

International Advisory and Monitoring Board

Minutes of the meeting held at the IMF Headquarters in Washington DC on December 16, 2009.

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

World Bank: Mr. Fayezul Choudhury, Vice-President and Controller.

Also in attendance were the following:

International Monetary Fund:

Ms. Mary Hoare, Officer, IMF Finance Department

United Nations:

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, the Board of Supreme Audit (BSA) and head of COFE

Mr. Aras Mohammed Saeed,

Ms. Ghaida'a Al- Qadi,

Ms. Layla Mohsin Al Asadi

Mr. Naeem Touma Khudhair

Mrs. Lamy'a Sheet Iskandar

1. The meeting was chaired by the host, Mr. Chris Hemus.
2. The agenda for the meeting was unanimously adopted.

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DFI and Spending Ministries Audit Update

3. The IAMB reviewed draft interim Statements of Cash Receipts and Payments for the DFI and the Oil Proceeds Receipts Account, and was briefed by KPMG on the results of their interim work for the period from January 1, 2009 to June 30, 2009. The interim review reiterates earlier findings about reporting of revenues in the DFI Statement of Cash Receipts and Payments. A summary of the results of the KPMG interim review is available on the IAMB website (www.iamb.info) and the COFE website (www.cofe-iq.net).
4. The draft interim financial Statements have not yet been approved by the Minister of Finance. Once the approval is obtained, the report will be posted on the IAMB and the COFE websites.
5. KPMG informed the IAMB that it is facing some delays at the Ministry of Finance due to the bombings of August 19, 2009. In addition, KPMG anticipates delays at the Ministry of Justice and Foreign Affairs due to the damage these ministries sustained at the time of the bombings.
6. The IAMB noted that net proceeds deposited as at 30 June 2009 were lower compared to the same period in 2008. In its summary of the interim results, KPMG provided a detailed analysis on the decrease in the net proceeds.
7. The IAMB expressed concerns that at the time of the meeting the audited financial statement of the Oil Proceeds Receipts Account (OPRA) for the period from January 1, 2008 to December 31, 2008 was still pending. KPMG informed the IAMB that they will provide the final report in the next week or so. The OPRA audited financial statement will also be posted on the IAMB website.

Report of the Committee of Financial Experts (COFE)

8. COFE updated the IAMB on progress on developing a time-bound action plan, reported to the Council of Ministers, to implement a comprehensive oil measuring system. COFE followed up with the Ministry of Oil on their earlier plan to complete a fully operational oil metering system and having it fully operational in 2009. COFE has now received a revised detailed plan from the Ministry of Oil, with the oil metering system scheduled to become fully operational by the end of 2011, except for one company that will be completed by 2012.
9. In addition, COFE updated the IAMB on progress to date and the detailed quarterly plans going forward to achieve the 2011 goal. COFE noted that of the total 5,055 meters planned, only 1,624 (about 32%) had been installed to date.
10. The IAMB welcomed the detailed update from COFE and strongly urged full implementation of the action plan through end 2011, as envisaged by the Government of Iraq.

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11. The representatives of the Government of Iraq, the COFE and the Iraqi Board of Supreme Audit (BSA) reported on actions taken to follow-up on outstanding audit recommendations. The IAMB welcomed the follow-up report on the 2008 audit recommendations, including responses from ministries.
12. The IAMB was briefed by COFE on actions taken to enhance the transparency and accountability of the DFI. The COFE briefing of this meeting is published on the IAMB and COFE websites. COFE is receiving full support from the Council of Ministers and there have been more positive responses of late to COFE enquiries of ministries. COFE has continued to meet on a regular basis, although not all meeting minutes have been published on its website. COFE will ensure that all meeting minutes are published in time on its website.
13. With regard to the follow up to recommendations of the IAMB at its last meeting, the IAMB welcomed the publication by COFE of one page summaries of DFI inflows and outflows for the months January through August 2009 on its website and encouraged COFE to expand these summaries to include explanatory notes. The IAMB also welcomed an update report from COFE and reiterated its call for reports every two months on progress on a range of matters.
14. COFE updated the IAMB on its efforts to support the necessary steps for the early passing through parliament of laws concerning organization structures and regulations regarding job descriptions and internal control systems.

Other Matters

15. The IAMB discussed the call for using DFI to hold lending disbursement from the international financial institutions (including the IMF and the World Bank).
16. The sense of the Board was that such deposits might cause conflict of interest for some IAMB members. In addition, both COFE and BSA considered that loan deposits from the international institutions into the DFI would clearly present conflict of interest since the heads of both the IMF and World Bank are represented on the IAMB and the IAMB oversees the use of resources of the DFI.
17. The IAMB's mandate is due to expire at the end of December 2009. If the IAMB mandate is not extended beyond December 31, 2009, the IAMB agreed to meet in early January to hold a press briefing on its work since 2003. If the IAMB's mandate is renewed, the IAMB will need to revisit its terms of reference, first formulated in 2003, in light of current circumstances. In the mandate is extended, the IAMB tentatively agreed to meet in late January 2010.

18. Press Release

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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