

International Advisory and Monitoring Board

Minutes of the meeting held at the Intercontinental Hotel in Amman, Jordan on January 31, 2010.

The following members of the IAMB were present:

Arab Fund for Economic and Social Development: Dr. Khalifa Ali Dau, Senior Financial Advisor

International Monetary Fund: Mr. Chris Hemus, Assistant Director, Finance Department

Government of Iraq: Mr. Adel Al Hasson, Representative to IAMB and expert in COFE

United Nations: Mr. Jun Yamazaki, Assistant Secretary-General, Controller

Also in attendance were the following:

International Monetary Fund:

Ms. Mary Hoare, Officer, IMF Finance Department

United Nations:

Mr. Jayantilal M. Karia, Alternate Member

Mr. Genc Osmani, Financial Management Officer

World Bank:

Ms. Caroline Harper, Lead Operations Officer

Government of Iraq:

Mr. Ezzuldin Mohammed Al Bahrani, Alternate Member

Committee of Financial Experts (COFE):

Dr. Abdul Basit Turkey Saed, President of the Board of Supreme Audit and Head of COFE

Mr. Aras Mohammed Saeed

Ms. Ghaida'a Al- Qadi

Ms. Layla Mohsin Al Asadi

Mr. Naeem Touma Khudhair

Mr. Moudhar Kurdi

Mr. Khalid Al Ameri

1. The meeting was chaired by the host, the Government of Iraq.
2. The agenda for the meeting was unanimously adopted.

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Security Council Resolution 1905 (2009)

3. The IAMB noted that the Security Council through UNSCR 1905 (2009) further extended the mandate of the IAMB through December 2010. UNSCR 1905 recognized the need for Iraq during 2010 to transition to successor arrangements for the DFI and the IAMB, and requested the Government of Iraq through the head of the Committee of Financial Experts (COFE) to report quarterly to the Security Council on the progress.
4. The Board was informed that COFE sent a letter to the Ministry of Finance expressing concerns that potential loan disbursements from the international financial institutions might be deposited into the DFI.
5. The Iraqi representatives briefed the IAMB on their action plan to implement successor arrangements during 2010 noting that the discussions on the successor arrangements are still ongoing.
6. Pursuant to UNSCR 1905 (2009) the Representative of the UN Secretary-General will report to the UN Security Council on a quarterly basis during 2010, including an assessment of the Government of Iraq's progress in preparing for the successor arrangements for the Development Fund, with the first report no later than 1 April 2010. The Head of COFE confirmed that the report of the Government of Iraq on the successor arrangements, including the proposed timeline, will be provided to the IAMB by mid-March 2010.
7. The Board discussed the actions needed to coordinate the respective reports of the head of COFE and the UN Secretary-General.

IAMB Work Program and Terms of Reference

8. In light of the further extension of its mandate, the IAMB discussed its work program for 2010 and revisited its terms of reference, first formulated in 2003. The updated terms of reference will be posted on the IAMB website (www.iamb.info).

Report of the Committee of Financial Experts (COFE)

9. Since its inception in 2006 COFE has been working closely with the IAMB and attending all its meetings. The IAMB and COFE will continue to work closely together during 2010 and fully coordinate their work.
10. COFE meets monthly and, in conjunction with the Board of Supreme Audit (BSA), performs much of the detailed follow-up and investigation of recommendations contained in the IAMB commissioned independent audit reports. The representatives of the Government of Iraq, the COFE and the BSA reported on further actions taken by the government to follow-up on outstanding audit recommendations. The BSA report will be translated and posted on COFE website (www.cofe-iq.net). COFE will post quarterly updates on actions taken on audit recommendations on its website as well.

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11. The IAMB was briefed on COFE meetings and issues discussed since the last IAMB meeting in December 2009. It was noted that all COFE meeting minutes have been published on COFE website. In addition, the COFE action plan for 2010 will be posted on the IAMB website
12. COFE informed the IAMB that summaries of DFI inflows and outflows for the months of September through December 2009 were still not posted on its website due to the August and December 2009 bombings of the Ministry of Finance.
13. COFE updated the IAMB on progress on the 2009 audit of the DFI. The audit is well underway and the external auditor, KPMG, expects to issue a comprehensive summary and brief the IAMB when it meets in late April 2010.
14. COFE briefed the IAMB on the proposed evaluation process to select an external audit firm to conduct the 2010 audit of the resources and disbursements of the DFI. COFE will provide the proposed scope of work for the 2010 audit, together with the draft request for proposal documents, to the IAMB for review and approval in the coming weeks.
15. The IAMB will coordinate with COFE to review the 2009 audit and the arrangements for the 2010 audit, including an interim audit to June 30, 2010.

Other Matters

16. The Board discussed the letter the UN Representative received from the UNCC regarding the participation of UNCC in future IAMB meetings where successor arrangements for the IAMB and the DFI will be discussed. It was recalled that the UNCC participation in IAMB meetings was discussed at the May 2008 IAMB meeting held in Kuwait City. At that time, it was agreed that given other means for UNCC to obtain updated information with respect to the work of the IAMB, there was no need for the IAMB to invite a representative from UNCC to its meetings. The May 2008 Board's decision is reflected in the minutes of the meeting posted on the IAMB website and in September 2008 UNCC was informed by the UN Representative accordingly of the decision. The Board confirmed its May 2008 decision and agreed that the Representative of the UN would write to the UNCC accordingly.
17. The Board discussed a newspaper article published by an Iraqi news agency relating to the establishment of the new ministerial committee tasked to set up a mechanism to succeed the DFI and into which proceeds from Iraqi oil export sales would be deposited after the end of the DFI by the end of 2010. The IAMB was informed that the President of BSA attends the meetings of the new ministerial committee which is headed by the deputy premier and the recommendations of the Committee will be presented to the Cabinet in February 2010.
18. The IAMB discussed audit findings related to SOMO deposits made to a Jordanian bank.

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19. The next meeting of the IAMB has been tentatively scheduled for late April 2010.

Press Release

20. The members agreed to issue a press release highlighting the results of this meeting and to post the press release on the IAMB website.

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