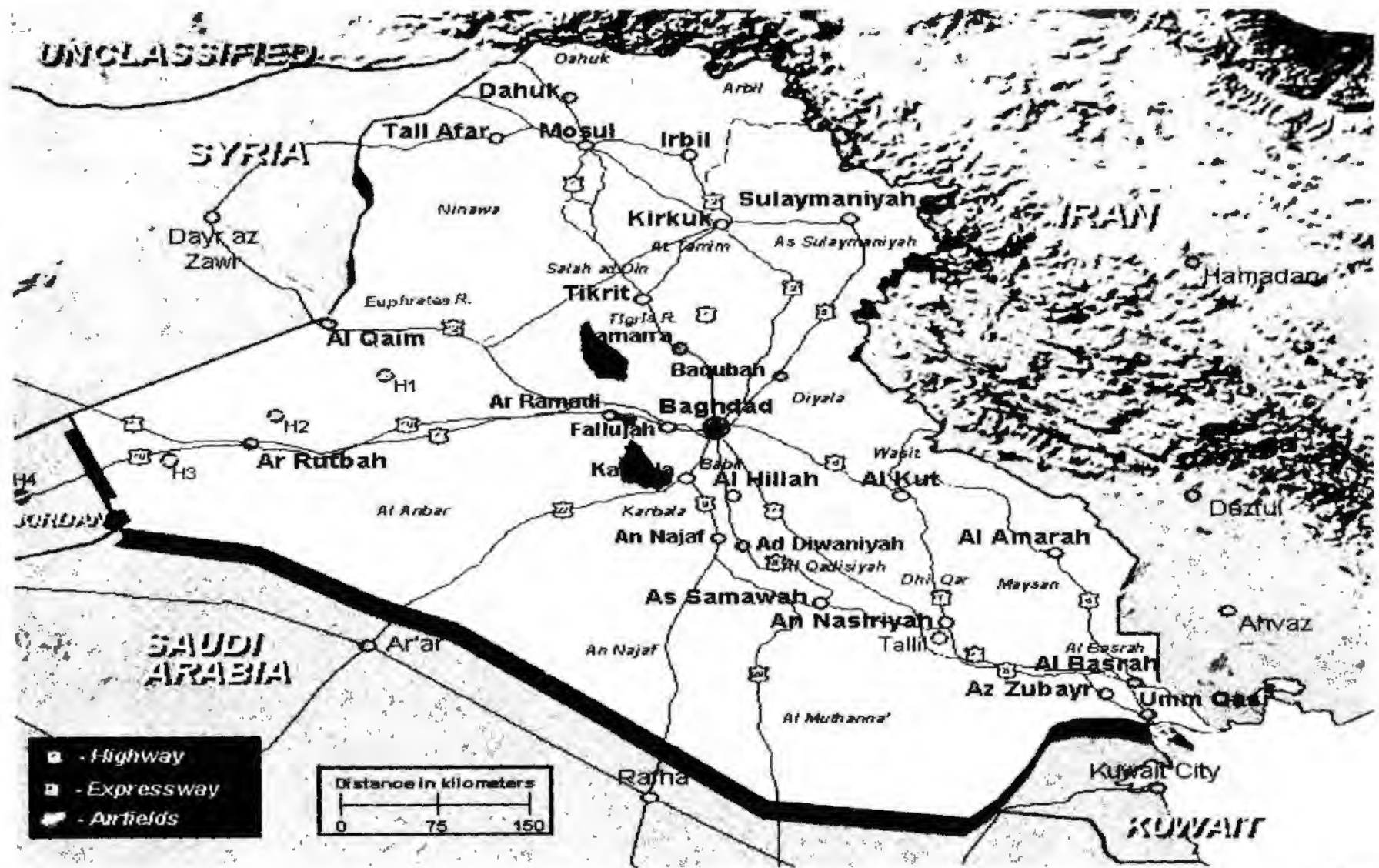
Trained 905 Iraqi bank personnel

Each of 243 Banks loaded with an initial 4.6 Billion new Dinar (\$2.3 mil)

Each Bank has been emptied of old currency at least 2 times

Established Verification and Destruction site

Map of Iraq



Mission Phases

First Phase:

- Provide each exchange site with 4.6 billion new Iraqi Dinar

- Provide each exchange site with supplies to conduct the exchange

Second Phase

- Start collections of old currency

- Provide each bank branch holding Treasury accounts with October government salaries and jobs program funds

Third Phase

- Provide each site with an additional 4.6 billion new Iraqi Dinar

- Continue collection of all old currency from each exchange site

- Provide each bank branch holding Treasury accounts with November government salaries and jobs program funds

- Provide 50 selected banks with currency for the military stipend payment

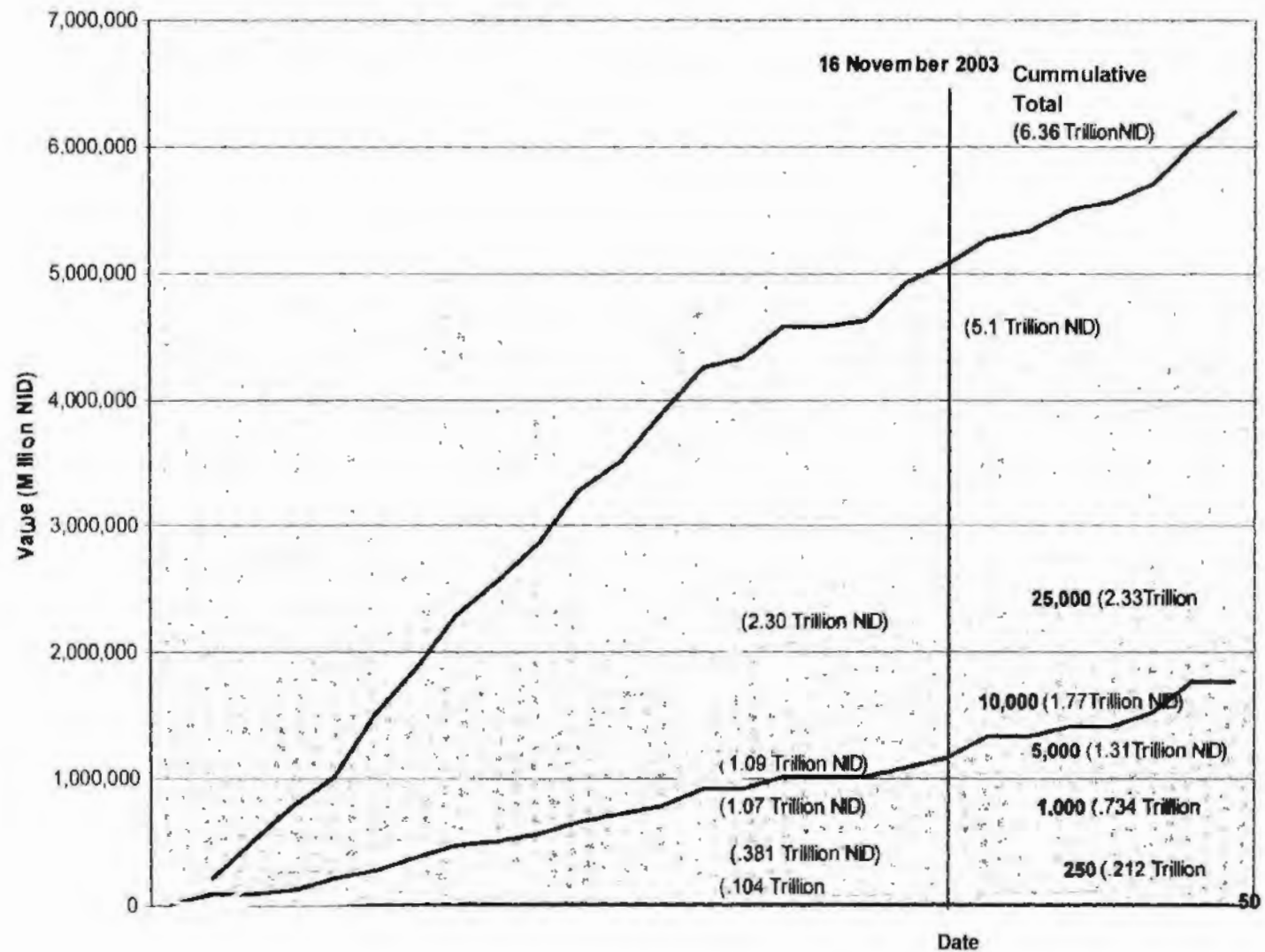
Fourth Phase

- Transition bank delivery responsibility back to the Iraqi banking system (banks in Baghdad are operating using normal banking procedures)

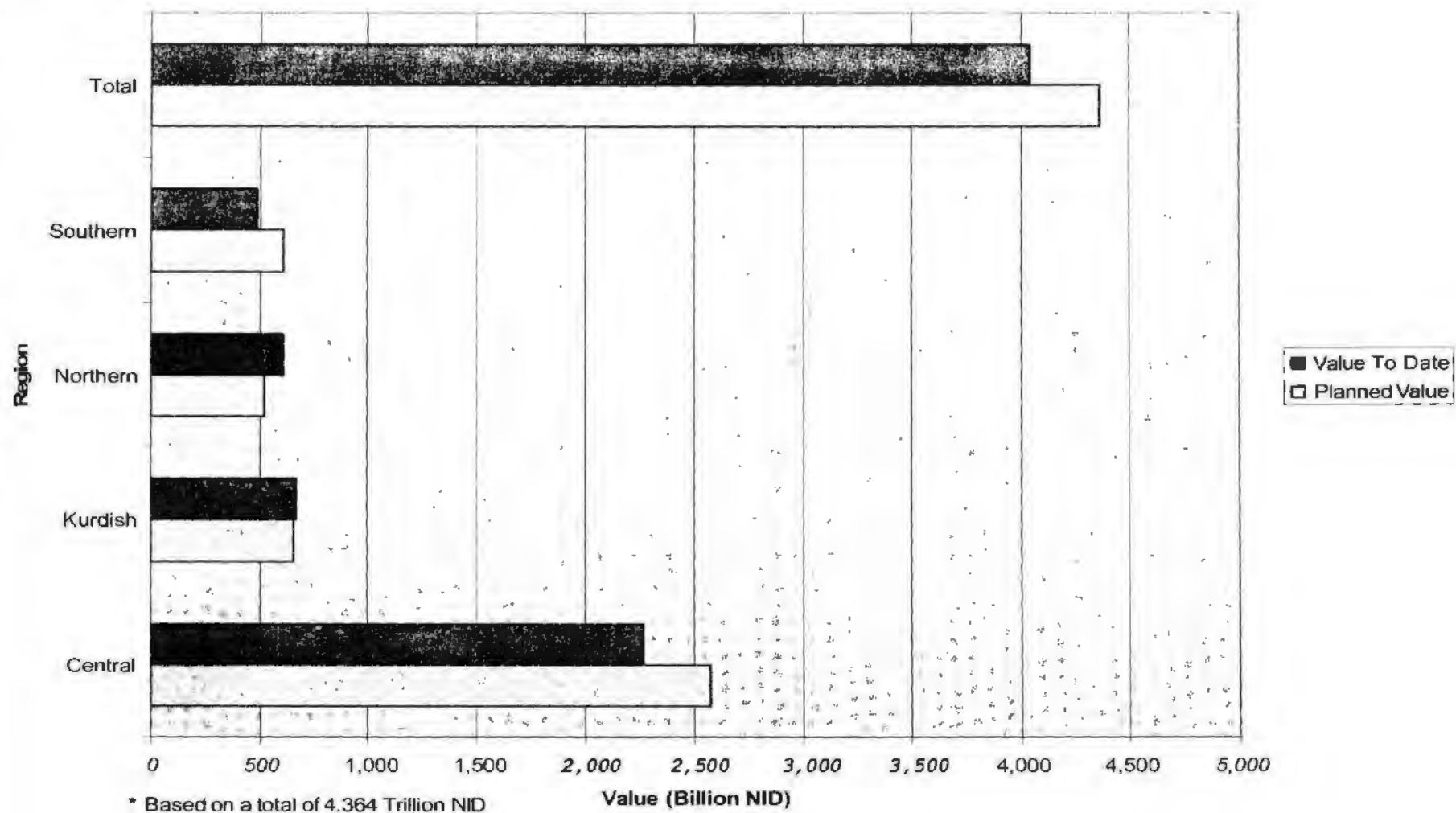
- Provide deliveries to a bank outside of Baghdad only after the bank has provided the Central Bank of Iraq with a check for new currency

- Continue collection from the exchange sites

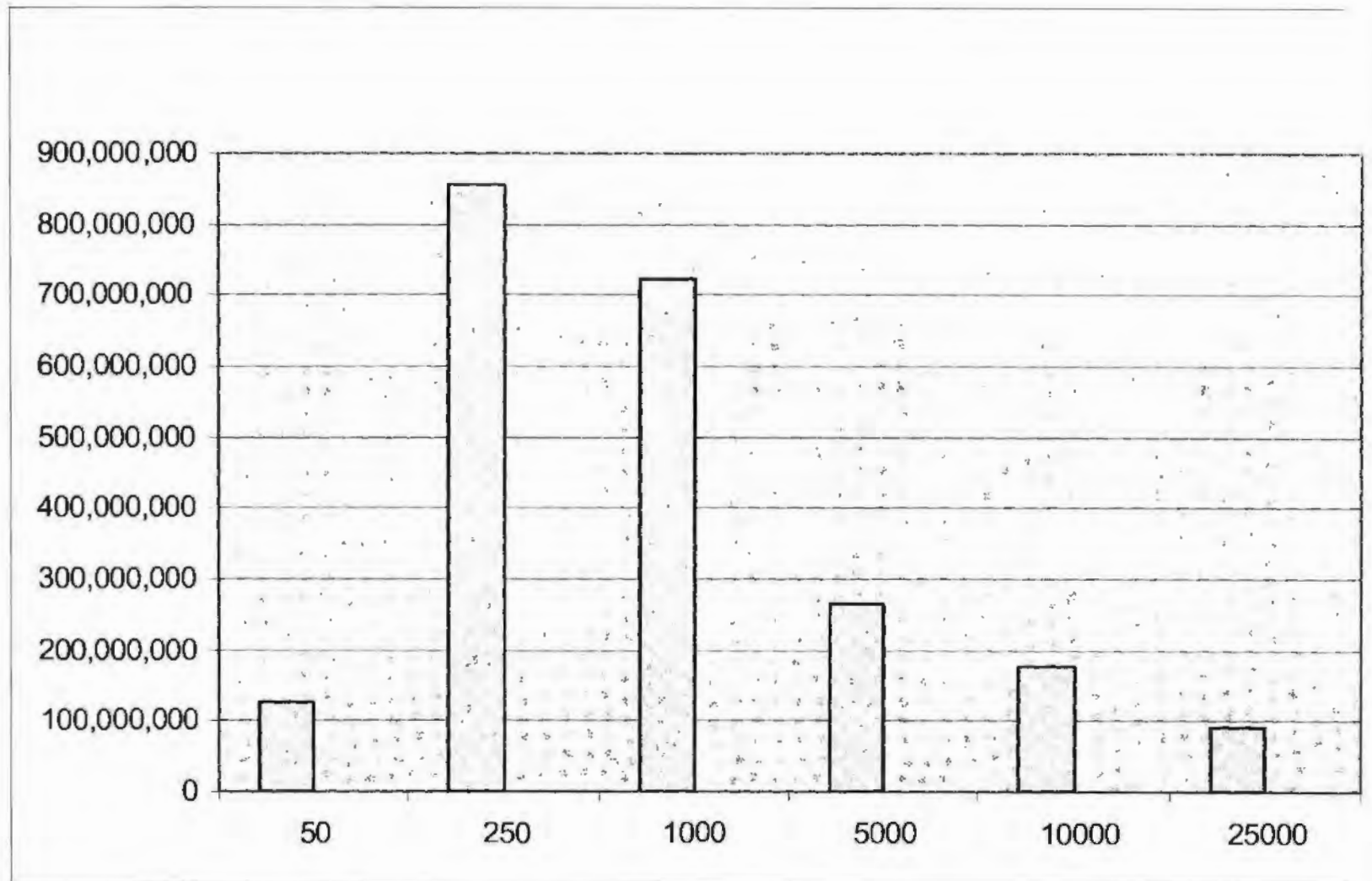
Planned Total Value of Deliveries



Convoy Dinar Distribution By Region (Plan v. Actual Distribution as of 16 NOV 03)

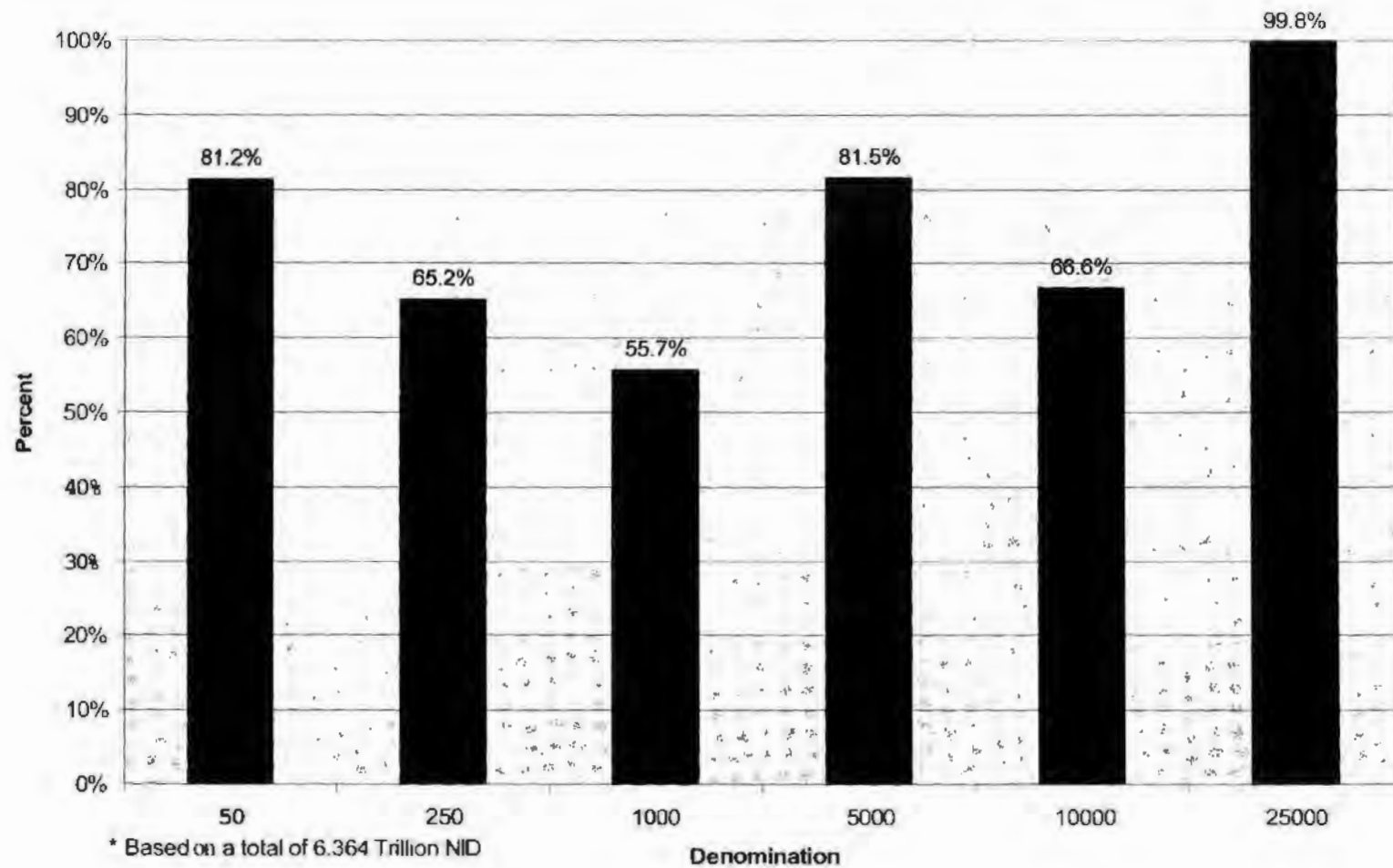


Number of Notes by Denomination

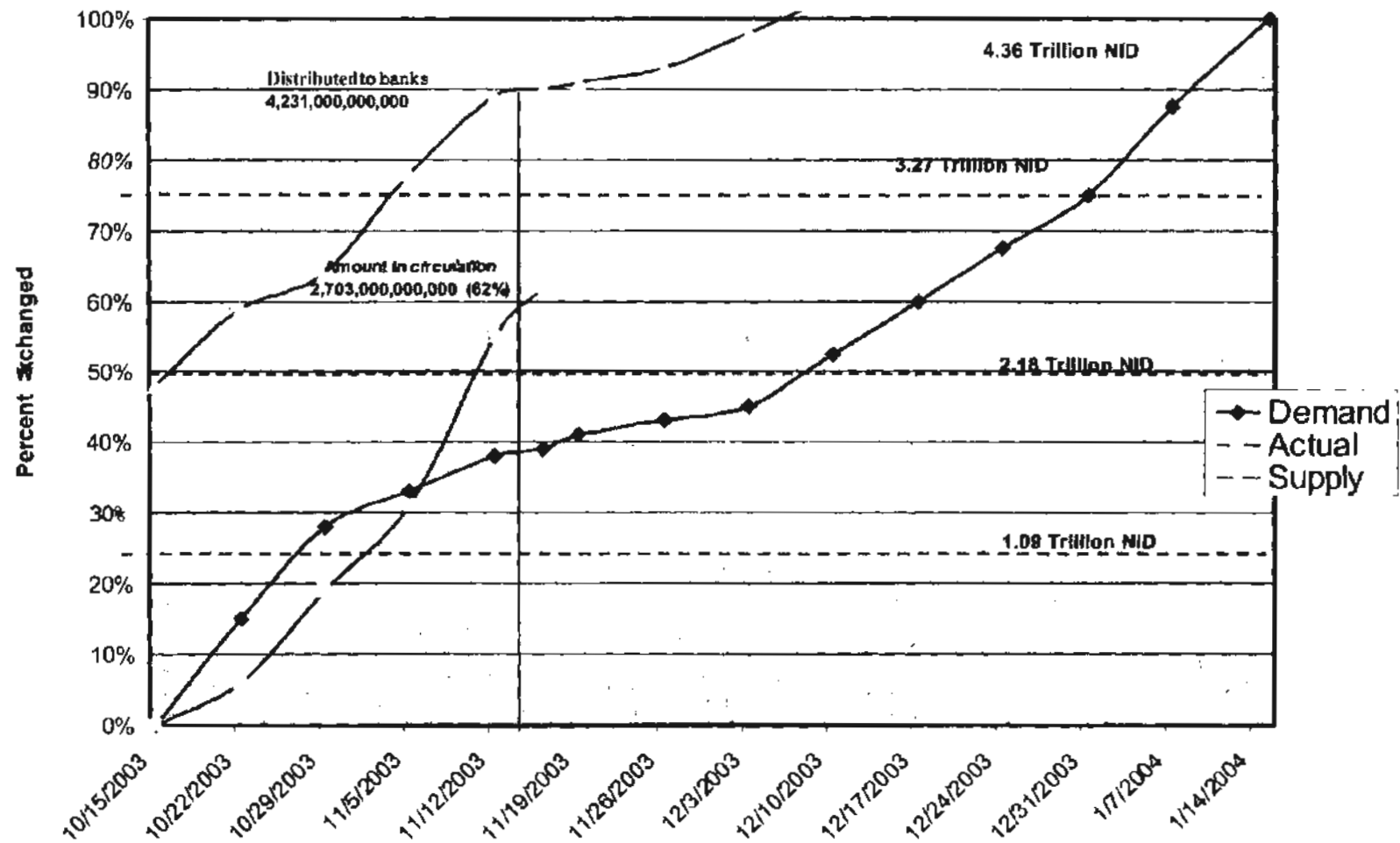


In-Country Delivery of Iraqi Dinars by Percent of Flight Plan*

-- As of 16 NOV 03 --

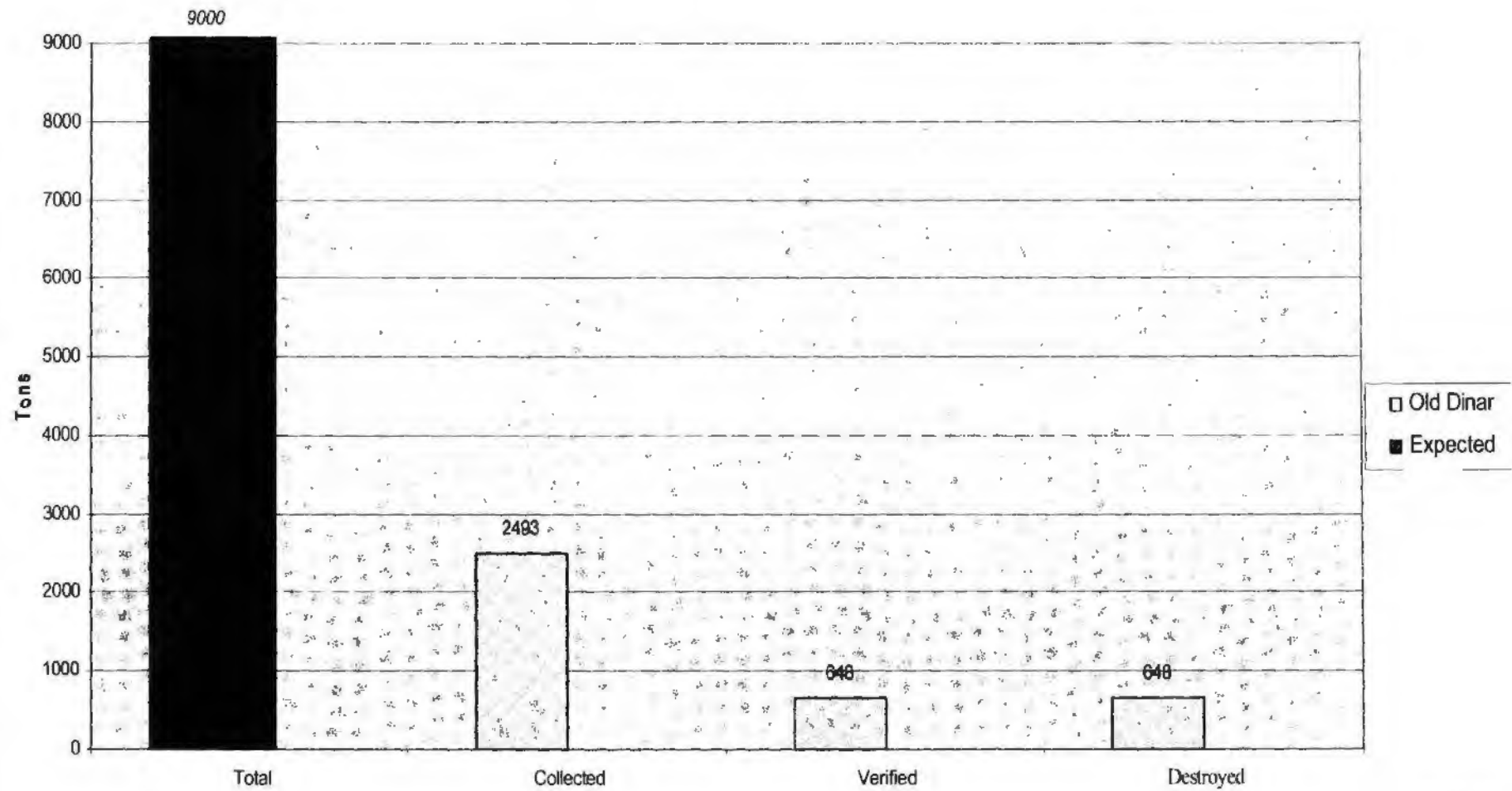


Anticipated v. Actual Currency Exchange Totals as of 16 Nov 03

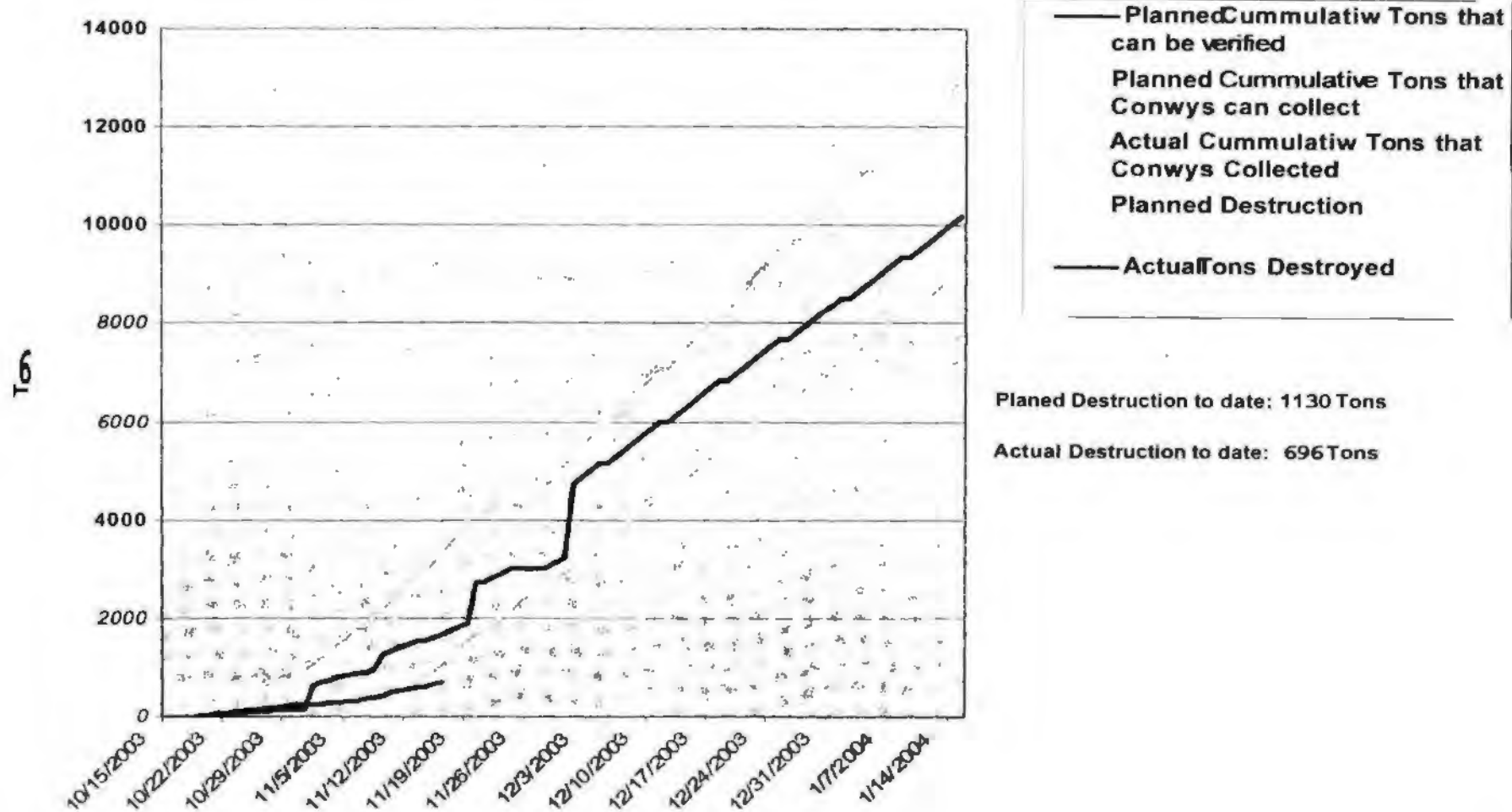


* Based on a total of 4.364 Trillion NID

Disposition of Old Dinar (as of 16 NOV 03)



Collection, Verification, and Destruction Capacities of Old Dinar



Questions

Policy on Payment of Public Sector Pensions and Benefits for the Fourth Quarter of 2003

This policy applies to public sector pensioners registered with the Pension Administration of the Ministry of Finance, to the public sector pensioners registered since 1990 in the Kurdish administrations, to the "private sector" or contributory pensioners and family benefit recipients of the Ministry of Labour and Social Affairs, and to the recipients of the benefits for Anfal victims, disabled and families of martyrs in the Kurdish areas.

Emergency Payments. Following the two emergency payments of \$40 to support pensioners which were made in the period April –June, Ambassador Bremer approved a flat rate pension payment of \$60 to all public sector pensioners, to all private sector pensioners and family benefit recipients, and to all benefit recipients in the Kurdish areas for the period July-September.

Fourth Quarter Pension Payment. The Minister of Finance has now announced a further flat rate pension payment for the period October-December to be paid in new Iraqi dinar at the rate of 90000 new Iraqi dinar to all public sector pensioners, private sector pensioners, family benefit recipients and benefit recipients in the Kurdish areas. In addition the Minister of Finance has announced the payment of a Ramadan bonus of 30000 dinars to all pensioners and other recipients to be paid together with the fourth quarter pension payment. Payment will take place from November 1 in accordance with local arrangements, and in the denominations determined by the local director of the pension administration. In Baghdad civil pensioners will be paid in November and military pensioners will be paid in December.

Type of Pensioners	Monthly pension under previous regime, ID	Third quarter pension payment, USD	Fourth quarter pension payment, ID
More than 30 years service	8000	\$60	90000 plus Ramadan bonus of 30000
More than 15 years service	5000	\$60	90000 plus Ramadan bonus of 30000
One dependent	5000	\$60	90000 plus Ramadan bonus of 30000
More than one dependent	7500	\$60	90000 plus Ramadan bonus of 30000

Procedure for payment of pensions and benefit

Financing. Provision of funds to pay pensions and benefits will be the responsibility of Ministry of Finance officials, acting in accordance with the established policy, through the Treasury account.

Payment. Payments will be executed through the banking system where possible. In these cases the funds will be sent to the relevant bank and the bank will make the payments to the pensioners against an official list of pensioners provided by the Pensions Administration. If it is not possible, pensions will be paid through pay sites staffed by the Pensions Administration of the Ministry of Finance and benefits will be paid through pay sites staffed by the Ministry of Labour and Social Affairs. The pay site should be designed to be secure, convenient and efficient, and minimise the time that customers spend in queues. The Director General of Pensions, Ministry of Finance will issue a circular to all Pensions offices setting out details of the payment of pensions.

Verification of identity. Each pensioner and benefit recipient shall be expected to show three forms of identification to qualify for payment, including the pension ID card and the ID card. In exceptional cases, the director of the pension administration or the director of the MOLSA office may authorise payment on the basis of two forms of identification, providing proper records are kept of such cases. Any person caught using false ID to obtain a pension or benefit by fraudulent means shall be subject to criminal charges.

Verification of payment. Upon receipt of the pension, each pensioner should sign the official list of pensioners against their name in order to provide verification that payment has been made.

Payment of Backpayments and Recovery of Excess Pensions. Employees who have not received their full pension or benefit payment for the third quarter of 2003 shall be entitled to payment of the balance. Any double payment of the previous quarter's pension or benefit shall be deducted from the fourth quarter's pension or benefit payments. For the purpose of calculating payments and deductions for back payment of previous quarters' payment in dollars, a conversion rate of 2000ID : 1USD should be used.

Accounting for previous quarter payment. The Pension Administration of the Ministry of Finance and the local office of the MOLSA shall provide information to the local Treasury Office on the number of pensioners and benefit recipients paid in the previous quarter. Information should include funds received, funds paid out, number of pensioners/benefit recipients paid and the balance remaining. Unused funds will be redeposited in the bank from which they were withdrawn and a receipt filed with the local Treasurer. This information should be sent to the Director General of Account in Baghdad to allow a full accounting of all payments made.

New Pension Arrangements. A committee established by Ambassador Bremer, with representation from various Iraqi ministries, is currently considering new pension arrangements that may be introduced at the beginning of 2004.

Points of Contact for Further Information:

[REDACTED] Adviser, Ministry of Finance [REDACTED]

[REDACTED] Adviser, Ministry of Finance [REDACTED]

SALARY IMPLEMENTING INSTRUCTIONS

The Iraqi Governing Council and the CPA Administrator have approved new salary scales to Iraqi civil servants and other Iraqi government employees. These instructions will explain the new structure and provide implementing instructions for the transition from the current four grade structure.

The new salary scale is the result of extensive study and interaction of a Salary Task Force composed of representatives of the Iraqi Ministries and government and outside pay experts brought in for the project. The Iraqi working group studied the issue for over a month and made valuable recommendations that form the basis for the plan.

The plan takes into consideration all those who are currently receiving salary payments under the four grade program. Their salaries will remain at their current levels unless their experience, productivity and performance will cause them to be slotted at a higher grade. Those grand-fathered under this save pay formula will remain at their pay level until promotions and longevity increases catch up to them. Thus all current Iraqi government employees will receive the same or greater pay under this system compared to the current system.

The new system is based on pay for work. No one will receive special bonuses or stipends. The workers pay will be based entirely on the base salary in the scale and not/not on other supplementary pays. The workers will be expected to work a normal Iraqi work week of at least 35 hours in order to be paid. Shift workers, those working overtime, and other similar issues will be compensated within salary scale limits by management decisions.

Transition to the new pay scale will take place over the next few months starting in most cases on 1 October 2003. The Iraqi task force is working on bench-mark job positions to aid managers in their decision about where an individual is placed on the scale. As Ministries and commissions and State owned industries complete their slate of employee assignments, the Ministry of Finance and Ministry of Planning will work together to ensure worker distribution conforms to the affordability percentage per grade. If they do not, then the situation will be considered by the Iraqi Salary Working group to resolve the distribution either by reclassification of some workers or a nation-wide cross-leveling. Once these classifications are finalized then the new salary scale will enter into effect the next month for that particular organization. No one can be paid under the new scale and job classification until the end of October pay dates, as the salaries will be paid in the new Iraqi dinar. All wages will be paid in Iraqi Dinars. Those payments taking place after October 15 will be paid with the new Iraqi dinar on a one-for-one basis.

Workers receiving their first month's pay under the new salary system will be required to provide recognizable photo identification. In subsequent payments, a bank account number where workers would like future wages to be deposited will be required.

Ministries will provide workers' names, identification numbers to both the Ministry of Planning and the Ministry of Finance, and a new grade/step classification for each employee. Once it is ascertained that the Ministry or Agency's list and grade structure is completed and approved by the Ministry of Finance, the salary funds will be included in the Ministry or Agency's operating budget for each remaining month in 2003 and will be the basis for a salary budget line in the 2004 budget.

TIMELINES

- A. Wednesday 3 September – The Iraqi Salaries working group finalizes benchmark jobs.
- B. Thursday 4 September - A CPA Administrator order will be issued making the salary scale official. These instructions, the Administrator's order, and the salary scale will be released to CPA Senior Advisors at the weekly CPA economic meeting.
- C. Sunday 7 September – A press conference will take place at 1000 announcing the order and providing details on the new system. It will launch a broader strategic information plan that will disperse more information in coming weeks.
- D. Saturday 6 September – 1 October - Ministries, Agencies, and commissions should be instructed to start the classification of employees into the new scale. Upon completion, they will provide copies to the Ministry of Planning and the Iraqi Salary working group for examination. This will ensure proper adherence to national-wide grade dispersion and affordability. Once approved, a copy will be provided to the Ministry of Finance for a final financial review.
- E. 1 October- 1 January. Upon approval of the above ministries and working group, the employees may be informed of their new salary. Employees can appeal their salary assignment in writing through their management as outlined in the Administrator's order, but they will continue to be paid at their initial classification until their appeal is adjudicated. Those employees who do not continue/come to work at the new scale will be free to leave the civil service. Military, Police, firefighters, security guards and essential medical personnel will only be allowed to leave their duties with permission of their respective ministers. Employees of the CTF-7, such as security guards and municipal workers will be integrated into the new scale starting 1 October. Short term contract workers will continue to be paid according to their contracts by the contractor.
- F. 1 October – 1 January. Salaries for approved Ministry/Commission salary classification plans will be implemented no later than the first day of the month following approval. Employees will be paid their new salary on the last work day of the month. Employees paid under the four grade pay system will be paid at that rate or the new scale whichever is higher. Employees who are paid under the four grade scale will remain at that rate until promotion or longevity/productivity allow for movement to a higher step or grade.
- G. 30 October- 30 January. The first few payments will be in cash. Subsequent payments will be by direct deposit to an Iraqi bank account of the employees choosing. A full month's pay will be issued for a full month's work. Overtime may be paid by individual ministries or handled through compensatory time off. Their anticipated additional costs should be reflected in their 2004 budget proposals as a separate line under salaries and compensation.
- G. 1 October – indefinite. New hires after the date of the CPA implementing order will be paid at the new salary rate as of 1 October. USAID (and their contractors) and CTF-7 will use the new scales for new hiring after 1 October. NGOs, independent contractors and international organizations will be encouraged to use the rates. Accordingly, some jobs will start at a lower rate than under the current four grade scale.

Justice

(note: the Ministry of Justice includes prisons)

Summary

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
Expenditure				
Operating Expenditure	15.0	144.6	134.4	134.4
Capital Projects	34.8	63.3	150.0	150.0
Total	49.8	207.9	284.4	284.4

Ministry Expenditure

	2003 bn NID	2004 bn NID	2005 bn NID	2006 bn NID
<i>Ministry Capital Projects</i>	34.8	63.3	150	150
Staff Expenditures		44.1	44.1	44.1
Service Requirements	5.0	21.1	15.9	15.9
Goods Requirements	9.6	60.7	56.2	56.2
Assets Maintenance	0.5	6.2	6.2	6.2
Capital Expenditures		12.5	12.0	12.0
Transferred Expenditures				
Foreign Obligations				
Salaries & Retirement rewards				
<i>Ministry Operating Expenditure</i>	15.0	144.6	134.4	134.4
Total Ministry Expenditure	49.8	207.9	284.4	284.4

Memorandum Items

# Employees	2003	2004	2005	2006
Tier 1		991	991	991
Tier 2		3030	3030	3030
Tier 3		7766	7766	7766
Tier 4		9646	9646	9646
Total Employees		21433	21433	21433
Total Salary Cost		44.1	44.1	44.1

Operating Expenses	2003	2004	2005	2006
Normal Ministry Operating Expenses	15.0	138.1	133.6	133.6
Office of Foreign Litigation		5.3		
Security for Justices		1.2	0.7	0.7
Sub-total Operating Expenses	15.0	144.6	134.4	134.4

Budget Funded Capital Projects (including reconstruction)

	2004 Total Project Cost	
Justice		
reconstruction	42.0	42.0
projects	3.0	3.0
prisons		
reconstruction	18.3	18.3
Sub total Capital Projects	63.3	63.3

13 October 2003

Iraq Releases Fiscally Responsible 2004 Budget

The Iraqi Minister of Finance Mr. Kamul al-Gailani announced today the release of the Iraqi Budget for 2004.

The budget provides authority for the commitment and expenditure of money by the Iraqi Ministries for 2004 and sets the fiscal framework for 2005 and 2006. It meets the recurrent expenditures of the Ministries, including a significant social safety net, along with some of the most pressing capital projects, and provides for the most urgent daily and social needs of the Iraqi people.

Commenting on the preparation of the budget, Minister al-Gailani said, "This budget represents an important step towards the rebuilding of Iraq by Iraqis. The Budget was prepared by a team of Iraqi experts, with a series of budget hearings attended by representatives from the various Iraqi ministries, and chaired by officials of the Ministry of Finance."

Consistent with responsible fiscal policy this budget does not rely on increased borrowing, printing money, or foreign assistance.

The public release of the 2004 budget further demonstrates the Governing Council's commitment to public sector transparency. On the road to modernization, it is important for Iraq's institutions to be open to public scrutiny. This ensures spending will be directed towards those areas the Iraqi people feel have the greatest need. This transparency will also help reduce cases of corruption and strengthen the overall confidence of the Iraqi people and investors.

However, Iraq has very substantial reconstruction and redevelopment needs that are not able to be funded in the 2004 budget. With this in mind, the Iraqi Governing Council plans to exert all possible efforts to finance the above mentioned needs through activating the national economy and the private sector. The Governing Council also plans to seek the support of the international community at the International Donors Conference in late October in Madrid.

Mr. al-Gailani concluded: "Iraq is a country with enormous economic and human potential. By applying sound economic financial and monetary policies, and creating a good investment environment with international donors over the transition, Iraq will restore the economic and financial status which it previously held."

Notes for editors

1. The Budget for 2004 expects revenues of around NID 19.5 trillion (US\$ 13 billion), with expenditures of NID 20.25 trillion (US\$ 13.5 billion), meaning the Budget in 2004 will run a deficit of around NID 900 billion (US\$ 600 million). This deficit will be funded through refunds from cancelled Oil-For-Food contracts, meaning there will be no need for Iraq to borrow or print money to finance its deficit. In 2005 and 2006, the Budget is in balance, with spending matching revenues.

2. The budget reflects the 5 core principles laid out by the Iraqi ministries to drive the economic agenda. The core principles include: economic openness, private sector development, international integration, transparency in Government spending, and providing a safety net for the poor.

3. Journalists can obtain copies of the Iraqi 2004 Budget at the Convention Center.

Ministry of Finance
Budget Office
Current Budget Preparation Department

U.S. DOLLARS

Current Budget Estimation Forms
For The Year 2004

Ministry of Justice

Class Code

Office of Iraqi Correctional Services

Department Code

JUVENILES

Prepared by:



Form No (1)

Table of Jobs According to the Post Grading

Class	
Department	Prisons
Part	JUVENILES

No.	Items	2003	2004	
		No.of the employees (EXCL SOE)	No.of the employees (EXCL SOE) - proposed	No.of employees agreed
1	Level (1) (Special degrees)	1	4	
2	Level (2) (First and Second Degrees)	24	15	
3	Level (3) (Third, Fourth, Fifth Degrees)	183	396	
4	Level (4) (Sixth, Seventh, Eighth, Ninth, Tenth Degrees)	301	792	
	Total Employees	509	1307	
	Estimated Salary Cost ('000 ID)		183,538,7001	

Prepared by:

Form No (2)

Estimation of Expenditures According to the Parts

Part	
Department	
Section	

~~Thousand Dinars~~

Section	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004				2005	2006
				Ministry proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004	Total Agreed	Total	Total
1	Staff Expenditures	N/A	\$31,643			\$1,546,131		\$1,546,131	\$1,546,131
2	Service Requirements	N/A				\$191,870		\$191,870	\$191,870
3	Goods Requirements	N/A				\$8,978,886		\$8,978,886	\$8,978,886
4	Assets Maintenance	N/A				\$675,000		\$675,000	\$675,000
5	Capital Expenditures	N/A				\$1,500,000		\$1,500,000	\$1,500,000
6	Transferred Expenditures	N/A							
7	Foreign Obligations	N/A							
8	Special Programs for Building	N/A				\$1,012,197		\$1,012,197	\$1,012,197
9	Salaries & Retirements' rewards	N/A							
	Total		\$31,643			\$13,904,084		\$13,904,084	\$13,904,084

Prepared by:

Form No (3)

Estimation of Expenditures According to the Items

Part	
Department	
Section	Prisons

~~Thousand Dinar~~

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			Total Agreed Total Agreed	2005	2006
					Ministry Savings proposal	Ministry Spending Proposal	Total Expenditure Proposed for 2004		Total	Total
1		Employees Expenditures								
	1	Employees Salaries	N/A	\$31,643		\$1,546,131	\$1,546,131		\$1,546,131	\$1,546,131
		Total of First Section	N/A	\$31,643		\$1,546,131	\$1,546,131		\$1,546,131	\$1,546,131
2		Services requirements								
	1	Travel Expenses & Allowances	N/A			\$490	\$490		\$490	\$490
	2	Delegation Expenses & Allowances	N/A			\$490	\$490		\$490	\$490
	3	Transferred Expenses & Allowances	N/A			\$490	\$490		\$490	\$490
	4	Publication & Information (Media) Expenses	N/A			\$490	\$490		\$490	\$490
	5	Printing Expenses	N/A			\$3,000	\$3,000		\$3,000	\$3,000
	6	Post	N/A			\$490	\$490		\$490	\$490
	7	Cable & Telephone	N/A	\$0		\$42,690	\$42,690		\$42,690	\$42,690
	8	Lands & Buildings rents	N/A							

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004				2005	2006
					Ministry Savings proposal	Ministry Spending Proposal	Total Expenditure Proposed for 2004	Total Agreed	Total	Total
	9	Machines & Machinery Rents & Transportation	N/A			\$52,590	\$52,590		\$52,590	\$52,590
	10	Insurance premiums	N/A			\$333	\$333		\$333	\$333
	12	Lawyers wages	N/A			\$8,000	\$8,000		\$8,000	\$8,000
	13	Accommodation & Delegations	N/A			\$757	\$757		\$757	\$757
	14	Conferences and symposiums (seminars)	N/A			\$490	\$490		\$490	\$490
	15	Celebrations	N/A			\$490	\$490		\$490	\$490
	16	Civil Defence	N/A			\$545	\$545		\$545	\$545
	17	Rewards & Medals for others	N/A			\$545	\$545		\$545	\$545
	18	Varities								
	19	Subscription of training courses	N/A			\$490	\$490		\$490	\$490
	21	Sports Activity	N/A							
	22	School Activity	N/A							
	23	Scanning & Specifying & Correcting kinds of lands and their registrations	N/A							
	24	Money Transferring	N/A							
	25	witnesses & arrested transferring	N/A			\$7,000	\$7,000		\$7,000	\$7,000
	27	Stamps selling commission	N/A							
	28	Students Allowances	N/A							

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			Total Agreed	2005	2006
					Ministry Savings proposal	Ministry Spending Proposal	Total Expenditure Proposed for 2004		Total	Total
	29	Student leave.	NIA							
	30	Office Cleaning	NIA			\$50,000	\$50,000		\$50,000	\$50,000
	31	Wages for joining the scientific institutions	NIA							
	32	assesment of Scientific Research & Translation	NIA							
	33	Advisors and Experts wages	NIA							
	42	Loading & Off-loading of Goods & materials	NIA			\$490	\$490		\$490	\$490
	43	Cleaning & it's requirements	NIA			\$20,000	\$20,000		\$20,000	\$20,000
	44	City Planning & Organaizing	NIA							
	4%	Guarding wages	NIA			\$2,000	\$2,000		\$2,000	\$2,000
	49	Jewlery Stamping wages	N/A							
		Total of the Second Section	NIA	\$0		\$191,870	\$191,870		\$191,870	\$191,870
3		Goods Requirements								
	1	Stationary and printed materials	NIA			\$15,119	\$15,119		\$15,119	\$15,119
	2	Water & Sewerage fees	NIA			\$118,860	\$118,860		\$118,860	\$118,860
	3	Electricity Fees	N/A			\$118,860	\$118,860		\$118,860	\$118,860
	4	Delegation expenses	NIA			\$144,000	\$144,000		\$144,000	\$144,000
	5	Clothes	NIA			\$268,814	\$268,814		\$268,814	\$268,814

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			2005	2006
					Ministry Savings proposal	Ministry Spending Proposal	Total Expenditure Proposed for 2004	Total Agreed	Total
	6	Food	N/A			\$5,880,717	\$5,880,717		\$5,880,717
	7	Medicine	N/A			\$1,426,320	\$1,426,320		\$1,426,320
	8	Cleanisina Materials	N/A			\$65,006	\$65,006		\$65,006
	9	Materials & Reaquirements	N/A			\$933,266	\$933,266		\$933,266
	10	Sick Equipments	N/A						
	11	Sports Equipments	N/A			\$7,924	\$7,924		\$7,924
	12	Forage (Feed) for Animals	N/A						\$8,978,886
		Total for the Third Section		\$0		\$8,978,886	\$8,978,886		\$8,978,886
4		Assets Maintenance	N/A						
	1	Maintenance of furniture	N/A			\$45,000	\$45,000		\$45,000
	2	Maintenance of buildings	N/A			\$222,000	\$222,000		\$222,000
	3	Maintenance of roads & bridges	N/A						
	4	Maintenance of water & Electricity installations	N/A			\$111,000	\$111,000		\$111,000
	5	Maintenance of Machines & apparatuuses	N/A			\$111,000	\$111,000		\$111,000
	6	Maintenance of means of transport	N/A			\$111,000	\$111,000		\$111,000
	7	Maintenance of Books & Records	N/A						
	8	Maintenance of Irrigation projects	N/A						
	9	Maintenance of Dams establishments	N/A						
	10	Maintenance of weapons	N/A			\$10,000	\$10,000		\$10,000
	11	Maintenance of Gardens and Parks	N/A			\$15,000	\$15,000		\$15,000
	12	Maintenance of Factories	N/A			\$50,000	\$50,000		\$50,000
	13	Maintenance of City Planning & Oraanizina	N/A						
	14	Maintenance of Radio & TV stations	N/A						
	16	Maintenance of Slaughterhouses	N/A						
		Total of the Fourth Section		\$0		\$675,000	\$675,000		\$675,000

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			2005	2006
					Ministry Savings proposal	Ministry Spending Proposal	Total Expenditure Proposed for 2004	Total Agreed	Total
5		Capital Expenditures	N/A						
	1	Furniture	N/A			\$300,000	\$300,000		\$300,000
	4	Vehicles	N/A			\$400,000	\$400,000		\$400,000
	5	Other transportations means	N/A						
	6	Machines, apparatuses & machineries	N/A			\$800,000	\$800,000		\$800,000
	7	Lands	N/A						
	8	Buildings	N/A						
	9	Books & Magazines	N/A						
	10	Movies & documental films	N/A						
	11	Weapons & ammunition	N/A						
	12	Theatres & their requirements	N/A						
	14	Animals	N/A						
	15	Other requirements & equipments	N/A						
	19	Wells & Mines	N/A						
		Total of the Fifth Section		\$0		\$1,500,000	\$1,500,000		\$1,500,000
6		Transferred Expenditures	N/A						
	1	Returns-up	N/A						
	2	Compensations	N/A						
	3	Elimination of ungained debts	N/A						
	20	Other Rewards	N/A						
		Total of The Sixth Section							
7		Foreign Obligations	N/A						
	1								
	2								
	3								
		Total of The Seventh Section	N/A						
9		Retirement Salaries	N/A						
	1	Civilian retirement salaries	N/A						
	2	Military retirement salaries	N/A						
	3	Family care salaries	N/A						
		Total of the Ninth Section	N/A						
TOTAL OF ALL THE SECTIONS:				\$31,643		\$12,891,887	\$12,891,887	\$12,891,887	\$12,891,887

Prepared by

Prepared by [REDACTED]

COALITION PROVISIONAL AUTHORITY

ACTION MEMO

14 September 2003

To: Ministry Senior Advisors

From: [REDACTED] Senior Advisor, Office of Management and Budget

Please find attached your preliminary 2004 Budget allocation as at 14 September. These numbers are based on the information the Iraqi Ministry of Finance has received from your Ministry.

Can you please check this information with your Iraqi Ministry, and respond **within the next 48 Hours – ie by 5pm Tuesday 16 September**. A checklist is provided in this Memo to guide you. **The key thing to focus on is how your Ministry intends to spend its Capital Projects budget for 2004. List in as much detail as you can.**

This is your last chance to consider your budget for 2004 – it is being published on 24 September.

Please direct all questions and responses to either: [REDACTED] or [REDACTED]
[REDACTED] in my office.

[REDACTED]
Senior Advisor

CPA Office of Management and Budget

Additional Information

The checklist for you is outlined below:

- Have you listed all capital projects that you can undertake using your Budget allocation?
- Is the operating expenditure aggregate correct, and allocated correctly across expenditure categories?
- Please fill in a brief description of what the Budget will do for the Ministry (please no wisecracks, we know it's austere..)
- Are the number of employees correct? *Not known. Employees currently*
- Please provide – in priority order - the 'top 5' largest unmet needs for your Ministry. You can provide the remainder by cob 18 September.
- Do you have any State Companies that ~~are~~ receiving budgetary support? If so, what are their names (and how much are they getting)?

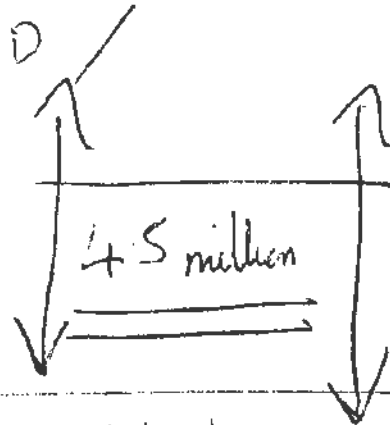
3000



10,000

- 1) ~~Prisons~~ Operating Expenses
- 2) Detention Centres
- 3) / Prisons.

Million D



- 1) Food costs.
- 2).

10.36

Capital Items.
\$ 90

Iraqi State Owned Enterprises

Company Information Questionnaire - Please provide answers on separate sheets with the question # referen

	English	Arabic
1	What is the name of your Company?	
2	Provide a brief description of your Company (in 200 words or less). Include description of your products, facilities, customers and number of employees.	
3	Name of contact person and position held at Company	
4	Phone # and email address for contact person	
5	How much money in US \$ are you requesting?	
6	What exactly will the money be spent on? Be specific, and account for 100% of the loan amount. Describe the products or services, quantity to be purchased, unit pricing and names of suppliers.	
7	How does this loan and its uses address your long term goals for your Company?	
8	Describe why you need the products or services you intend to purchase. What will it allow you to produce?	
9	Do you have a customer for the products you will produce? If yes, name the customers.	
10	How much cash do you currently have in the bank? Provide the bank name and branch.	
11	How much money is currently owed to you by customers? Provide names of the customers that owe you money.	
12	What is the market value of inventory you currently have? Include both raw material and finished goods. Describe the inventory.	
13	Identify any assets that you can use as collateral for the loan. For example, finished inventory, accounts receivable or property. Provide the market value of these assets.	
14	How much money do you currently owe to suppliers? Identify the suppliers by name and amount for each supplier.	
15	How much money do you currently owe to banks? Identify the banks by name and amount for each bank.	
16	How much revenue does your Company expect to generate in the next 3, 6 and 12 months?	

Iraqi State Owned Enterprises

Company Information Questionnaire - Please provide answers on separate sheets with the question # referen

17	When will you repay the money? Will you repay 100% of the loan at one time, or repay in installments. If in installment, provide repayment dates and percentages repaid on each date.
18	What are the competitive strenghts of your Company?
19	Who are your biggest competitors? Include both Iraqi companies and imports from other countries.
20	What is your market share in Iraq for the products this loan will help you produce?
21	Describe the risks to your Company's projections. What could potentially prevent you from meeting these goals?
22	Provide brief description of the top three executives at Company, including years at Company and relevant experience. Provide CV's on separate sheet, if available.
23	Provide a copy of your most recent (unaudited is acceptable) historical balance sheet, income statement and cash flow statement.
24	Provide a copy of your last audited historical balance sheet, income statement and cash flow statement.
25	Provide a copy of your projected balance sheet, income statements and cash flows for the next 3, 6 and 12 months.

CAPITAL (INVESTMENT OR RECONSTRUCTION) PROJECTS

Project information

Project Name: _____
Location (City/Governate/Region): _____
Date of Submission: _____
Project description: _____
Project type (Ongoing/New/Reconstruction): _____
Industry Sector: _____
Implementing Ministry & Representative: _____
Beneficiary Ministry & Representative: _____
Who will undertake the investment? _____

Project Description:

Project Justification:

Project Costs ('000 Dinars)	Total Project	Budget Year (2004)
<i>Preparation</i>		
Designing and Studies		
Consultation Services		
Investigation		
Property Compensation		
Other Preparation Costs		
<i>Civil and Engineering Works</i>		
Housing		
Non-Residential Construction		
Other Utilities		
Machinery and Equipment		
Transportation		
Installation		
Other Civil and Engineering Costs		
<i>Operating Capital</i>		
Production Inputs		
Wages and Salaries		
Other Operating Costs		
<i>Other Costs</i>		
<i>Total</i>		

Project Timing

Project commencement date: _____
Project start date: _____
Project completion date: _____

Project Schedule

	Pre-2004	2004	2005	2006	2007	2008
Work done (%)						
Payment (%)						

	2004	2005	2006
Staff Expenditures			
Service Requirements			
Assets Maintenance			
Capital Expenditures			
Transferred Expenditures			
Foreign Obligations			
Salaries & Retirements' rewards			

Name and signature of the Director General for submitting department

Name and signature of the person who filled in the Questionnaire

General Instructions

1. The Questionnaire is to be filled in by the Governor or the general trust or commission or department, then send to the Ministry headquarters concerned for approval. All questionnaires for all projects with consolidated tables are to be sent by the Ministry, listed in priority order, to the Ministry of Finance as part of their 2004 Budget submission.
2. Transfer all the foreign currency amounts to thousands Iraq Dinar using the exchange rate of 1500 IQD = 1 USD.
3. Provide whatever additional information you have to support the project.

Industry Sectors

1. Agricultural
 - a. Dams and Storage Projects
 - b. Irrigation Projects
 - c. Projects for Agricultural Products
 - d. Projects for Agricultural Services
2. Industrial
3. Transportation and Communication
 - e. Land Road Net
 - f. Land Transportation
 - g. Railways
 - h. Water Transportation
 - i. Airway Transportation
 - j. Communication
 - k. T.V. Radio Broadcasting
 - l. Grain Storage Projects
4. Construction and Services
5. Education, Higher Education, and Scientific Research
6. Other Investment Expenditure

**Ministry of Finance
Budget Office**

To: All Ministries and directorates not connected to a ministry
Subj.: Instructions of preparing the budget for year 2004

Ministry of Finance would like to refer to the preparation for budget estimations of 2004 (Current & Investment), and the ministries have to present the estimation of their budgets according to the budget forms which are already used in recent years according and also to the estimation bases of the past years.

Priorities should be given to security, services and a good standard of living. Infrastructures and reconstruction should also receive priority in order to enable all economic projects to operate again as soon as possible.

The 2004 budget necessitates that vital needs of people should be studied objectively to provide allocations for them, taking into consideration the limited revenues we can raise during the next year. This means that all official ministries and directorates should start collecting fees from people in exchange for the services these directorate offers.

The Ministry of Finance asks all ministries to adhere to the attached time table and submit their budget to this ministry before 8/15/2004. Discussions with a various line ministries are to be carried from 8/15 to 9/5, the following procedures should be taking into consideration during budget preparation:

1- Budgets of centrally financed directorates:

- a) Each ministry should have a high committee at ministry HQ or the directorate not connected to a ministry HQs to carry out discussions concerning the budget operational and investment according to budget forms and regulations. A total budget according to the ministries (Part) is required.
- b) Each directorate within the line ministries and every department within directorates not connected to a ministry should have sub-committees to discuss their budgets.
- c) This ministry will discuss the total budget of every ministry, so all members of these committees and sub-committees should be well informed about the details of their budget to ensure accuracy and speed.

2- Budget of self financed directorates:

- a) The followings should be taken into consideration:

First : Production should be increased according to qty. & quality.

Second: Human & financial resources should be used perfectly.

Third : All directorates and companies should be restructured to increase administrative efficiency to fulfill production objectives of the annual budget.

Fourth : To reduce expenditures as much as possible.

- b) The directorate of Accounting/MOF should be provided with the planning budgets starting from human and financial resources ending with financial plan, all tables and enclosures data that explain the number of production units should be mentioned together with the difference services. All details concerning production operations should be mentioned like quantity, quality, and costs.
- c) The above mentioned budget committees should be responsible to prepare the plan budget estimations before submitting them to MOF.

3- The Investment Budget:

The investment budget should be prepared according to regulations previously followed; taking into consideration the following items:

- a) When asking for estimations, priorities are to be given to basic services like electricity, water...etc. which have direct contact with the life of people; we must ensure the continual operations of these projects.
- b) New suggested projects to support the Iraqi economy and reform the infrastructure to achieve the required development.
- c) Reconstruction projects are to be implemented only when they are proved to be of economic benefit to the country.
- d) Previous consultation with other ministries like the ministry of planning is required before submitting the final estimations to the MOF.

With regards

Deputy of the MOF

[REDACTED] UK Ministry of Justice
From: [REDACTED] (GS-15 Justice Dept.)
Sent: Friday, August 29, 2003 11:08 AM
To: [REDACTED] UK Ministry of Justice
Subject: FW: 2004 BUDGET HEARINGS SCHEDULE

The grid is in the attachement

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Friday, August 29, 2003 10:55 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: 2004 BUDGET HEARINGS SCHEDULE

Please note that these hearings will be at the Iraqi Ministry of Finance (grid coordinates in the attachment).

You are going to need security escorts to get there for your hearings. [REDACTED] and [REDACTED] will be there throughout. Your senior CPA advisor should attend with whichever Iraqi from your Ministry intends to defend your budget to the interim Iraqi Minister of Finance.

[REDACTED] ensure we have at least three interpreters for the entire period (one for [REDACTED] and [REDACTED] one for [REDACTED] and [REDACTED] and one for the CPA Senior Advisor, so the CPA reps can have simultaneous translations).

[REDACTED]

-----Original Message-----

From: [REDACTED] Australia Treasury
Sent: Thursday, August 28, 2003 8:37 AM
To: CPA Ministries
Cc: [REDACTED] CIV COE SAD
Subject: 2004 BUDGET HEARINGS SCHEDULE

Attached is a memo on the 2004 Budget hearings schedule.

Regards

[REDACTED]

8/29/2003

2004 BUDGET HEARINGS SCHEDULE

- Venue: Ministry of Finance Computer Centre Building (MB 4535 9108)
- Objective: One hour has been provided for each Iraqi Ministry to discuss their Budget submission to the Iraqi Ministry of Finance.
- CPA role: OMB staff will be on hand to assist the process and the Ministry of Finance in particular. We expect CPA advisors to perform a similar role.

The proposed schedule is attached.


Office of Management and Budget

Schedule:

Sunday 31 August

0900 – 1000 Ministry of Water Resources (formerly Irrigation)
1000 – 1100 Ministry of Agriculture
1100 – 1200 Ministry of Education
1200 – 1300 Ministry of Security Affairs
1300 – 1400 Ministry of Housing and Construction

Monday 1 September

0900 – 1000 Ministry of Health
1000 – 1100 Ministry of Higher Education
1100 – 1200 Electricity Commission
1200 – 1300 Iraq Science and Technology Commission
1300 – 1400 Ministry of Trade

Tuesday 2 September

0900 – 1000 Ministry of Industry and Minerals
1000 – 1100 Ministry of Oil
1100 – 1200 Ministry of Justice (including prisons)
1200 – 1300 Ministry of Foreign Affairs
1300 – 1400 Ministry of Interior

Wednesday 3 September

0900 – 1000 Ministry of Culture
1000 – 1030 Ministry of Transport
1030 – 1100 Ministry of Communications
1100 – 1200 Ministry of Planning
1200 – 1230 Ministry of Waqf
1230 – 1300 Ministry of Labor and Social Affairs
1300 – 1400 Board of Supreme Audit

Thursday 4 September

0900 – 1000 Ministry of Public Works (Municipalities and Local Authorities)
1000 – 1100 Ministry of Youth and Sport
1100 – 1200 Ministry of Finance
1200 – 1300 Baghdad Mayoralty
1300 – 1400 Central Organisation for Standards

Saturday 6 September

0900 – 1400 Suleymania Region

Sunday 7 September

0900 – 1400 Erbil Region

PRISONS

In the limited time available the following comments should be made:-

It is very difficult to provide building specifications when a full survey of all prison facilities has not been carried out. The figures in the Supplemental provide a generic solution to the best available information at the time.

The original estimate is that the prison population for the size of Iraq will be 30,000. The budgets have been drawn up with this figure in mind. On the original plan was to stand up institutions with 11,000 beds by the end of this year. This has been revised to 8,000. The supplemental aims to add an extra 18,000 beds. A worst case scenario predicts a 38,000 prison population by the end of 2004 (straight line average incarceration rate). There will be a shortfall of prison beds in 2004. Any savings in capital costs can be used to expand or build new facilities. The security situation may well add considerable numbers to the prisoner population depending on the level of violence.

There is an urgent need to bring prisons into action to deal with the continuing security situation and to relieve US military from prison and escort duties. Consequently a premium may have to be paid in order to stand up facilities quickly and bring in the necessary machinery, material and expertise to do so. The volatility of prices that can be obtained locally will also impact on the total price of the contract.

The initial costs were based on estimates by US experts. For example the capital cost in 2001 of Tucson Prison in Arizona was estimated at \$195 million. This was for a 4800 bed facility.

The best prison facility in Iraq is Abu Ghraib. It was foreign built. It would be intended that local quality build would be used if it was thought adequate. More likely there would be a blend of Iraqi and International standards, with some international supervision.

The amounts given in the supplemental refer to bringing prisons up to the minimum standards promulgated in OCPA Memorandum No 2 regarding the Management of Detention Centres and Prisons. This means that the overall operating cost of the prison service will be much higher than the old regime. There will be an incremental capital costs in improving old facilities.

Some of the facilities have been badly damaged and can be restored, others have been completely destroyed (Kan Bani Sa'ad and Baquba prisons) They will have to be rebuilt. The problem is that our picture of the prisons is incomplete.

The start up costs are for fully equipping prisons. Among other things it includes bedding, uniforms for prisoners and officers, furniture, fixtures, and equipment. Also equipment for administration, transport, communications and for security.

Initial operating costs relates to the average cost of operating each facility for a year. We do not have enough data to work out the actual average cost per inmate in comparison to the states. The annualized operating costs is estimated at \$12,000 per inmate per year.

The budget does not include the Kurdish region.

**Ministry of Finance
Budget Office
Current Budget Preparation Department**

U.S. DOLLARS

Current Budget Estimation Forms For The Year 2004

Ministry of Justice

Class Code

Office of Iraqi Correctional Services

Department Code

ADULTS

Prepared by: 

1 of 10

Prisons cover

Form No (1)

Table of Jobs According to the Post Grading

Class	
Department	Prisons
Part	

C	No.	Items	2003	2004	
			No.of the employees (EXCL SOE)	No.of the employees (EXCL SOE) - proposed	No.of employees agreed
1	1	Level (1) (Special degrees)	2	38	
2	2	Level (2) (First and Second Degrees)	293	18251	
3	3	Level (3) (Third, Fourth, Fifth Degrees)	1096	7449	
4	4	Level (4) (Sixth, Seventh, Eighth, Ninth, Tenth Degrees)	8250	3104	
		Total Employees	9641	12415	
		Estimated Salary Cost ('000 ID)		26,182,560,120	

Form No (2)

Estimation of Expenditures According to the Parts

Part	

Section	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004				2005	2006
				Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004	Total Agreed	Total	Total
1	Staff Expenditures	N/A	\$93,156			\$11,758,099		\$17,082,600	\$17,082,600
2	Service Requirements	N/A				\$841,657		\$866,907	\$856,607
3	Goods Requirements	N/A	\$6,253,166			\$62,969,149		\$64,858,223	\$64,718,298
4	Assets Maintenance	N/A				\$1,955,535		\$2,014,201	\$2,014,201
5	Capital Expenditures	N/A	\$9,173,044			\$6,020,287		\$6,200,896	\$5,464,994
6	Transferred Expenditures	N/A							
7	Foreign Obligations	N/A							
8	Special Programs for Building	N/A				\$225,016,287		\$115,000,000	\$115,000,000
9	Salaries & Retirements' rewards	N/A							
	Total		\$15,519,366			\$308,561,014		\$206,022,826	\$205,136,699

Form No (3)

Estimation of Expenditures According to the Items

Part	
Department	
Section	Prisons

Thousand Dinar

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			Total Agreed	2005	2006
					Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004		Total	Total
1		Employees Expenditures								
	1	Employees Salaries	N/A	\$93,156		\$12,014,453	\$11,758,099		\$17,082,600	\$17,455,040
		Total of First Section	N/A	\$93,156		\$12,014,453	\$11,758,099		\$17,082,600	\$17,455,040
2		Services requirements								
	1	Travel Expenses & Allowances	N/A			\$9,713	\$9,713		\$10,004	\$10,004
	2	Delegation Expenses & Allowances	N/A			\$9,713	\$9,713		\$10,004	\$10,004
	3	Transferred Expenses & Allowances	N/A			\$9,713	\$9,713		\$10,004	\$10,004
	4	(Publication & Information (Media) Expenses	N/A			\$9,713	\$9,713		\$10,004	\$10,004
	5	(Printing Expenses	N/A			\$33,333	\$33,333		\$34,333	\$34,333
	6	Post	N/A			\$9,713	\$9,713		\$10,004	\$10,004
	7	Cable & Telephone	N/A	\$0		\$100,000	\$100,000		\$103,000	\$103,000
	8	Lands & Buildings rents	N/A						\$0	\$0

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul Dec)	2004				2005	2006
					Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004	Total Agreed	Total	Total
	9	Machines & Machinery Rents & Transportation	NIA			\$133,333	\$133,333		\$137,333	\$137,333
	10	Insurance premiums	NIA			\$333	\$333		\$343	\$343
	12	Lawyers wages	NIA			\$13,333	\$13,333		\$13,733	\$13,733
	13	Accommodation & Delegations	N/A			\$13,333	\$13,333		\$13,733	\$13,733
	14	Conferences and (seminars)	NIA			\$9,713	\$9,713		\$10,004	\$10,004
	15	Celebrations	NIA			\$6,667	\$6,667		\$6,867	\$6,867
	16	Civil Defence	NIA			\$66,667	\$66,667		\$68,667	\$68,667
	17	Rewards & Medals for others	NIA			\$13,333	\$13,333		\$13,733	\$13,733
	18	Varities								
	18	Varities								
	19	Subscription of training courses								
	19	Subscription of training courses	NIA			\$33,333	\$33,333		\$34,333	\$34,333
	21	Sports Activity								
	21	Sports Activity	NIA							
	22	School Activity	NIA							
	23	Scanning & Specifying & Correcting kinds of lands and their registrations	NIA							
	24	Money Transferring	NIA							
	25	witnesses & arrested transferring	NIA			\$16,667	\$16,667		\$17,167	\$17,167
	27	Stamps selling commission	NIA							
	28	Students Allowances	N/A							

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			2005	2006
					Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004	Total Agreed	Total
	29	Student leave.	NIA						
	30	Office Cleaning	NIA			\$200,000	\$200,000		\$206,000
	31	Wages for joining the scientific institutions	NIA						
	32	assesment of Scientific Research & Translation	NIA						
	33	Advisors and Experts wages	NIA						
	42	Loading & Off-loading of Goods & materials	NIA			\$9,713	\$9,713		\$10,004
	43	Cleaning & it's requirements	NIA			\$133,333	\$133,333		\$137,333
	44	City Planning & Organaizing	NIA						
	46	Guarding wages	NIA			\$10,000	\$10,000		\$10,300
	49	Jewelry Stamping wages	NIA						
		Total of the Second Section	NIA	\$0		\$841,657	\$841,657		\$866,907
3		Goods Requirements							
	1	Stationary and printed materials	NIA			\$200,000	\$200,000		\$206,000
	2	Water & Sewerage fees	NIA			\$775,949	\$775,949		\$799,228
	3	Electricity Fees	NIA			\$775,949	\$775,949		\$799,228
	4	Delegation expenses	NIA			\$252,148	\$252,148		\$259,712
	5	Clothes	NIA			\$1,737,058	\$1,737,058		\$1,789,170

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004				2005	2006
					Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004	Total Agreed	Total	Total
	6	Food	N/A			\$42,967,314	\$42,967,314		\$44,256,333	\$44,256,333
	7	Medicine	N/A			\$9,311,394	\$9,311,394		\$9,590,736	\$9,590,736
	8	Cleanising Materials	N/A			\$166,148	\$166,148		\$171,133	\$171,133
	9	Materials & Requirements	N/A			\$6,733,498	\$6,733,498		\$6,935,503	\$6,935,503
	10	Sick Equipments	N/A							
		Sports Equipments	N/A			\$49,690	\$49,690		\$51,181	\$51,181
		Forage (Feed) for Animals	N/A							
		Total for the Third Section		\$6,253,166		\$62,969,149	\$62,969,149		\$64,858,223	\$64,858,223
		Assets Maintenance	N/A							
		Maintenance of furniture	N/A			\$133,333	\$133,333		\$137,333	\$137,333
		Maintenance of buildings	N/A			\$666,667	\$666,667		\$686,667	\$686,667
		Maintenance of roads & bridges	N/A							
	4	Maintenance of water & Electricity installations	N/A			\$333,333	\$333,333		\$343,333	\$343,333
	5	Maintenance of Machines & apparatuses	N/A			\$333,333	\$333,333		\$343,333	\$343,333
	6	Maintenance of means of transport	N/A			\$333,333	\$333,333		\$343,333	\$343,333
	7	Maintenance of Books & Records	N/A							
	8	Maintenance of Irrigation projects	N/A							
	9	Maintenance of Dams establishments	N/A							
	10	Maintenance of weapons	N/A			\$22,201	\$22,201		\$22,867	\$22,867
	11	Maintenance of Gardens and Parks	N/A			\$33,333	\$33,333		\$34,333	\$34,333
	12	Maintenance of Factories	N/A			\$100,000	\$100,000		\$103,000	\$103,000
	13	Maintenance of City Planning & Organizing	N/A							
	14	Maintenance of Radio & TV stations	N/A							
	16	Maintenance of Slaughterhouses	N/A							
		Total of the Fourth Section		\$0		\$1,955,535	\$1,955,535		\$2,014,201	\$2,014,201

Section	Item	Title	Yearly Expenditures for 2002	Expenditures for 2003 (Jul-Dec)	2004			Total Agreed	2005	2006
					Ministry Savings proposal	Ministry Spending proposal	Total Expenditure Proposed for 2004		Total	Total
5		Capital Expenditures	N/A							
	1	Furniture	N/A			\$1,000,000	\$1,000,000		\$1,030,000	\$1,030,000
	4	Vehicles	N/A			\$1,550,360	\$1,550,360		\$1,596,871	\$1,596,871
	5	Other transportations means	N/A							
	6	Machines, apparatuses & machineries	N/A			\$3,469,927	\$3,469,927		\$3,574,025	\$3,574,025
	7	Lands	N/A							
	8	Buildings	N/A							
	9	Books & Magazines	N/A							
	10	Movies & documental films	N/A							
	11	Weapons & ammunition	N/A							
	12	Theatres & their requirements	N/A							
	14	Animals	N/A							
	15	Other requirements & equipments	N/A							
	19	Wells & Mines	N/A							
		Total of the Fifth Section		\$9,173,044		\$6,020,287	\$6,020,287		\$6,200,896	\$6,200,896
6		Transferred Expenditures	N/A							
	1	Returns -up	N/A							
	2	Compensations	N/A							
	3	Elimination of ungained debts	N/A							
	20	Other Rewards	N/A							
		Total of The Sixth Section								
7		Foreign Obligations	N/A							
	1									
	2									
	3									
		Total of The Seventh Section	N/A							
9		Retirement Salaries	N/A							
	1	Civilian retirement salaries	N/A							
	2	Military retirement salaries	N/A							
	3	Family care salaries	N/A							
		Total of the Ninth Section	N/A							
TOTAL OF ALL THE SECTIONS:				\$15,519,366		\$83,801,081	\$83,544,727		\$91,022,826	\$91,395,267

Prepared by: [REDACTED]

2004 ICS Adults Budget Summary