



Iraq Local Governance Program

# Republic of Iraq District Government Field Manual

**VOLUME II: Resources**

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## INTRODUCTORY NOTE

Volume II of the District Government Field Manual presents selected resource material that may be examined for further information and illumination of the subjects covered in Volume I. The material includes a map of Iraq; the *Constitution* of Iraq; selected relevant legislation; overviews charts of local councils, governorate administrative offices, and federal offices in each of the administrative entities that will receive embedded Provincial Reconstruction Teams (Baghdad Governorate and the *Amanat* [Baghdad capital mayoralty], Al Anbar Governorate, and Babil Governorate); and explanatory material on public finance and economic development.

The material is highly selective. In fact, a number of pieces of Iraqi legislation that were deemed relevant were not included because they were available only in the original Arabic. There was no assurance that they could be translated into English in a reasonable period of time for inclusion here. Although less than perfect, the English translation of the *Constitution* included in this volume is an unofficial, yet widely disseminated, version. The translation of the Iraqi *Law No. 130 of 1963* is also an unofficial version. As we understand it, this law was originally translated under Iraqi government sponsorship decades ago, but by the time of this printing, it had not been possible to authenticate the origin.

We also note that considerable effort went into the task of compiling the charts presented in Chapters 3 through 5, primarily because of the difficulties faced in obtaining accurate information. This was particularly true for compiling data on the presence of the federal offices at the various levels of the administrative units because no single repository for such information exists. Thus, the data presented may not be complete, and in fact, we were unable to obtain the requisite information for the Baghdad Governorate.

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Map of Iraq



## ABBREVIATIONS

**COA** Chart of Accounts  
**COR** Council of Representatives  
**CPA** Coalition Provisional Authority  
**DFI** Development Fund for Iraq  
**DGs** Directors General  
**GFS 2001** Government Finance Statistical Manual  
**GOI** Government of Iraq  
**ID** Iraqi Dinar  
**IEC** International Electro-technical Commission  
**IFAD** International Fund for Agricultural Development  
**IRMO** Iraqi Reconstruction Management Office  
**ISO** International Organization for Standardization  
**KRG** Kurdistan Regional Government  
**LGP** Local Government Program [USAID-funded]  
**MIGA** Multilateral Investment Guarantee  
**MOF** Ministry of Finance  
**MOMPW** Ministry of Municipalities and Public works  
**MOPCD** Ministry of Planning and Cooperative Development  
**O&M** Operation and Maintenance  
**OAPEC** Organization of Arab Petroleum Exporting Countries  
**OPEC** Organization of Petroleum Exporting Countries  
**PDS** Provincial Development Strategy

**R&D** research and development  
**REG** Regulations [CPA]  
**SDRs** special drawing rights  
**TAL** Transitional Administrative Law  
**U.S.** United States  
**UN** United Nations  
**UNFAO** United Nations Food and Agriculture Organization  
**UNISCO** ????  
**UNSCRs** United Nations Security Council Resolutions  
**WIPO** World Intellectual Property Organization

### Arabic Terminology

**Althma'am** Reconstruction levy  
**Beladiya** Office of the Ministry of Municipalities and Public Works in the qada'a and kati'  
**Amin** The Amanat's principal executive official (Mayor of Baghdad capital)  
**Amanat** Baghdad capital mayoralty  
**Hayy** Neighborhood  
**Qada'a** District (outside Baghdad capital)  
**Nahiya** Subdistrict  
**Mudiyar** Executive official for subdistricts (nahiyas)  
**Qa'im maqam** Executive official for districts (qada'as)

# CONSTITUTION OF THE REPUBLIC OF IRAQ 2005

(Unofficial Translation)

## THE PREAMBLE

*In the name of God, the Most merciful, the Most compassionate*

### {We have honored the sons of Adam}

We, the people of Mesopotamia, the homeland of the apostles and prophets, resting place of the virtuous imams, cradle of civilization, crafters of writing, and home of numeration. Upon our land the first law made by man was passed, and the oldest pact of just governance was inscribed, and upon our soil the saints and companions of the Prophet prayed, philosophers and scientists theorized, and writers and poets excelled;

Acknowledging God's right over us, and in fulfillment of the call of our homeland and citizens, and in a response to the call of our religious and national leaderships and the determination of our great authorities and of our leaders and politicians, and in the midst of international support from our friends and those who love us, marched for the first time in our history towards the ballot boxes by the millions, men and women, young and old, on the thirtieth of January 2005, invoking the pains of sectarian oppression inflicted by the autocratic clique and inspired by the tragedies of Iraq's martyrs, Shiite and Sunni, Arabs and Kurds and Turkmen and from all other components of the people, and recollecting the darkness of the ravage of the holy cities and the South in the Sha'abaniyya uprising and burnt by the flames of grief of the mass graves, the marshes, Al-Dujail and others and articulating the sufferings of racial oppression in the massacres of Halabcha, Barzan, Anfal and the Fayli Kurds and inspired by

the ordeals of the Turkmen in Bashir and the sufferings of the people of the western region, as is the case in the remaining areas of Iraq where the people suffered from the liquidation of their leaders, symbols, and Sheiks and from the displacement of their skilled individuals and from drying out of its cultural and intellectual wells, so we sought hand in hand and shoulder to shoulder to create our new Iraq, the Iraq of the future, free from sectarianism, racism, complex of regional attachment, discrimination, and exclusion.

Accusations of being infidels, and terrorism did not stop us from marching forward to build a nation of law. Sectarianism and racism have not stopped us from marching together to strengthen our national unity, following the path of peaceful transfer of power, adopting the course of just distribution of resources, and providing equal opportunity for all.

We, the people of Iraq, who have just risen from our stumble, and who are looking with confidence to the future through a republican, federal, democratic, pluralistic system, have resolved with the determination of our men, women, elderly, and youth to respect the rule of law, to establish justice and equality, to cast aside the politics of aggression, to pay attention to women and their rights, the elderly and their concerns, and children and their affairs, to spread the culture of diversity, and to defuse terrorism.

We, the people of Iraq, of all components and across the spectrum, have taken upon ourselves to decide freely and by choice to unite our future, to take lessons from yesterday for tomorrow, and to enact this permanent Constitution, through the values and ideals of the heavenly messages and the findings of science and man's civilization. The adherence to this Constitution preserves for Iraq its free union of people, of land, and of sovereignty.

## SECTION ONE

### Fundamental Principles

#### Article 1:

The Republic of Iraq is a single federal, independent and fully sovereign state in which the system of government is republican, representative, parliamentary, and democratic, and this Constitution is a guarantor of the unity of Iraq.

#### Article 2:

**First:** Islam is the official religion of the State and is a foundation source of legislation:

- A. No law may be enacted that contradicts the established provisions of Islam.
- B. No law may be enacted that contradicts the principles of democracy.
- C. No law may be enacted that contradicts the rights and basic freedoms stipulated in this Constitution.

**Second:** This Constitution guarantees the Islamic identity of the majority of the Iraqi people and guarantees the full religious rights to freedom of religious belief and practice of all individuals such as Christians, Yazidis, and Mandaean Sabians.

#### Article 3:

Iraq is a country of multiple nationalities, religions, and sects. It is a founding and active member in the Arab League and is committed to its charter, and it is part of the Islamic world.

#### Article 4:

**First:** The Arabic language and the Kurdish language are the two official languages of Iraq. The right of Iraqis to educate their children in their

mother tongue, such as Turkomen, Syriac, and Armenian shall be guaranteed in government educational institutions in accordance with educational guidelines, or in any other language in private educational institutions.

**Second:** The scope of the term “official language” and the means of applying the provisions of this article shall be defined by a law and shall include:

- A. Publication of the *Official Gazette*, in the two languages;
- B. Speech, conversation, and expression in official domains, such as the Council of Representatives, the Council of Ministers, courts, and official conferences, in either of the two languages;
- C. Recognition and publication of official documents and correspondence in the two languages;
- D. Opening schools that teach the two languages, in accordance with the educational guidelines;
- E. Use of both languages in any matter enjoined by the principle of equality such as bank notes, passports, and stamps.

**Third:** The federal and official institutions and agencies in the Kurdistan region shall use both languages.

**Fourth:** The Turkomen language and the Syriac language are two other official languages in the administrative units in which they constitute density of population.

**Fifth:** Each region or governorate may adopt any other local language as an additional official language if the majority of its population so decides in a general referendum.

#### Article 5:

The law is sovereign. The people are the source of authority and legitimacy, which they shall exercise in a direct, general, secret ballot and through their constitutional institutions.

*Article 6:*

Transfer of authority shall be made peacefully through democratic means as stipulated in this Constitution.

*Article 7:*

**First:** Any entity or program that adopts, incites, facilitates, glorifies, promotes, or justifies racism or terrorism or accusations of being an infidel (takfir) or ethnic cleansing, especially the Saddamist Ba'ath in Iraq and its symbols, under any name whatsoever, shall be prohibited. Such entities may not be political pluralism in Iraq. This shall be regulated by law.

**Second:** The State shall undertake to combat terrorism in all its forms, and shall work to protect its territories from being a base, pathway, or field for terrorist activities.

*Article 8:*

Iraq shall observe the principles of good neighborliness, adhere to the principle of non-interference in the internal affairs of other states, seek to settle disputes by peaceful means, establish relations on the basis of mutual interests and reciprocity, and respect its international obligations.

*Article 9:***First:**

- A. The Iraqi armed forces and security services will be composed of the components of the Iraqi people with due consideration given to their balance and representation without discrimination or exclusion. They shall be subject to the control of the civilian authority, shall defend Iraq, shall not be used as an instrument to oppress the Iraqi people, shall not interfere in the political affairs, and shall have no role in the transfer of authority.
- B. The formation of military militias outside the framework of the armed forces is prohibited.

- C. The Iraqi armed forces and their personnel, including military personnel working in the Ministry of Defense or any subordinate departments or organizations, may not stand for election to political office, campaign for candidates, or participate in other activities prohibited by Ministry of Defense regulations. This ban includes the activities of the personnel mentioned above acting in their personal or professional capacities, but shall not infringe upon the right of these personnel to cast their vote in the elections.
- D. The Iraqi National Intelligence Service shall collect information, assess threats to national security, and advise the Iraqi government. This Service shall be under civilian control, shall be subject to legislative oversight, and shall operate in accordance with the law and pursuant to the recognized principles of human rights.
- E. The Iraqi Government shall respect and implement Iraq's international obligations regarding the non-proliferation, non-development, non-production, and non-use of nuclear, chemical, and biological weapons, and shall prohibit associated equipment, materiel, technologies, and delivery systems for use in the development, manufacture, production, and use of such weapons.

**Second:** Military service shall be regulated by law.

*Article 10:*

The holy shrines and religious sites in Iraq are religious and civilizational entities. The State is committed to assuring and maintaining their sanctity, and to guaranteeing the free practice of rituals in them.

*Article 11:*

Baghdad is the capital of the Republic of Iraq.

*Article 12:*

**First:** The flag, national anthem, and emblem of Iraq shall be regulated by law in a way that symbolizes the components of the Iraqi people.

**Second:** A law shall regulate honours, official holidays, religious and national occasions and the Hijri and Gregorian calendar.

*Article 13:*

**First:** This Constitution is the preeminent and supreme law in Iraq and shall be binding in all parts of Iraq without exception.

**Second:** No law that contradicts this Constitution shall be enacted. Any text in any regional constitutions or any other legal text that contradicts this Constitution shall be considered void.

**SECTION TWO****Rights and Liberties****CHAPTER ONE****[Rights]****First: Civil and Political Rights***Article 14:*

Iraqis are equal before the law without discrimination based on gender, race, ethnicity, nationality, origin, color, religion, sect, belief or opinion, or economic or social status.

*Article 15:*

Every individual has the right to enjoy life, security and liberty. Deprivation or restriction of these rights is prohibited except in accordance with the law and based on a decision issued by a competent judicial authority.

*Article 16:*

Equal opportunities shall be guaranteed to all Iraqis, and the state shall ensure that the necessary measures to achieve this are taken.

*Article 17:*

**First:** Every individual shall have the right to personal privacy so long as it does not contradict the rights of others and public morals.

**Second:** The sanctity of the homes shall be protected. Homes may not be entered, searched, or violated, except by a judicial decision in accordance with the law.

*Article 18:*

**First:** Iraqi citizenship is a right for every Iraqi and is the basis of his nationality.

**Second:** Anyone who is born to an Iraqi father or to an Iraqi mother shall be considered an Iraqi. This shall be regulated by law.

**Third:**

A. An Iraqi citizen by birth may not have his citizenship withdrawn for any reason. Any person who had his citizenship withdrawn shall have the right to demand its reinstatement. This shall be regulated by a law.

B. Iraqi citizenship shall be withdrawn from naturalized citizens in cases regulated by law.

**Fourth:** An Iraqi may have multiple citizenships. Everyone who assumes a senior, security, or sovereign position must abandon any other acquired citizenship. This shall be regulated by law.

**Fifth:** Iraqi citizenship shall not be granted for the purposes of the policy of population settlement that disrupts the demographic composition of Iraq.

**Sixth:** Citizenship provisions shall be regulated by law. The competent courts shall consider the suits arising from those provisions.

*Article 19:*

**First:** The judiciary is independent and no power is above the judiciary except the law.

**Second:** There is no crime or punishment except by law. The punishment shall only be for an act that the law considers a crime when perpetrated. A harsher punishment than the applicable punishment at the time of the offense may not be imposed.

**Third:** Litigation shall be a protected and guaranteed right for all.

**Fourth:** The right to a defense shall be sacred and guaranteed in all phases of investigation and the trial.

**Fifth:** The accused is innocent until proven guilty in a fair legal trial. The accused may not be tried for the same crime for a second time after acquittal unless new evidence is produced.

**Sixth:** Every person shall have the right to be treated with justice in judicial and administrative proceedings.

**Seventh:** The proceedings of a trial are public unless the court decides to make it secret.

**Eighth:** Punishment shall be personal.

**Ninth:** Laws shall not have retroactive effect unless stipulated otherwise. This exclusion shall not include laws on taxes and fees.

**Tenth:** Criminal laws shall not have retroactive effect, unless it is to the benefit of the accused.

**Eleventh:** The court shall appoint a lawyer at the expense of the state for an accused of a felony or misdemeanor who does not have a defense lawyer.

**Twelfth:**

- A. Unlawful detention shall be prohibited.
- B. Imprisonment or detention shall be prohibited in places not designed for these purposes, pursuant to prison laws covering health and social care, and subject to the authorities of the State.

**Thirteenth:** The preliminary investigative documents shall be submitted to the competent judge in a period not to exceed twenty-four hours from the time of the arrest of the accused, which may be extended only once and for the same period.

*Article 20:*

Iraqi citizens, men and women, shall have the right to participate in public affairs and to enjoy political rights including the right to vote, elect, and run for office.

*Article 21:*

**First:** No Iraqi shall be surrendered to foreign entities and authorities.

**Second:** A law shall regulate the right of political asylum in Iraq. No political refugee shall be surrendered to a foreign entity or returned forcibly to the country from which he fled.

**Third:** Political asylum shall not be granted to a person accused of committing international or terrorist crimes or to any person who inflicted damage on Iraq.

**Second: Economic, Social, and Cultural Liberties**

*Article 22:*

**First:** Work is a right for all Iraqis in a way that guarantees a dignified life for them.

**Second:** The law shall regulate the relationship between employees and employers on an economic basis and while observing the rules of social justice.

**Third:** The State shall guarantee the right to form and join unions and professional associations, and this shall be regulated by law.

*Article 23:*

**First:** Private property is protected. The owner shall have the right to benefit, exploit and dispose of private property within the limits of the law.

**Second:** Expropriation is not permissible except for the purposes of public benefit in return for just compensation, and this shall be regulated by law.

**Third:**

- A. Every Iraqi shall have the right to own property anywhere in Iraq. No others may possess immovable assets, except as exempted by law.
- B. Ownership of property for the purposes of demographic change is prohibited.

*Article 24:*

The State shall guarantee freedom of movement of Iraqi manpower, goods, and capital between regions and governorates, and this shall be regulated by law.

*Article 25:*

The State shall guarantee the reform of the Iraqi economy in accordance with modern economic principles to ensure the full investment of its resources, the diversification of its sources, and the encouragement and development of the private sector.

*Article 26:*

The State shall guarantee the encouragement of investment in the various sectors, and this shall be regulated by law.

*Article 27:*

**First:** Public assets are sacrosanct, and their protection is the duty of each citizen.

**Second:** The provisions related to the preservation of State properties, their management, the conditions for their disposal, and the limits for these assets not to be relinquished shall all be regulated by law.

*Article 28:*

**First:** No taxes or fees shall be levied, amended, collected, or exempted, except by law.

**Second:** Low-income earners shall be exempted from taxes in a way that guarantees the preservation of the minimum income required for living. This shall be regulated by law.

*Article 29:***First:**

- A. The family is the foundation of society; the State shall preserve it and its religious, moral, and national values.
- B. The State shall guarantee the protection of motherhood, childhood, and old age, shall care for children and youth, and shall provide them with the appropriate conditions to develop their talents and abilities.

**Second:** Children have the right to upbringing, care, and education from their parents. Parents have the right to respect and care from their children, especially in times of need, disability, and old age.

**Third:** Economic exploitation of children in all of its forms shall be prohibited, and the State shall take the necessary measures for their protection.

**Fourth:** All forms of violence and abuse in the family, school, and society shall be prohibited.

*Article 30:*

**First:** The State shall guarantee to the individual and the family—especially children and women—social and health security, the basic requirements for living a free and decent life; and shall secure for them suitable income and appropriate housing.

**Second:** The State shall guarantee social and health security to Iraqis in cases of old age, sickness, employment disability, homelessness, orphanhood, or unemployment; shall work to protect them from ignorance, fear, and poverty; and shall provide them housing and special programs of care and rehabilitation, and this shall be regulated by law.

*Article 31:*

**First:** Every citizen has the right to health care. The State shall maintain public health and provide the means of prevention and treatment by building different types of hospitals and health institutions.

**Second:** Individuals and entities have the right to build hospitals, clinics, or private health care centers under the supervision of the State, and this shall be regulated by law.

*Article 32:*

The State shall care for the handicapped and those with special needs, and shall ensure their rehabilitation in order to reintegrate them into society, and this shall be regulated by law.

*Article 33:*

**First:** Every individual has the right to live in safe environmental conditions.

**Second:** The State shall undertake the protection and preservation of the environment and its biological diversity.

*Article 34:*

**First:** Education is a fundamental factor for the progress of society and is a right guaranteed by the State. Primary education is mandatory and the State guarantees that it shall combat illiteracy.

**Second:** Free education in all its stages is a right for all Iraqis.

**Third:** The State shall encourage scientific research for peaceful purposes that serve humanity and shall support excellence, creativity, invention, and different aspects of ingenuity.

**Fourth:** Private and public education shall be guaranteed, and this shall be regulated by law

*Article 35:*

The State shall promote cultural activities and institutions in a manner that befits the civilizational and cultural history of Iraq, and it shall seek to support indigenous Iraqi cultural orientations.

*Article 36:*

Practicing sports is a right of every Iraqi and the state shall encourage and care for such activities and shall provide for their requirements.

## CHAPTER TWO [Liberties]

*Article 37:*

**First:**

- A. The liberty and dignity of man shall be protected.
- B. No person may be kept in custody or investigated except according to a judicial decision.
- C. All forms of psychological and physical torture and inhumane treatment are prohibited. Any confession made under force, threat, or torture shall not be relied on, and the victim shall have the right to seek compensation for material and moral damages incurred in accordance with the law.

**Second:** The State shall guarantee protection of the individual from intellectual, political, and religious coercion.

**Third:** Forced labor, slavery, slave trade, trafficking in women or children, and sex trade shall be prohibited.

*Article 38:*

The State shall guarantee in a way that does not violate public order and morality:

- A. Freedom of expression using all means.
- B. Freedom of press, printing, advertisement, media, and publication.
- C. Freedom of assembly and peaceful demonstration;

and this shall be regulated by law.

*Article 39:*

**First:** The freedom to form and join associations and political parties shall be guaranteed, and this shall be regulated by law.

**Second:** It is not permissible to force any person to join any party, society, or political entity, or force him to continue his membership in it.

*Article 40:*

The freedom of communication and correspondence, postal, telegraphic, electronic, and telephonic, shall be guaranteed and may not be monitored, wiretapped, or disclosed except for legal and security necessity and by a judicial decision.

*Article 41:*

Iraqis are free in their commitment to their personal status according to their religions, sects, beliefs, or choices, and this shall be regulated by law.

*Article 42:*

Each individual shall have the freedom of thought, conscience, and belief.

*Article 43:*

**First:** The followers of all religions and sects are free in the:

- A. Practice of religious rites, including the Husseini rituals.
- B. Management of religious endowments (waqf), their affairs, and their religious institutions, and this shall be regulated by law.

**Second:** The State shall guarantee freedom of worship and the protection of places of worship.

*Article 44:*

**First:** Each Iraqi has freedom of movement, travel, and residence inside and outside Iraq.

**Second:** No Iraqi may be exiled, displaced, or deprived from returning to the homeland.

*Article 45:*

**First:** The State shall seek to strengthen the role of civil society institutions, and to support, develop, and preserve their independence in a way that is consistent with peaceful means to achieve their legitimate goals, and this shall be regulated by law.

**Second:** The State shall seek the advancement of the Iraqi clans and tribes, shall attend to their affairs in a manner that is consistent with religion and the law, and shall uphold their noble human values in a way that contributes to the development of society. The State shall prohibit the tribal traditions that are in contradiction with human rights.

*Article 46:*

Restricting or limiting the practice of any of the rights or liberties stipulated in this Constitution is prohibited, except by a law or on the basis of a law, and insofar as that limitation or restriction does not violate the essence of the right or freedom.

**SECTION THREE****Federal Powers***Article 47:*

The federal powers shall consist of the legislative, executive, and judicial powers, and they shall exercise their competencies and tasks on the basis of the principle of separation of powers.

**CHAPTER ONE****[The Legislative Power]***Article 48:*

The federal legislative power shall consist of the Council of Representatives and the Federation Council.

**First: The Council of Representatives***Article 49:*

**First:** The Council of Representatives shall consist of a number of members, at a ratio of one seat per 100,000 Iraqi persons representing the entire Iraqi people. They shall be elected through a direct secret general ballot. The representation of all components of the people shall be upheld in it.

**Second:** A candidate to the Council of Representatives must be a fully qualified Iraqi.

**Third:** A law shall regulate the requirements for the candidate, the voter, and all that is related to the elections.

**Fourth:** The elections law shall aim to achieve a percentage of representation for women of not less than one-quarter of the members of the Council of Representatives.

**Fifth:** The Council of Representatives shall promulgate a law dealing with the replacement of its members on resignation, dismissal, or death.

**Sixth:** It is not permissible to combine membership in the Council of Representatives with any work or other official position.

*Article 50:*

Each member of the Council of Representatives shall take the following constitutional oath before the Council prior to assuming his duties:

**“I swear by God Almighty to carry out my legal duties and responsibilities with devotion and integrity and preserve the independence and sovereignty of Iraq, and safeguard the interests of its people, and ensure the safety of its land, sky, water, wealth, and federal democratic system, and I shall endeavor to protect public and private liberties, the independence of the judiciary, and pledge to implement legislation faithfully and neutrally. God is my witness.”**

*Article 51:*

The Council of Representatives shall establish its bylaws to regulate its work.

*Article 52:*

**First:** The Council of Representatives shall decide, by a two-thirds majority, the authenticity of membership of its member within thirty days from the date of filing an objection.

**Second:** The decision of the Council of Representatives may be appealed before the Federal Supreme Court within thirty days from the date of its issuance.

*Article 53:*

**First:** Sessions of the Council of Representatives shall be public unless, for reasons of necessity, the Council decides otherwise.

**Second:** Minutes of the sessions shall be published by means considered appropriate by the Council.

*Article 54:*

The President of the Republic shall call upon the Council of Representatives to convene by a presidential decree within fifteen days from the date of the ratification of the general election results. Its eldest member shall chair the first session to elect the speaker of the Council and his two deputies. This period may not be extended by more than the aforementioned period.

*Article 55:*

The Council of Representatives shall elect in its first session its speaker, then his first deputy and second deputy, by an absolute majority of the total number of the Council members by direct secret ballot.

*Article 56:*

**First:** The electoral term of the Council of Representatives shall be four calendar years, starting with its first session and ending with the conclusion of the fourth year.

**Second:** The new Council of Representatives shall be elected forty-five days before the conclusion of the preceding electoral term.

*Article 57:*

The Council of Representatives shall have one annual term, with two legislative sessions, lasting eight months. The bylaws shall define the method to convene the sessions. The session in which the general budget is being presented shall not end until approval of the budget.

**Article 58:**

**First:** The President of the Republic, the Prime Minister, the Speaker of the Council of Representatives, or fifty members of the Council of Representatives may call the Council to an extraordinary session. The session shall be restricted to the topics that necessitated the call for the session.

**Second:** The legislative session of the Council of Representatives may be extended for no more than 30 days to complete the tasks that require the extension, based on a request from the President of the Republic, the Prime Minister, the Speaker of the Council, or fifty members of the Council of Representatives.

**Article 59:**

**First:** The Council of Representatives quorum shall be achieved by an absolute majority of its members.

**Second:** Decisions in the sessions of the Council of Representatives shall be made by a simple majority after quorum is achieved, unless otherwise stipulated.

**Article 60:**

**First:** Draft laws shall be presented by the President of the Republic and the Council of Ministers.

**Second:** Proposed laws shall be presented by ten members of the Council of Representatives or by one of its specialized committees.

**Article 61:**

The Council of Representatives shall be competent in the following:

**First:** Enacting federal laws.

**Second:** Monitoring the performance of the executive authority.

**Third:** Electing the President of the Republic.

**Fourth:** Regulating the ratification process of international treaties and agreements by a law, to be enacted by a two-thirds majority of the members of the Council of Representatives.

**Fifth:** Approving the appointment of the following:

- A. The President and members of the Federal Court of Cassation, the Chief Public Prosecutor, and the President of Judicial Oversight Commission by an absolute majority, based on a proposal from the Higher Juridical Council.
- B. Ambassadors and those with special grades, based on a proposal from the Council of Ministers.
- C. The Iraqi Army Chief of Staff, his assistants, those of the rank of division commander and above, and the director of the intelligence service, based on a proposal from the Council of Ministers.

**Sixth:**

1. Questioning the President of the Republic, based on a petition with cause, by an absolute majority of the members of the Council of Representatives.
2. Relieving the President of the Republic by an absolute majority of the Council of Representatives after being convicted by the Federal Supreme Court in one of the following cases:
  1. Perjury of the constitutional oath.
  2. Violating the Constitution.
  3. High treason.

**Seventh:**

- A. A member of the Council of Representatives may direct questions to the Prime Minister and the Ministers on any subject within their specialty and each of them shall answer the members' questions. Only the member who has asked the question shall have the right to comment on the answer.
- B. At least twenty-five members of the Council of Representatives may raise a general issue for discussion in order to inquire about a policy and the performance of the Council of Ministers or one of the Ministries and it shall be submitted to the Speaker of the Council of Representatives, and the Prime Minister or the Ministers shall specify a date to come before the Council of Representatives to discuss it.

- C. A member of the Council of Representatives, with the agreement of twenty-five members, may direct an inquiry to the Prime Minister or the Ministers to call them to account on the issues within their authority. The debate shall not be held on the inquiry except after at least seven days from the date of submission of the inquiry.

**Eighth:**

- A. The Council of Representatives may withdraw confidence from one of the Ministers by an absolute majority and he shall be considered resigned from the date of the decision of withdrawal of confidence. A vote of no confidence in a Minister may not be held except upon his request or on the basis of a request signed by fifty members after the Minister has appeared for questioning before the Council. The Council shall not issue its decision regarding the request except after at least seven days from the date of its submission.
- B.
1. The President of the Republic may submit a request to the Council of Representatives to withdraw confidence from the Prime Minister.
  2. The Council of Representatives may withdraw confidence from the Prime Minister based on the request of one-fifth of its members. This request shall not be submitted except after an inquiry directed at the Prime Minister and after at least seven days from the date of submitting the request.
  3. The Council of Representatives may decide to withdraw confidence from the Prime Minister by an absolute majority of the number of its members.
- C. The Government is deemed resigned in case of withdrawal of confidence from the Prime Minister.
- D. In case of a vote of withdrawal of confidence in the Council of Ministers as a whole, the Prime Minister and the Ministers continue in their positions to run everyday business for a period not to exceed thirty days until a new Council of Ministers is formed in accordance with the provisions of Article 76 of this Constitution.

- E. The Council of Representatives may question independent commission heads in accordance with the same procedures related to the Ministers. The Council shall have the right to relieve them by absolute majority.

**Ninth:**

- A. To consent to the declaration of war and the state of emergency by a two-thirds majority based on a joint request from the President of the Republic and the Prime Minister.
- B. The state of emergency shall be declared for a period of thirty days, which can be extended after approval each time.
- C. The Prime Minister shall be delegated the necessary powers which enable him to manage the affairs of the country during the period of the declaration of war and the state of emergency. These powers shall be regulated by a law in a way that does not contradict the Constitution.
- D. The Prime Minister shall present to the Council of Representatives the measures taken and the results during the period of the declaration of war and the state of emergency within 15 days from the date of its end.

**Article 62:**

**First:** The Council of Ministers shall submit the draft general budget bill and the closing account to the Council of Representatives for approval.

**Second:** The Council of Representatives may conduct transfers between the sections and chapters of the general budget and reduce the total of its sums, and it may suggest to the Council of Ministers that they increase the total expenses, when necessary.

**Article 63:**

**First:** A law shall regulate the rights and privileges of the Speaker of the Council of Representatives, his two deputies, and the members of the Council of Representatives.

**Second:**

- A. A member of the Council of Representatives shall enjoy immunity for statements made while the Council is in session, and the member may not be prosecuted before the courts for such.
- B. A Council of Representatives member may not be placed under arrest during the legislative term of the Council of Representatives, unless the member is accused of a felony and the Council of Representatives members consent by an absolute majority to lift his immunity or if he is caught *in flagrante delicto* in the commission of a felony.
- C. A Council of Representatives member may not be arrested after the legislative term of the Council of Representatives, unless the member is accused of a felony and with the consent of the speaker of the Council of Representatives to lift his immunity or if he is caught *in flagrante delicto* in the commission of a felony.

**Article 64:**

**First:** The Council of Representatives may be dissolved by an absolute majority of the number of its members, or upon the request of one-third of its members by the Prime Minister with the consent of the President of the Republic. The Council shall not be dissolved during the period in which the Prime Minister is being questioned.

**Second:** Upon the dissolution of the Council of Representatives, the President of the Republic shall call for general elections in the country within a period not to exceed sixty days from the date of its dissolution. The Council of Ministers in this case is deemed resigned and continues to run everyday business.

**Second: The Federation Council****Article 65:**

A legislative council shall be established named the “Federation Council,” to include representatives from the regions and the governorates that are not organized in a region. A law, enacted by a two-thirds majority of the

members of the Council of Representatives, shall regulate the formation of the Federation Council, its membership conditions, its competencies, and all that is connected with it.

## CHAPTER TWO

### [The Executive Power]

**Article 66:**

The federal executive power shall consist of the President of the Republic and the Council of Ministers and shall exercise its powers in accordance with the Constitution and the law.

**First: The President of the Republic****Article 67:**

The President of the Republic is the Head of the State and a symbol of the unity of the country and represents the sovereignty of the country. He shall guarantee the commitment to the Constitution and the preservation of Iraq’s independence, sovereignty, unity, and the safety of its territories, in accordance with the provisions of the Constitution.

**Article 68:**

A nominee to the Presidency of the Republic must be:

**First:** An Iraqi by birth, born to Iraqi parents.

**Second:** Fully qualified and must be over forty years of age.

**Third:** Of good reputation and political experience, known for his integrity, uprightness, fairness, and loyalty to the homeland.

**Fourth:** Free of any conviction of a crime involving moral turpitude.

**Article 69:**

**First:** The provisions for nomination to the office of the President of the Republic shall be regulated by law.

**Second:** The provisions for nomination to the office of one or more Vice Presidents of the Republic shall be regulated by law.

*Article 70:*

**First:** The Council of Representatives shall elect a President of the Republic from among the candidates by a two-thirds majority of the number of its members.

**Second:** If none of the candidates receive the required majority vote then the two candidates who received the highest number of votes shall compete and the one who receives the majority of votes in the second election shall be declared President.

*Article 71:*

The President shall take the constitutional oath before the Council of Representatives according to the language stipulated in Article 50 of the Constitution.

*Article 72:*

**First:** The President of the Republic's term in office shall be limited to four years. He may be re-elected for a second time only.

**Second:** The President of the Republic's term in office shall end with the end of the term of the Council of Representatives.

The President of the Republic shall continue to exercise his duties until after the end of the election and the meeting of the new Council of Representatives, provided that a new President of the Republic is elected within thirty days from the date of its first convening.

In case the position of the President of the Republic becomes vacant for any reason, a new President shall be elected to complete the remaining period of the President's term.

*Article 73:*

The President of the Republic shall assume the following powers:

**First:** To issue a special pardon on the recommendation of the Prime Minister, except for anything concerning a private claim and for those who have been convicted of committing international crimes, terrorism, or financial and administrative corruption.

**Second:** To ratify international treaties and agreements after the approval by the Council of Representatives. Such international treaties and agreements are considered ratified after fifteen days from the date of receipt by the President.

**Third:** To ratify and issue the laws enacted by the Council of Representatives. Such laws are considered ratified after fifteen days from the date of receipt by the President.

**Fourth:** To call the elected Council of Representatives to convene during a period not to exceed fifteen days from the date of approval of the election results and in the other cases stipulated in the Constitution.

**Fifth:** To award medals and decorations on the recommendation of the Prime Minister in accordance with the law.

**Sixth:** To accredit ambassadors.

**Seventh:** To issue Presidential decrees.

**Eighth:** To ratify death sentences issued by the competent courts.

**Ninth:** To perform the duty of the High Command of the armed forces for ceremonial and honorary purposes.

**Tenth:** To exercise any other presidential powers stipulated in this Constitution.

*Article 74:*

A law shall fix the salary and the allowances of the President of the Republic.

*Article 75:*

**First:** The President of the Republic shall have the right to submit his resignation in writing to the Speaker of the Council of Representatives, and it shall be considered effective after seven days from the date of its submission to the Council of Representatives.

**Second:** The Vice President shall replace the President in case of his absence.

**Third:** The Vice President shall replace the President of the Republic in the event that the post of the President becomes vacant for any reason whatsoever. The Council of Representatives must elect a new President within a period not to exceed thirty days from the date of the vacancy.

**Fourth:** In case the post of the President of the Republic becomes vacant, the Speaker of the Council of Representatives shall replace the President of the Republic in case he does not have a Vice President, on the condition that a new President is elected during a period not to exceed thirty days from the date of the vacancy and in accordance with the provisions of this Constitution.

## Second: Council of Ministers

### Article 76:

**First:** The President of the Republic shall charge the nominee of the largest Council of Representatives bloc with the formation of the Council of Ministers within fifteen days from the date of the election of the President of the Republic.

**Second:** The Prime Minister-designate shall undertake the naming of the members of his Council of Ministers within a period not to exceed thirty days from the date of his designation.

**Third:** If the Prime Minister-designate fails to form the Council of Ministers during the period specified in clause "Second," the President of the Republic shall charge a new nominee for the post of Prime Minister within fifteen days.

**Fourth:** The Prime Minister-designate shall present the names of his members of the Council of Ministers and the ministerial program to the Council of Representatives. He is deemed to have gained its confidence upon the approval, by an absolute majority of the Council of Representatives, of the individual Ministers and the ministerial program.

**Fifth:** in case the Council of Ministers did not win the vote of confidence. The President of the Republic shall charge another nominee to form the Council of Ministers within fifteen days

### Article 77:

**First:** The conditions for assuming the post of the Prime Minister shall be the same as those for the President of the Republic, provided that he has a college degree or its equivalent and is over thirty-five years of age.

**Second:** The conditions for assuming the post of Minister shall be the same as those for members of the Council of Representatives, provided that he holds a college degree or its equivalent.

### Article 78:

The Prime Minister is the direct executive authority responsible for the general policy of the State and the commander-in-chief of the armed forces. He directs the Council of Ministers, presides over its meetings, and has the right to dismiss the Ministers, with the consent of the Council of Representatives.

### Article 79:

The Prime Minister and members of the Council of Ministers shall take the constitutional oath before the Council of Representatives according to the language stipulated in Article 50 of the Constitution.

### Article 80:

The Council of Ministers shall exercise the following powers:

**First:** To plan and execute the general policy and general plans of the State and oversee the work of the ministries and departments not associated with a ministry.

**Second:** To propose bills.

**Third:** To issue rules, instructions, and decisions for the purpose of implementing the law.

**Fourth:** To prepare the draft of the general budget, the closing account, and the development plans.

**Fifth:** To recommend to the Council of Representatives that it approve the appointment of undersecretaries, ambassadors, state senior officials, the Chief of Staff of the Armed Forces and his deputies, division commanders or higher, the Director of the National Intelligence Service, and heads of security institutions.

**Sixth:** To negotiate and sign international agreements and treaties, or designate any person to do so.

*Article 81:*

**First:** The President of the Republic shall take up the office of the Prime Minister in the event the post becomes vacant for any reason whatsoever.

**Second:** If the event mentioned in “First” of this Article occurs, the President shall charge another nominee to form the Council of Ministers within a period not to exceed fifteen days in accordance with the provisions of Article 76 of this Constitution.

*Article 82:*

A law shall regulate the salaries and allowances of the Prime Minister and Ministers, and anyone of their grade.

*Article 83:*

The responsibility of the Prime Minister and the Ministers before the Council of Representatives is of a joint and personal nature.

*Article 84:*

**First:** A law shall regulate the work and define the duties and authorities of the security institutions and the National Intelligence Service, which shall operate in accordance with the principles of human rights and shall be subject to the oversight of the Council of Representatives.

**Second:** The National Intelligence Service shall be attached to the Council of Ministers.

*Article 85:*

The Council of Ministers shall establish internal bylaws to organize the work therein.

*Article 86:*

A law shall regulate the formation of ministries, their functions, and their specializations, and the authorities of the minister.

**CHAPTER THREE**  
**[The Judicial Power]**

*Article 87:*

The judicial power is independent. The courts, in their various types and levels, shall assume this power and issue decisions in accordance with the law.

*Article 88:*

Judges are independent, and there is no authority over them except that of the law. No power shall have the right to interfere in the judiciary and the affairs of justice.

*Article 89:*

The federal judicial power is comprised of the Higher Juridical Council, the Federal Supreme Court, the Federal Court of Cassation, the Public Prosecution Department, the Judiciary Oversight Commission, and other federal courts that are regulated in accordance with the law.

**First: Higher Juridical Council**

*Article 90:*

The Higher Juridical Council shall oversee the affairs of the judicial committees. The law shall specify the method of its establishment, its authorities, and the rules of its operation.

*Article 91:*

The Higher Juridical Council shall exercise the following authorities:

**First:** To manage the affairs of the judiciary and supervise the federal judiciary.

**Second:** To nominate the Chief Justice and members of the Federal Court of Cassation, the Chief Public Prosecutor, and the Chief Justice of the Judiciary Oversight Commission, and to present those nominations to the Council of Representatives to approve their appointment.

**Third:** To propose the draft of the annual budget of the federal judicial authority, and to present it to the Council of Representatives for approval.

**Second: Federal Supreme Court***Article 92:*

**First:** The Federal Supreme Court is an independent judicial body, financially and administratively.

**Second:** The Federal Supreme Court shall be made up of a number of judges, experts in Islamic jurisprudence, and legal scholars, whose number, the method of their selection, and the work of the Court shall be determined by a law enacted by a two-thirds majority of the members of the Council of Representatives.

*Article 93:*

The Federal Supreme Court shall have jurisdiction over the following:

**First:** Overseeing the constitutionality of laws and regulations in effect.

**Second:** Interpreting the provisions of the Constitution.

**Third:** Settling matters that arise from the application of the federal laws, decisions, regulations, instructions, and procedures issued by the federal authority. The law shall guarantee the right of direct appeal to the Court to the Council of Ministers, those concerned individuals, and others.

**Fourth:** Settling disputes that arise between the federal government and the governments of the regions and governorates, municipalities, and local administrations.

**Fifth:** Settling disputes that arise between the governments of the regions and governments of the governorates.

**Sixth:** Settling accusations directed against the President, the Prime Minister and the Ministers, and this shall be regulated by law.

**Seventh:** Ratifying the final results of the general elections for membership in the Council of Representatives.

**Eighth:**

- A. Settling competency disputes between the federal judiciary and the judicial institutions of the regions and governorates that are not organized in a region.
- B. Settling competency disputes between judicial institutions of the regions or governorates that are not organized in a region.

*Article 94:*

Decisions of the Federal Supreme Court are final and binding for all authorities.

**Third: General Provisions***Article 95:*

The establishment of special or extraordinary courts is prohibited.

*Article 96:*

The law shall regulate the establishment of courts; their types, levels, and jurisdiction; and the method of appointing and the terms of service of judges and public prosecutors, their discipline, and their retirement.

*Article 97:*

Judges may not be removed except in cases specified by law. Such law will determine the particular provisions related to them and shall regulate their disciplinary measures.

*Article 98:*

A judge or public prosecutor is prohibited from the following:

**First:** Combining a judicial position with legislative and executive positions and any other employment.

**Second:** Joining any party or political organization or performing any political activity.

*Article 99:*

A law shall regulate the military judiciary and shall specify the jurisdiction of military courts, which are limited to crimes of a military nature committed by members of the armed forces and security forces, and within the limits established by law.

*Article 100:*

It is prohibited to stipulate in the law the immunity from appeal for any administrative action or decision.

*Article 101:*

A State Council may be established, specialized in functions of the administrative judiciary, issuing opinions, drafting, and representing the State and various public commissions before the courts except those exempted by law.

#### **CHAPTER FOUR [Independent Commissions]**

*Article 102:*

The High Commission for Human Rights, the Independent Electoral Commission, and the Commission on Public Integrity are considered independent commissions subject to monitoring by the Council of Representatives, and their functions shall be regulated by law.

*Article 103:*

**First:** The Central Bank of Iraq, the Board of Supreme Audit, the Communication and Media Commission, and the Endowment

Commissions are financially and administratively independent institutions, and the work of each of these institutions shall be regulated by law.

**Second:** The Central Bank of Iraq is responsible before the Council of Representatives. The Board of Supreme Audit and the Communication and Media Commission shall be attached to the Council of Representatives.

**Third:** The Endowment Commissions shall be attached to the Council of Ministers.

*Article 104:*

A commission named The Martyrs' Foundation shall be established and attached to the Council of Ministers, and its functions and competencies shall be regulated by law.

*Article 105:*

A public commission shall be established to guarantee the rights of the regions and governorates that are not organized in a region to ensure their fair participation in managing the various state federal institutions, missions, fellowships, delegations, and regional and international conferences. The commission shall be comprised of representatives of the federal government and representatives of the regions and governorates that are not organized in a region, and shall be regulated by a law.

*Article 106:*

A public commission shall be established by a law to audit and appropriate federal revenues. The commission shall be composed of experts from the federal government, the regions, the governorates, and its representatives, and shall assume the following responsibilities:

**First:** To verify the fair distribution of grants, aid, and international loans pursuant to the entitlement of the regions and governorates that are not organized in a region.

**Second:** To verify the ideal use and division of the federal financial resources.

**Third:** To guarantee transparency and justice in appropriating funds to the governments of the regions and governorates that are not organized in a region in accordance with the established percentages.

*Article 107:*

A council named the Federal Public Service Council shall be established and shall regulate the affairs of the federal public service, including appointments and promotions, and its formation and competencies shall be regulated by law.

*Article 108:*

Other independent commissions may be established by law, according to need and necessity.

## SECTION FOUR

### Powers of the Federal Government

*Article 109:*

The federal authorities shall preserve the unity, integrity, independence, and sovereignty of Iraq and its federal democratic system.

*Article 110:*

The federal government shall have exclusive authorities in the following matters:

**First:** Formulating foreign policy and diplomatic representation; negotiating, signing, and ratifying international treaties and agreements; negotiating, signing, and ratifying debt policies and formulating foreign sovereign economic and trade policy.

**Second:** Formulating and executing national security policy, including establishing and managing armed forces to secure the protection and guarantee the security of Iraq's borders and to defend Iraq.

**Third:** Formulating fiscal and customs policy; issuing currency; regulating commercial policy across regional and governorate

boundaries in Iraq; drawing up the national budget of the State; formulating monetary policy; and establishing and administering a central bank.

**Fourth:** Regulating standards, weights, and measures.

**Fifth:** Regulating issues of citizenship, naturalization, residency, and the right to apply for political asylum.

**Sixth:** Regulating the policies of broadcast frequencies and mail.

**Seventh:** Drawing up the general and investment budget bill.

**Eighth:** Planning policies relating to water sources from outside Iraq and guaranteeing the rate of water flow to Iraq and its just distribution inside Iraq in accordance with international laws and conventions.

**Ninth:** General population statistics and census.

*Article 111:*

Oil and gas are owned by all the people of Iraq in all the regions and governorates.

*Article 112:*

**First:** The federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterward, in a way that ensures balanced development in different areas of the country, and this shall be regulated by a law.

**Second:** The federal government, with the producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investment.

*Article 113:*

Antiquities, archeological sites, cultural buildings, manuscripts, and coins shall be considered national treasures under the jurisdiction of the federal authorities, and shall be managed in cooperation with the regions and governorates, and this shall be regulated by law.

*Article 114:*

The following competencies shall be shared between the federal authorities and regional authorities:

**First:** To manage customs, in coordination with the governments of the regions and governorates that are not organized in a region, and this shall be regulated by a law.

**Second:** To regulate the main sources of electric energy and its distribution.

**Third:** To formulate environmental policy to ensure the protection of the environment from pollution and to preserve its cleanliness, in cooperation with the regions and governorates that are not organized in a region.

**Fourth:** To formulate development and general planning policies.

**Fifth:** To formulate public health policy, in cooperation with the regions and governorates that are not organized in a region.

**Sixth:** To formulate the public educational and instructional policy, in consultation with the regions and governorates that are not organized in a region.

**Seventh:** To formulate and regulate the internal water resources policy in a way that guarantees their just distribution, and this shall be regulated by a law.

*Article 115:*

All powers not stipulated in the exclusive powers of the federal government belong to the authorities of the regions and governorates that are not organized in a region. With regard to other powers shared between the

federal government and the regional government, priority shall be given to the law of the regions and governorates not organized in a region in case of dispute.

**SECTION FIVE****Powers of the Regions****CHAPTER ONE****[Regions]***Article 116:*

The federal system in the Republic of Iraq is made up of a decentralized capital, regions, and governorates, as well as local administrations.

*Article 117:*

**First:** This Constitution, upon coming into force, shall recognize the region of Kurdistan, along with its existing authorities, as a federal region.

**Second:** This Constitution shall affirm new regions established in accordance with its provisions.

*Article 118:*

The Council of Representatives shall enact, in a period not to exceed six months from the date of its first session, a law that defines the executive procedures to form regions, by a simple majority of the members present.

*Article 119:*

One or more governorates shall have the right to organize into a region based on a request to be voted on in a referendum submitted in one of the following two methods:

**First:** A request by one-third of the council members of each governorate intending to form a region.

**Second:** A request by one-tenth of the voters in each of the governorates intending to form a region.

*Article 120:*

Each region shall adopt a constitution of its own that defines the structure of powers of the region, its authorities, and the mechanisms for exercising such authorities, provided that it does not contradict this Constitution.

*Article 121:*

**First:** The regional powers shall have the right to exercise executive, legislative, and judicial powers in accordance with this Constitution, except for those authorities stipulated in the exclusive authorities of the federal government.

**Second:** In case of a contradiction between regional and national legislation in respect to a matter outside the exclusive authorities of the federal government, the regional power shall have the right to amend the application of the national legislation within that region.

**Third:** Regions and governorates shall be allocated an equitable share of the national revenues sufficient to discharge their responsibilities and duties, but having regard to their resources, needs, and the percentage of their population.

**Fourth:** Offices for the regions and governorates shall be established in embassies and diplomatic missions, in order to follow cultural, social, and developmental affairs.

**Fifth:** The regional government shall be responsible for all the administrative requirements of the region, particularly the establishment and organization of the internal security forces for the region such as police, security forces, and guards of the region.

**CHAPTER TWO****[Governorates That Are Not Incorporated in a Region]***Article 122:*

**First:** The governorates shall be made up of a number of districts, sub-districts, and villages.

**Second:** Governorates that are not incorporated in a region shall be granted broad administrative and financial authorities to enable them

to manage their affairs in accordance with the principle of decentralized administration, and this shall be regulated by law.

**Third:** The governor, who is elected by the Governorate Council, is deemed the highest executive official in the governorate to practice his powers authorized by the Council.

**Fourth:** A law shall regulate the election of the Governorate Council, the governor, and their powers.

**Fifth:** The Governorate Council shall not be subject to the control or supervision of any ministry or any institution not linked to a ministry. The Governorate Council shall have independent finances.

*Article 123:*

Powers exercised by the federal government can be delegated to the governorates or vice versa, with the consent of both governments, and this shall be regulated by law.

**CHAPTER THREE****[The Capital]***Article 124:*

**First:** Baghdad in its municipal borders is the capital of the Republic of Iraq and shall constitute, in its administrative borders, the governorate of Baghdad.

**Second:** This shall be regulated by a law.

**Third:** The capital may not merge with a region.

**CHAPTER FOUR****[The Local Administrations]***Article 125:*

This Constitution shall guarantee the administrative, political, cultural, and educational rights of the various nationalities, such as Turkomen, Chaldeans, Assyrians, and all other constituents, and this shall be regulated by law.

**SECTION SIX****Final and Transitional Provisions****CHAPTER ONE****[Final Provisions]***Article 126:*

**First:** The President of the Republic and the Council of the Ministers collectively, or one-fifth of the Council of Representatives members, may propose to amend the Constitution.

**Second:** The fundamental principles mentioned in Section One and the rights and liberties mentioned in Section Two of the Constitution may not be amended except after two successive electoral terms, with the approval of two-thirds of the members of the Council of Representatives, the approval of the people in a general referendum, and the ratification by the President of the Republic within seven days.

**Third:** Other articles not stipulated in clause “Second” of this Article may not be amended, except with the approval of two-thirds of the members of the Council of Representatives, the approval of the people in a general referendum, and the ratification by the President of the Republic within seven days.

**Fourth:** Articles of the Constitution may not be amended if such amendment takes away from the powers of the regions that are not within the exclusive powers of the federal authorities, except by the approval of the legislative authority of the concerned region and the approval of the majority of its citizens in a general referendum.

**Fifth:**

- A. An amendment is considered ratified by the President of the Republic after the expiration of the period stipulated in clauses “Second” and “Third” of this Article, in case he does not ratify it.
- B. An amendment shall enter into force on the date of its publication in the Official Gazette.

*Article 127:*

The President of the Republic, the Prime Minister, members of the Council of Ministers, the Speaker of the Council of Representatives, his two Deputies, members of the Council of Representatives, members of the Judicial Authority, and people of special grades may not use their influence to buy or rent any state properties, to rent or sell any of their assets to the state, to sue the state for these assets, or to conclude a contract with the state under the pretense of being building contractors, suppliers, or concessionaires.

*Article 128:*

The laws and judicial judgments shall be issued in the name of the people.

*Article 129:*

Laws shall be published in the Official Gazette and shall take effect on the date of their publication, unless stipulated otherwise.

*Article 130:*

Existing laws shall remain in force, unless annulled or amended in accordance with the provisions of this Constitution.

*Article 131:*

Every referendum mentioned in this Constitution is deemed successful with the approval of the majority of the voters unless otherwise stipulated.

**CHAPTER TWO****[Transitional Provisions]***Article 132:*

**First:** The State shall guarantee care for the families of the martyrs, political prisoners, and victims of the oppressive practices of the defunct dictatorial regime.

**Second:** The State shall guarantee compensation to the families of the martyrs and the injured as a result of terrorist acts.

**Third:** A law shall regulate matters mentioned in clauses “First” and “Second” of this Article.

*Article 133:*

The Council of Representatives shall adopt in its first session the bylaws of the Transitional National Assembly until it adopts its own bylaws.

*Article 134:*

The Iraqi High Tribunal shall continue its duties as an independent judicial body, in examining the crimes of the defunct dictatorial regime and its symbols. The Council of Representatives shall have the right to dissolve it by law after the completion of its work.

*Article 135:*

**First:** The High Commission for De-Ba’athification shall continue its functions as an independent commission, in coordination with the judicial authority and the executive institutions within the framework of the laws regulating its functions. The Commission shall be attached to the Council of Representatives.

**Second:** The Council of Representatives shall have the right to dissolve this Commission by an absolute majority after the completion of its function.

**Third:** A nominee to the positions of the President of the Republic, the Prime Minister, the members of the Council of Ministers, the Speaker, the members of the Council of Representatives, the President, members of the Federation Council, their counterparts in the regions, or members of the judicial commissions and other positions covered by de-Ba’athification statutes pursuant to the law may not be subject to the provisions of de-Ba’athification.

**Fourth:** The conditions stated in clause “Third” of this Article shall remain in force unless the Commission stated in item “First” of this Article is dissolved.

**Fifth:** Mere membership in the dissolved Ba’ath party shall not be considered a sufficient basis for referral to court, and a member shall enjoy equality before the law and protection unless covered by the provisions of de-Ba’athification and the directives issued according to it.

**Sixth:** The Council of Representatives shall form a parliamentary committee from among its members to monitor and review the executive procedures of the Higher Commission for De-Ba’athification and state institutions to guarantee justice, objectivity, and transparency and to examine their consistency with the laws. The committee’s decisions shall be subject to the approval of the Council of Representatives.

*Article 136:*

**First:** The Property Claims Commission shall continue its functions as an independent commission in coordination with the judicial authority and the executive institutions in accordance with the law. The Property Claims Commission shall be attached to the Council of Representatives.

**Second:** The Council of Representatives shall have the right to dissolve the Commission by a two-thirds majority vote of its members.

*Article 137:*

Application of the provisions of the articles related to the Federation Council, wherever it may be cited in this Constitution, shall be postponed until the Council of Representatives issues a decision by a two-thirds majority vote in its second electoral term that is held after this Constitution comes into force.

*Article 138:*

**First:** The expression “the Presidency Council” shall replace the expression “the President of the Republic” wherever the latter is mentioned in this Constitution. The provisions related to the President of the Republic shall be reactivated one successive term after this Constitution comes into force.

**Second:**

- A. The Council of Representatives shall elect the President of the State and two Vice Presidents who shall form a Council called the “Presidency Council,” which shall be elected by one list and with a two-thirds majority.
- B. The provisions to remove the President of the Republic present in this Constitution shall apply to the President and members of the Presidency Council.
- C. The Council of Representatives may remove a member of the Presidency Council with a three-fourths majority of the number of its members for reasons of incompetence and dishonesty.
- D. In the event of a vacant seat in the Presidency Council, the Council of Representatives shall elect a replacement by a two-thirds majority vote of its members.

**Third:** Members of the Presidency Council shall be subject to the same conditions as a member of the Council of Representatives and must:

- A. Be over forty years of age.
- B. Enjoy good reputation, integrity, and uprightness.
- C. Have quit the dissolved (Ba’ath) Party ten years prior to its fall, in case he was a member of it.
- D. Have not participated in suppressing the 1991 and Al-Anfal uprisings. He must not have committed a crime against the Iraqi people.

**Fourth:** The Presidency Council shall issue its decisions unanimously and any member may delegate to one of the two other members to take his place.

**Fifth:**

- A. Legislation and decisions enacted by the Council of Representatives shall be forwarded to the Presidency Council for their unanimous approval and for its issuance within ten days from the date of delivery to the Presidency Council, except the stipulations of Articles 118 and 119 that pertain to the formation of regions.

- B. In the event the Presidency Council does not approve, legislation and decisions shall be sent back to the Council of Representatives to reexamine the disputed issues and to vote on them by the majority of its members and then shall be sent for the second time to the Presidency Council for approval.
- C. In the event the Presidency Council does not approve the legislation and decisions for the second time within ten days of receipt, the legislation and decisions are sent back to the Council of Representatives, which has the right to adopt it by three-fifths majority of its members, which may not be challenged, and the legislation or decision shall be considered ratified.

**Sixth:** The Presidency Council shall exercise the powers of the President of the Republic stipulated in this Constitution.

*Article 139:*

The Prime Minister shall have two deputies in the first electoral term.

*Article 140:*

**First:** The executive authority shall undertake the necessary steps to complete the implementation of the requirements of all subparagraphs of Article 58 of the Transitional Administrative Law.

**Second:** The responsibility placed upon the executive branch of the Iraqi Transitional Government stipulated in Article 58 of the Transitional Administrative Law shall extend and continue to the executive authority elected in accordance with this Constitution, provided that it accomplishes completely (normalization and census and concludes with a referendum in Kirkuk and other disputed territories to determine the will of their citizens), by a date not to exceed the 31st of December 2007.

*Article 141:*

Legislation enacted in the region of Kurdistan since 1992 shall remain in force, and decisions issued by the government of the region of Kurdistan, including court decisions and contracts, shall be considered valid unless

they are amended or annulled pursuant to the laws of the region of Kurdistan by the competent entity in the region, provided that they do not contradict with the Constitution.

*Article 142:*

**First:** The Council of Representatives shall form at the beginning of its work a committee from its members representing the principal components of the Iraqi society with the mission of presenting to the Council of Representatives, within a period not to exceed four months, a report that contains recommendations of the necessary amendments that could be made to the Constitution, and the committee shall be dissolved after a decision is made regarding its proposals.

**Second:** The proposed amendments shall be presented to the Council of Representatives all at once for a vote upon them, and shall be deemed approved with the agreement of the absolute majority of the members of the Council.

**Third:** The articles amended by the Council of Representatives pursuant to item “Second” of this Article shall be presented to the people for voting on them in a referendum within a period not exceeding two months from the date of their approval by the Council of Representatives.

**Fourth:** The referendum on the amended Articles shall be successful if approved by the majority of the voters, and if not rejected by two-thirds of the voters in three or more governorates.

**Fifth:** Article 126 of the Constitution (concerning amending the Constitution) shall be suspended, and shall return into force after the amendments stipulated in this Article have been decided upon.

*Article 143:*

The Transitional Administrative Law and its Annex shall be annulled on the seating of the new government, except for the stipulations of Article 53(A) and Article 58 of the Transitional Administrative Law.

*Article 144:*

This Constitution shall come into force after the approval of the people thereon in a general referendum, its publication in the Official Gazette, and the seating of the government that is formed pursuant to this Constitution.

## SELECTED LEGISLATION

**A. Revenues of Municipalities Law No. 130 of 1963**

(Unofficial Translation)

*In the name of the People, Republic, Presidency*

Pursuant to constitutional law of the national assembly, and upon the representations made by the Minister of Municipalities, which were approved by the Council of Ministers, the following law was passed

*Article 1:*

Municipalities' revenues continue by:

1. Duties as set in the attachment to this law,
2. Aids and allowances from the government or Governorate Council,
3. Revenues collected by the municipalities according to valid laws,
4. Fines imposed by the courts in the municipality in criminal cases and fines imposed by the municipal councils according to this law or other valid laws,
5. Sale or rental of municipal properties and its services and projects,
6. Loans and interest on loans and fixed deposits, and
7. Donations according to Article 4 of this law.

*Article 2:*

1. The duties established in the attachment to this law are imposed and given to municipalities, each in its territory and collected by the municipal staff directly or by commitment, excluding revenues related to the lottery, cigarettes, tobacco, betting, matches, alcoholic drinks, and cold drinks, which are collected by the concerned offices and paid to the Ministry of Municipalities for distribution to all municipalities according to that municipality's percentage of the total population.

2. All companies and factories that produce cold drinks or matches are to pay their fees at the end of each month directly to the Ministry of Municipalities.
3. The exemptions and allowances mentioned in the attached table shall be considered.

*Article 3:*

1. The Mayor of Baghdad and the Governorate Council may decide to cancel or discount amounts obtained from the revenues mentioned in Article 1—with no more than 300 Iraqi dinars (ID) in each case—if the Baghdad Council or the Governorate Council recommends doing so after confirming that the fees cannot be collected because the debtor or taxpayer is unable to pay or has a permanent injury resulting from an accident. The decision needs to be certified by the Ministry of Municipalities.
2. Upon the proposal of the Council of Ministers, the Minister of Municipalities can exempt the following establishments from all or part of the duty:
  - a. National charitable or religious establishments or associations.
  - b. Foreign charitable or religious establishments or associations, and diplomatic and consular committees and their officials and employees (same nationality), where conditions of reciprocity are in place.

*Article 4:*

Municipalities may accept donations and shall spend the proceeds in compliance with any accompanying trust document and within the scope of municipal services. If there is no specified trust, the Municipal Council should determine the use of the funds.

*Article 5:*

If the municipality provides any service, and if the Minister of Municipalities so approves, the municipality can determine the appropriate fee.

**Article 6:**

The Minister of Municipalities issues instructions about methods of collection.

**Article 7:**

1. Taxpayers should notify the municipality whenever they begin their first day of taxable work.
2. The minister or a designee can exempt a taxpayer from all or part of a duty on delinquent taxes and refund it if paid, if there is convincing evidence that the delay was due to legitimate reasons.
3. If a duty was to be paid in installments and the taxpayer did not pay an installment within one month of the due date, then all the installments become due without notice.

**Article 8:**

Laws regulating the collection of government-incurred debts shall be applied to debts of municipalities.

**Article 9:**

Real estate registry offices shall not finalize a transaction until after the office has verified that all municipal duties have been paid.

**Article 10:**

The year included in the attachment to this law is the fiscal year.

**Article 11:**

Real estate registry offices supply the municipality with a copy of their final annual assessments.

**Article 12:**

Anyone who is found to have violated the provisions of paragraph 1 of Article 7 of this law and paragraph 3 of Section Seven of this law will be punished with a fine of no more than 100 ID or with a prison sentence of no more than 3 months.

**Article 13:**

*Revenue of Municipalities Law No. 84 of 1956*, as amended, is hereby repealed.

**Article 14:**

This law shall be valid from the date of its publication in the *Official Gazette*.

**Article 15:**

The ministers should implement this law.

### ATTACHMENT TO THE REVENUES OF MUNICIPALITIES LAW: TABLES OF TAXES AND DUTIES

#### Section One: Building Duty

No.	Duty amount	Details
1	100 fils	Assessed on one square meter of the building for each floor (including balconies)
2	500 fils	Assessed on one square meter of the building for each floor (including balconies) if the owner has more than one house
3	1 dinar	Assessed on one square meter of the building for each floor (including balconies) if the building is used for industrial or commercial purposes

#### Section Two: Slaughterhouses Duty

No.	Duty amount	Details
1	250 fils	Per camel or buffalo
2	150 fils	Per bull or cow
3	50 fils	Per sheep, goat, or veal calf

**Section Three: Advertisement Duty**

No.	Duty amount	Details
1	200 fils	Assessed on each square meter or part thereof of advertisements hung or fixed on public places such as shops, stores, factories, streets, and squares, either on the walls or on the building front. The duty is doubled if the advertisement or any part of it is in a foreign language.
2	500 fils	Assessed per advertisement displayed on the screen of a cinema for a week or less.
3	500 fils	Assessed per advertisement on TV or radio, for each station and each time broadcast.

Shops whose rents are less than 100 ID per year are exempt from the advertisement duty if the advertisement is not for a specific product. Advertising via neon or fluorescent lights also is exempted.

**Section Four: Lottery and Betting Duty**

Duty amount	Details
10%	Assessed on the price of lottery and betting tickets

**Section Five: Cigarettes, Tobacco, Alcoholic Drinks, and Cold Drinks Duty**

No.	Duty amount	Details
1	Half of the excise tax imposed on cigarettes according to Law No. 8 of 1961	Cigarettes
2	Half of the excise tax imposed on tobacco and tunbac in Iraq	Tobacco
3	1 fils	For each box of matches imported into Iraq or made in Iraq that contains from 21 to 60 sticks and for boxes that contain more than 60 sticks, 1 more fils is collected on each 60 sticks. Locally made book matches with less than 20 sticks are exempted from this duty.

Iraqi products exported outside Iraq are exempt, and if a duty was collected, it should be refunded according to instructions from the minister.

**Section Six: Duties on Practicing Professions and Vocations**

A.

**First:** An annual duty is imposed on the following professions and vocations, according to the following rates.

No.	Duty amount	Details
1	10% of annual rent amount of the work location	Banks; insurance firms; registered construction companies; bars; alcoholic drink factories; alcohol and beer shops; cold-drink shops; amusement parks; importers of vehicles; buyers of gold and silver; sellers of watches, perfumes, furs, or velvet clothing; gold- or silversmiths; architects; travel agents; contractors; cashiers; brokers; factories that have at least 6 workers or are run by electricity or steam machines; sellers of mechanical transportation and their spare parts; TV or radio shops; sellers of musical instruments; sewing machine shops; sellers of photography devices, telescopes, surgical instruments, electrical tools, or oil industry tools; building material supply firms; sports or travel shops; sellers of weapons, toys, metal furniture, paints, clothes, shoes, or hats; restaurants; cafés; pharmacies and drugstores; transportation stations
2	5% of annual rent of factories	Butter, oil, cheese, yogurts, meats, sugars, sweets, biscuits, cigarettes, tobacco, clothes, cotton, wools, cords, mats, cements, cement tubes, building materials, electrical tools and machines, vehicles and spare parts, chemicals and industrial products, paper, cartons, steel, aluminum, rubber, oil, vegetable oil, soap, candles, matches, fertilizer, shoes, leather tanning, furniture, welding, repair shops, molds, textiles, laundry, freezing and refrigeration facilities and storage.

**Second:** The duty is collected in four equal installments.

**Third:** Shops whose rents are less than 60 dinars are exempt.

**Fourth:** The duties named above shall not apply to the following professions and vocations. Instead, the following rates apply.

No.	Duty amount	Details
1	200 dinars monthly	Horseracing venues
2	20% of the income	Amusement parks and fixed and movable circuses

B. If the amusement parks and the circus are established using capital from the central government, and if the municipality determines the entrance fee, they shall be exempt from tax. This exemption does not include cinemas and dance halls constructed inside amusement parks or circuses.

The following professions and vocations shall be taxed by the following amounts at the time of establishment.

No.	Duty amount	Details
1	500 dinars	Cinema production houses
2	500 dinars	Circuses and similar businesses
3	500 dinars	Horseracing venues
4	500 dinars	Dance halls and movie theaters – first class
	300 dinars	Dance halls and movie theaters – second class
	150 dinars	Dance halls and movie theaters – third class
	50 dinars	Dance halls and movie theaters – fourth class
5	500 dinars	Amusement parks – first class
	250 dinars	Amusement parks – second class
6	200 dinars	Hotels with restaurant – first class
	100 dinars	Hotels with restaurant – second class
	50 dinars	Hotels with restaurant – third class
	20 dinars	Hotels with restaurant – fourth class
7	40 dinars	Hotels without restaurant – first class.
	30 dinars	Hotels without restaurant – second class
	20 dinars	Hotels without restaurant – third class
	10 dinars	Hotels without restaurant – fourth class
8	20 dinars	Casinos and cafés – first class
	15 dinars	Casinos and cafés – second class
	10 dinars	Casinos and cafés – third class
	5 dinars	Casinos and cafés – fourth class

C. Municipal Councils are to provide the ratings in paragraph B above.

**Fifth:** The following are exempt from municipal duties:

1. Professions and vocations of official and semiofficial offices, institutions, and municipalities;
2. Factories mentioned in paragraph "First" of Section Six within the period of their tax exemption;
3. Businesses located in a home, such as sewing, weaving, rug making, or embroidery, using family members only;
4. Officially sponsored national and international fairs; and
5. Printing houses, newspapers, public baths, and drugs factories.

**Sixth:** If multiple businesses operate from one building, the Municipal Council assigns the duty that should be paid by those businesses. If a business has both manufacturing and retail components, whether in a single location or in detached locations, the highest rate is imposed on any of those businesses.

**Seventh:** For the purpose of implementing the provisions of this law, the tax on rent means the annual tax, estimated according to the laws governing real estate taxes.

**Eighth:**

1. If the real estate contains multiple offices that are leased individually but used for many professions, then for the purpose of imposing duties, the municipality shall estimate the tax on the rent amount for each office as if it were an independent property, disregarding the current estimate for real estate tax.
2. If an establishment has never been assessed according to the provisions of the real estate tax law, the concerned municipality will perform the tax assessment for the purpose of imposing a duty. Taxpayers have the right to object before the Municipal Council up to 15 days after the date they are informed about the estimate.

**Section Seven: Auction Duty**

1. For each item sold at an auction, the duty is 3% of the sale amount.
2. Auction owners are not allowed to collect more than 8% above the sale price in duties, including the municipal share at the auction house itself and 5% in other places.
3. Auction owners should keep records for all sales and formal transactions.

**Section Eight: Casino Duty**

**First:** "Casino" is defined in Article 1 of the *Law Governing the Establishment of Casinos and Theaters No. 175 of 1969*.

**Second:**

1. Two fils are collected from the casino owner for each 10 fils from ticket sales. Collection is acknowledged by a special stamp or municipal seal.
2. If the casino works without tickets, the owner is taxed as follows:

A	Casino – first class	150 dinars monthly
B	Casino – second class	100 dinars monthly
C	Casino – third class	50 dinars monthly
D	Casino – fourth class	25 dinars monthly

3. For establishments that provide other entertainment, such as live music, in addition to the usual services subject to fee, the following rates are added:

A	First class	50 dinars monthly
B	Second class	30 dinars monthly
C	Third class	15 dinars monthly
D	Fourth class	5 dinars monthly

4. For casinos that host parties or celebrations, the duty is 20% of the total revenue from the event.

**Third:** For the purpose of these duties, municipalities are to classify the enterprises named in paragraphs 2 and 3 in item “First” above as either a shop or a casino. The municipality’s decisions are final.

**Fourth:** Parties hosted by licensed national theater teams are exempt from municipal duties.

**Fifth:** The Mayor of Baghdad or the governor of a particular governorate may exempt charitable organizations from all or part of the duty.

**Sixth:** This duty is considered as a base for the tax estimation according to article 11 of *National Defense Tax Law*.

## **B. CPA Order No. 71 on Local Government Powers, 06 April 2004**

*Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003);*

*Recalling that the CPA has recognized the Governing Council as the principal body of the Iraqi Interim Administration, pending the establishment of an internationally recognized, representative government by the people of Iraq, consistent with Resolutions 1483 and 1511, and that the Governing Council, in performing its functions on behalf of the people of Iraq, has appointed Interim Ministers to exercise responsibility for the daily administration of the Iraqi Ministries;*

*Recalling the adoption of the Transitional Administrative Law (TAL) on 8 March 2004 to govern the affairs of Iraq during the transitional period from 30 June 2004 until a duly elected government, operating under a permanent and legitimate constitution achieving full democracy, shall come into being;*

*Noting that the system of government in Iraq shall be republican, federal, democratic, and pluralistic, and powers shall be shared between the*

federal government and the regional governments, governorates (also known as Governorates), municipalities, and local administrations and that each Governorate shall have the right to form a Governorate Council, name a Governor and form municipal and local councils and that regions and governorates shall be organized on the basis of the principle of decentralization and the devolution of authorities to municipal and local governments;

*Recognizing the Kurdistan Regional Government as the official government of the territories that were administered by that government on 19 March 2003 in the governorates of Dahuk, Erbil, Sulaymaniya, Kirkuk, Diyala and Ninewa, and its right to continue its current functions throughout the transitional period, except with regard to those issues which fall within the exclusive competence of the federal government;*

*Emphasizing that, consistent with Resolution 1483, the Governing Council and the CPA, each in coordination with the United Nations, are dedicated to working together in a cooperative and consultative process for the benefit of the Iraqi people; I hereby promulgate the following:*

### **SECTION 1 PURPOSE**

This Order describes the authorities and responsibilities of the governorate, municipal, and local levels of government. It implements the principle of decentralization of governing power embodied in the TAL. By appropriately empowering government bodies at the governorate, municipal, and local levels, the Order is designed to improve the delivery of public services to the Iraqi people and make the Iraqi government more responsive to their needs. This Order encourages the exercise of local authority by local officials in every region and governorate; recognizes the Kurdistan Regional Government; and shall have no effect on the administration of the territories under that government’s jurisdiction on 19 March 2003 in the governorates of Dohuk, Arbil, Sulaimaniya, Kirkuk, Diyala and Ninevah.

## SECTION 2 GOVERNORATE COUNCILS

1) Each Governorate may form a Governorate Council, which shall be funded from national budget allocations that are separate from the budgets of the ministries and other national institutions.

2) The Governorate Councils may set priorities for the Governorates; amend, by two-thirds vote, a specific local project described in an annual ministry budget plan, provided that no such amendment shall increase the spending limits set forth in the ministry plans, or interfere with the efficient and uniform execution of national objectives as implemented by specific programs; monitor and recommend improvements in the delivery of public services; represent the concerns of constituents; independently generate and collect revenues by imposing taxes and fees; organize the operations of the provincial administration; initiate and implement provincial projects alone or in partnership with international and nongovernmental organizations; and conduct other activities, consistent with applicable laws.

3) Governorate Councils shall perform their responsibilities independently from the control or supervision of any ministry. Governorate Councils may, by majority vote, and within two weeks following the appointment, approve or veto the appointment by the ministries of Directors General and local ministerial officials for positions designated as “senior positions” by the Administrator (which designations shall be set forth in an appendix to this Order); establish subcommittees and convene meetings of, or request reports and testimony from, the Directors General; and remove Directors General and officials occupying designated “senior positions” for cause as defined in this Order, by a two-thirds vote for removal, provided that Directors General whose official responsibilities directly affect more than one Governorate may be removed only if each of the Governorate Councils responsible for the Governorates so affected votes for removal as specified herein. As used in this Order, the term “Director General” shall not apply to the presidents of universities in Iraq.

4) The members of each Governorate Council shall be selected in accordance with criteria agreed upon by the Governing Council and CPA. All individuals who hold office as Governorate Council members on the effective date of this Order shall continue to hold such office. Should vacancies occur, Governorate Councils may add new members who meet the eligibility requirements set forth in Article 31 of the TAL, through a fair, open, and competitive selection process agreed to by two-thirds majority of the Governorate Council. Elections for Governorate Councils will take place at the same time as elections for the National Assembly, no later than 31 January 2005.

5) The Governorate Councils are hereby authorized to select and appoint Governors and Deputy Governors. Governors and Deputy Governors selected by Governorate Councils prior to the date of this Order are hereby appointed. The Governorate Councils may remove Governors and Deputy Governors for cause as specified in this Order, upon a two-thirds vote. Should vacancies in the positions of Governor or Deputy Governor occur, Governorate Councils may elect a new Governor or Deputy Governor through majority vote of the Council.

## SECTION 3 GOVERNORS AND DEPUTY GOVERNORS

1) The Governor is the head civil official of a Governorate and is accountable to the Governorate Council. The Governor shall direct, coordinate, and oversee actions in implementation of the Governorate Council’s decisions. The Governor shall be selected, dismissed, and replaced in accordance with subsection 2(5) of this Order.

2) The Deputy Governors report to the Governor, and the most senior Deputy Governor (based on length of public service) shall assume the role of the Governor in the latter’s absence.

3) Governors and Deputy Governors may attend the regular meetings of the Governorate Councils as nonvoting members.

4) Governors shall appoint governorate officials, provided that their appointments of Directors General serving directly on the governorate staff and other senior positions, as defined by the Administrator, shall be subject to the approval by majority vote of the Governorate Councils within two weeks following the appointment, except for Directors General, who shall be appointed and removed as specified in Section 2(3) of this Order. Governors shall exercise final authority to remove those officials who they are authorized to appoint, subject to the concurrence, by majority vote, of the Governorate Council.

5) To encourage consistent development and application of policies regarding regional matters, Governors shall regularly coordinate with each other on matters of common interest.

#### **SECTION 4 LOCAL COUNCILS**

1) Each Governorate may, by majority vote, form sub-provincial regional councils, municipal councils and other relevant local councils organized geographically, such as *Qada'a* and *Nahiya*, City Councils, *Beladiya* Councils and *Hayy* Councils, as necessary to achieve greater efficiency and economies of scale in coordinating the provision of public services, and to facilitate unified and coordinated administration of cities. Local councils are responsible for representing their constituents; ensuring that public services respond to local needs; organizing the operations of the local administration; reviewing local ministry plans; collecting and retaining local revenues, taxes, and fees; identifying local budgetary requirements through the national budgeting process; and recommending appropriate action to Governorate Councils with respect to government officials, on the basis of misconduct, inefficiency, or Ba'athist Party affiliation. They shall assist in initiating and implementing local projects alone or in conjunction with international and nongovernmental organizations; and conducting other activities as are granted to them by Governorate Councils, consistent with applicable law.

2) The members of each local council, including the Chair, shall be selected in accordance with regulations approved by majority vote of the

Governorate Council. All local councils in existence on the date of this Order, and all individuals who hold office as members of such councils of the date of this Order, shall continue to exist and hold office unless removed in accordance with this Order.

3) Local councils shall, by majority vote, elect Mayors and Deputy Mayors. Mayors and Deputy Mayors selected by local councils prior to the date of this Order shall continue to hold office, unless removed in accordance with this Order. Local councils may remove Mayors and Deputy Mayors upon a two-thirds vote. Should vacancies occur in the positions of Mayor or Deputy Mayor, local councils may elect a new Mayor or Deputy Mayor through majority vote of the council.

#### **SECTION 5 MAYORS AND DEPUTY MAYORS**

1) Mayors (in Arabic "*Mudiyar al-Nahiya*," "*Qa'im Maqam*," and "*Amin*") are the senior administrators of local councils and are accountable to the local council. Mayors shall direct, coordinate, and oversee actions in implementation of decisions of the local councils, and shall serve as the primary liaison between the local councils and the Governors.

2) Mayors shall be elected and removed pursuant to section 4(3) of this Order.

3) The Deputy Mayors report to the Mayor, and the most senior Deputy Mayor (based on length of public service) shall assume the role of the Mayor in the absence of the latter official.

4) Mayors and Deputy Mayors may attend the regular meetings of the local councils as nonvoting members.

5) Mayors shall appoint local government officials, provided that their appointments of Directors General serving directly on the local government staff and other senior positions, as defined by the Administrator, shall be subject to the approval, by majority vote, of the local council, within two weeks following the appointment. Mayors may, for cause as defined under this Order, remove those officials whom they are authorized to appoint, subject to the concurrence, by majority vote, of the local council.

6) Mayors shall meet regularly with all Directors General within their geographic areas of responsibility to monitor, and where authorized by applicable laws and regulations to direct, the delivery of public services.

7) Mayors shall meet regularly with other Mayors to ensure that services are being provided equitably and efficiently.

## **SECTION 6 CHIEFS OF POLICE**

1) Within each Governorate, there shall be a Chief of Police, responsible for overseeing all civil law enforcement activities within the Governorate.

2) Chief of Police vacancies will be advertised nationally by the Ministry of Interior, and the Governorate Council shall be notified of such vacancies. Applications for Chief of Police positions shall be sent to the Ministry of Interior, which shall identify fully qualified applicants and provide the names of those applicants to the Governorate Council in a timely manner. The Governorate Council shall, upon a majority vote within two weeks following its receipt of the names of fully qualified applicants from the Ministry of Interior, select the most suitable candidate from these nominees. Chiefs of Police shall be appointed to a 3-year term, which may be renewed.

3) Chiefs of Police may be removed by the Minister of Interior, or by the Governorate Council upon two-thirds majority vote, for cause as defined in this Order.

4) Under the supervision of the Minister of Interior, the Chief of Police shall prepare an annual policing plan that will take into account local and national priorities. The Governorate Council and Governor will ensure that the Chief of Police is responsive to local policing requirements. Annual policing plans shall become effective upon approval, by two-thirds majority, of the Governorate Council, which shall monitor the implementation of this plan by the Chief of Police. Chiefs of Police shall consult regularly with the relevant Governor and Governorate Council and shall meet weekly with the Governorate Council, or otherwise as agreed.

5) Local police chief vacancies will be advertised by the Ministry of Interior at least within the relevant Governorate, and the Governorate Council shall be notified of such vacancies. Applications for local police chief positions shall be sent to the Ministry of Interior, which shall identify fully qualified applicants and provide the names of those applicants to the Governorate Council in a timely manner. The Governorate Council shall, upon a majority vote, select the most suitable candidate from these nominees. Local police chiefs shall be appointed to a 3-year term, which may be renewed.

6) Local police chiefs may be removed by a two-thirds majority vote of the relevant Governorate Council for cause, as defined in this Order.

## **SECTION 7 GROUNDS FOR REMOVAL**

1) Members of Governorate Councils, Governors and Deputy Governors, members of Local Councils, Mayors and Deputy Mayors, and Chiefs of Police and local police chiefs may be removed only for cause, in accordance with the procedures specified in this Order.

2) For purposes of this Order, "cause" shall mean incapacity, serious misconduct in or out of office, dereliction of duty, or abuse of office.

3) Officials listed in section 7(1) of this Order who are removed for cause as defined herein, and the subordinates of such officials who are removed in accordance with existing Iraqi law on similar grounds, shall be barred from holding any position in the Iraqi government for a period of five years following the removal.

4) Individuals who are removed from public office and barred from public service under section 7(2), above, shall have the right to bring suit in Iraqi courts and obtain redress in the form of reinstatement to public office, upon the court's determination that the removal was wrongful.

## SECTION 8 EFFECT ON OTHER LAWS

1) Any provision of Iraqi laws, including but not limited to *Law No. 159 of 1969*, that is inconsistent with this Order is hereby suspended to the extent of such inconsistency, provided, however, that nothing in this Order shall be construed to eliminate or reduce the authority of provincial or local government entities under existing Iraqi laws and regulations to generate, assess, collect, retain, administer, or expend taxes, fees, assessments or similar revenues. Provincial and local government entities may generate, assess, collect, retain, administer, or expend taxes, fees, assessments or similar revenues under Iraqi law, including the *Income of Municipalities Law, No. 130 of 1963*, as amended. Notwithstanding existing Iraqi Law, Governorates are hereby authorized to impose althma'am of no greater than 5 percent of the relevant taxes.

2) Except as otherwise specified in this Order, local government officials shall be hired and dismissed in accordance with applicable Iraqi law.

## SECTION 9 ENTRY INTO FORCE

This Order shall enter into force on the date of signature.

(signed) 9/6/04

Paul Bremer, Administrator

Coalition Provisional Authority

## C. Excerpts from CPA Order No. 100 Relating to CPA Order No. 71

### TRANSITION OF LAWS, REGULATIONS, ORDERS, AND DIRECTIVES ISSUED BY THE COALITION PROVISIONAL AUTHORITY

*Pursuant* to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), Resolution 1511 (2003), and Resolution 1546 (2004);

*Reaffirming* that the laws, regulations, orders, memoranda, instructions, and directives of the CPA remain in force unless and until rescinded or amended by legislation duly enacted and having the force of law, as set forth in Article 26(C) of the *Law of Administration for the State of Iraq for the Transitional Period (TAL)*;

*Recognizing* that the Government of Iraq will be responsible for interpreting and implementing these laws, regulations, orders, memoranda, instructions, and directives following the transfer of full governing authority on 30 June 2004;

*Noting* that many of these laws, regulations, orders, memoranda, instructions and directives require technical amendment and/or rescission to properly reflect the transfer of full governing authority and the dissolution of the Coalition Provisional Authority on 30 June 2004;

*Further* noting that many of these laws, regulations, orders, memoranda, instructions and directives require technical amendment and/or rescission to reflect the structure of the Iraqi Interim Government and to allow for proper delegation of responsibilities within that Government and subsequent Iraqi Governments;

*Determined* to facilitate the continuity of Iraqi law and to ensure a smooth transfer of full governing authority to the Iraqi Interim Government on 30 June 2004;

*Having* consulted with the Iraqi Interim Government, including the Prime Minister, I hereby promulgate the following:

### SECTION 1 PURPOSE

This Order makes appropriate revisions to laws, regulations, orders, memoranda, instructions, and directives issued by the CPA to facilitate an orderly transfer of full governing authority to the Iraqi Interim Government on 30 June 2004. The Order seeks to ensure that the Iraqi Interim Government and all subsequent Iraqi governments inherit full responsibility for these laws, regulations, orders, memoranda, instructions, and directives so that their implementation after the transfer of full

governing authority may reflect the expectations of the Iraqi people, as determined by a fully empowered and sovereign Iraqi Government. This is the final Order of the CPA, which will dissolve on 30 June 2004, after the transfer of full governing authority to the Iraqi Interim Government.

## SECTION 2 GENERAL RULES

Except where otherwise noted in this Order, the following General Rules shall apply to every law, regulation, order, memorandum, instruction, and directive issued by the CPA

- 1) All powers, authorities, and responsibilities granted to the Administrator under any law, regulation, order, memorandum, instruction, or directive of the CPA transfer to the Prime Minister and shall be exercised pursuant to law, including the TAL and its Annex. As the official with day-to-day responsibility for management of the federal government, the Prime Minister may delegate such powers and responsibilities to an appropriate minister or ministry.
- 2) All powers, authorities, and responsibilities granted to the CPA under any law, regulation, order, memorandum, instruction, or directive of the CPA transfer to the Federal Government and shall be exercised pursuant to law, including the TAL and its Annex. The Federal Government means the Iraqi Interim Government, the Iraqi Transitional Government, and the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.
- 3) All references to consultation or coordination with the CPA, or CPA direction, supervision, or control of an Iraqi Ministry or other Iraqi government entity or official, or any related reference, are hereby rescinded.
- 4) All references to the Iraqi federal government in any form, including references to an internationally recognized, representative government or a transitional Iraqi administration, shall apply equally to the Iraqi Interim Government, and all subsequent Iraqi governments, including the Iraqi Transitional Government and the Iraqi Government to be elected under a permanent constitution as set forth in Chapter 9 of the TAL. This rule

does not implicate references to regional, governorate, local, or municipal government entities in Iraq.

- 5) All provisions that contemplate present or future orders, regulations, and/or memoranda issued by the Administrator or the CPA shall be read to contemplate present or future orders or regulations of the Iraqi Interim Government as well as duly enacted legislation or duly promulgated regulations of any subsequent Iraqi Government.
- 6) The word *interim* when immediately preceding minister or ministers shall be deleted. All references to a minister or ministers shall refer equally to a minister or ministers serving in the Iraqi Interim Government, the Iraqi Transitional Government, or the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.
- 7) References to CPA or Coalition personnel or Coalition Authorities for Coalition personnel shall be read to cover all foreign national personnel performing services for, or on behalf of, a foreign embassy, including foreign contractors and subcontractors, whether hired by the Federal Government or hired by a foreign government and operating legally in Iraq.
- 8) All references to Coalition Forces and related references shall apply equally to Multinational Forces operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546.
- 9) All references to the Iraqi Governing Council are hereby rescinded and shall refer instead to the Federal Government generally, including the Iraqi Interim Government, the Iraqi Transitional Government, and the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.
- 10) The phrase *body vested with national legislative powers* shall refer to the Council of Ministers in the Iraqi Interim Government and the National Assembly in the Iraqi Transitional Government. The same phrase shall apply to the body having legislative powers in the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.

11) The terms *chief executive, head of the Iraqi Government, and head of the Iraqi Government exercising national command authority* shall refer to the Prime Minister in the Iraqi Interim Government and Transitional Government and the equivalent office in the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL. All Iraqi governments subsequent to the transfer of full governing authority from the CPA, however, enjoy the authority inherent in sovereignty to divide authorities and responsibilities among the Presidency Council, the Prime Minister, and any other office, in a manner consistent with law.

12) All references to *foreign liaison mission* shall apply equally after 30 June 2004 to diplomatic and consular missions.

### SECTION 3 REVISIONS OF SPECIFIC CPA ORDER PROVISIONS

Notwithstanding the General Rules set forth in Section 2 of this Order, the following specific provisions of CPA Orders shall be amended, rescinded, or otherwise changed as follows:

26) CPA Order Number 71, Local Government Powers

- a) The following sentence shall be appended to the end of Section 2.
  - (3): After the transfer of authority on 30 June 2004, additional positions may be designated as senior positions by the Prime Minister with approval of the Presidency Council.
- b) Section 2(4) shall be rescinded in its entirety.
- c) The current Section 3 (5) shall become Section 3 (7).
- d) A new Section 3 (5) shall provide as follows:

At least two weeks prior to any Governorate Council vote on whether to remove a Director General pursuant to Section 3 (4) of this Order, the Governorate Council shall notify in writing the relevant Ministry that such a vote will be held. The Ministry may avail itself of this 2-week period to hold consultations with the Governor and Governorate Council regarding the proposed removal of the Director General. Only at the conclusion of this 2-week period may the Governorate Council bring the proposed removal to a vote.

e) A new Section 3 (6) shall provide as follows:

Notwithstanding any provision of this Order or any other law, the removal of a Director General or an official in a designated senior position may be suspended for 6 months upon the Prime Minister's certification in writing that such removal will cause significant damage to national security and upon the unanimous approval of that certification by the Presidency. To continue the suspension of a removal vote for another 6 months, the Prime Minister must recertify in writing that the removal will cause significant damage to national security and the Presidency must unanimously approve that certification.

f) The current Section 9 shall become Section 10.

### SECTION 7 EFFECTIVE DATE

This Order shall enter into force immediately prior to the transfer of governing authority from the CPA to the Interim Iraqi Government.

L. Paul Bremer                      6/28/04

Administrator, Coalition Provisional Authority

### D. CPA Order No. 95 on Financial Management Law and Public Debt Law, 02 June 2004

*Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511(2003),*

*Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,*

*Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,*

*Determined to improve the conditions of life, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security through stable financial markets,*

*Recognizing* that Iraq needs laws concerning the issuance and payment of public debt to assist in financing the Government and to promote confidence in the country's economic system,

*Further recognizing* the CPA's obligation to provide for the effective administration of Iraq,

*Recalling* that U.N. Security Council Resolution 1483 (2003) called upon the CPA to promote economic reconstruction and the conditions for sustainable development,

*Acting* in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and the need to enact institutional and legal reforms to give it effect, I hereby promulgate the following:

### **SECTION 1 PURPOSE**

1) This Order promulgates the *Financial Management Law*, which establishes a comprehensive framework for the conduct of fiscal and budgetary policy in line with international best practices, by setting a structured process for the formulation of the federal budget and a number of reporting requirements aimed at increasing the accountability and transparency of the budgeting process.

2) This Order promulgates the *Public Debt Law*, which authorizes the Ministry of Finance to issue and pay debt securities guaranteed by the Government, and establishes certain related authorities and duties, for the purposes of financing Government operations and promoting a stable Iraqi economy.

### **SECTION 2 FINANCIAL MANAGEMENT LAW**

The *Financial Management Law* attached to this Order as Annex A shall have the full force and effect of law.

### **SECTION 3 PUBLIC DEBT LAW**

The *Public Debt Law* attached to this Order as Annex B shall have the full force and effect of law.

### **SECTION 4 GENERAL PROVISIONS**

1) Prior to the transfer of governance authority to the Iraqi Interim Government in accordance with Article (2)(B)(1) of the Law of the Administration for the State of Iraq for the Transitional Period, the powers and responsibilities assigned to the Prime Minister and Council of Ministers by the *Financial Management Law* and the *Public Debt Law* shall be exercised by the Administrator.

2) Until such time as the Iraqi Interim Government assumes full governance authority in accordance with Article (2)(B)(1) of the Law of the Administration for the State of Iraq for the Transitional Period, the Ministry of Finance is prohibited from issuing new debt securities if the issuance of such securities would increase the total level of Iraq's public debt, including obligations to the Central Bank, beyond the current level of such debt.

## **ANNEX A Iraq Financial Management Law of 2004**

### **SECTION 1 PURPOSE**

This Law shall regulate the arrangements governing the preparation, adoption, recording, management, execution, and reporting of the federal budget of Iraq and related issues including public borrowing and guarantees, internal control, accounting, and auditing. The principles of transparency, comprehensiveness, and unity shall be of fundamental importance in the preparation and execution of the federal budget of Iraq, and in related issues.

*The principle of transparency* requires that budget information be classified according to accepted international standards and presented in a way that facilitates policy analysis and promotes accountability.

*The principle of comprehensiveness* requires that the budget cover all government agencies and institutions undertaking government operations, so that the budget presents a consolidated and complete view of these operations and is voted on, as a whole, by the body vested with national legislative authority.

*The principle of unity* requires that all government resources be directed to a common pool to be allocated and used for public expenditure according to the priorities of the government.

## SECTION 2 DEFINITIONS FOR THE PURPOSES OF THIS LAW

- 1) "*Budget appropriation*" is the legal authorization given to the government to spend public money over the fiscal year for specified purposes.
- 2) "*Authorized person*" is a person delegated authority in writing by the Minister of Finance to manage public money.
- 3) "*Borrowings*" are funds received in return for a legally binding agreement to repay.
- 4) "*Budget*" is a financial program based on annual estimates of government cash receipts and payments, transfers, and transactions in kind.
- 5) "*Budget executor*" is an authorized person, or person delegated authority by the budget executor, responsible for the execution of the budget.
- 6) "*Capital expenditures*" are the use of funds to acquire or upgrade capital assets, such as buildings, structures, machinery, and equipment, and financial assets.
- 7) "*Cash payments*" are any monetary transactions resulting in a reduction in the balance of a bank account or cash balance.
- 8) "*Chart of accounts*" is a structured list of accounting codes used to classify and record budget revenue and expenditure transactions.
- 9) "*Commitment*" is an undertaking to make an expenditure following the conclusion of a binding agreement that will result in a payment.
- 10) "*Contingency reserves*" are funds allocated to the Ministry of Finance in the annual budget law or supplementary budget laws for the purpose of making expenditures that are urgent and unforeseen at the time of passage of the annual budget law.
- 11) "*Council of Ministers*" is the Council of Ministers described in the Law of Administration for the State of Iraq for the Transitional Period (the "Transitional Administration Law" or "TAL").
- 12) "*Current expenditures*" are expenditures which are not capital expenditures, such as salaries, supplies, services, and fuel.
- 13) "*Economic classification*" is a systematic arrangement of budget revenue and expenditure items by type for the purposes of financial statistical reporting and analysis.
- 14) "*Financial assets*" include foreign or domestic cash, deposits, loans, bonds, financial derivatives, accounts receivable, other types of claims, monetary gold, special drawing rights (SDRs), treasury bills, and shares.
- 15) "*Fiscal year*" is the general government's accounting period, which begins on January 1st and ends on December 31st.
- 16) "*Federal budget*" is the estimate of the total annual receipts and payments as approved by the Federal Government.
- 17) "*Federal government*" is the Iraqi Interim Government, the Iraqi Transitional Government, or the Government to be elected pursuant to a permanent constitution, as set forth in Article 61 of the Law of Administration for the State of Iraq for the Transitional Period (the "Transitional Administration Law" or "TAL").
- 18) "*Federal government bank account*" is a bank account for the receipt, payment, or transfer of public money belonging to the federal government.
- 19) "*Functional classification system*" means the array of budget authority, expenditures, and other budget data according to the major purpose served—for example, agriculture, national defense, and transportation.

- 20) “*General government*” comprises all government units primarily engaged in non-market operations, including the federal government, regional governments, governorates, and municipal and local governments.
- 21) “*Government debt securities*” are debt securities issued by the Ministry of Finance, including debt securities lawfully issued prior to the effective date of the Public Debt Law promulgated in 2004.
- 22) “*Governorates’ budgets*” are the estimates of annual receipts and payments of the governorates.
- 23) “*Governorate Councils*” are the Governorate Councils described in Section 2 of CPA Order Number 71, Local Governmental Powers (the “Local Governmental Powers Law”).
- 24) “*Line items*” are the payments specifically itemized in the budget law.
- 25) “*In kind*” means a transfer or exchange in which payment takes the form of tangible property, intangible property, or services rather than cash.
- 26) “*Liability*” is a present obligation arising from past events, the settlement of which is expected to result in a future payment in cash or in kind.
- 27) “*Outlay*” means a payment to liquidate an obligation other than borrowing.
- 28) “*Payment arrears*” arise when a payment is not made by its due-for-payment date.
- 29) “*Petroleum*” means hydrocarbons, including, but not limited to, crude oil, natural gas, and natural gas liquids and refined petroleum products.
- 30) “*Petroleum revenue account*” means the Development Fund for Iraq (DFI) account as described in United Nations Security Council Resolution 1483 (2003) or any successor account to the DFI.
- 31) “*Public money*” means cash and bank deposits within the custody and control of the federal government.
- 32) “*Public corporations*” are –
- (1) State companies, as defined in *Law Number 22 of 1997 on State Companies*; and
  - (2) any other juridical person or unit that is owned or controlled by the federal government, and produces goods or services for the market and, in the case of a unit which is not a juridical person, functions independently and is capable of maintaining separate accounting.
- 33) “*Special budgetary funds*” are special funds whose sources, uses, and purposes are established by law.
- 34) “*Spending units*” are the ministries of the federal government and the administrative bodies of the federal and regional governments, governorates, and municipal and local governments, to which funding is allocated in the annual budget law.
- 35) “*Reallocate*,” in relation to a budget appropriation, means to move budgetary resources from one budget account, unit, or line item to another.
- 36) “*Transfers*” are the provision of goods and services, assets (including financial assets), or labor that do not require the recipient to provide a good, service, payment, or payment-in-kind in return.
- 37) “*Treasury Consolidated Account*” is a system managed by the Ministry of Finance for consolidating the balances of the cash accounts of the federal government for the purpose of efficient cash management.
- 38) “*Treasury General Ledger*” is a system, based on double entry principles, of accounting for, executing, and reporting the budget.
- 39) “*Treasury Single Account*” is a bank account, or a set of linked bank accounts, of the government through which all government receipts and payments are channeled. It is controlled by the Ministry of Finance and is maintained at the Central Bank.

40) “Government” is the public authorities and agencies of Iraq, which are entities established through political processes, and that exercise legislative, judicial or executive authority within the territory of Iraq. Government does not include public corporations.

41) “Government debt” consists of all liabilities of the government that require payment or payments of interest and/or principal by the borrower to the lender at a date or dates in the future.

42) “Petroleum revenue” is petroleum export revenue, non-tax revenue earned from the sale of petroleum to domestic buyers (collectively, petroleum non-tax revenue), and tax revenue levied on petroleum (petroleum tax revenue).

43) “Petroleum export revenue” is non-tax revenue earned from the sale of petroleum to foreign buyers.

44) “Publicly available” means that information is available for ready access by any member of the public. This includes, but is not limited to, publication in the *Official Gazette*, on an unrestricted Web site, or in widely available public newspapers.

### SECTION 3 EXERCISE AND DELEGATION OF AUTHORITY

1) The Minister of Finance may issue regulations, instructions, guidelines or directions as necessary to give effect to and implement this Law.

2) The Minister of Finance may delegate to officials within the Ministry of Finance who are authorized persons those authorities that are conferred upon him under this Order, except the authority to waive the right of the federal government to collect amounts owing, to submit the draft annual federal budget to the Council of Ministers, and to sign borrowing and guarantee contracts of the federal government.

### SECTION 4 GENERAL PROVISIONS

1) The budget is adopted for the fiscal year and shall be valid during the year for which it is passed. Unspent appropriations will lapse at the end of the fiscal year for which they have been approved, except to the extent that goods and services have been validly ordered and received.

2) The draft annual budget law will be determined by the Council of Ministers and will be submitted by the Minister of Finance by October 10th to the body vested with national legislative authority for approval or adjustment pursuant to Article 33(C) of the TAL.

3) Pursuant to Article 25 of the TAL, the Federal Government has exclusive competence in drawing up the federal budget of Iraq. The Governorate Council, pursuant to Section 2 of the *Local Governmental Powers Law*, possesses the limited amendment authority to amend the budget plan of a ministry with regard to a specific project. Individual governorates’ budgets for the fiscal year shall be passed by the Governorate Councils. Individual regions’ budgets for the fiscal year shall be passed by the regional governments.

4) The annual federal budget shall comprise:

- a) the receipts and payments in cash or in kind of all government ministries, organizations, and agencies of the federal government; and
- b) transfers, including to regional governments, governorates, and municipal and local governments, including special budgetary funds.

5) The source of all receipts shall be specifically identified in the budget. All payments for the budget year and commitments for future years shall be disclosed in the budget, and the nature and duration of these commitments shall be limited as specified in the annual budget laws.

6) The difference between receipts (excluding borrowings) and payments (excluding repayments of debt principal) is the budget surplus (if positive) or the budget deficit (if negative).

## 7) Receipts consist of:

- a) Tax revenues;
  - 1. Petroleum tax revenues
  - 2. Non-petroleum tax revenues
- b) Non-tax revenues;
  - 1. Petroleum non-tax revenues
  - 2. Non-petroleum non-tax revenues
    - 1) Social security contributions
    - 2) External grants
    - 3) Others
- c) Domestic and external borrowing;
- d) Repayment of government lending;
- e) Proceeds from asset transfers;
- f) Transfers of surplus profits from the Central Bank of Iraq in accordance with the relevant provisions of the *Central Bank Law*;
- g) Transfers from public corporations;
- h) Transfers from regional governments, governorates, and municipal and local governments, including special budgetary funds.

## 8) Payments consist of:

- a) Current expenditures, including for salaries and other allowances; outlays for goods and services; current transfers, including pensions and social security payments that are paid in cash or have been issued in kind; interest payments; and transfers in kind;
- b) Capital expenditures for purchase of fixed assets, inventories, intangible assets, financial assets, capital transfers that are paid in cash or have been issued in kind, and grants;
- c) Gross lending;
- d) Repayment of external and domestic debt;
- e) Other payments in accordance with the laws of the federal government;

f) Transfers to the Central Bank of Iraq in accordance with the relevant provisions of the *Central Bank Law*;

g) Transfers to public corporations;

h) Transfers to regional governments, governorates, and municipal and local governments, including special budgetary funds.

9) A Treasury Consolidated Account shall be established and maintained within the Ministry of Finance. Subject to the transition provisions in Section 15, all receipts shall be credited to the Treasury Consolidated Account and paid into the Treasury Single Account, and all payments shall be debited to the Treasury Consolidated Account and withdrawn from the Treasury Single Account. All federal budget receipts, commitments, expenditures, and other payment transactions shall be entered into the Treasury's General Ledger.

10) The Minister of Finance shall issue orders to open bank accounts, and such accounts must have a title that includes the words "federal government." An authorized person may dispose of federal government money only in accordance with this law and with regulations properly promulgated by the Minister of Finance. An authorized person must not misapply, improperly dispose of, or improperly use federal government money in contravention of this Law. Violations of this Law are subject to applicable administrative and criminal penalties under the legislation of Iraq, including Article 2(g) of *Law Number 7 of 1958, Wastage of Natural Resources and Squandering of Public Assets and Funds*, and applicable provisions of *Law Number 111 of 1969*, as amended, including provisions relating to bribery by public officials, embezzlement by public officials, and officials who overstep the bounds of their duty.

11) Subject to the monetary limits established by the Council of Ministers, the Minister of Finance may waive the right of the federal government to collect an amount owing, postpone the time of payment, or allow payment by installment only under the conditions and procedures provided by law.

12) The Minister of Finance shall report each and every such written-off sum or postponement to the Council of Ministers with the explanation for the write-off. This report shall be submitted quarterly with a final summary report to be submitted with the annual final accounts of the federal budget. These reports will be made publicly available.

13) The annual federal budget shall stipulate the use of the budget surplus or the means of financing the budget deficit.

14) The budget deficit shall be financed by cash balances of the federal government, short-term borrowings, domestic and external loans, or by the issuance of government debt securities. Short-term borrowings may be used for the purpose of ensuring liquidity during a period no longer than six months.

15) The annual federal budget shall be accompanied by documents that shall state the objectives and operating rules for fiscal policy, including constraints on borrowing and federal government debt, in accordance with the principles stated in Section 1 and with the provisions in Section 6(1) of this law and following Section 7(1), and will report on progress against these objectives.

## **SECTION 5 MANAGEMENT OF PETROLEUM REVENUES**

1) All proceeds from the sale of petroleum or otherwise derived from current and prospective petroleum extraction, including from the federal government's production shares and royalties, and from the amount paid in respect of a right to explore for petroleum resources, and any amount derived from the investment of amounts in the petroleum revenue account, shall accrue to the budget. Except as provided in paragraph 2 of this section, below, or as may otherwise be required by applicable United Nations Security Council Resolutions (UNSCRs), the receipts from the export of petroleum shall be deposited into the Development Fund for Iraq (DFI) account to be held in the name of the Central Bank of Iraq, or a successor account to the DFI, hereafter generically referred to as the petroleum revenue account, and reflected accordingly as receipts and transfers to and from the budget.

2) Pursuant to United Nations Security Council Resolution 1483 (2003), and subsequent related UNSCRs, five percent (or such other percentage as may be determined by the United Nations Security Council or jointly by the internationally recognized, representative government of Iraq and the Governing Council of the United Nations Compensation Commission in accordance with UNSCR 1483) of the receipts from the export of petroleum shall be transferred to the Compensation Fund established in accordance with UNSCR 687 (1991) and subsequent relevant UNSCRs and the balance of receipts from the export of petroleum shall be deposited into the petroleum revenue account. These transfers to the Compensation Fund will be shown in the budget.

3) Disbursements from the petroleum revenue account shall be restricted to disbursements necessary to finance the budget, which shall include adequate provision for the government's obligations under any relevant UNSCRs or international law.

4) In the event that a successor account to the original DFI is established or the original DFI is continued beyond the date of the transfer of governance authority to the Iraqi Interim Government, the following will apply:

a) Operational responsibility for the petroleum revenue account will be with the Minister of Finance, reporting to the Council of Ministers, which shall take advice from the Governor of the Central Bank and such other individuals as the Council may deem appropriate. The Council, in its discretion, may delegate responsibility for oversight of the operation of the petroleum revenue account to a committee, which shall be composed of such individuals as the Council may determine, and shall include, as a minimum, the Minister of Finance, the Minister of Oil, and the Governor of the Central Bank in an advisory capacity.

b) Disbursements from the petroleum revenue account require the authorizing signature of at least two authorized persons, one of whom is an official in the offices supporting the Prime Minister or Council of Ministers and reporting to the Prime Minister and the other a permanent employee of the Ministry of Finance, designated by the Prime Minister and the Minister of Finance, respectively. The persons to whom authority has been delegated may not delegate to another person.

c) Any positive balance in the petroleum revenue account may be invested by the Minister of Finance with the written consent of the Council of Ministers or the committee mentioned in section 5(4)(a) of this law. Any amount so invested shall at all times remain the property of the Government of Iraq. No contract or agreement that purports to encumber the assets of the petroleum revenue account shall be enforceable, and the assets shall continue to enjoy all privileges and immunities to the extent provided by UNSCR 1483, or as otherwise decided by the UN Security Council.

d) The activities of the petroleum revenue account shall be subject to external audit conducted under the oversight of the Board of Supreme Audit, which shall act in accordance with *Law Number 6 of 1990* as amended by CPA Order Number 77 (CPA/ORD/18 April 2004/77), except as otherwise provided by relevant UN Security Council Resolution.

5) The Minister of Finance shall make publicly available details of the petroleum revenue account; including opening and closing balance, underlying assets, and summary of movements, within three weeks of the end of each month. The Minister of Finance will authorize a quarterly review of the investment position, and by the end of the month following the end of each quarter submit a report on the results of the review to the Council of Ministers or the committee mentioned in section 5(4)(a) of this law. The final report for each year will detail each investment and enumerate the changes in the portfolio over the year and will be made publicly available.

## **SECTION 6 BUDGET PREPARATION**

1) The preparation of the federal budget shall be based on the projections of economic development, the pursuit of macroeconomic stability, economic policy, and applicable laws and regulations, and shall be prepared with due regard to the desirability of ensuring the sustainability of Iraq's fiscal position, minimizing fluctuations in government spending, and achieving efficient revenue collection. In particular, the preparation of the

federal budget will be based upon prudent and conservative forecasts for petroleum prices, petroleum production, and tax and customs revenue. The projections shall be prepared by the Ministry of Finance in consultation with the Central Bank and other Ministries in their respective areas of expertise.

2) During the month of May of each year, the Minister of Finance, shall issue a report on the priorities for fiscal policy for the next fiscal year, including the proposed total limit on spending and the limits for each individual spending unit, and submit it to the Council of Ministers for approval, together with the Final Accounts of the Federal Budget as submitted to the Board of Supreme Audit according to section 11(6) of this Law, and an update on progress in execution of the budget in the current fiscal year. The Minister of Finance shall consult with the Minister of Planning and Cooperative Development on priorities, estimates of total funding, and procedures for preparing the capital spending plan and current budgetary implications of capital expenditures, including those to be implemented or financed by external sources.

3) In the month of June of each year, the Minister of Finance, in consultation with the Minister of Planning and Cooperative Development, and based on the priorities for fiscal policy established by the Council of Ministers, shall issue a circular, setting guidelines and objectives of fiscal policy for spending units for the preparation of their budgets. The circular shall include key economic parameters, based on the macroeconomic framework referred to in Section 7(1), the procedures and timetable for budget preparation, as well as total levels of expenditure for each spending unit. This will serve as the basis for the spending unit to prepare its budget request.

4) In the month of July of each year, spending units will submit requests, including the information prescribed below, to the Minister of Finance for the allocation of funds. Copies of requests for the capital portion of the budget will also be submitted to the Ministry of Planning and Cooperative Development. Each request shall include:

- a) The expenditure estimates for the budget year as prescribed in the economic and functional classification systems determined by the Minister of Finance in accordance with international accounting standards, including the value of outstanding commitments for the current or prior year;
  - b) Consistent with the guidelines issued by the Minister of Finance, the expenditure estimates for the year following the budget year (the “upcoming fiscal year”) and to the extent permissible given conditions prevailing in Iraq, for the two fiscal years following the upcoming fiscal year as prescribed in the economic and functional classification system determined by the Minister of Finance, in accordance with international accounting standards;
  - c) Estimates of personnel requirements for which budgetary funds are required;
  - d) Estimates of the requirements for other operating costs;
  - e) Multi-year commitments or multi-year payments, along with separately prepared capital expenditures;
  - f) Estimates of receipts from the core activities of spending units; and
  - g) Estimates of the proportion of expenditures that would be due in foreign currency.
- 5) The Minister of Finance may determine more specific requirements for the content and format of the request.
- 6) The Minister of Finance, in consultation with the Minister of Planning and Cooperative Development shall, on the basis of the estimates of revenue and submitted budget proposals for the allocation of budget funds, and in light of discussions with proposing Ministers, determine estimated payments for spending units for the budget, as well as any amounts to be included in the contingency reserve.
- 7) In the event of an irreconcilable disagreement during discussions on the draft annual federal budget between the Minister of Finance and the Ministers responsible for spending units, the Minister of Finance will note the disagreement and explain his proposed solution in his submission of

the draft annual federal budget. In determining the proposed solution, the Ministry of Finance may consult with the Ministry of Planning and Cooperative Development regarding the prioritization of capital expenditures. The Council of Ministers may, within the agreed aggregate limit, adjust appropriations in accordance with their collective priorities. Any increase in the aggregate spending limit must be based on a proposal submitted by the Minister of Finance and approved by the Council of Ministers.

8) In the month of September of each year, the Minister of Finance shall prepare the draft annual federal budget and submit it to the Council of Ministers for approval. The Minister of Finance shall submit the budget by October 10th to the body vested with the national legislative authority for approval.

## **SECTION 7 BUDGET LAW**

1) In preparing the draft annual budget law the following shall be taken into account, disclosed to the body vested with national legislative authority, and made publicly available in the documents accompanying the budget law:

- a) A statement of the objectives and operating rules for fiscal policy in accordance with the principles stated in this law, and an explanation of how these objectives relate to provisions in the annual budget law;
- b) A comprehensive and consistent quantitative macroeconomic framework, and the main assumptions underlying the budget, including the assumptions for oil prices and oil production. To the extent permissible given conditions prevailing in Iraq, the macroeconomic framework shall cover the budget year and the subsequent three years;
- c) New policies being introduced in the annual budget and their quantified fiscal impact;
- d) Major fiscal risks, quantified where possible, including variations in economic assumptions and the uncertain costs of specific expenditure commitments, including financial restructuring.

- 2) The draft annual budget law shall include:
- a) The estimation of receipts in cash and in kind in accordance with economic classification;
  - b) The estimation of payments in cash and in kind in accordance with economic, organizational, and functional classifications;
  - c) The use of any surplus, and the financing of any deficit;
  - d) The contingency reserve, which shall be no greater than 5 percent of the noninterest expenditures of the federal budget;
  - e) Clear specification of the rules for authorization of expenditure and limits to expenditure. Limits on borrowing, issuance of government debt securities, change in stocks of government debt securities, and guarantees consistent with the *Public Debt Law*, and the authority granted to the Minister of Finance to buy, redeem, or refund outstanding government debt securities; and
  - f) The draft budget law shall be accompanied by a report on the economic and financial situation, including the assumptions, methods, and outcomes of the economic projections on the basis of which the draft annual federal budget law is established, including actual revenues, expenditures, balance, and total debt of the general government for the past two years.
- 3) The body having national legislative authority has the right to reallocate proposed spending and to reduce the total amounts in the federal budget. It also has the right to propose an increase in the overall amount of expenditures to the Council of Ministers, if necessary, and provide notice of this proposal to the Minister of Finance. The Minister of Finance will make a nonbinding recommendation to the Council of Ministers with respect to this proposal.
- 4) If the federal budget is not approved by the body vested with national legislative authority by December 31st, the Minister of Finance will, on a monthly basis, approve funds for spending units up to 1/12 (one twelfth) of appropriations of the previous fiscal year until a budget is approved. The funds so provided for can be used only for liquidation of existing commitments, salaries, pensions, social security payments, and debt service.

5) The annual federal budget may be amended through a supplementary budget only on the basis of a significant and unexpected change in economic circumstances or national priorities. The supplementary budget must be determined by the Council of Ministers on recommendation of the Minister of Finance and approved by the body vested with national legislative authority. Should the Minister of Finance conclude that a supplementary budget is required, he shall make appropriate recommendations, including on proposed total receipts and payments, to the Council of Ministers. The Minister of Finance shall, within eight weeks after recommending that the Council of Ministers adopt a supplementary budget, submit details of the draft supplementary budget to the Council of Ministers for approval. The Council of Ministers shall approve such recommendations, with any appropriate modifications, within two weeks of receiving them. The draft supplementary budget, as approved by the Council of Ministers, shall be submitted to the body vested with national legislative authority within one week of such approval. The Minister of Finance shall issue regulations and guidelines for the procedures to be followed in preparing the supplementary budget.

6) The revenues and expenditures of special budgetary funds are to be reflected in the annual budget law.

7) The approved federal annual and supplementary budgets shall be published in the *Official Gazette* and made publicly available in other media, as appropriate.

## SECTION 8 PUBLIC CORPORATIONS

1) Each public corporation shall prepare its budget proposal and, after approval by its directors and the competent minister, submit it to the Minister of Finance for review and final approval. The budget should, among other things, show budgeted revenues, expenses, profits or loss, capital expenditure, cash flows, borrowings, grants, transfers, contingent liabilities including guarantees, and balance sheet. Any amendments to the budget shall also be submitted to the Minister for Finance for review and approval. The Minister of Finance shall respect the operational independence of public corporations.

- 2) The budgets of public corporations are not incorporated into the federal government budget and are not incorporated into the budgets of any other level of government.
- 3) Public corporations shall submit by August 31st estimates of total loans and short-term borrowings to be raised in the forthcoming fiscal year for approval by the Minister of Finance. Public corporations will report monthly to the Minister of Finance on the amount of loans and short term borrowings raised. Guarantees given by the federal government in respect of public corporations borrowings shall be in accordance with law, and shall be disclosed in the final accounts of the federal government.
- 4) All public corporations shall submit their monthly accounts to the competent ministry days following the end of each month. All public corporations shall submit semi-annual accounts to the Minister of Finance no later than July 15th. Each public company shall submit its audited final accounts to the Minister of Finance no later than March 31st of the year following the fiscal year ended. The final accounts shall include balance sheet, profit and loss statement, cash flow statement, and notes to the final accounts covering, among other things, accounting policies, revenues and expenses, assets and liabilities including borrowings, commitments, and contingent liabilities. The final accounts shall be prepared in accordance with international standards and shall be audited by an independent auditor.

## **SECTION 9 BUDGET EXECUTION**

- 1) The Minister of Finance is responsible for the execution of the federal budget.
- 2) No payments will be made from the Treasury Consolidated Account except under an appropriation made in the annual budget or supplementary budget law, under a standing appropriation of another Law, or to make an investment in terms of Section 5(4)(c) of this Law.
- 3) Spending units will use the funds determined in the federal budget in accordance with a spending plan that has been approved by the Minister of Finance.
- 4) Spending units may not commit to making expenditures that exceed the amounts allocated to them, unless otherwise provided by the budget law.
- 5) Budget executors are responsible for ensuring that allocated funds within their spending units are used for lawful purposes.
- 6) Appropriations for contingency reserve funds may be used for payments that are urgent and that were unforeseen at the time the annual budget law was passed, if approved by the Council of Ministers and the Minister of Finance. The Minister of Finance shall propose the criteria for using reserve funds for approval by the Council of Ministers. All expenditures from the reserve will be reported to the body vested with national legislative authority.
- 7) In accordance with regulations prescribed by the Minister of Finance, the spending units, governorates, and special budgetary funds shall submit reports on realized receipts and executed payments to the Minister of Finance within 30 days following the end of each month. By the 15th of the subsequent month, the Ministry of Finance shall compile a consolidated report on realized receipts and executed payments on the basis of the reports submitted, and make it publicly available in the *Official Gazette* and other media, as appropriate.
- 8) The Ministry of Finance can authorize the responsible Minister or Ministers, subject to the provision below, to reallocate the approved budget appropriations from one spending unit to another, up to a limit of five percent of the amount approved by the annual or supplementary budget law for the spending unit that is to have its appropriation reduced. The following restrictions apply:
  - a) No funds can be reallocated between a current expenditure of one spending unit and the capital expenditures of another or between transfer payments of one spending unit and other items, including salaries, goods, and services or capital expenditures, of another.
  - b) Spending units may, with the approval of the Minister of Finance, reallocate their approved funds between line items by up to 5 percent of the total amount of funds approved, provided that no funds can be reallocated from capital to current expenditures or between transfer

payments and other current expenditures, including salaries, goods and services. Virement from salaries or current spending to capital spending of up to 5 percent may be permitted with the approval of the Minister of Finance.

c) A report of these transfers shall be prepared by Ministry of Finance and submitted on a quarterly basis to the body vested with national legislative authority. A copy of such report will be forwarded to the Minister of Planning and Cooperative Development.

9) Funds approved for spending units may be used only until December 31st of the fiscal year, except to the extent that goods and services have been validly ordered and received. Receipts received after the end of a fiscal year will be recorded as receipts of the next fiscal year budget.

## **SECTION 10 BORROWINGS AND GUARANTEES**

1) Federal government debt may be in the form of domestic and foreign loans, short-term borrowings, and securities issues. The issue and redemption of securities shall be managed by the Central Bank of Iraq as the agent for the federal government. The Ministry of Finance and the Central Bank shall share information on government cash and borrowing needs and current monetary conditions in order to ensure effective coordination of monetary and budgetary policy.

2) Governorates and regional governments may, upon notification to the Minister of Finance, raise funds through borrowings and issue loan guarantees subject to the debt limit set in the annual budget law and to the specific debt limit set for each entity under the apportionment approved by the Council of Ministers on a recommendation of the Minister of Finance. Regional governments and governorates shall submit by August 31st estimates of total outstanding borrowings and borrowings to be raised in the forthcoming fiscal year for review and for approval by the Minister of Finance. Regional governments and governorates will report to the Minister of Finance monthly on the amount of outstanding borrowings raised and loan guarantees issued.

3) The Ministry of Finance shall submit to the Council of Ministers for approval with the draft annual budget law, the financial plan on loans, short-term borrowing, and the issuing of guarantees by the federal government, governorates, and regional governments. In addition, the Ministry will submit to the Council of Ministers a report any time that the plan must be changed. Such changes must remain within the limits set by the budget. The Ministry of Finance shall have the right, upon notification to the affected governorate or regional government, to adjust the timing of the issuance of governorate or regional government debt approved in the plan on the basis of macroeconomic and debt policy considerations.

4) The annual budget law shall determine the terms, conditions, and limit on the annual increase in the total existing federal government, regional government, and governorate and public corporation debt, and shall establish the total amount of guarantees to be issued by the federal government, regional governments, governorates, and public corporations.

5) The federal government shall set limits for guarantees issued by regional governments and governorates, but shall not guarantee them unless explicitly provided in law.

6) The Minister of Finance shall sign the borrowing and guarantee contracts of the federal government, and shall enter into a contract with the Central Bank for services required in implementing all decisions on issues of securities.

7) The Minister of Finance shall maintain a record of all federal government debt. The authorized body within the regional governments and governorates shall maintain a record of existing regional government and governorate debt, loans granted, short-term borrowings, and issued guarantees, and shall provide the Ministry of Finance with an updated record of this information within 30 days of the end of each month.

8) The Minister of Finance shall prepare a consolidated report on all government debt within 90 days of the end of each fiscal year and shall make this report available to the public.

**SECTION 11****INTERNAL CONTROL AND ACCOUNTING**

- 1) Budget executors shall be responsible for the accounting and internal control of transactions related to receipts, commitments, and payments of spending units and sub-units falling within their jurisdiction.
- 2) The Minister of Finance shall, on behalf of the federal government, have responsibility for the accounting, internal control, borrowing, and debt transactions associated with the budget.
- 3) The Minister of Finance shall prescribe internal control arrangements, accounting procedures and standards, submission of reports on the usage of budget funds, and the manner of recording receipts, payments, and commitments.
- 4) The Minister of Finance may issue special orders to spending units, governorates, municipal and local governments, and other budget entities for their submission of financial reports and shall prescribe the submission of the Final Accounts of spending units, including regional governments, governorates, municipal and local governments, and other budget entities.
- 5) The Minister of Finance shall submit to the body vested with national legislative authority by May 31st and November 30th, quarterly reports on the execution of budget revenue, expenditures, and financing for the quarters ending March 31st and September 30th, respectively. This report will include the execution of budget revenue, expenditures, and financing of the federal budget. The Minister of Finance shall also submit to the body vested with national legislative authority by August 31st of each year a mid-year report on execution of budget revenue, expenditures, and financing for the half year ending June 30th. This report will include detailed information on the execution of budget revenue, expenditures, and financing of the budget.
- 6) The Minister of Finance shall, by April 15th of the succeeding year, prepare the annual final accounts of the federal budget, including special budgetary funds, and submit it to the Board of Supreme Audit. The Board

of Supreme Audit will provide an audit report on the final accounts by June 15th. The Council of Ministers will submit final accounts and the related audit report to the body vested with national legislative authority by June 30th.

- 7) The final accounts of the federal budget must be in accordance with the content and classifications of the budget and international accounting standards, and shall include the following:
  - a) An external audit report from the Board of Supreme Audit in accordance with the Board of Supreme Audit Law, as amended, and its established procedures;
  - b) The initial and final balance of the Treasury Consolidated Account and a summary of movements for the year;
  - c) A report on differences between budgeted and executed receipts and payments and on the financing of any deficit or the use of any surplus;
  - d) A report of all federal government borrowings for the year, and the total debt outstanding, including any payment arrears;
  - e) A report of spending from the budget contingency reserves;
  - f) A report on federal government guarantees issued during the fiscal year;
  - g) The Minister of Finance shall prepare a report of all borrowings by regional governments and governorates;
  - h) Outstanding amounts on capital contracts;
  - i) Retentions due on contracts;
  - j) Letters of credit entered into for which funds have been placed but for which goods have not been received;
  - k) The Minister of Finance shall prepare a report on all guarantees by regional governments and governorates.
- 8) Following approval of the final accounts of the annual federal budget by the body vested with national legislative authority, the final account shall be published in the *Official Gazette* and made publicly available.

## SECTION 12 MINISTRY OF FINANCE FUNCTIONS

1) The Ministry of Finance shall be responsible for, but is not limited to, conducting the following treasury functions:

- a) Executing all cash and non-cash payments on the basis of documentation and data supplied manually or electronically by spending units, in accordance with this Law;
- b) Maintaining the Treasury General Ledger and subsidiary accounts;
- c) Processing budget allocations to spending units;
- d) Preparing the federal government's final accounts;
- e) Ensuring that no budget executor can exceed his annual appropriation;
- f) Developing and managing the federal government's accounting and financial information system;
- g) Providing regular financial reports as required;
- h) Supporting analysis and improvements to the federal government's financial systems;
- i) Making payments from the current and permanent reserves;
- j) Managing the cash balances of the Treasury Consolidated Account and the investment of the federal government's surplus cash balances;
- k) Managing the recording of domestic and external debt;
- l) Managing the recording of international grants, assistance, and loans;
- m) Preparing government accounting and financial management standards, regulations, and related legislation;
- n) Managing the opening, recording, and reconciliation of government bank accounts; and
- o) Managing the operations of the Regional Treasury Offices.

2) The Ministry of Finance shall be responsible for, but is not limited to, the following budget formulation functions:

- a) Managing the process of budget preparation, planning, and development, including the preparation of macroeconomic and other economic advice;
- b) Proposing guidelines for the preparation, planning, execution, revision, and evaluation of budgets;
- c) Preparing the annual budget law, any supplementary budget laws, and making them publicly available;
- d) Monitoring receipts and execution of payments, including petroleum revenues;
- e) Preparing cash flow forecasts;
- f) Providing advice to the Council of Ministers on requests by spending units for the reallocation of appropriations and implementing decisions on reallocations;
- g) Making payments from the current and permanent reserves;
- h) Providing advisory support on budgetary issues to all spending units;
- i) Preparing reports on budget preparation and budget execution for international economic organizations;
- j) Preparing regulations, instructions, guidelines, and directions under this Law and on amendments to this Law.

## SECTION 13 INTERNAL AUDIT

1) The Minister of Finance shall prescribe the manner and procedures by which Ministries, spending units, and public corporations will undertake internal audits, and is responsible for ensuring that the internal audit process is conducted in accordance with these rules and procedures.

2) Internal Audit performance consists of the following:

- a) Providing regular assessments of the adequacy and effectiveness of the Ministries' decision-making processes, minimization of risk, and internal control;
- b) Reporting significant internal control issues and improving the control processes and information system in order to minimize risk in the decision-making process;
- c) Reviewing the efficiency and effectiveness of the use of existing services, and proposing more efficient ways of providing these services;
- d) Liaising with the external audit agency; and
- e) Providing periodically information on the status of the execution of the annual audit plan.

#### **SECTION 14 EXTERNAL AUDIT**

- 1) The federal budget and any supplementary budget shall be subject to annual audits by the Board of Supreme Audit, according to the law.
- 2) In order to facilitate this audit, the Minister of Finance shall make available to the Board of Supreme Audit:
  - a) The approved federal budget and any supplementary budgets, and any accompanying documents;
  - b) The reported results of all internal audits;
  - c) The quarterly and annual reports on loans, borrowings, guarantees, and debt;
  - d) Final accounts of public corporations and the results of all audits;
  - e) Documents discussed by the Council of Ministers, its role of oversight of operations for any successor to the DFI, or by any committee delegated with this role according to section 5(4) of this Law, as well as the results of any internal audits; and
  - f) Any other documents, information, and explanation requested by the Board of Supreme Audit in connection with the performance of its audit functions.

#### **SECTION 15 TRANSITIONAL ARRANGEMENTS**

- 1) To the extent that this Law is inconsistent with existing laws, the provisions of this Law shall prevail.
- 2) Regulations implementing this Law shall be approved within 12 months from the day of enactment of this Law. Until these regulations are approved, existing regulations shall continue to apply, to the extent consistent with this Law.
- 3) In transitioning to the Treasury Single Account, the Minister of Finance is hereby authorized to close the accounts of the federal government Budget Accounts opened at the Central Bank or in any other banks. Resources remaining in Federal Budget user accounts are to be transferred to the Treasury Single Account and reflected in the Treasury Consolidated Account. Until the closure of the existing bank accounts is completed and the Treasury Single Account is fully established, the Minister of Finance is authorized to operate the existing bank accounts on a zero-balance basis under which balances of these accounts will be transferred to the Treasury Single Account on a daily basis. Should circumstances make daily transfers impracticable, the Minister of Finance shall institute transfers as frequently as practicable.
- 4) *Law Number 107 of 1985 on Consolidated Government Budget* (as amended by *Law Number 48 of 1990*), and *Law Number 20 of 1940 on General Accounting Principles* shall not have effect for the fiscal year 2005 and subsequent years.
- 5) The Minister of Finance is authorized to promulgate rules that will facilitate accurate financial reporting during the period in which Iraq is undergoing the transition to international accounting standards ("interim standards"). These interim standards shall apply only for the fiscal year with respect to which they are promulgated. Reports prepared for these periods that are otherwise required to comply with international accounting standards may comply with either the interim standards or international accounting standards.

6) Unless otherwise provided by relevant UNSCR and the Transitional Administration Law, including its Annex, prior to the establishment of a national legislature, the Council of Ministers shall serve as the final approval authority for the federal budget, subject to the approval of the Presidency. During such period, if the federal budget is not approved by the Presidency and the Council of Ministers, the Minister of Finance will, on a monthly basis, approve funds for spending units up to 1/12th (one twelfth) of appropriations of the previous fiscal year until the budget is approved.

7) To the extent that the relevant UNSCR and the Transitional Administration Law, including its Annex, attributes executive power to a body or person different than the Council of Ministers, powers and responsibilities delegated to the Council of Ministers by this Law shall be delegated instead to the executive body or person so identified in the relevant UNSCR or the Transitional Administration Law.

8) Upon the transfer of governmental authority to the Iraqi Interim Government, the Program Review Board established pursuant to Coalition Provisional Authority Regulation Number 3 (CPA/REG/18 June 2003/3) shall cease to perform budgetary functions for Iraq and shall dissolve.

## **SECTION 16 ENTRY INTO FORCE**

This Law shall enter into force on the same date that the Order authorizing this Law enters into force. It shall apply to the budget of the fiscal year 2005 and subsequent years, and additionally, following the transfer of governance authority to the Iraqi Interim Government, shall apply to any supplementary budgets for fiscal year 2004.

## **ANNEX B Iraq Public Debt Law**

### **SECTION I DEFINITIONS**

For the purposes of this Law, the terms below are defined as follows:

“*Bank*” means a bank as defined under the *Banking Law*.

“*Government*” means the entity exercising temporary governmental authority in Iraq on the date this law enters into force and then the transitional Iraqi administration upon the transfer to it of full governmental authority and the recognition of the sovereignty of that administration by the CPA, and then the internationally recognized representative government of Iraq once it assumes the responsibilities of such authority.

“*Government Debt Security*” means a debt security issued by the Ministry of Finance, including debt securities lawfully issued prior to the effective date of this Law. The term “debt security” shall have the same meaning assigned to it in the *Banking Law*.

“*Minister*” means the Minister of Finance acting in an official capacity.

“*Official Publication*” means the *Official Gazette* or such other general publication of wide circulation as specified by the Council of Ministers or its delegee.

“*Owner*” means the person registered as the owner of a Government Debt Security on the books of the government securities registrar.

## **SECTION II AUTHORITIES AND DUTIES PERTAINING TO THE ISSUANCE OF GOVERNMENT DEBT SECURITIES**

1. The Minister shall have authority to issue Government Debt Securities as an obligation guaranteed by the Government only in amounts reasonably necessary for expenditures authorized by law and in amounts necessary to buy, redeem, or refund outstanding Government Debt Securities.
2. The issue and redemption of Government Debt Securities shall be managed by the Central Bank of Iraq as the agent for the Government.
3. The Minister shall have authority to set the terms and conditions for Government Debt Securities before they are issued, such as:
  - (a) the date of maturity;
  - (b) the offering price and interest rate;
  - (c) the method of computing the interest rate;
  - (d) the dates for paying principal and interest;
  - (e) whether a debt security is to be issued on an interest-bearing basis, a discount basis, or an interest-bearing and discount basis;
  - (f) the form of the security;
  - (g) the currency in which the debt is issued; and
  - (h) any other condition not prohibited by law.
4. The Minister shall have authority to determine how it will offer Government Debt Securities for sale, such as by competitive auction and by subscription.
5. The Minister shall have authority to offer Government Debt Securities for sale to any person.
6. The Minister shall deposit without delay all proceeds from the sale of Government Debt Securities into the public treasury or an authorized depository.

## **SECTION III AUTHORITIES AND DUTIES PERTAINING TO OUTSTANDING DEBT SECURITIES**

1. The Minister shall have authority to buy, redeem, or refund Government Debt Securities in accordance with their terms and conditions, using public funds.
2. The Minister shall have authority to give relief to owners of lost, defaced, or destroyed Government Debt Securities in accordance with regulations issued by the Minister.
3. The Minister shall pay principal and interest in legal tender when due, or earlier in his discretion, in accordance with the terms and conditions of the Government Debt Security.
4. The Minister shall have a permanent and indefinite appropriation of public funds for the purpose of buying, redeeming, or refunding Government Debt Securities and for the purpose of paying interest on those securities.

## **SECTION IV AUTHORITIES PERTAINING TO FISCAL AGENTS AND DEPOSITARIES**

1. The Minister shall have authority to engage the Central Bank of Iraq, and any other Bank, as a fiscal agent for the purpose of carrying out any function authorized by this Law.
2. The Minister shall have authority to designate Banks that are eligible to act as depositories for any part of the proceeds from the issuance of Government Debt Securities. The Minister shall have authority to prescribe conditions for the deposit of public money, including the interest rate on amounts deposited.
3. The Minister shall have authority to transfer public money in a depository's possession to the public treasury, and to transfer public money between depositories.
4. The Minister shall have the authority to require his fiscal agent and depositories to provide him with any information about their activities under this Law.

## SECTION V ADMINISTRATIVE AUTHORITIES AND DUTIES

1. The Minister shall have authority to issue regulations, prescribe policies, and issue announcements for the purpose of implementing this Law and carrying out the Minister's functions under this Law.
2. The Minister shall have authority to delegate his duties and functions under this Law, except the power to delegate, to any person within the Ministry of Finance.
3. The Minister shall publish all regulations issued under this Law in the Official Publication.
4. Prior to any sale, the Minister shall list the terms and conditions applying to a Government Debt Security in a regulation or an offering announcement. An offering announcement shall be publicized in a manner that ensures wide circulation among potential buyers.
5. If the Minister proposes to issue a regulation pursuant to this Law, he shall publish a draft of the proposed regulation in the Official Publication. Along with the proposed regulation, the Minister shall publish an explanation of the regulation and provide at least thirty days after publication for the public to submit comments. The Minister shall consider all comments received. If the Minister determines that a final regulation is appropriate, the Minister shall issue the regulation accompanied by a general description of the comments and his response to those comments. The Minister may issue a final regulation without publishing a draft or considering public comment if the Minister determines that the delay involved would be a serious threat to the interests of the financial system or hinder the effective conduct of monetary policy. In such an event, the Minister shall publish an explanation of his decision to depart from the procedures in this paragraph in the Official Publication.
6. The Minister shall maintain a system of books and records
  - (a) describing all issued Government Debt Securities;
  - (b) identifying the dates when outstanding obligations come due; and
  - (c) stating all amounts of principal and interest paid on Government debt securities.

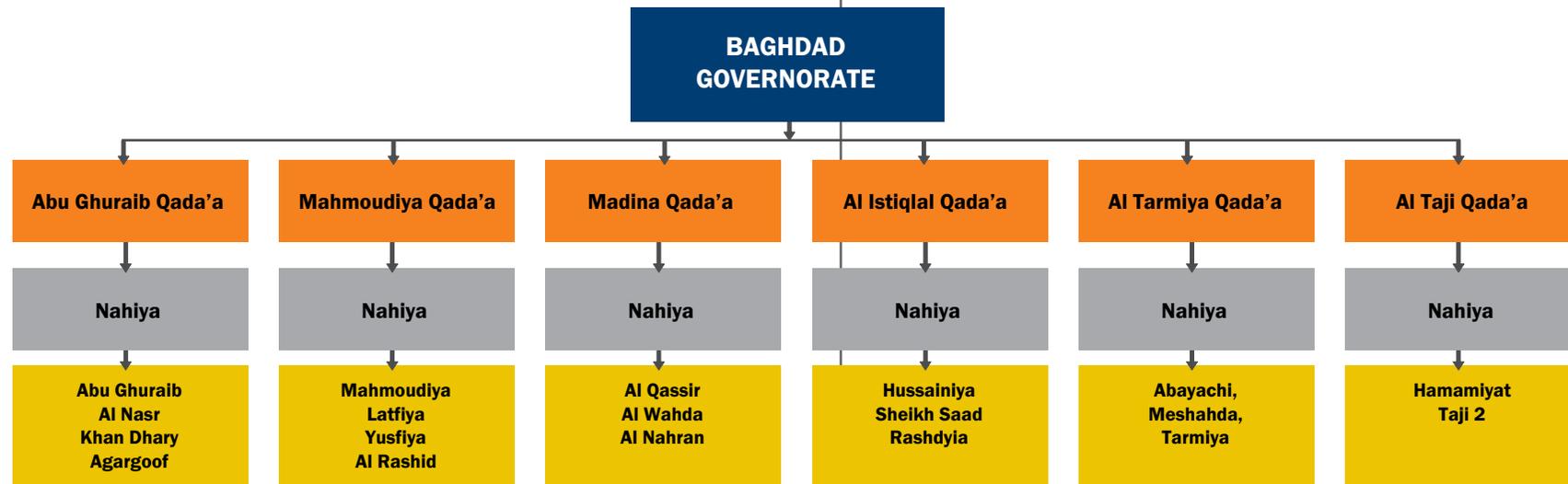
7. The Minister shall make all its books and records pertaining to Government Debt Securities available for inspection, upon request by the Prime Minister and Council of Ministers or its delegee.
8. On or before the end of the fiscal year, the Minister shall submit a report to the Prime Minister and Council of Ministers on the public debt activities of the Ministry of Finance. The report shall include, at a minimum:
  - (a) A table showing the public debt from all outstanding Government Debt Securities as of the date of the report, the interest cost for that debt in the current year, and the projected interest cost for government debt over the next five fiscal years, taking into account projections for the budget.
  - (b) A table showing the maturity distribution of the public debt from all Government Debt Securities outstanding as of the date of the report.
  - (c) An explanation of the overall financing strategy used in determining the distribution of maturities and interest rates for Government Debt Securities issued during the current fiscal year.

## SECTION VI FINAL PROVISIONS

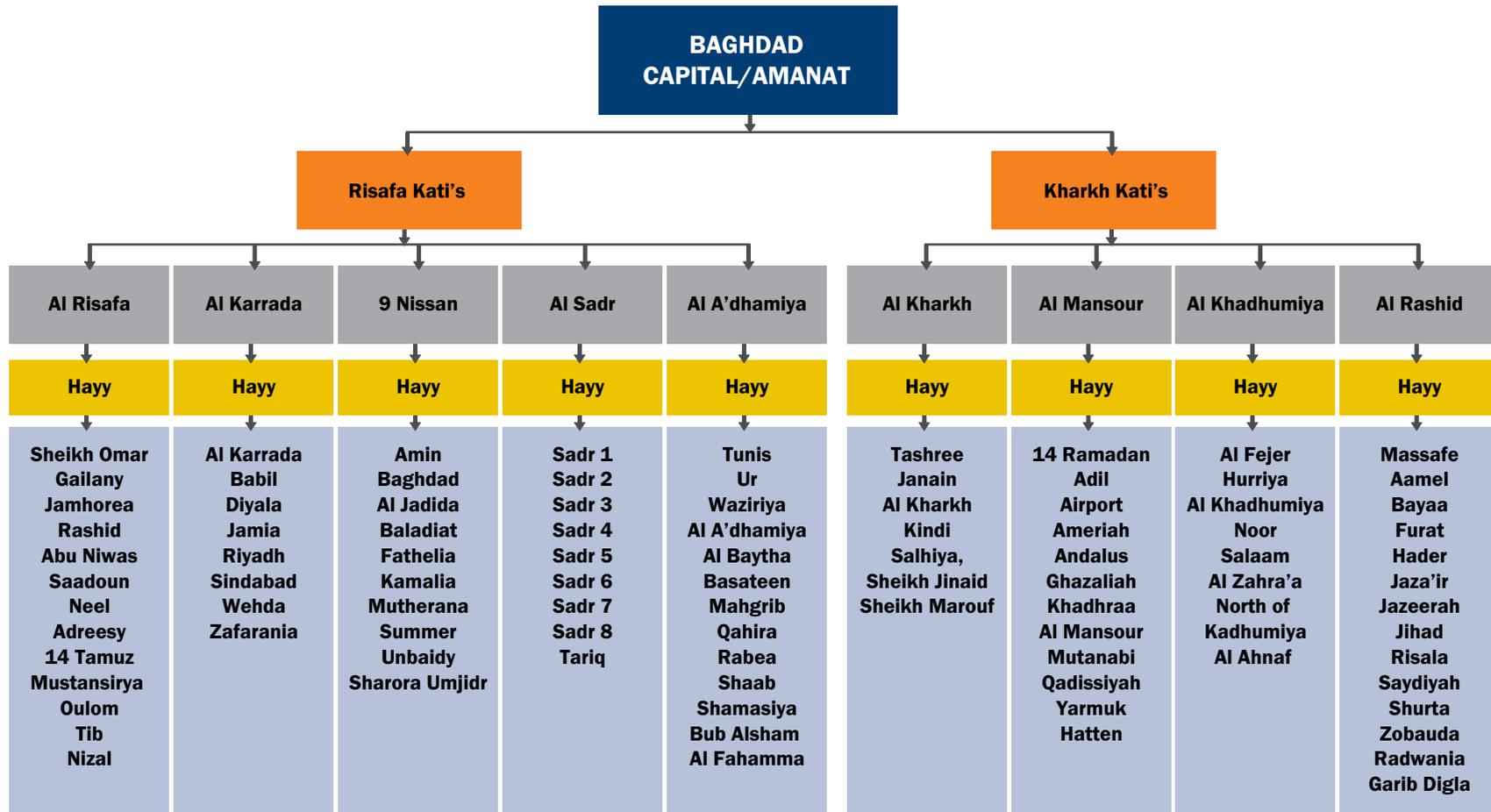
1. Any provision of Iraqi law that was enacted prior to the effective date of this Law and that is inconsistent with this Law is hereby superseded.
2. This Law shall enter into force on the same date that the Order authorizing this Law enters into force.

GOVERNORATE ADMINISTRATIVE UNITS

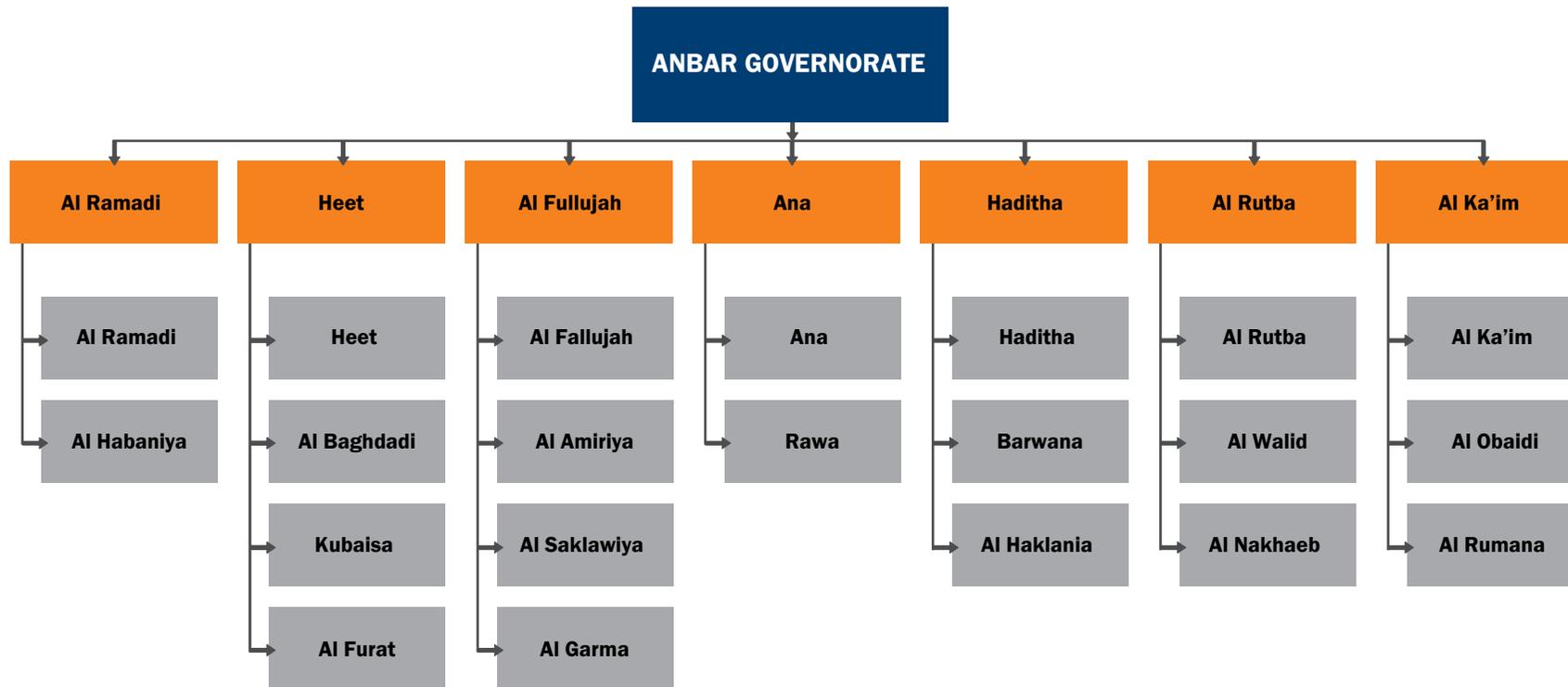
A. Baghdad Governorate



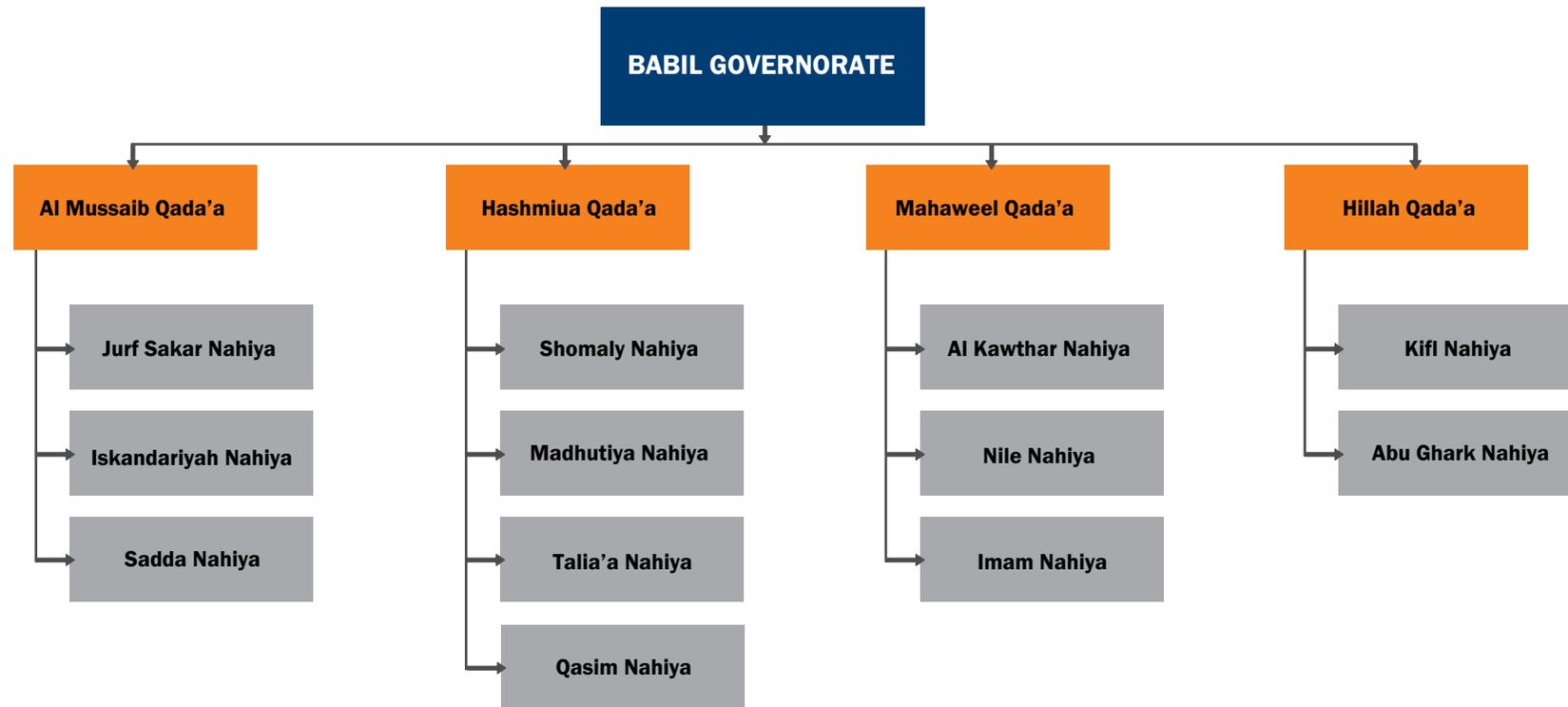
**B. Baghdad Capital/Amanat**



C. Al Anbar Governorate

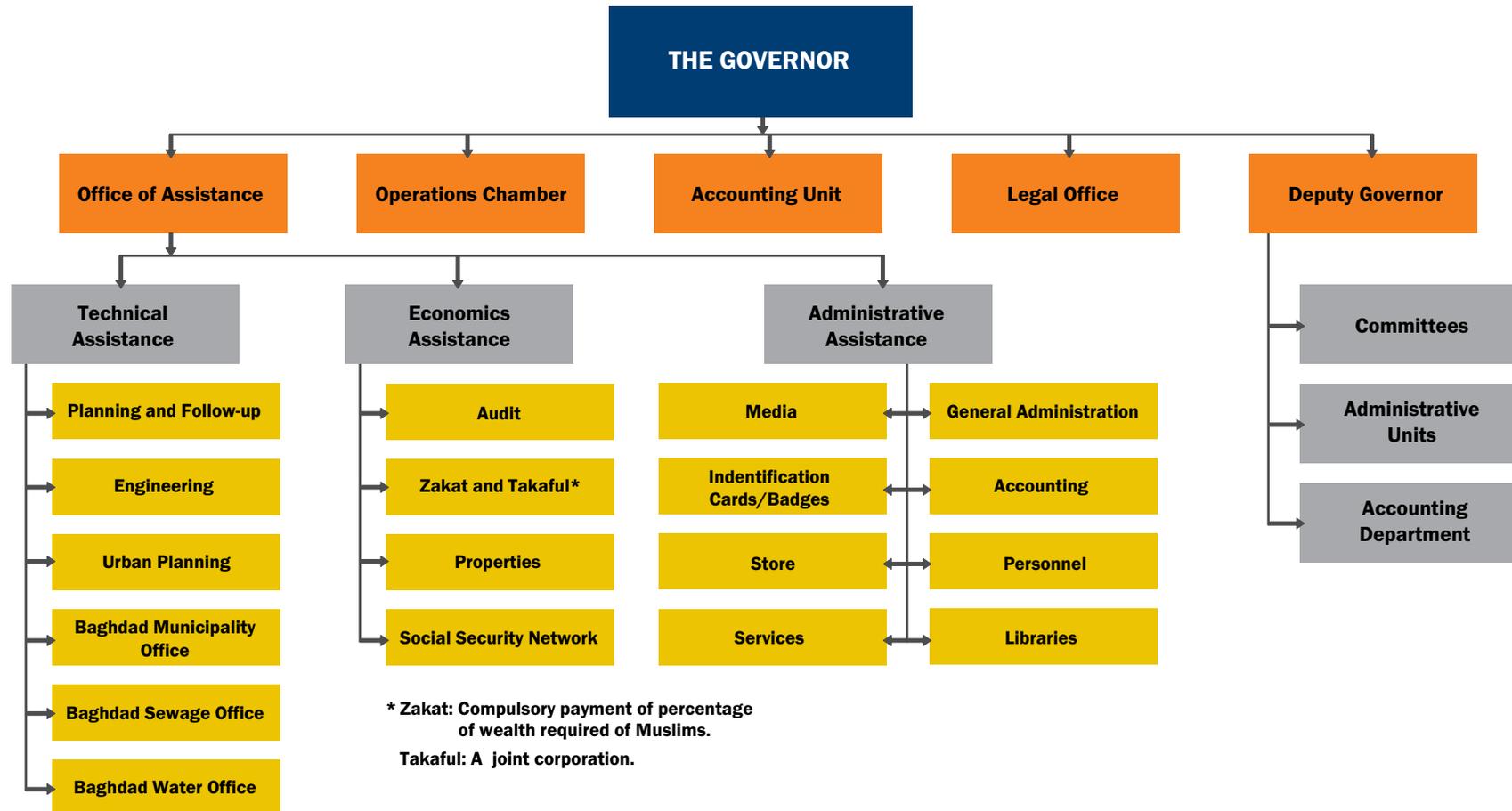


### D. Babil Governorate

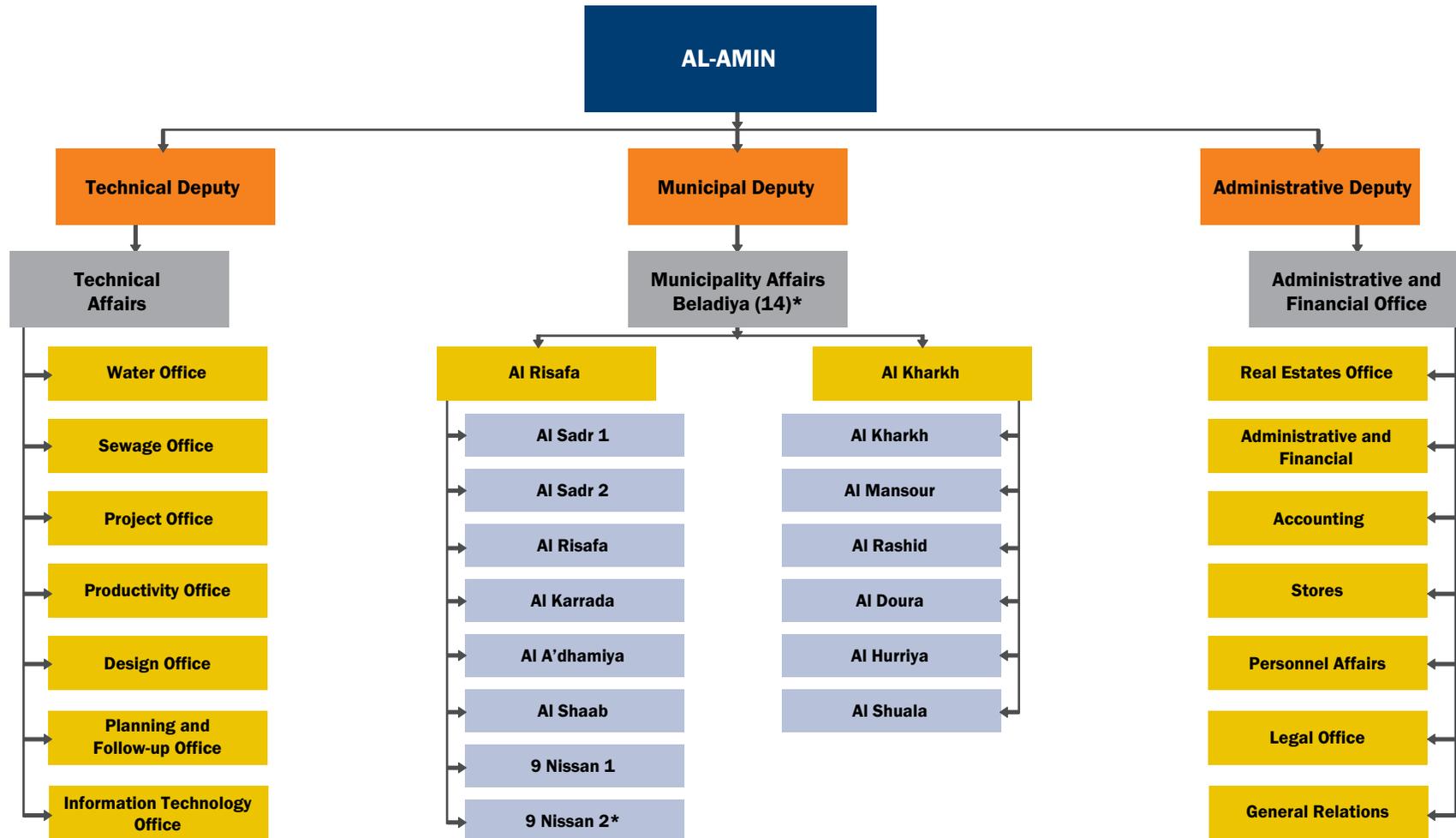


GOVERNORATE ADMINISTRATIVE OFFICES

A. Baghdad Governorate

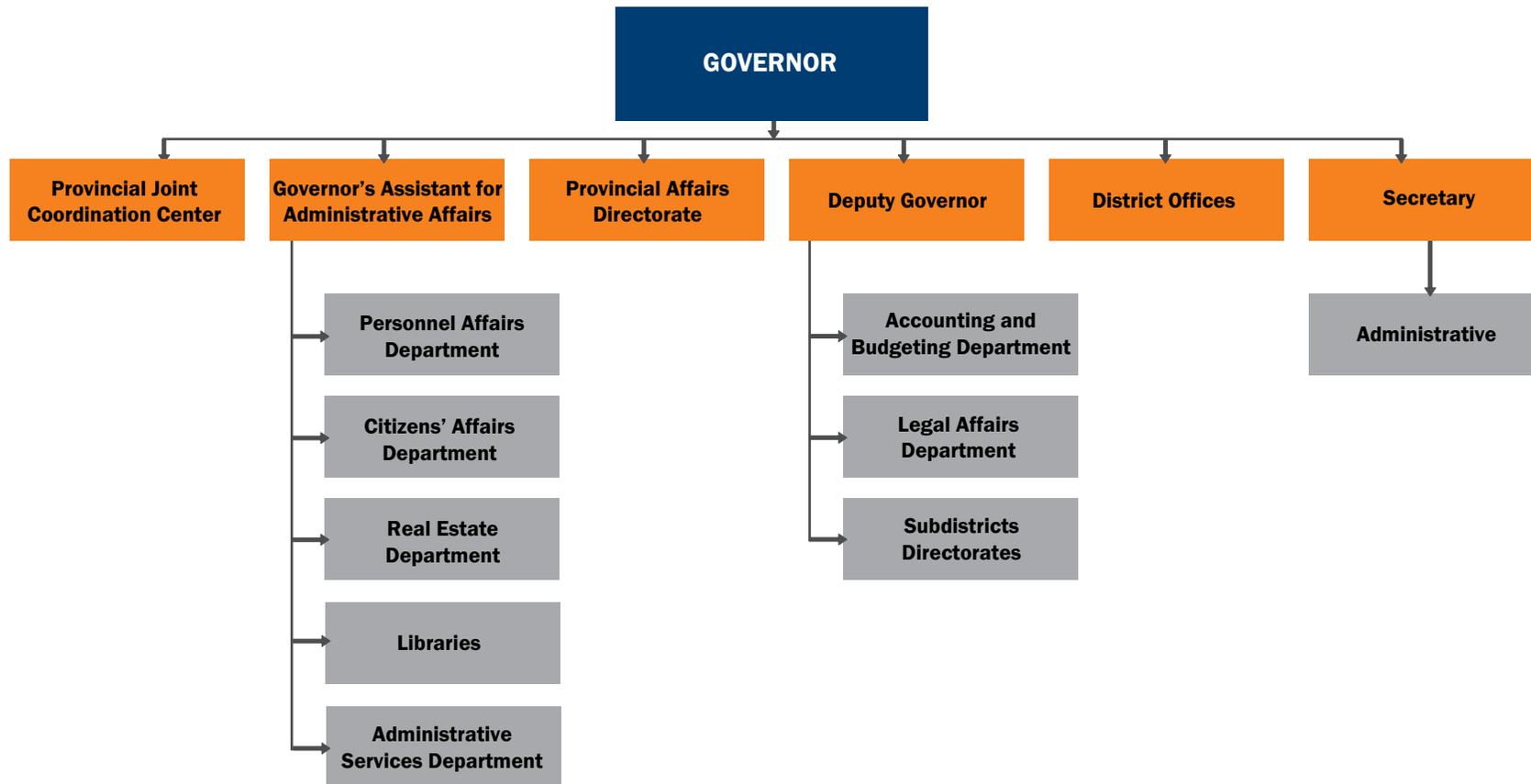


B. Baghdad Capital/Amanat

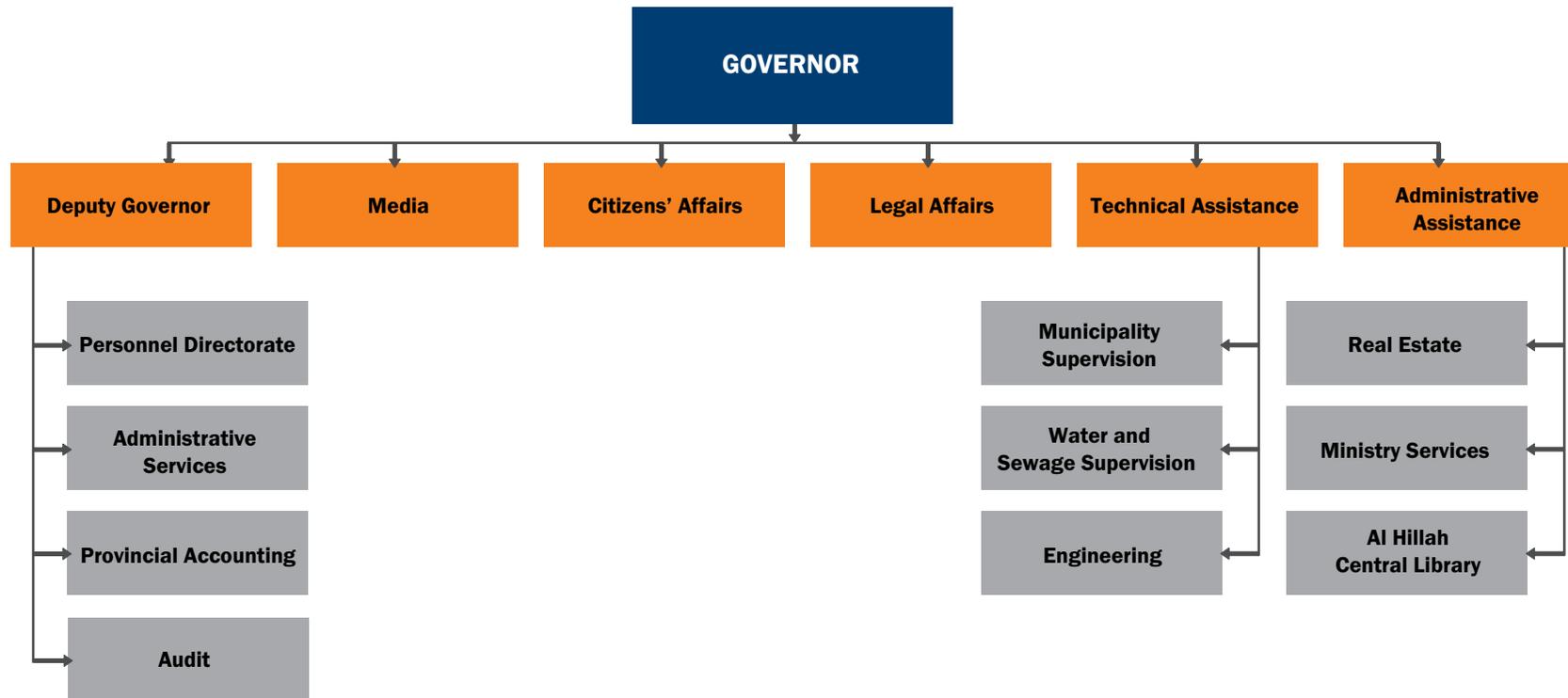


\* 9 Nissan 2 was newly established on August 6, 2007.

**C. Al Anbar Governorate**

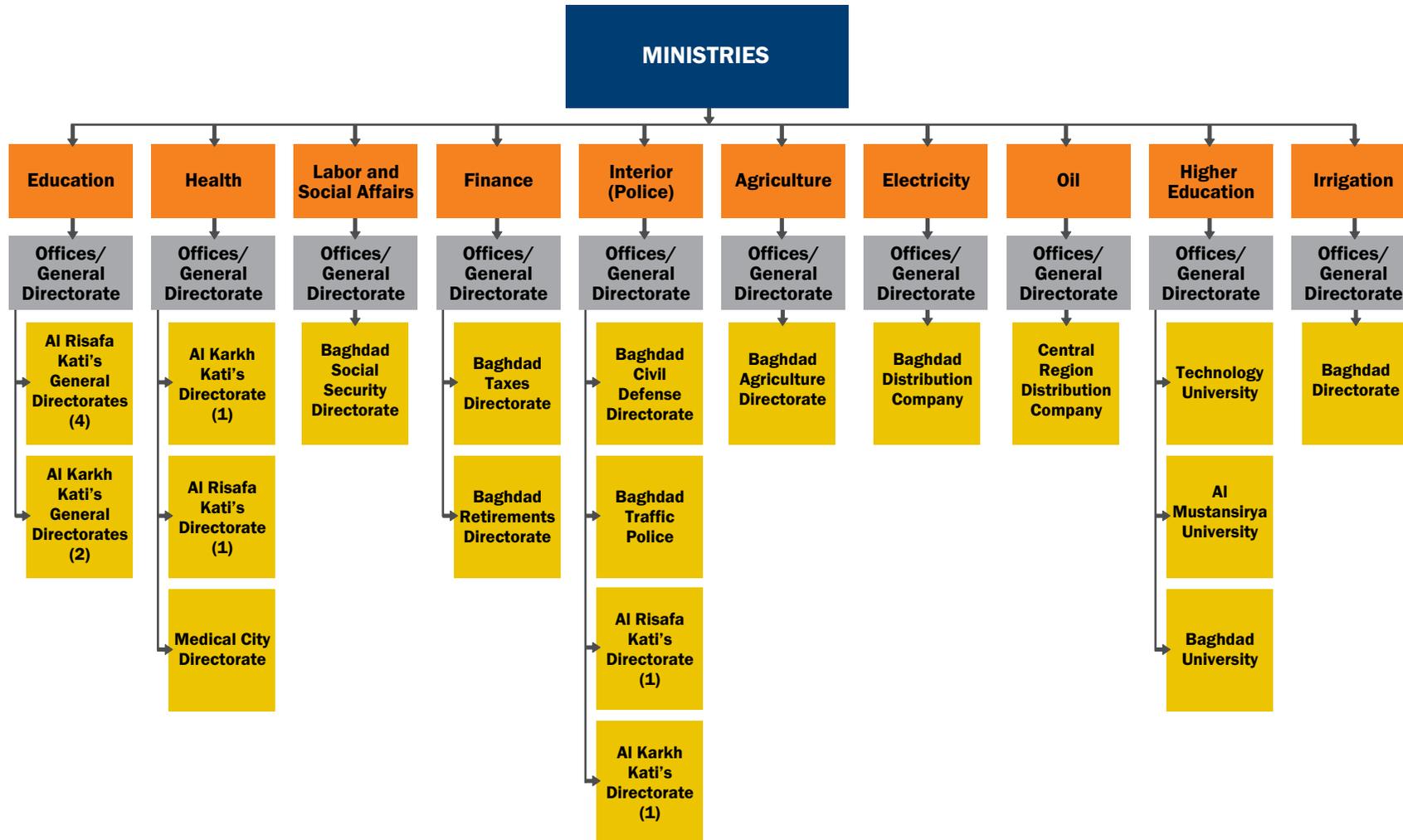


### D. Babil Governorate

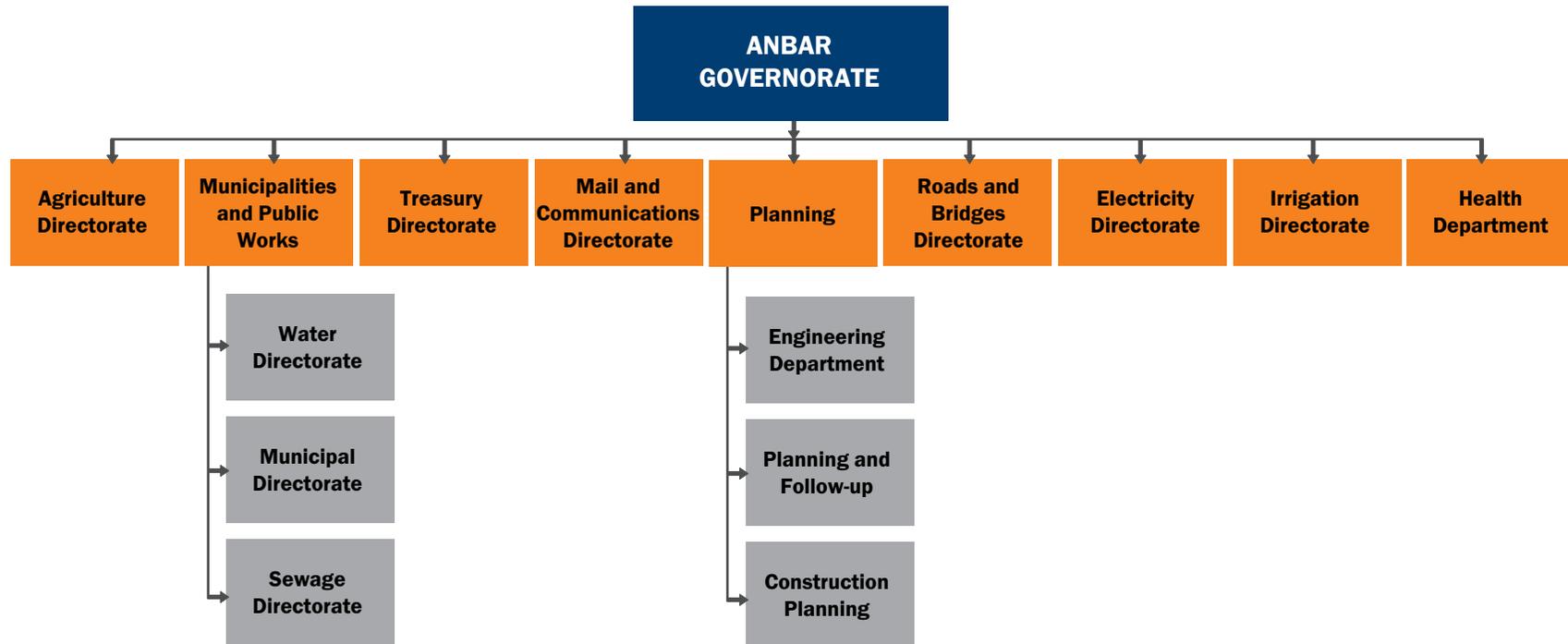


FEDERAL OFFICES IN THE GOVERNORATES

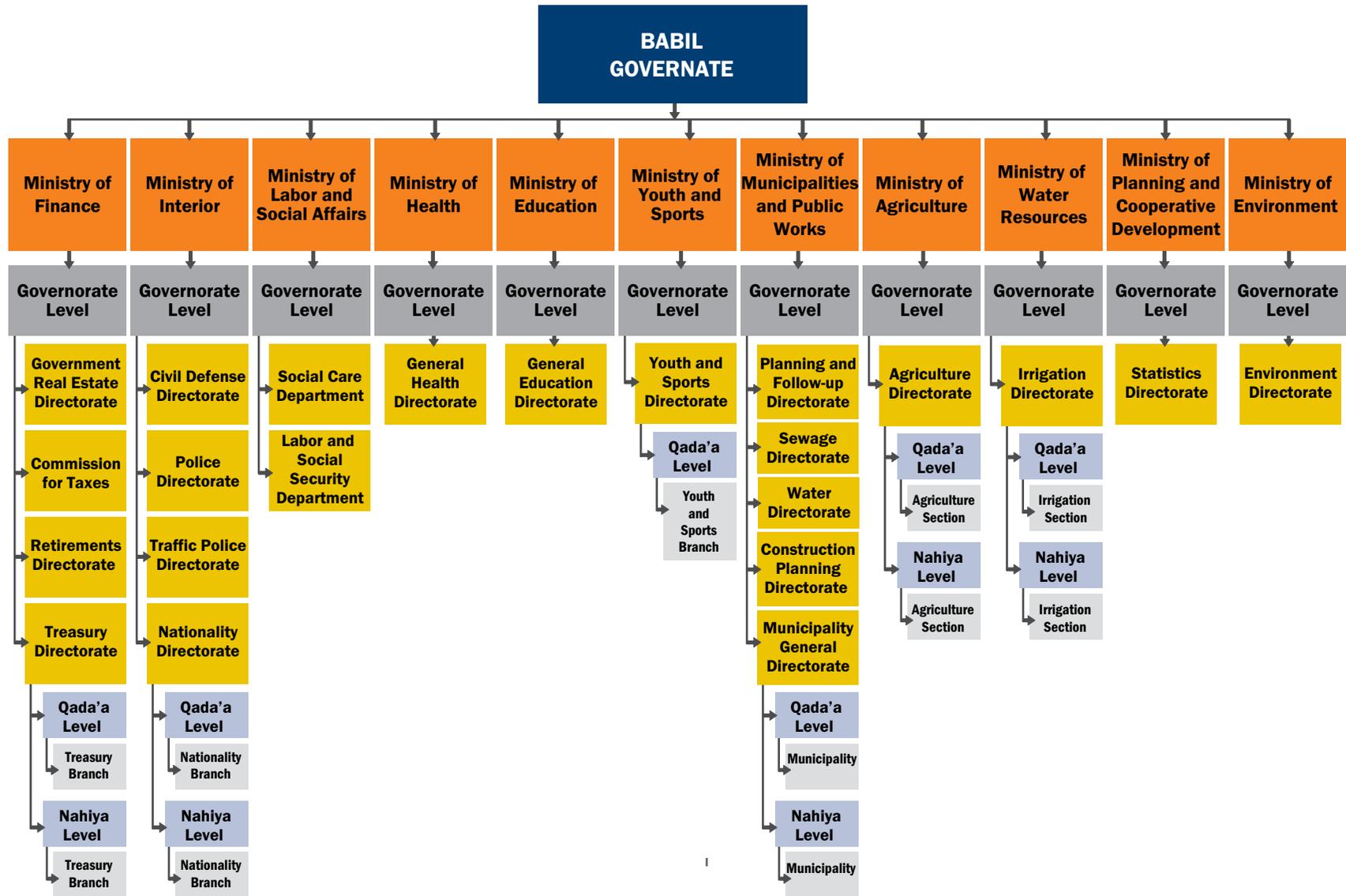
A. Baghdad Capital/Amanat



## B. Al Anbar Governorate



### C. Babil Governorate



## DOCUMENTS AND MATERIAL ON PUBLIC FINANCE AND ECONOMIC DEVELOPMENT

### A. Economic Diversification and Development: A Conceptual Model

Todd Helmeke, LGP

An effective economic development and diversification program should comprise four major components:

1. A **business retention and growth enhancement program** for existing businesses;
2. A **marketing outreach program** designed to attract business firms in appropriate, specifically selected target industries, which can most effectively utilize the assets of the area, e.g., ample water and electric power, good telephone service, railroad service, good highways and roads, abundant agricultural land and irrigation water availability, petroleum reserves, mineral reserves, and other assets of the area;
3. A **new business “incubator” program** to stimulate entrepreneurial activity and the start-up and growth of new businesses in the area; and
4. A program to develop a **computerized data base** of economic development facts, which can be used to respond to site location inquiries and present socio-economic data concerning the area in the most favorable and objective manner.

Responsibility for formulating and implementing each of these programs should ultimately be given to the one group or organization which has the resources, capabilities, and authority to best and most effectively implement and coordinate these four programs in a timely and professional manner.

The organization which assumes responsibility for formulating and implementing the overall economic development and diversification program for the area will have to master each of the four components of the program to achieve high-quality, well-planned economic growth and diversification.

### BUSINESS RETENTION AND GROWTH ENHANCEMENT

The objective of an economic development business-retention strategy is to retain and facilitate the expansion and growth of existing businesses within the area. The two major elements of a retention strategy are:

1. The establishment of a formal, written business retention and expansion plan; and
2. The creation of an image enhancement program to promote the business environment in the area to local firms.

Some of the tactics/action plans that should be incorporated into a formal retention plan include the following:

- Prepare, maintain, and update an area directory of manufacturing, distribution, office, and business service firms;
- Establish a business “needs assessment” visitation program, enlisting and training volunteers to call on existing business firms;
- Establish a clear channel for local businesses to voice requests, complaints, and problems regarding the local business environment;
- Publish an economic development handbook to assist local business firms with government relations;
- Direct businesses to appropriate local/state (provincial) agencies for specific technical/financial assistance; and
- Implement other appropriate business retention procedures, including “business-to-business” directory for purchasing agents to encourage businesses to “buy local” products and services.

Further, the action plans, which could be taken to implement the image enhancement strategy, are as follows:

- Prepare a mailing list of area businesses for newsletters, brochures, and maps to describe the benefits of the area's business environment;
- Begin semi-annual industry appreciation luncheons, highlighting special achievements of local businesses;
- Produce a calendar of monthly business activities and meetings related to economic development and release the mailing list to local media; and
- Sponsor workshops (in conjunction with local business associations, Chamber of Commerce) to focus on improving contact and understanding between political, regulatory, business, and media leaders, which would lead to more frequent positive news about the area's business environment.

Some of these tactical development actions may have already been implemented quite effectively by the area Chamber of Commerce. However, as the growth of the area intensifies, the need for a multi-strategy approach to business retention (and increased business-to-business communication) must also be intensified, especially concerning the basic sector industries, such as agriculture, tourism, and manufacturing, which have the highest long-term impact on the local economy. The long-term economic growth of the area will primarily be a function of the growth of the area's basic sector businesses.

### MARKETING OUTREACH

The economic development of many areas is driven by the area's ability to bring in "external money," as is the case with tourism, by "exporting" locally produced agricultural and/or manufactured products and services sold to consumers primarily outside the area and other "exports," such as the construction of "vacation homes and condominiums" sold to persons who live outside the area. Examples of locally produced, exported products and services include agricultural products, manufactured items, computer

software, and professional recruiting services. All other economic activity, indigenous in the sense that it serves the local market, is passive in the area's economic growth.

One of the most important elements in achieving a balance between economic diversification and growth and quality of life objectives is high quality, well planned, industrial development, which brings new jobs and attractive, community-compatible business/R&D parks. Without the economic multiplier effect of a growing industrial sector, an area's economy is not likely to enjoy sustained growth over the long term, unless other economic drivers, such as tourism, agriculture, or construction continue to grow. With a few exceptions, a service economy lacks opportunities for technological progress and economies of scale to sustain economic growth.

A key part of an effective marketing outreach program is the identification of major industrial sectors with a strong likelihood for locating in the area. Targeting specific industrial sectors, such as software development, agricultural and/or industrial and petroleum equipment manufacturing, allows for the most efficient use of marketing funds, because the identified industrial sectors are the most likely to be responsive to the marketing efforts of the economic development organization representing the area.

The overall process of target industry identification consists of a series of sequential screening steps designed to eliminate all but the most favorable industries. Starting with a universe of over 700 manufacturing, wholesale trade, and office/clerical/service industries, the analysis proceeds through various steps to eliminate those industries that either have a very limited market potential or that exhibit a poor locational fit with the area.

Emphasis should be placed on the following factors in the target industry screening process:

- Industry growth rates, both historical and projected;
- Industry location requirements, matched with the locational attributes of the area; and
- Industry linkages with the basic resources and existing industries in the area.

### Industry Screening Methodology

A marketing program to attract new industrial establishments to the area has the best chance for success if it is structured to take advantage of available opportunities. It is particularly important to identify those industries that have a good “locational fit” with the area and that are likely to consider the area as a possible facility location. Thus, the economic diversification and development marketing organization serving the area should focus its marketing efforts on industries for which the area offers specific advantages over competing locations, with a minimum of unfavorable locational factors. These industries will be the most promising industrial prospects, and marketing efforts geared toward them are most likely to lead to a successful and cost-effective promotional program. Without this identification, people and monetary resources will be wasted by pursuing industries which have minimal economic rationale for locating or expanding in the area.

The five criteria to guide the selection of industries for an area are as follows:

1. Industry growth should have occurred in the recent past and should be expected for the future. Marked growth prospects should be positive and the likelihood of new facility expansion should be favorable in the near term.
2. Locational trends should favor Iraq and the Middle East. Those industries selected for targeting should require the economic advantages offered by a Middle East and specifically an Iraq location. Alternately, if the industry is prone to locate in other parts of the world or offshore, the potential of that industry for Iraq is limited.
3. Selected industries must be of a certain threshold size. Industries should have establishments of sufficient size and in enough numbers to justify the expenditure so as to allow for a potential return on the marketing effort. An industry that is characterized by a small number of establishments or by numerous small operations is not generally suitable for a major marketing effort.

4. The prime locational advantage of Iraq should match industry site-selection requirements. Earlier analysis has indicated that the prime locational advantages of Iraq are the availability of a well-educated work force, available industrial and office building space, and an easily accessed location within a rapidly growing region of the Middle East.
5. Location impediments found in Iraq should serve as a basis for eliminating industries. For example, heavy manufacturing industries that produce a large volume of toxic pollutants and/or require a large base of low cost, unskilled labor may be unlikely to be attracted to outlying areas in Iraq.

Each of these selected criteria is applied sequentially. Criteria 1 through 3 help to form a smaller group of industries with favorable market potential, as measured by overall industry size, new facility activity, and growth patterns at the national and regional levels. “Locational fit” issues (criteria 4 and 5) are analyzed for this smaller group of industries. This analysis is designed to determine which industries have the locational fit for Iraq.

### NEW BUSINESS INCUBATOR STRATEGY

A new business incubator is defined as:

A multi-tenant facility, which provides entrepreneurs with

1. Flexible leases on small amounts of inexpensive space;
2. A pool of shared support services (telephone, Internet, secretarial);
3. Some form of professional and managerial assistance; and
4. Access to or assistance in acquiring seed capital.

The rationale for the development of incubators is that once the extraneous factors that lead to the early failure of small businesses (poor management, inability to find financing, high overhead) are controlled or eliminated, the survival rate of new ventures should increase, leading to increased employment (more new jobs) and an expanded tax base.

Thus, the new business incubator economic-development strategy is one that encourages business “start-ups” in the area to create more new jobs within the local economy in the rapidly expanding “start-up” firms segment.

Some of the tactical elements of the new business “start-ups” strategy are as follows:

1. Develop a mailing list of small “start-up” companies;
2. Formulate and implement plans for a “business incubator” in Iraq and begin operation as soon as possible;
3. Hold business seminars on starting your own business and coordinate them with incubator programs;
4. Develop funding programs with formal and informal financing institutions to supply “start-up” capital for entrepreneurs;
5. Establish links with technical assistance agencies, e.g., Department of Commerce, Small Business Association, and others;
6. Encourage innovative start-up capital programs, both public and private, to promote venture “seed” capital financing; and
7. Encourage the public sector to support innovative entrepreneurship programs.

Together with the target marketing and business retention strategies, the new business start-up/incubator strategy encourages the development of a broad-based, growth-oriented economy.

### **A DATABASE STRATEGY**

The overall objective of the “database” strategy is to improve the availability and utility of economic, demographic, and other factual information concerning the specific area or Governorate within Iraq for which the economic development plan is to be prepared and implemented. Thus, the primary strategy is to develop and maintain a computerized database for the specific area or provincial economic development area consisting of the “site location criteria” information described below.

Such a computerized database should easily be updated and accessible to local economic development organizations and other, site-location consultants as well as commercial/industrial real estate specialists who need detailed facts concerning an area in order to make—or help their clients make—site location decisions.

Corporations focus on six basic categories of “site location criteria” in seeking a new location for manufacturing, distribution, and office operations. The list of specific elements that comprise these site location categories are as follows:

#### **Labor**

- Availability of skill levels
- Wage levels
- Attitude (turnover, absenteeism, strike history, trainability)

#### **Access**

##### **A. Markets**

- a. Geographic proximity
- b. Highways and trucking availability
- c. Rail service
- d. Commercial airline service
- e. Telecommunications capability
- f. Mail service

##### **B. Resources**

- a. Energy cost and dependability
- b. Water cost and availability
- c. Wastewater treatment cost and capacity
- d. Raw materials and/or intermediate manufactured goods
- e. Support services and supplies

**Real Estate Market**

- A. Land costs, availability, and suitability
- B. Building costs, availability, and suitability

**Provincial and Local Business Climate**

- A. Taxes
- B. Employee work rules and benefit programs
- C. Legislation, regulation, and permitting
- D. Financial resources and incentives for business
- E. Vocational training and educational resources

**Quality of Life**

- A. Housing cost, availability, and quality
- B. Educational quality and availability of post-secondary educational institutions
- C. Recreational and cultural opportunities
- D. Availability and quality of local services (hotels/motels, restaurants, shopping centers, medical facilities)
- E. Aesthetic environment (physical surroundings, climate)
- F. Sense of personal safety (crime and violence)

**Environmental Issues**

- A. Air and water quality
- B. Habitat preservation
- C. Hazardous waste treatment

The reality of the site selection process is that each business approaches these locational requirements differently. A light manufacturing or assembly operation would have different criteria for a new facility than would a foundry, paper plant, or food processing facility. A distribution facility would emphasize different criteria than a manufacturing plant. A corporate office or software development company would be different than either of the preceding.

The use of a computerized database makes it easier and faster to provide information as needed on local and provincial demographic and economic trends and industries. A corollary part of this “database” strategy is to capitalize on/use the database expertise of other similar or neighboring countries to shorten the time to completion.

**B. Flows of Funds and Expenditure Authorities in the Current Public Financial Management System in Iraq**

Esam Younis, Najed Hamody, and Ricardo Silva-Morales  
(LGP Fiscal Policy Briefing Paper No. 5 – June 2007)

**ABBREVIATIONS**

**COR** Council of Representatives

**DGs** Directors General

**GOI** Government of Iraq

**IRMO** Iraqi Reconstruction Management Office

**LGP** USAID-funded Iraq Local Government Program

**KRG** Kurdistan Regional Government

**MOMPW** Ministry of Municipalities and Public works

**MOF** Ministry of Finance

**MOPCD** Ministry of Planning and Cooperative Development

**O&M** Operation and Maintenance

**PDS** Provincial Development Strategy

**INTRODUCTION**

Public sector financial management arrangements in Iraq present many imperfections. Notwithstanding the urgent need for structural reforms, the actual operations are designed to follow the type of technology and infrastructure the country possesses. This presents the advantage that, if there is an actual understanding how it works, it is possible to make things happen, especially in the public budget area.

Some commendable efforts by the U.S. Treasury and LGP have disclosed many processes that were, to an extent, not documented and that had become part of the traditions of the officials concerned. In some cases, these traditions have been supported by corresponding legislation, but such legislation has overlapped with reforms. Thus, there is a real need for an interpreter in administrative procedures to facilitate the understanding of the basic financial management operations of the Iraqi State.

This document seeks to illustrate in a narrative way the decision-making process of the federal budget execution in Iraq; there is no suggestion, however, of proposing the current operations as a model. Problems in the process range from the way money is transported to the way payments are carried out. The substantial discretionary powers of budget managers at the time of budget execution make dubious any efforts focused on proper budget preparation. Presentations and flow charts have been prepared in this subject, and somehow the main point of why things do not work or how to make them work is still not completely clear. Here, we focus on an examination of authorities and flows of funds. Arguably, this approach better explains how the budget execution machinery works, and when the major gears of the engine need to be changed to get it to perform, where and when that is needed.

The document is in two sections and is based on three sets of questions posed to LGP by the Iraqi Reconstruction Management Office (IRMO), formerly attached to the Ministry of Finance (MOF). Section 1 of the paper describes the rules for budget execution of capital investment. Section 2 focuses on the process for operations and maintenance.

The Iraqi Local Government Program (LGP) is a decentralization project, and as such there is no involvement at the ministerial level. This explains why this paper will primarily explore the process of fiscal order descending from the level of the Governorates. Given that Iraq is still a very centralized State in its fiscal management, a bottoms-up approach allows us to understand how the budget execution happens or does not happen and to determine the reasons.

Most of the processes described in this document have only a limited validity for the inter-governmental relations respecting the Kurdish Regional Government (KRG). For further information on intergovernmental relations with the KRG, please refer to the document on the subject by the World Bank, prepared with some guidance from LGP.<sup>1</sup>

## 1. CAPITAL INVESTMENT FUNDS

A review of some considerations that may help to explain the way investment budget is implemented in Iraq follows. These considerations are based on experiences at the Governorate level. This clarification is important as LGP has no involvement with the line ministries at the central level, and some comments may well misrepresent aspects of the fiscal management that takes place in some of the line ministries at the central level in Baghdad.

### How the decision for implementation is made

To understand the capital investment budget-implementation process, it is necessary to differentiate between actual financial arrangements and the decisions on how to implement the budget allocation. The decision on how to implement the budget allocation is made prior to the financial actions required to fund it. This is so because the decision of how to implement the budget allocation most likely follows a variety of proprietary rules that each line ministry usually applies to the implementation of the capital investment budget.

In Iraq, each line ministry has a distinctive way to deliver the services it covers. In addition, there is no uniformity in the way the ministries radiate to the Governorates. The most common descending to the Governorate level is either via decentralized or centralized ministerial offices. In both cases, the offices are called Directors General (DGs) in the Governorates, although formally only the offices of the Ministries of Education, Health, and Municipalities and Public works are entitled to the rank of DGs in the Governorates. To reduce confusion in this paper, we will refer to DGs only

<sup>1</sup> See, World Bank Mission, *Public Financial Management in the KRG*, Draft for Discussion, November 2006.

in the cases of Education, Health, and Municipalities and Public Works. Others are identified as Federal Offices in the Governorate or Federal Departments in the Governorate.

The Decentralized Federal Offices in the Governorates follow three different procedures to draw money from the center, and the Centralized Federal Offices in the Governorates follow an additional procedure for the same purpose of drawing budget money. However, all these procedures are subject to the orders of the central administration of the line ministry in Baghdad; they are not autonomous operations by the Federal Offices in the Governorate—this observation is drawn from our understanding on the process of budget implementation from the Governorate view point.

In the case of the special types of reconstruction programs where several ministries have responsibility for deliverables, it is possible that a prior ad hoc arrangement may be followed. This prior arrangement could be in the form of an inter-ministries committee in charge of coordinating these types of special activities. The existence of such bodies needs to be explored at the Secretariat of the Council of Ministries. It may be noted that a Budget Execution Office has recently been established at the offices of the Deputy Prime Minister to coordinate these types of programs.

In the absence of a coordinating inter-ministerial body at the central level to implement budget activities of the several budget executing entities, the implication is that each ministry follows its own customary arrangements to implement capital investment budgets, without consulting with each other. Customary or proprietary arrangements by the line ministry usually (but not always) mean that large procurements and contracting are conducted by the central administration in Baghdad of the line ministries concerned. Thus, health care manages procurement of health equipment and medicines in a centralized manner. A different approach is followed by the Ministry of Municipalities and Public Works (MOMPW), which has a more municipalized approach to the budget execution process. In the case of MOMPW, it is likely that the DG in the governorate will have a substantial involvement in the implementation of capital investment projects, including the reconstruction efforts.

The elements a given line ministry will consider when deciding on the manner to implement the capital investment allocation include the following: the analysis of how much of its own resources, in terms of technicians and equipment, it has in place or can mobilize for the specific undertaking. Another element for consideration is the approval of the capital investment project by the Ministry of Planning and Cooperative Development (MOPCD). Until 2006, all capital investment projects were included in Chapter 8 (list of projects approved by the MOPCD) of the annual budget law. For 2007, Chapter 8 has been replaced by Chapter 6, which is a more general chapter for public investment. The breakdown of allocations conducted by the MOF, which takes place after the approval of the annual budget law by the Council of Representatives (COR), is what now determines which projects would be implemented during the particular fiscal year.

When all the logistic aspects are established, the line ministry would proceed to notify its offices (including those in the Governorates) what their respective roles are. For the Federal Offices in the Governorate, this communication from Baghdad is the key to finding out what is required of them. The communication usually provides these offices with the specific number of projects to be implemented, as listed in Chapter 8 of the corresponding annual budget law, or in the allocation breakdown. There is a slightly different procedure when the allocation refers to moneys transferred from the budget to the Governorate authorities. In that special case, MOPCD does not approve the investment projects ex ante, but would be involved at the point at which the project concerned enters the contracting stage.

It is important to gain a correct understanding of how each line ministry plans to implement the allocation. Unfortunately, it is the practice of the central administration in Baghdad for the line ministries to delay budget execution of capital investment until the last quarter of the year. Moreover, in the meantime they usually mobilize availabilities to meet other expenses.

### How does the money flow down?

As previously mentioned, several line ministries have offices in the Governorates. All these offices—usually identified as Departments—depend on the line ministry in Baghdad. Among the Departments in the Governorates, only (a) Education, (b) Health Care, and (c) Municipalities and Public works, have the formal rank of DG.

The routine for ministries that work in a decentralized manner via their decentralized offices is as follows:

- After the annual allocation is set forth by the MOF, it is communicated to the central administration of the line ministries in Baghdad. Thereafter, each ministry analyzes the characteristics of the tasks and proceeds to communicate to their Governorate offices the public investment activities (projects by the numbers in the list of Chapter 8 or as identified in the allocation's breakdown) they are authorized to implement.
- After the communication is received, the DGs in the Governorates start working by themselves, initiating procurement procedures and drawing money either directly from the MOF in Baghdad or from the Governorate Treasury. This explains why sometimes they may not have the money in their bank accounts in the Governorate, but they also know that they can start the procurement process. The modalities for drawing money are:
  - For purposes of public investment, Electricity and Education Departments in the Governorates draw money directly from the MOF in Baghdad. To accomplish this, the Federal Department in the Governorate sends the funds-release request to the Accounts Directorate of the MOF. If the MOF approves, then the central administration of the line ministry is informed, and the MOF arranges for the money to be remitted directly to the bank account of the Federal Department in the Governorate. Usually, the money is requested by the Federal Department only when it is required to make payments—this implies that some of the procurement steps have already taken place. An additional characteristic is that most of the line ministries keep major procurement in the hands of their

central administrations in Baghdad. However, the technical design of projects is carried out by their Departments in the Governorate. Oversight of project implementation is not necessarily assigned to the Federal Department in the Governorate when central administration of the line ministry has carried out the procurement.

- Health Care is the only case of the group of ministries analyzed that draws money directly from the Governorate Treasury in the form of bank transfers. Governorate DG of Health is the only one of the group that can use this disbursement vehicle for public investment purposes. To do so, they only need to present the request based on the budget allocation, accompanied by the mandatory financial reports. They base that request on the budget allocation as communicated by the line ministry, and in this case, they can ask for the money without having begun the procurement process. Which activities related to reconstruction would be undertaken by the Governorate DG depends again on the nature of the reconstruction work. The Ministry of Health usually reserves procurement of equipment and medicines for the center in Baghdad and leaves other health care activities to the Governorate DGs.
- In the case of MOMPW, the Governorate DG draws money from the Governorate Treasury in the form of checks issued at the Governorate Treasurer's Counter. The request for checks is subjected to significant controls within the Governorate treasury before issuing the instrument and it is also tied to the allocation. Again, depending on the decision by the central administration of the MOMPW in Baghdad, the DG in the governorate is informed which activities (projects) and amounts it is authorized to implement.
- Federal offices in the *Qada'a* (Districts) cannot draw money from the federal budget on their own if there are Federal Departments in the Governorate. They are tied to the Federal Department in the Governorate and receive everything from them.

- In the case of the “executive offices” of the *Qada'a* under the *Qa'im Maqam* (executive official for districts), the procedure is different from that of the Federal Department in the Governorate and from the Federal Offices in the *Qada'a*. Such offices have their own sources of revenues, because the *Qada'as* are self-funding entities. However, in general, the revenues of the *Qada'as* are small and the MOMPW manages a matching grant structure to fund their operational expenses. The *Qada'as* cover 40 percent of the cost and the Ministry covers the rest. And, the *Qada'as* are controlled in their financial aspects by the MOMPW.
- Considerable confusion may result from the lack of understanding of the financial position of the *Qada'as* as well as the role they play in projects. They would be involved in the projects that MOMPW would implement, but they would not manage any funding; they are limited to operational activities. The *Qada'as* rarely engage in any capital expenditures, and such work is usually performed by the offices tied to a federal ministry, which also have the duty to prepare budget requests, for maintenance expenses.
- The Baghdad Capital/*Amanat* is the exception to the rule. The *Amanat* is the executive office of the *Amin* (Mayor) but it administers most of the projects funded with federal money in Baghdad city. No Ministry was allowed to perform any investment activity without the authorization of the *Amanat*, but that rule was voided in 2007.
- For 2007, the MOF issued allocations for public investment by line ministries showing the Governorate distributions. This may have several implications, among which the most relevant may be that the line ministries have less freedom to deviate resources via sub-allocations or mobilization of appropriations.

### Then, what is needed for a capital investment project to be implemented at the *Qada'a* level?

The *Qada'a* authorities need to participate in the identification of needs and communicate them to the Federal Departments in the Governorate directly, or via the offices in the *Qada'a*. During 2007, this process was coordinated by the Governor. For the 2008 fiscal year, this needs self-identification process must take place with the participation of the communities in the *Qada'a* following the steps for the Provincial Development Strategy (PDS). Before 2007, the participation of the communities in the needs identification process was random in nature, depending on the level of maturity of the Governorate authorities. Self-identified needs have to be developed to the level of technically prepared investment projects and incorporated in the budget request that the Federal Departments in the Governorate submits to the line ministries in Baghdad for the following fiscal year. This budget request is usually prepared between May and September of the year prior to the fiscal period for which it is requested. Since 2005, it has been customary for the Governorate Council to approve the budget request of the Federal Department in the Governorate before it can go to the line ministries.

Since 2006, the Governorate authorities (Governorate Councils and Governors) have been given the power to decide on a certain amount of transfers for reconstruction and development. In the event that the *Qada'a* authorities decide they want a specific project to be funded with these transfers, they need to work with the Governorate Council and the Governor to develop the technical aspects of the project. They also must negotiate the inclusion of such a project in the projects' list the Governorate authorities are required to deliver to the MOF for authorization. In this case, the Governorate authorities may delegate to the relevant Federal Department in the Governorate the task of project preparation or they may contract an independent firm to do so.

As previously noted, when the funding of a capital investment project has been channeled through the budget of a Federal Department in the Governorate, a communication from the central administration of the line ministry in Baghdad is sent out specifying what is required to begin

project implementation. This communication usually identifies the number of the project as included in the list in Chapter 8 of the annual budget law, or the name of the project in the allocation tables if it is a 2007 fiscal year project. Rather than waiting for the line ministry communication, the Governorate authorities could perhaps obtain the full list of allocations as a way of speeding up the process. If they succeed, they would need to start requesting the appropriate line ministry to authorize the execution.

In both cases (Federal Department budget or Governorate controlled transfers) the MOPCD is likely to participate, either in approving the investment projects or in authorizing contracts and payments. It is, of course, possible that reconstruction projects may not be included in Chapter 8 or in the allocations list controlled by MOPCD and MOF, respectively. In that event, there would be problems: either the line ministries will not begin the implementation or object to some payments. This suggests the need for coordination beforehand. The fiscal year of the allocation is also relevant. As a general principle, the allocations for any fiscal year expire on December 31st and nothing can be accomplished thereafter.

Finally, given the absence of a program budget or an activity based budget methodology in the overall budget system of Iraq, inter-ministerial activities are articulated via adhoc committees composed of the involved ministries. If such articulation does not occur, the outcomes may not be integrated and, moreover, will not be achieved in a timely fashion.

## 2. OPERATIONAL AND MAINTENANCE (O&M) FUNDING

### Salaries

The salaries for these expenditures are covered on a regular basis by the Government of Iraq (GOI), and thus, public servants' wages are paid on a regular basis much of the time and almost everywhere in the country. The payroll of the GOI includes over 2 million employees, making the regular payments a huge operation. The payment of salaries at the level of the Federal Offices in the *Qada'as* are controlled from Baghdad, but is performed via the corresponding offices in the Governorates. The offices of the Federal Departments in the Governorate capital arrange the payments

to the corresponding offices in *Qada'as*. A special case is that of the officials attached to the *Qada'a* executive offices, for they are paid by the MOMPW. However, in some instances, a part of their wages comes from the *Qada'as'* own sources. The *Qada'as* are authorized to retain some revenues described in the *Revenues of Municipalities Law No. 130 of 1963* and they may utilize such revenues under the authorization of the MOMPW. Despite this variation, the employees of *Qada'as* are federal employees and follow the recruitment procedures of the civil service regulations that are relatively complex and managed in a very centralized manner.

### Maintenance Expenses

Despite the existence of many rules stating the way maintenance needs must be costed out and budgeted, the scarcity of funding during the past 20 years has led to a culture of not thoroughly maintaining public infrastructure and assets. The norm now is to advise the ministries to follow year-to-year incremental base-budget techniques to determine the threshold of moneies for maintenance. This methodology permits little room for realistic funding. There is also a very limited effort to determine how much maintenance any new public works or asset would require. Thus, even if maintenance funds flow with some regularity, they may not be sufficient to cover all the real needs in the area. Consequently, the funds allocated to the Governorate authorities for reconstruction have been used in a very effective way for essential maintenance. This avenue may not be sustainable over the medium term.

### How does the funding take place?

When reviewed, the process for funding O&M reveals that the bottleneck in the flow of funds to the Governorate offices occurs either at the MOF or at the central administration of the line ministries in Baghdad.

As described previously, the Iraqi regulations differentiate between centralized and decentralized Federal Departments (or Federal Ministry Offices) in the Governorates. Some ministries have offices at the level of *Qada'as* as well. This differentiation between centralized and decentralized is important, as it determines the way the money flows from the central authorities in Baghdad.

- a. Centralized Federal Departments such as the Tax Directorate, Police, Borders Control, Social Care, Traffic, and Land Registration, receive notification of the final allocation to which they are entitled for O&M from the MOF at the beginning of the fiscal year. The final allocation depends on the relative success or failure to get their respective budget requests approved.

The total allocations and funds transfers come to the Governorate Treasury Account. Each department in the Governorate seeking to spend money should prepare invoices and deliver them to the Governorate Treasury for auditing purposes. After the Governorate Treasury checks invoices, the Department receives a check to cash against the Governorate Treasury bank account and thereafter can pay suppliers. The Governorate Treasury prepares a trial balance for each DG after the DG concerned has reviewed the expenditures with the Governorate Treasury.

- b. Entities considered decentralized budget units, such as Health, University, Education, Water Resources, and the Governor's Office, follow a different procedure:
- The budget unit in the Governorate delivers the formal letter of allocation it has received from its line ministry and that has been approved by MOF to the Governorate Treasury.
  - The Treasury transfers the money to the budget unit's bank account in the Governorate monthly, based on their total allocation for the year.
  - The budget unit needs to send a monthly trial balance to the Treasury in the Governorate.
- c. Directorates of Water and Sewage are special cases because as they are semi-autonomous entities within the MOMPW. These Directorates, of course, have offices in Baghdad, and these central offices are in charge of receiving the money for their offices in the Governorates. The Water and Sewage Directorates distribute the money by themselves to their offices in the *Qada'as*, depositing the corresponding amounts in the bank accounts each of them have established.

- d. Offices of the MOMPW in each *Qada'a* receive their funding in a similar way as the offices of the Directorates of Water and Sewage. The MOMPW in Baghdad receives the allocation in its account and proceeds to distribute it to the *Qada'a* level offices through the MOMPW's DG in the Governorates. The MOMPW has approximately 500 offices nationwide.

#### Additional Related information

An improved mechanism and procedures to make the money flow to the offices in the *Qada'a* would require improvements in accountability. The current system of transferring moneies to the DGs in the Governorates for O&M is quite expeditious but permits large gaps between the release of money from the center and the actual payment. Despite the assistance provided by the security forces, physical transportation of money from the Central Bank to the Governorate locations is still a problem. Moreover, the transportation of money from the banks to the actual payment site by authorized personnel is often not secure and quite unsafe.

Iraq's current budget system is missing the mechanism called "schedule of releases," but this is mainly affecting the payments for capital investment. Payments for salaries are working well, and the way maintenance expenses are being funded presents few challenges for the implementing agencies.

It is important to realize that, even if the task of maintenance does not constitute public investment, it has to follow the regulations for State procurement and public contracts as prescribed in CPA Order No. 87 on Public Contracts of 14 May 2004, and the regulations issued under that legislation.

NEW CHART OF ACCOUNTS AND CONVERSION TEMPLATE – MINISTRY OF FINANCE

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
					Expenditures	2						2
					Compensation of Employees	2	01					21
					Wages and Salaries	2	01	01				211
					Wages and Salaries in Cash	2	01	01	01			2111
					Standard Wages and Salaries	2	01	01	01	01		
2	01	01	001	01	Salaries	2	01	01	01	01	01	
2	01	03	001	01	Rewards for Employees	2	01	01	01	01	02	
2	01	04	001	01	Contractors Wages	2	01	01	01	01	03	
2	01	05	001	01	Lecturers Wages	2	01	01	01	01	04	
2	01	06	001	01	Examinations Wages	2	01	01	01	01	05	
2	01	07	001	01	Committees Wages	2	01	01	01	01	06	
2	02	25	001	01	Education Leave of Absence	2	01	01	01	01	07	
					Allowances	2	01	01	01	02		
2	01	02	001	01	Hazardous Allowances	2	01	01	01	02	01	
2	01	02	002	01	Overtime	2	01	01	01	02	02	
2	01	02	003	01	Residential Allowance	2	01	01	01	02	03	
2	01	02	004	01	Hospitality Allowance	2	01	01	01	02	04	
2	01	02	005	01	Exceptional Allowances	2	01	01	01	02	05	
2	01	02	006	01	Controlling Allowance	2	01	01	01	02	06	
2	01	02	007	01	Position Allowances	2	01	01	01	02	07	
2	01	02	008	01	University Service Allowances	2	01	01	01	02	08	
2	01	02	009	01	Alarm Allowance	2	01	01	01	02	09	
2	01	02	010	01	Attributed Allowance	2	01	01	01	02	10	
2	01	09	001	01	Security Hazardous Duty Pay	2	01	01	01	02	11	
					Wages and Salaries in Kind	2	01	01	02			2112
					Wages and Salaries in Kind	2	01	01	02	01		
2	01	08	001	01	Life Insurance	2	01	01	02	01	01	
2	01	08	002	01	Accident and Injury Insurance	2	01	01	02	01	02	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
					<i>Social Contributions</i>	2	01	02				212
					<i>Actual Social Contributions</i>	2	01	02	01			2121
					<i>Imputed Social Contributions</i>	2	01	02	02			2122
					<i>Imputed Social Contributions - Pensions</i>	2	01	02	02	01		
2	09	01	001	01	<b>Civil Servant Retirement Salaries</b>	2	01	02	02	01	01	
2	09	01	002	01	<b>Civil Servant Retirement Rewards</b>	2	01	02	02	01	02	
2	09	02	001	01	<b>Military Retirement Salaries</b>	2	01	02	02	01	03	
2	09	02	002	01	<b>Military Retirement Rewards</b>	2	01	02	02	01	04	
					<i>Goods and Services</i>	2	02					22
					<i>Goods Requirements</i>	2	02	01				
					<i>Goods Requirements</i>	2	02	01	01			
					<i>Stationery and Publications</i>	2	02	01	01	01		
2	03	01	001	01	<b>Stationery</b>	2	02	01	01	01	01	
2	03	01	002	01	<b>Publications</b>	2	02	01	01	01	02	
					<i>Books and Magazines</i>	2	02	01	01	02		
2	05	07	001	01	<b>Books</b>	2	02	01	01	02	01	
2	05	07	002	01	<b>Magazines</b>	2	02	01	01	02	02	
2	05	07	003	01	<b>Documents</b>	2	02	01	01	02	03	
2	05	07	004	01	<b>Manuscripts</b>	2	02	01	01	02	04	
2	05	08	003	01	<b>Microfilm</b>	2	02	01	01	02	05	
					<i>Water &amp; Sewerage</i>	2	02	01	01	03		
2	03	02	001	01	<b>Water Fees</b>	2	02	01	01	03	01	
2	03	02	002	01	<b>Sewerage Fees</b>	2	02	01	01	03	02	
					<i>Electricity</i>	2	02	01	01	04		
2	03	03	001	01	<b>Electricity</b>	2	02	01	01	04	01	
2	06	03	001	01	<b>Electricity Import Expenditures</b>	2	02	01	01	04	02	
					<i>Fuel</i>	2	02	01	01	05		
2	03	04	001	01	<b>Fuel</b>	2	02	01	01	05	01	
2	06	02	001	01	<b>Purchase of Imported Fuel for Power Stations</b>	2	02	01	01	05	02	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	06	02	002	01	Fuel Import Expenditure	2	02	01	01	05	03	
					<i>Clothing</i>	2	02	01	01	06		
2	03	05	001	01	Employee Clothes	2	02	01	01	06	01	
2	03	05	002	01	Internal Security Forces Clothes	2	02	01	01	06	02	
2	03	05	003	01	Military Clothes	2	02	01	01	06	03	
2	03	05	004	01	Other Clothes	2	02	01	01	06	04	
					<i>Food</i>	2	02	01	01	07		
2	03	06	001	01	Detainees & Prisoners Food	2	02	01	01	07	01	
2	03	06	002	01	Health Food	2	02	01	01	07	02	
2	03	06	003	01	School Food	2	02	01	01	07	03	
2	03	06	004	01	Other Food	2	02	01	01	07	04	
					<i>Insect &amp; Pest, Prevention &amp; Control Materials</i>	2	02	01	01	08		
2	03	08	001	01	Materials, Insect & Pest	2	02	01	01	08	01	
2	03	08	002	01	Materials for Prevention & Control	2	02	01	01	08	02	
					<i>Supplies and Materials</i>	2	02	01	01	09		
2	03	09	001	01	Laboratory Supplies	2	02	01	01	09	01	
2	03	09	002	01	Medical Supplies	2	02	01	01	09	02	
2	03	09	003	01	School Supplies	2	02	01	01	09	03	
2	03	09	004	01	Industrial Supplies	2	02	01	01	09	04	
2	03	09	005	01	Agriculture Supplies	2	02	01	01	09	05	
2	03	09	006	01	Other Supplies	2	02	01	01	09	06	
					<i>Supplies for Patients</i>	2	02	01	01	10		
2	03	11	001	01	Patients Clothes	2	02	01	01	10	01	
2	03	11	002	01	Patients Bed Linen	2	02	01	01	10	02	
2	03	11	003	01	Patients Bed Supplies	2	02	01	01	10	03	
					<i>Miscellaneous Goods</i>	2	02	01	01	11		
2	03	10	001	01	School Books	2	02	01	01	11	01	
2	03	07	001	01	Medicines	2	02	01	01	11	02	
2	03	12	001	01	Sport Supplies & Requirements	2	02	01	01	11	03	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail		Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5
2	03	13	001	01	Animal Feed	2	02	01	01	11	04	
2	03	14	001	01	Student Stationery & Supplies	2	02	01	01	11	05	
2	03	15	001	01	Laundry Supplies	2	02	01	01	11	06	
2	03	16	001	01	Prisoners & Juveniles Supplies	2	02	01	01	11	07	
2	05	09	001	01	Military Weapons & Ammunition	2	02	01	01	11	08	
2	05	08	001	01	Cinema Films	2	02	01	01	11	09	
2	05	08	002	01	Documentary Films	2	02	01	01	11	10	
2	05	04	003	01	Calculators	2	02	01	01	11	11	
2	05	04	004	01	Typewriters	2	02	01	01	11	12	
2	05	04	006	01	Camera Microfilms	2	02	01	01	11	13	
2	05	04	009	01	Other Small Office Devices	2	02	01	01	11	14	
					Service Requirements	2	02	02				
					Service Requirements	2	02	02	01			
					Travel Expenses and Allowances	2	02	02	01	01		
2	02	01	001	01	Night Allowances	2	02	02	01	01	01	
2	02	01	002	01	Transportation Charges	2	02	02	01	01	02	
2	02	01	003	01	Travel Expenses	2	02	02	01	01	03	
2	02	01	004	01	Other Expenses	2	02	02	01	01	04	
					Delegation Expenses & Allowances	2	02	02	01	02		
2	02	02	001	01	Night Allowances	2	02	02	01	02	01	
2	02	02	002	01	Transportation Charges	2	02	02	01	02	02	
2	02	02	003	01	Residence Allowances	2	02	02	01	02	03	
2	02	02	004	01	Other Expenses	2	02	02	01	02	04	
					Relocation Expenses	2	02	02	01	03		
2	02	03	001	01	Night Allowances	2	02	02	01	03	01	
2	02	03	002	01	Transportation Charges	2	02	02	01	03	02	
2	02	03	003	01	Other Expenses	2	02	02	01	03	03	
					Publications & Media	2	02	02	01	04		
2	02	04	001	01	Publication Expenses	2	02	02	01	04	01	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	02	04	002	01	Media Expenses	2	02	02	01	04	02	
2	02	04	003	01	Newspaper Subscriptions	2	02	02	01	04	03	
					<i>Buildings Rent</i>	2	02	02	01	05		
2	02	05	002	01	Buildings Rent	2	02	02	01	05	01	
2	02	05	003	01	Warehouses Rent	2	02	02	01	05	02	
2	02	05	004	01	Other Buildings Rents	2	02	02	01	05	03	
					<i>Machine &amp; Equipment Rent</i>	2	02	02	01	06		
2	02	06	001	01	Machine & Equipment Rent	2	02	02	01	06	01	
2	02	06	002	01	Computer Rent	2	02	02	01	06	02	
2	02	06	003	01	Requirements & Fittings Rents	2	02	02	01	06	03	
2	02	06	004	01	Other Rents	2	02	02	01	06	04	
2	02	15	001	01	Lease of Vehicles	2	02	02	01	06	01	
					<i>Official Hospitality and Celebrations</i>	2	02	02	01	07		
2	02	09	001	01	Official Hospitality, Delegations, & Public Relations	2	02	02	01	07	01	
2	02	18	001	01	Celebrations	2	02	02	01	07	02	
					<i>Postal</i>	2	02	02	01	08		
2	02	12	001	01	Postage Stamps	2	02	02	01	08	01	
2	02	12	002	01	Diplomatic Mail Delivery	2	02	02	01	08	02	
					<i>Telecommunications &amp; Cable</i>	2	02	02	01	09		
2	02	13	001	01	Phone Call Fees	2	02	02	01	09	01	
2	02	13	002	01	Telecommunication Devices Transfer & Installation	2	02	02	01	09	02	
2	02	13	003	01	Telecommunication Devices Rent	2	02	02	01	09	03	
2	02	13	004	01	Live Transmission Via Satellite	2	02	02	01	09	04	
2	02	13	005	01	Internet	2	02	02	01	09	05	
2	02	13	006	01	Microwave Network	2	02	02	01	09	06	
					<i>Experts &amp; Consultants Fees</i>	2	02	02	01	10		
2	02	30	001	01	Privatization Consultations	2	02	02	01	10	01	
2	02	30	002	01	Economic & Financial Consultations	2	02	02	01	10	02	
2	02	30	003	01	Scientific Consultations	2	02	02	01	10	03	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	02	17	001	01	Legal Consultations (Lawyers Fees)	2	02	02	01	10	04	
2	02	30	004	01	Other Consultations	2	02	02	01	10	05	
					<i>Security Services Fees</i>	2	02	02	01	11		
2	02	33	001	01	Personnel Guarding Fees	2	02	02	01	11	01	
2	02	33	002	01	Building Guarding Fees	2	02	02	01	11	02	
					<i>Contribution to Exported Crude Oil Cost of Production</i>	2	02	02	01	12		
2	06	04	001	01	Contribution in the Exported Crude Oil Cost of Production	2	02	02	01	12	01	
					<i>Miscellaneous Services</i>	2	02	02	01	13		
2	02	06	005	01	Bank Box Rent	2	02	02	01	13	01	
2	02	08	001	01	Seminars & Conferences	2	02	02	01	13	02	
2	02	14	001	01	Printing Expenses	2	02	02	01	13	03	
2	02	16	001	01	Subscriptions & Training Courses	2	02	02	01	13	04	
2	02	21	001	01	Land Surveying & Zoning	2	02	02	01	13	05	
2	02	23	001	01	Witness Transport	2	02	02	01	13	06	
2	02	26	001	01	Directorate Cleaning	2	02	02	01	13	07	
2	02	29	001	01	Authoring & Translation Support	2	02	02	01	13	08	
2	02	27	001	01	Bank Service Fees	2	02	02	01	13	09	
2	02	28	001	01	Membership of Science Institutions	2	02	02	01	13	10	
2	02	31	001	01	Financial Stamps Printing	2	02	02	01	13	11	
2	02	32	001	01	Advertising	2	02	02	01	13	12	
2	02	34	001	01	Jewelry Branding	2	02	02	01	13	13	
2	01	10	001	01	FPS Guards Wages	2	01	01	01	13	14	
2	02	35	001	01	Miscellaneous Services - Not Elsewhere Classified	2	02	02	01	13	90	
					<i>Maintenance</i>	2	02	03				
					<i>Maintenance</i>	2	02	03	01			
					<i>Roads &amp; Bridges Maintenance</i>	2	02	03	01	01		
2	04	03	001	01	Roads Maintenance	2	02	03	01	01	01	
2	04	03	002	01	Bridges Maintenance	2	02	03	01	01	02	
2	04	03	003	01	Highways Maintenance	2	02	03	01	01	03	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
					<i>Water &amp; Electricity Installation Maintenance</i>	2	02	03	01	02		
2	04	04	001	01	Water Installation Maintenance	2	02	03	01	02	01	
2	04	04	002	01	Electricity Installation Maintenance	2	02	03	01	02	02	
					<i>Transportation Maintenance</i>	2	02	03	01	03		
2	04	06	001	01	Motor Vehicles	2	02	03	01	03	01	
2	04	06	002	01	Trucks	2	02	03	01	03	02	
2	04	06	003	01	Ministry Vehicles	2	02	03	01	03	03	
2	04	06	004	01	Airplanes	2	02	03	01	03	04	
2	04	06	005	01	Boats	2	02	03	01	03	05	
2	04	06	006	01	Maintenance of Other Transportation Means	2	02	03	01	03	06	
					<i>Irrigation &amp; Desalination Projects Maintenance</i>	2	02	03	01	04		
2	04	08	001	01	Desalination Maintenance	2	02	03	01	04	01	
2	04	08	002	01	Minor Irrigation Projects Maintenance	2	02	03	01	04	02	
2	04	08	003	01	Public Benefit Irrigation Wells Projects Maintenance	2	02	03	01	04	03	
2	04	09	001	01	Dams Establishments Maintenance	2	02	03	01	04	04	
2	04	14	001	01	Oases Maintenance	2	02	03	01	04	05	
					<i>Miscellaneous Maintenance Expenditure</i>	2	02	03	01	05		
2	04	01	001	01	Furniture Maintenance	2	02	03	01	05	01	
2	04	02	001	01	Buildings Maintenance	2	02	03	01	05	02	
2	04	05	001	01	Machines, Large Devices, & Appliances Maintenance	2	02	03	01	05	03	
2	04	10	001	01	Police Weapons Maintenance	2	02	03	01	05	04	
2	04	11	001	01	Gardens, Parks, & Orchards Maintenance	2	02	03	01	05	05	
2	04	12	001	01	Factories Maintenance	2	02	03	01	05	06	
2	04	13	001	01	Radio and TV Stations Maintenance	2	02	03	01	05	07	
2	04	15	001	01	Maintenance of Historical Sites & Artifacts	2	02	03	01	05	08	
					<i>Military Weapons Maintenance</i>	2	02	03	01	05	09	
2	04	07	001	01	Books Maintenance	2	02	03	01	05	10	
2	04	07	002	01	Records Maintenance	2	02	03	01	05	11	
2	04	07	003	01	Documents Maintenance	2	02	03	01	05	12	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail		Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5
2	04	07	004	01	Other Registration Documents Maintenance	2	02	03	01	05	13	
					Interests	2	04					24
					Interests to Nonresidents	2	04	01				241
					Interests to Nonresidents	2	04	01	01			
					Interest on World Bank Loan	2	04	01	01	01		
2	06	14	001	01	Interest on World Bank Loan	2	04	01	01	01	01	
					Interests to Residents Other than General Government	2	04	02				242
					Interests to Residents Other than General Government	2	04	02	01			
					Interest - Bonds & Treasury Notes	2	04	02	01	01		
2	06	13	001	01	Interest - Bonds & Treasury Notes	2	04	02	01	01	01	
					Interest - Loans	2	04	02	01	02		
2	06	13	002	01	Interest - Loans	2	04	02	01	02	01	
					Interest on Bonds Written Off for External Organizations	2	04	02	01	03		
2	06	13	003	01	Interest on Bonds Written Off for External Organizations	2	04	02	01	03	01	
					Subsidies	2	05					25
					To Public Corporations	2	05	01				251
					To Nonfinancial Public Corporations	2	05	01	01			2511
					Electricity	2	05	01	01	01		
2	06	08	001	01	Salaries	2	05	01	01	01	01	
2	06	08	002	01	Operating Expenditures	2	05	01	01	01	02	
					Agriculture	2	05	01	01	02		
2	06	08	003	01	Agriculture – General Company Forestry/Salaries	2	05	01	01	02	01	
2	06	08	004	01	Agriculture – General Company Forestry/Operating Expenditures	2	05	01	01	02	02	
2	06	08	005	01	Agriculture – General Company for Livestock/Salaries	2	05	01	01	02	03	
2	06	08	006	01	Agriculture – General Company for Livestock/Operating Expenditures	2	05	01	01	02	04	
2	06	08	007	01	Agriculture – General Enterprise Veterinarian/Salaries	2	05	01	01	02	05	
2	06	08	008	01	Agriculture – General Company Veterinarian/Operating Expenditures	2	05	01	01	02	06	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	06	08	009	01	General Company of Industrial Products/Salaries	2	05	01	01	02	07	
2	06	08	010	01	General Company Industrial Products/Operating Expenditures	2	05	01	01	02	08	
					Other Companies	2	05	01	01	03		
2	06	08	019	01	Other Companies	2	05	01	01	03	01	
					To Financial Public Corporations	2	05	01	02			2512
					To Financial Public Corporations	2	05	01	02	01		
					To Private Enterprises	2	05	02				252
					To Nonfinancial Private Enterprises	2	05	02	01			2521
					Subsidizing of Farmers	2	05	02	01	01		
2	06	11	001	01	Purchase Disease-Affected Crops	2	05	02	01	01	01	
2	06	11	002	01	Poultry	2	05	02	01	01	02	
2	06	11	003	01	Seeds	2	05	02	01	01	03	
2	06	11	004	01	Discount Sale of Fertilizer	2	05	02	01	01	04	
2	06	11	005	01	Grain Price Reduction	2	05	02	01	01	05	
2	06	11	006	01	Other Agriculture Subsidies	2	05	02	01	01	06	
					Grants	2	06					26
					Grants to Foreign Governments	2	06	01				261
					Current	2	06	01	01			2611
					Arab Assistance	2	06	01	01	01		
2	07	03	001	001	Arab Assistance	2	06	01	01	01	01	
					Foreign Assistance	2	06	01	01	02		
2	07	04	001	001	Foreign Assistance	2	06	01	01	02	01	
					Capital	2	06	01	02			2612
					Grants to International Organizations (Foreign & Arabic)	2	06	02				262
					Current	2	06	02	01			2621
					Arabic Contributions	2	06	02	01	01		
2	07	01	001	01	Arab League	2	06	02	01	01	01	
2	07	01	002	01	Arab Labour Organization	2	06	02	01	01	02	
2	07	01	003	01	Arab Scout Organization	2	06	02	01	01	03	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail		Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5
2	07	01	004	01	Arab Economic Union Board	2	06	02	01	01	04	
2	07	01	005	01	Arab Organization for Agricultural Development	2	06	02	01	01	05	
2	07	01	006	01	OAPEC	2	06	02	01	01	06	
2	07	01	007	01	Arab Organization for Civil Airlines	2	06	02	01	01	07	
2	07	01	008	01	Arab Cities Organization	2	06	02	01	01	08	
2	07	01	009	01	Arab Fund for Technical Subsidies for African Countries	2	06	02	01	01	09	
2	07	01	010	01	Arab Institute for Statistics Training, and Research	2	06	02	01	01	10	
2	07	01	011	01	Justice Organization for OAPEC	2	06	02	01	01	11	
2	07	01	012	01	Iraq Contribution in Arab League Fund	2	06	02	01	01	12	
2	07	01	013	01	Arab Union for Organizations Working on Deaf Care	2	06	02	01	01	13	
2	07	01	014	01	Arab Group for Accounting and Supervision	2	06	02	01	01	14	
2	07	01	015	01	Arab Union for International Conferences and Fairs	2	06	02	01	01	15	
2	07	01	016	01	Arab Union for Fish Production	2	06	02	01	01	16	
2	07	01	017	01	Arab Center for Dry Lands Studies	2	06	02	01	01	17	
2	07	01	018	01	Arab Environment Ministers Board	2	06	02	01	01	18	
2	07	01	019	01	Arab Board for Atomic Energy	2	06	02	01	01	19	
2	07	01	020	01	Regional Center for Radiated Reciprocals in Tunisia	2	06	02	01	01	20	
2	07	01	021	01	Council of Arab Interior Ministers	2	06	02	01	01	21	
2	07	01	022	01	Arab Union of Physical Education and Sport	2	06	02	01	01	22	
2	07	01	023	01	Arabian Organization for Administrative Development	2	06	02	01	01	23	
2	07	01	024	01	Arabian Parliamentary Union	2	06	02	01	01	24	
2	07	01	025	01	Association of the Arabian Social & Economic Institutions & Centers	2	06	02	01	01	25	
2	07	01	026	01	Arabian Institution for Planning/Kuwait	2	06	02	01	01	26	
2	07	01	027	01	Arabian Organization for Education and Culture & Science	2	06	02	01	01	27	
2	07	01	028	01	Administration of Environment, Housing, & Continuing Development/Arab League General Secretary	2	06	02	01	01	28	
2	07	01	029	01	Arabian Organization for Industrial Development & Mining	2	06	02	01	01	29	
2	07	01	030	01	Arab Council for Medical Specializations	2	06	02	01	01	30	
2	07	01	031	01	Arabian Fund for Health Development	2	06	02	01	01	31	
2	07	01	032	01	Arabian Union for Electricity Producers, Transferers, & Distributors	2	06	02	01	01	32	

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Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	07	01	033	01	Council of Reconstruction & Housing Arabian Ministers	2	06	02	01	01	33	
2	07	01	034	01	Arabian Scientific Research Councils Union	2	06	02	01	01	34	
2	07	01	035	01	Arabian Universities Union	2	06	02	01	01	35	
2	07	01	036	01	Arabian Engineering Colleges Deans Association	2	06	02	01	01	36	
2	07	01	037	01	Arabian Sport Union	2	06	02	01	01	37	
2	07	01	038	01	Arabian Medicine Colleges Association	2	06	02	01	01	38	
2	07	01	039	01	Arabian Veterinary Medicine Colleges Association	2	06	02	01	01	39	
2	07	01	040	01	Arabian Colleges of Arts Deans Union	2	06	02	01	01	40	
2	07	01	041	01	Arabian Universities Union for Pharmacy College	2	06	02	01	01	41	
2	07	01	042	01	Arabian Association – Sport Education Institutions, Departments, & Colleges	2	06	02	01	01	42	
2	07	01	043	01	Arabian Council for Training Arabian Universities Students	2	06	02	01	01	43	
2	07	01	044	01	Arabian Agricultural Colleges Association	2	06	02	01	01	44	
2	07	01	045	01	Arabian Education Colleges Association	2	06	02	01	01	45	
2	07	01	046	01	Arabian Law Colleges Association	2	06	02	01	01	46	
2	07	01	047	01	Arabian Dental Colleges Association	2	06	02	01	01	47	
2	07	01	048	01	General Association for Arabian Information & Computer Colleges	2	06	02	01	01	48	
2	07	01	049	01	Transport Arabian Union	2	06	02	01	01	49	
2	07	01	050	01	Arabian Maritime Harbors Union	2	06	02	01	01	50	
2	07	01	051	01	Arabian Academy for Maritime Transport	2	06	02	01	01	51	
2	07	01	052	01	Arabian Union for the Railways	2	06	02	01	01	52	
2	07	01	053	01	Technical Secretariat for the Council of Social Affairs Ministers	2	06	02	01	01	53	
					<i>International Contributions</i>	2	06	02	01	02		
2	07	02	001	01	Contribution in United Nations Budget	2	06	02	01	02	01	
2	07	02	002	01	UNISCO	2	06	02	01	02	02	
2	07	02	003	01	International Organization for Tourism	2	06	02	01	02	03	
2	07	02	004	01	UNFAO	2	06	02	01	02	04	
2	07	02	005	01	Contribution in Grasshopper Struggle Board	2	06	02	01	02	05	
2	07	02	006	01	International Organization for Irrigation	2	06	02	01	02	06	
2	07	02	007	01	International Organization for High Dams	2	06	02	01	02	07	

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2	07	02	008	01	OPEC	2	06	02	01	02	08	
2	07	02	009	01	International Organization for Seeds Check	2	06	02	01	02	09	
2	07	02	010	01	Baghdad Office for UNFAO	2	06	02	01	02	10	
2	07	02	011	01	International Organization for Accounting and Supervision	2	06	02	01	02	11	
2	07	02	012	01	Arab and Islamic Capitals Organization	2	06	02	01	02	12	
2	07	02	013	01	International Civil Airlines Organization	2	06	02	01	02	13	
2	07	02	014	01	Contribution – Agricultural Research Union Budget in North Africa and Low East	2	06	02	01	02	14	
2	07	02	015	01	Desert Grasshopper Struggle Committee	2	06	02	01	02	15	
2	07	02	016	01	Regional Center for Suburban Development in Low East	2	06	02	01	02	16	
2	07	02	017	01	British White Sugar Organization	2	06	02	01	02	17	
2	07	02	018	01	International Fairs Union	2	06	02	01	02	18	
2	07	02	019	01	International Trade Organization	2	06	02	01	02	19	
2	07	02	020	01	International Bureau for Epidemic	2	06	02	01	02	20	
2	07	02	021	01	International Scout Organization	2	06	02	01	02	21	
2	07	02	022	01	UN Fund for Environment Programme	2	06	02	01	02	22	
2	07	02	023	01	Islamic Network for Water Resources Development	2	06	02	01	02	23	
2	07	02	024	01	Contribution – International Association Magazine for Air Survey	2	06	02	01	02	24	
2	07	02	025	01	International Agency for Atomic Energy Organization	2	06	02	01	02	25	
2	07	02	026	01	Biological Weapons Treaty	2	06	02	01	02	26	
2	07	02	027	01	Synergy Fund for Islamic Capitals and Cities	2	06	02	01	02	27	
2	07	02	028	01	United Cities Organization	2	06	02	01	02	28	
2	07	02	029	01	Contribution in Islamic Conferences	2	06	02	01	02	29	
2	07	02	030	01	UN Agreement for Seas Law	2	06	02	01	02	30	
2	07	02	031	01	International Union for Cord and Cordless Communications	2	06	02	01	02	31	
2	07	02	032	01	Navy Environment Protection Organization	2	06	02	01	02	32	
2	07	02	033	01	OPEC Fund	2	06	02	01	02	33	
2	07	02	034	01	World Health Organization	2	06	02	01	02	34	
2	07	02	035	01	ISO	2	06	02	01	02	35	
2	07	02	036	01	Asian Organization for Supreme Audit Institutions	2	06	02	01	02	36	

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Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	07	02	037	01	World Intellectual Property Organization (WIPO)	2	06	02	01	02	37	
2	07	02	038	01	Contribution in the Statistical Researches Center/Ankara (Turkey)	2	06	02	01	02	38	
2	07	02	039	01	International Electrotechnical Commission (IEG)	2	06	02	01	02	39	
2	07	02	040	01	International Sugar Organization/Britain	2	06	02	01	02	40	
2	07	02	041	01	The Common Fund for Goods	2	06	02	01	02	41	
2	07	02	042	01	Islamic Center for Trade Development	2	06	02	01	02	42	
2	07	02	043	01	Multilateral Investment Guarantee Agency (MIGA)	2	06	02	01	02	43	
2	07	02	044	01	Islamic Foundation to Assure Investment & Trust In Exports	2	06	02	01	02	44	
2	07	02	045	01	International Customs Organization	2	06	02	01	02	45	
2	07	02	046	01	International Fund for Agricultural Development (IFAD)	2	06	02	01	02	46	
2	07	02	047	01	Islamic Organization for Education, Culture, & Science	2	06	02	01	02	47	
2	07	02	048	01	American Society of Air Survey	2	06	02	01	02	48	
2	07	02	049	01	United Nations for Industrial Development	2	06	02	01	02	49	
2	07	02	050	01	International Atomic Energy Agency/Technical Cooperative Projects	2	06	02	01	02	50	
2	07	02	051	01	Treaty Making Middle East Area a Zone Free From Weapons of Mass Destruction	2	06	02	01	02	51	
2	07	02	052	01	Chemical Weapons Treaty	2	06	02	01	02	52	
2	07	02	053	01	International Postal Union	2	06	02	01	02	53	
2	07	02	054	01	Naif University for Security Sciences	2	06	02	01	02	54	
2	07	02	055	01	International Criminal Police Organization	2	06	02	01	02	55	
2	07	02	056	01	International Organization for Civilian Protection	2	06	02	01	02	56	
2	07	02	057	01	American Society for Material Testing	2	06	02	01	02	57	
2	07	02	058	01	International Roads Union	2	06	02	01	02	58	
2	07	02	059	01	American Concrete Institution	2	06	02	01	02	59	
2	07	02	060	01	Islamic World Universities Union	2	06	02	01	02	60	
2	07	02	061	01	International Center of Studies for Safekeeping Cultural Properties	2	06	02	01	02	61	
2	07	02	062	01	International Committee for Guarding International Cultural & Natural Legacies	2	06	02	01	02	62	
2	07	02	063	01	International Weather Organization	2	06	02	01	02	63	
2	07	02	064	01	International Labor Organization	2	06	02	01	02	64	

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2	07	02	065	01	International Universities Union	2	06	02	01	02	65	
					Capital	2	06	02	02			2622
					Grants to General Government Units	2	06	03				263
					Current	2	06	03	01			2631
					Baghdad Governorate Board	2	06	03	01	01		
2	06	07	001	01	Salaries	2	06	03	01	01	01	
2	06	07	002	01	Operating Expenditures	2	06	03	01	01	02	
					Local Boards (Regional)	2	06	03	01	02		
2	06	07	003	01	Salaries	2	06	03	01	02	01	
2	06	07	004	01	Operating Expenditures	2	06	03	01	02	02	
					Culture	2	06	03	01	03		
2	06	08	011	01	Tourist Board/Salaries	2	06	03	01	03	01	
2	06	08	012	01	Tourist Board/Operating Expenditures	2	06	03	01	03	02	
2	06	08	013	01	General Cultural Affairs Office/Salaries	2	06	03	01	03	03	
2	06	08	014	01	General Cultural Affairs Office/Operating Expenditures	2	06	03	01	03	04	
2	06	08	015	01	Cinema and Theatre Office/Salaries	2	06	03	01	03	05	
2	06	08	016	01	Cinema and Theatre Office/Operating Expenditures	2	06	03	01	03	06	
2	06	08	017	01	Plastic Arts Office/Salaries	2	06	03	01	03	07	
2	06	08	018	01	Plastic Arts Office/Operating Expenditures	2	06	03	01	03	08	
					Iraqi Media Network	2	06	03	01	04		
2	06	08	022	01	Salaries	2	06	03	01	04	01	
2	06	08	023	01	Operating Expenses	2	06	03	01	04	02	
2	06	09	001	01	Iraqi National Olympic Committee Expenditures	2	06	03	01	05		
					Salaries	2	06	03	01	05	01	
					Operating Expenses	2	06	03	01	05	02	
2	06	09	003	01	Cultural and Scientific Organizations Grants	2	06	03	01	06		
					Scientific Organizations	2	06	03	01	06	01	
					Cultural Organizations	2	06	03	01	06	02	
					Other Organizations	2	06	03	01	06	03	

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2	06	20	001	01	Scientific Complex	2	06	03	01	07		
					Salaries	2	06	03	01	07	01	
					Operating Expenses	2	06	03	01	07	02	
2	06	21	001	01	Bait-Al-Hikma	2	06	03	01	08		
					Salaries	2	06	03	01	08	01	
					Operating Expenses	2	06	03	01	08	02	
					Amanat Baghdad	2	06	03	01	09		
2	06	33	001	01	Salaries	2	06	03	01	09	01	
2	06	33	002	01	Operating Expenditures	2	06	03	01	09	02	
					Municipality Institutions	2	06	03	01	10		
2	06	33	003	01	Salaries	2	06	03	01	10	01	
2	06	33	004	01	Operating Expenditures	2	06	03	01	10	02	
					General Directorate of Sewerage	2	06	03	01	11		
2	06	33	005	01	Salaries	2	06	03	01	11	01	
2	06	33	006	01	Operating Expenditures	2	06	03	01	11	02	
					General Directorate of Water	2	06	03	01	12		
2	06	33	007	01	Salaries	2	06	03	01	12	01	
2	06	33	008	01	Operating Expenditures	2	06	03	01	12	02	
					Capital	2	06	03	02			
					Commissions & State Enterprise Start Capital	2	06	03	02	01		
2	06	31	001	01	Commissions & State Enterprise Start Capital	2	06	03	02	01	01	
					Investment Projects for Amanat Baghdad	2	06	03	02	02		
					Investment Projects for Amanat Baghdad	2	06	03	02	02	01	
					Investment Projects for Central Bank of Iraq	2	06	03	02	03		
					Investment Projects for Central Bank of Iraq	2	06	03	02	03	01	
					Investment Projects for Iraqi National Olympic Committee	2	06	03	02	04		
					Investment Projects for Iraqi National Olympic Committee	2	06	03	02	04	01	
					Social Benefits	2	07					27
					Social Assistance Benefits	2	07	02				272

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Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
					Cash	2	07	02	01			2721
					Donations and Subsidies	2	07	02	01	01		
2	06	10	001	01	<b>Donations and Subsidies</b>	2	07	02	01	01	01	
					War Victims Compensation Fund	2	07	02	01	02		
2	06	32	001	01	<b>War Victims Compensation Fund</b>	2	07	02	01	02	01	
					Social Safety Net	2	07	02	01	03		
2	06	42	001	01	<b>Social safety Net</b>	2	07	02	01	03	01	
					Social Security Stipends	2	07	02	01	04		
2	09	04	001	01	<b>Social Security Stipends</b>	2	07	02	01	04	01	
					Stipends to Demobilized Military	2	07	02	01	05		
2	09	05	001	01	<b>Stipends to Demobilized Military</b>	2	07	02	01	05	01	
					In Kind	2	07	02	02			2722
					Public Distribution System	2	07	02	02	01		
2	06	01	001	01	<b>Public Distribution System</b>	2	07	02	02	01	01	
					Social Aid & Assistance for Immigrants	2	07	02	02	02		
2	06	22	001	01	<b>Social Aid &amp; Assistance for Immigrants</b>	2	07	02	02	02	01	
					Other Expenditures	2	08					28
					Property Expense Other Than Interest	2	08	01				281
					Rent of Nonproduced Assets	2	08	01	04			2814
					Rent of Nonproduced Assets	2	08	01	04	01		
2	02	05	001	01	<b>Land Rent</b>	2	08	01	04	01	01	
					Miscellaneous Other Expenditure	2	08	02				282
					Current	2	08	02	01			2821
					Nonpersonnel Awards	2	08	02	01	01		
2	02	20	001	01	<b>Rewards</b>	2	08	02	01	01	01	
2	02	20	002	01	<b>Cooperators and Informer Rewards</b>	2	08	02	01	01	02	
2	02	20	003	01	<b>Medals</b>	2	08	02	01	01	03	
					Student Allowances and Scholarships	2	08	02	01	02		

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2	02	10	001	01	Student Allowances	2	08	02	01	02	01	
2	02	38	001	01	Student Scholarships	2	08	02	01	02	02	
					<i>Non-life Insurance</i>	2	08	02	01	03		
2	02	07	001	01	Personal Responsibility Insurance	2	08	02	01	03	01	
2	02	07	002	01	Fixed Assets Insurance	2	08	02	01	03	02	
					<i>Compensation &amp; Penalties</i>	2	08	02	01	04		
2	07	07	001	01	Kuwait War Reparations	2	08	02	01	04	01	
2	06	28	001	01	Victims Compensation	2	08	02	01	04	02	
2	06	28	002	01	Other Compensation	2	08	02	01	04	03	
					<i>Fees and Taxes</i>	2	08	02	01	05		
2	06	30	001	01	Judiciary Fees	2	08	02	01	05	01	
2	06	30	002	01	Taxes	2	08	02	01	05	02	
					<i>Other Expenditures</i>	2	08	02	01	06		
2	06	26	001	01	Refunds of Fees and Charges	2	08	02	01	06	01	
2	06	26	002	01	Other Refunds	2	08	02	01	06	02	
2	06	09	002	01	Charitable Organizations Grants	2	08	02	01	06	03	
2	06	09	004	01	Other Grants & Transfers	2	08	02	01	06	04	
2	02	36	001	01	Scouts Activities	2	08	02	01	06	05	
2	06	06	001	01	Contingency Reserve	2	08	02	01	06	06	
2	06	29	001	01	Currency Exchange Losses	2	08	02	01	06	07	
2	02	24	001	01	Sell Commission of Financial Stamps	2	08	02	01	06	08	
2	06	27	001	01	Written-off Debts	2	08	02	01	06	09	
2	02	11	001	01	Sports Activities	2	08	02	01	06	10	
2	02	11	002	01	School Activiies	2	08	02	01	06	11	
2	06	38	001	01	Cash Settlement/Minor Debts/Foreign Private Sector	2	08	02	01	06	12	
					<i>Nonfinancial Assets</i>	31						
					<i>Purchase of Nonfinancial Assets</i>	31	01					31
					<i>Fixed Assets</i>	31	01	01				311

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					<i>Buildings &amp; Structures</i>	31	01	01	01			3111
					<i>Dwellings</i>	31	01	01	01	01		31111
2	05	06	001	01	<b>Dwellings – Residential Buildings</b>	31	01	01	01	01	01	
					<i>Nonresidential Buildings</i>	31	01	01	01	02		31112
2	05	06	002	01	<b>Nonresidential Buildings</b>	31	01	01	01	02	01	
					<i>Other Structures</i>	31	01	01	01	03		31113
2	05	15	001	01	<b>Security Barriers</b>	31	01	01	01	03	01	
2	05	14	001	01	<b>Mines and Wells</b>	31	01	01	01	03	02	
					<i>Machinery, Equipment</i>	31	01	01	02			3112
					<i>Transport Equipment</i>	31	01	01	02	01		31121
2	05	02	001	01	<b>Motor Vehicles</b>	31	01	01	02	01	01	
2	05	02	002	01	<b>Trucks</b>	31	01	01	02	01	02	
2	05	02	003	01	<b>Work Vehicles</b>	31	01	01	02	01	03	
2	05	02	004	01	<b>Buses</b>	31	01	01	02	01	04	
2	05	02	005	01	<b>Special Purpose Vehicles</b>	31	01	01	02	01	05	
2	05	03	001	01	<b>Ships</b>	31	01	01	02	01	06	
2	05	03	002	01	<b>Boats</b>	31	01	01	02	01	07	
2	05	03	003	01	<b>Trains</b>	31	01	01	02	01	08	
2	05	03	004	01	<b>Jeeps &amp; All-Terrain Vehicles</b>	31	01	01	02	01	09	
2	05	03	005	01	<b>Airplanes</b>	31	01	01	02	01	10	
2	05	03	006	01	<b>Bicycle &amp; Motorcycles</b>	31	01	01	02	01	11	
					<i>Other Machinery, Equipment, and Furniture</i>	31	01	01	02	02		31122
2	05	01	001	01	<b>Wooden Furniture</b>	31	01	01	02	02	01	
2	05	01	002	01	<b>Metal Furniture</b>	31	01	01	02	02	02	
2	05	01	003	01	<b>Other Furniture</b>	31	01	01	02	02	03	
2	05	04	001	01	<b>Machines</b>	31	01	01	02	02	04	
2	05	04	002	01	<b>Devices</b>	31	01	01	02	02	05	
2	05	04	005	01	<b>Photocopiers</b>	31	01	01	02	02	06	
2	05	04	007	01	<b>Telecommunication Devices</b>	31	01	01	02	02	07	

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2	05	04	008	01	Computers	31	01	01	02	02	08	
2	05	04	009	01	Other Major Devices	31	01	01	02	02	09	
2	05	09	001	01	Police Weapons & Ammunition	31	01	01	02	02	10	
2	05	10	001	01	Theater Requirements	31	01	01	02	02	11	
2	05	10	002	01	Musical Instruments	31	01	01	02	02	12	
2	05	12	001	01	Other Security Equipment	31	01	01	02	02	13	
					Other Fixed Assets	31	01	01	03			3113
					Cultivated Assets	31	01	01	03	01		31131
2	05	11	001	01	Animals	31	01	01	03	01	01	
					Nonproduced Assets	31	01	02				314
					Nonproduced Assets	31	01	02	01			
					Nonproduced Assets	31	01	02	01	01		
2	05	05	001	01	Land	31	01	02	01	01	01	3141
					Sales of Nonfinancial Assets	31	02					31
					Fixed Assets	31	02	01				311
					Buildings & Structures	31	02	01	01			3111
					Dwellings	31	02	01	01	01		31111
2	05	06	001	01	Dwellings – Residential Buildings	31	02	01	01	01	01	
					Nonresidential Buildings	31	02	01	01	02		31112
2	05	06	002	01	Nonresidential Buildings	31	02	01	01	02	01	
					Other Structures	31	02	01	01	03		31113
2	05	15	001	01	Security Barriers	31	02	01	01	03	01	
2	05	14	001	01	Mines and Wells	31	02	01	01	03	02	
					Machinery, Equipment	31	02	01	02			3112
					Transport Equipment	31	02	01	02	01		31121
2	05	02	001	01	Motor Vehicles	31	02	01	02	01	01	
2	05	02	002	01	Trucks	31	02	01	02	01	02	
2	05	02	003	01	Work Vehicles	31	02	01	02	01	03	

2006 COA Coding					GFS Compatible 2007 Expenditure and Nonfinancial Assets COA	New 2007 COA Coding					[MOF use only]	
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding
2	05	02	004	01	Buses	31	02	01	02	01	04	
2	05	02	005	01	Special Purpose Vehicles	31	02	01	02	01	05	
2	05	03	001	01	Ships	31	02	01	02	01	06	
2	05	03	002	01	Boats	31	02	01	02	01	07	
2	05	03	003	01	Trains	31	02	01	02	01	08	
2	05	03	004	01	Jeeps & All-Terrain Vehicles	31	02	01	02	01	09	
2	05	03	005	01	Airplanes	31	02	01	02	01	10	
2	05	03	006	01	Bicycle & Motorcycles	31	02	01	02	01	11	
					<i>Other Machinery, Equipment, and Furniture</i>	31	02	01	02	02		31122
2	05	01	001	01	Wooden Furniture	31	02	01	02	02	01	
2	05	01	002	01	Metal Furniture	31	02	01	02	02	02	
2	05	01	003	01	Other Furniture	31	02	01	02	02	03	
2	05	04	001	01	Machines	31	02	01	02	02	04	
2	05	04	002	01	Devices	31	02	01	02	02	05	
2	05	04	005	01	Photocopiers	31	02	01	02	02	06	
2	05	04	007	01	Telecommunication Devices	31	02	01	02	02	07	
2	05	04	008	01	Computers	31	02	01	02	02	08	
2	05	04	009	01	Other Major Devices	31	02	01	02	02	09	
2	05	09	001	01	Police Weapons & Ammunition	31	02	01	02	02	10	
2	05	10	001	01	Theater Requirements	31	02	01	02	02	11	
2	05	10	002	01	Musical Instruments	31	02	01	02	02	12	
2	05	12	001	01	Other Security Equipment	31	02	01	02	02	13	
					<i>Other Fixed Assets</i>	31	02	01	03			3113
					<i>Cultivated Assets</i>	31	02	01	03	01		31131
2	05	11	001	01	Animals	31	02	01	03	01	01	
					<i>Nonproduced Assets</i>	31	02	02				314
					<i>Nonproduced Assets</i>	31	02	02	01			
					<i>Nonproduced Assets</i>	31	02	02	01	01		
2	05	05	001	01	Land	31	02	02	01	01	01	3141

