Development Fund for Iraq Project Progress Presentation 6 January 2011 Geneva- Switzerland

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Agenda

Scope of Work and Deliverables Key Observations and Issues Project Overall Progress

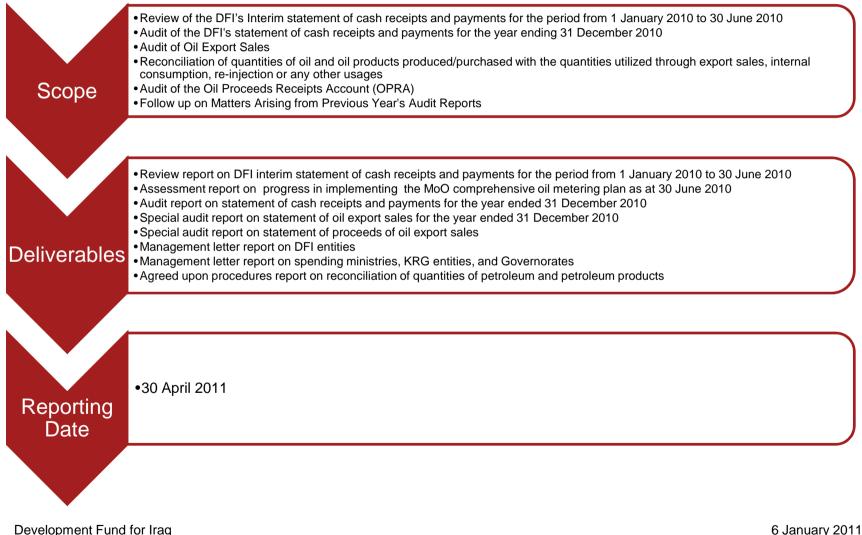
Scope of Work and Deliverables



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Scope of Work and Deliverables

PwC





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United Nation Security Council Resolution

On 15 December 2010, the UNSC has resolved to terminate, on 30 June 2011, the arrangements established in resolution 1483 (2003) for depositing into the Development Fund for Iraq proceeds from export sales of petroleum, petroleum products and natural gas and decided that this is the final extension of the DFI. The UNSC has directed the transfer of the full proceeds from the DFI to the Government of Iraq's successor arrangements account or accounts no later than 30 June 2011.

Frozen Funds

In accordance with the provisions of UNSCR 1483, all frozen funds, other financial assets and economic resources in foreign countries and similar shall be transferred to the DFI. DFI does not maintain a complete records of all frozen assets which it is entitled to receive. Accordingly, completeness of those assets is not assured.

Oil Meters

DFI receipts are predominantly from the export sales of petroleum. The IAMB recommended the installation of a comprehensive oil metering system in Iraq and in accordance with standard oil industry practices. While the Iraqi Government supports oil metering, progress has been slow. Exported oil is invoiced based on loaded quantities and proceeds are fully deposited in the OPRA account in accordance with the provisions of UNSCR resolutions. While loaded quantities can be verified, quantities extracted and pumped to export terminals and for internal use can not be verified due to the absence of an overall comprehensive system of controls over petroleum in Iraq.

Follow up on Metering Report

We have met with the Ministry of Oil Technical Department / Metering Division and discussed our assessment report issued on the Comprehensive Oil Metering Plan.

Project Overall Progress



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Project Overall Progress

Interim Financial Statements

Final Draft of 30 June 2010 Interim Financial Statements is submitted to the MoF for review and approval.

Year End Audit

Audit work over the DFI Financial Statement has commenced. Some of our audit procedures have been completed up to November 2010, these specifically are related to CBI and SOMO. Remaining audit procedures are in progress, we anticipate to complete audit field work during March 2011.

Project Overall Progress

Spending Ministries Visits

Work over spending ministries has commenced starting December 2010, we are in the process of updating pervious year Management Letter Points, we have also visited a number of Ministries including:

- Ministry of Oil and SOMO
- Ministry of Finance
- Ministry of Environment
- Central Bank of Iraq
- Ministry of Trade

Work over the rest of the Ministries and Governorates is still in progress, our expectation is to complete field work over all spending Ministries, KRG and Governorates during March depending on the level of cooperation and availability of access to the related entities.



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Thank you...

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