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FM DEP SECDEF WASHINGTON DC
TO RUCAACC/CDR USCENCOM
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SUBJECT: WAY AHEAD ON COMMANDERS EMERGENCY RESPONSE FUND (CERP)

IMPORTANCE: IMMEDIATE

PERSONAL FOR AMBASSADOR BREMER, GEN ABIZAIID, GEN SCHOOMAKER INFO
UNDERSEC ZAKHEIM, GEN MYERS, LTG SANCHEZ//

AKNLDG/YES//

GENTEXT/REMARKS/1. THE PURPOSE OF THIS MESSAGE IS TO OUTLINE THE
WAY AHEAD FOR A SMOOTH TRANSITION TO AUGMENT CERP FUNDING FROM
NON-APPROPRIATED FUNDS (E.G., SEIZED ASSETS, DEVELOPMENT FUND FOR
IRAQ (DFI)) WITH APPROPRIATED FUNDS UNDER THE FY 2004 EMERGENCY
SUPPLEMENTAL APPROPRIATIONS ACT (P.L. 108-106) FOR BOTH IRAQ AND
AFGHANISTAN.

2. IN IRAQ TODAY, CERP IS WIDELY RECOGNIZED AS AN EXTREMELY POWERFUL
TOOL FOR MILITARY COMMANDERS IN CARRYING OUT THEIR CURRENT SECURITY
AND STABILIZATION MISSION. WE NEED TO SET UP FOR SUCCESS TO ENSURE
WE EXECUTE CERP-APPROPRIATED FUNDS (CERP-APF) TO THE CORRECT
STANDARD, WITHOUT INTERRUPTING THE FLOW OF CERP TO OUR FORCES IN THE
FIELD.

3. PER OUR TELEPHONE CONVERSATION OF YESTERDAY, AMBASSADOR BREMER
SHOULD DEVELOP WITH COMMANDERS TOMORROW A PLAN TO PROCEED WITH CERP
FUNDING BASED ON \$100 MILLION OF NON-APPROPRIATED FUNDS AND \$140
MILLION FROM APPROPRIATED FUNDS. GENERAL ABIZAIID SHOULD RECOMMEND
WHAT PORTION OF THE REMAINING \$40 MILLION OF APPROPRIATED FUNDS
SHOULD BE PLANNED FOR IRAQ. IN ADDITION TO ALLOCATING \$100 MILLION

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OF NON-APPROPRIATED FUNDS, COALITION PROVISIONAL AUTHORITY (CPA) SHOULD IDENTIFY OTHER SOURCES OF FUNDS, INCLUDING DFI, THAT WILL ENABLE US TO FULLY MEET CERP REQUIREMENTS THROUGH THE REST OF THE FISCAL YEAR (I.E., SEPTEMBER 30, 2004). COMMANDERS WILL STILL NEED ACCESS TO THESE FUNDS EVEN AFTER TRANSFER OVER TO AN EMBASSY AT THE END OF JUNE. (THE CURRENT AUTHORITY TO USE APPROPRIATED FUNDS WILL EXPIRE ON SEPTEMBER 30.)

4. WE ANTICIPATE USING A MIXTURE OF APPROPRIATED AND NON-APPROPRIATED FUNDS THROUGH THE ENTIRE FISCAL YEAR, IN ORDER TO PRESERVE THE GREATER FLEXIBILITY AFFORDED BY NON-APPROPRIATED FUNDS AS LONG AS POSSIBLE. DURING THE TRANSITION PERIOD, CPA AND APPROPRIATE EXECUTIVE AGENCIES SHOULD ESTABLISH RESPONSIVE CONTRACTING VEHICLES FOR ALL AUTHORIZED USES OF APPROPRIATED FUNDS AS QUICKLY AS POSSIBLE. AS THOSE VEHICLES BECOME AVAILABLE, ANY PROJECTS THAT CAN BE FUNDED THROUGH THOSE VEHICLES SHOULD BE FUNDED WITH APPROPRIATED FUNDS IN ORDER TO PRESERVE NON-APPROPRIATED FUNDS FOR OTHER PURPOSES.

5. FOR CDRUSCENTCOM: SUBMIT A RECOMMENDED CERP FUNDING PROFILE NO LATER THAN 10 DECEMBER FOR THE REMAINDER OF THE FISCAL YEAR THAT AGGRESSIVELY RESOURCES CERP REQUIREMENTS NEAR-TERM AND PROVIDES A ROBUSTLY-FUNDED PROGRAM OVERALL.

6. THE PURPOSE OF CERP-APF IS FOR BASIC, TIME-CRITICAL HUMANITARIAN ASSISTANCE AND RECONSTRUCTION ASSISTANCE FOR THE PEOPLE OF IRAQ. CERP-APF FUNDS MAY BE USED BY THOSE COALITION FORCES UNDER US PROGRAMMATIC AND FINANCIAL CONTROL AND OVERSIGHT SUFFICIENT TO ENSURE THAT FUNDS ARE USED FOR AUTHORIZED PURPOSES AND ARE PROPERLY ACCOUNTED FOR AND REPORTED. COMMANDERS HAVE THE AUTHORITY TO USE THESE RESOURCES FOR THE FOLLOWING TYPES OF PROJECTS: WATER AND SANITATION; FOOD PRODUCTION AND DISTRIBUTION; AGRICULTURE; ELECTRICITY; HEALTHCARE; EDUCATION; TELECOMMUNICATIONS; ECONOMIC, FINANCIAL, MANAGEMENT IMPROVEMENTS; TRANSPORTATION; IRRIGATION; RULE OF LAW AND GOVERNANCE; CIVIC CLEANUP ACTIVITIES; CIVIC SUPPORT VEHICLES; REPAIR OF CIVIC AND CULTURAL FACILITIES; AND OTHER HUMANITARIAN OR RECONSTRUCTION PROJECTS.

7. BASED ON OUR PRELIMINARY ASSESSMENTS, COMMANDERS DO NOT HAVE THE AUTHORITY TO USE CERP-APF FUNDS FOR THE FOLLOWING TYPE OF PROJECTS: DIRECT OR INDIRECT BENEFIT US FORCES OR COALITION FORCES; ENTERTAINMENT OF LOCAL POPULATION; WEAPONS BUY BACK PROGRAMS; REWARDS PROGRAMS; FIREARMS/AMMUNITION PURCHASES; REMOVAL OF UNEXPLODED ORDNANCE (UXO); SALARIES; CLOTHING; OR DUPLICATING SERVICES AVAILABLE THROUGH MUNICIPAL GOVERNMENTS; AND ALL GOODS AND/OR SERVICES EXCLUDED BY U.S. STATUTE. (NON-APPROPRIATED FUNDS (E.G., SEIZED ASSETS, DFI, ETC.) MAY BE USED FOR SUCH PROJECTS.) FURTHER GUIDANCE WILL BE FORTHCOMING.

8. CERP-APF REPORTING. AS EXECUTIVE AGENT, ARMY WILL FORWARD A CONSOLIDATED CERP-APF REPORT TO OUSD (COMPTROLLER) ON A MONTHLY BASIS. THE CONSOLIDATED REPORT SHOULD SUMMARIZE CERP-APF ACTIVITY PER COMMAND BY PROJECT CATEGORY AND SHOW THE TOTAL NUMBER OF PROJECTS BY CATEGORY AND TOTAL AMOUNT SPENT BY CATEGORY. THE REPORT SHOULD ALSO PROVIDE THE NUMBER OF PLANNED PROJECTS WITH ESTIMATED COST.

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ARMY WILL PREPARE AND DISSEMINATE DETAILED REPORT GUIDANCE FOR
COMMANDERS.

9. TRANSITION. THE TRANSITION TO INTRODUCE RESPONSIVE CONTRACTING
VEHICLES FOR APPROPRIATED CERP FUNDS SHOULD BE COMPLETED NO LATER
THAN FEBRUARY 15. DURING THE TRANSITION PERIOD, CPA SHOULD REPORT ON
SPENDING AND SEIZED/VESTED ASSETS ON HAND WEEKLY TO
OUSD (COMPTROLLER).

HAPPY THANKSGIVING,
PAUL WOLFOWITZ

+++PERSONAL FOR+++

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