

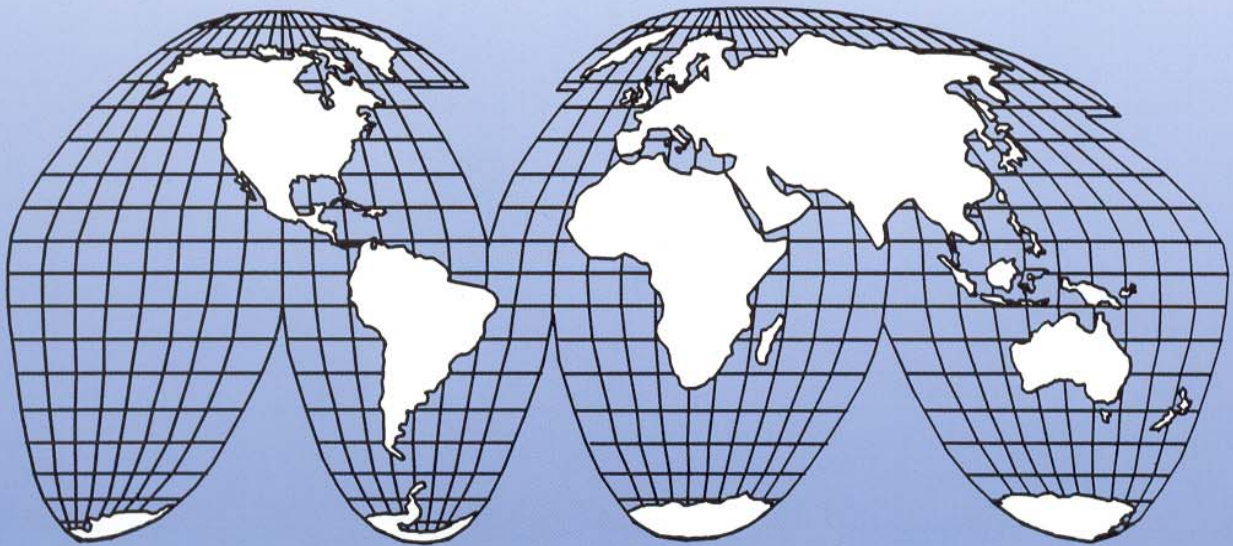
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Iraq's Economic Reform Program

Audit Report Number E-266-04-004-P

September 20, 2004



Baghdad, Iraq



September 20, 2004

MEMORANDUM

FOR: USAID/Iraq Mission Director, James E. Stephenson

FROM: Regional Inspector General, Baghdad, Christine M. Byrne /s/

SUBJECT: Audit of USAID/Iraq's Economic Reform Program
(Report No. E-266-04-004-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft report and have included them, excluding attachments, as Appendix II.

The report contains two recommendations for corrective action. In your written comments, you concurred with the recommendations and provided evidence of actions taken to address the auditors' concerns. Based upon the actions taken to address these concerns, we consider that a management decision has been reached and final action has been taken on both recommendations.

I want to express my sincere appreciation for the cooperation and courtesies extended to Office of Inspector General staff during this audit.

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Summary of Results

The Regional Inspector General in Baghdad, Iraq conducted this audit to determine whether USAID/Iraq's Economic Reform Program had achieved its intended outputs. (See page 6.)

The audit found that the Mission's program had partially achieved its intended outputs. Based on our review of documentation at the Mission and with the contractor, only 10 of the 38 planned activities were completed, while 6 were cancelled and the remaining 22 were still in progress as of May 31, 2004. (See Appendix III for a complete list of these activities.) Most of the activities had not yet been completed due to challenges beyond USAID/Iraq's control. These challenges included the unique management structure of the program and the difficult security environment under which USAID/Iraq and its implementing partner operated. (See page 6.)

However, two other issues were identified. Specifically, the Mission needs to: 1) improve its recordkeeping procedures for documenting actions, decisions and the status of activities; and 2) revise its contractor reporting requirements to allow the Mission to monitor progress under the contract more effectively. We made two recommendations to address these issues. (See pages 10 and 11.)

The Mission concurred with the two audit recommendations and provided evidence that it had instituted new documentation procedures and reporting requirements to address the auditors' concerns. Based on the Mission's response, we consider final action to have been taken on both recommendations.

Background

Since the 1980s, Iraq's economy has been in a state of despair due to wars and the United Nations' economic sanctions. During this post-war period, the Coalition Provisional Authority's¹ (CPA's) objectives have been to provide financial market structures, as well as fiscal and regulatory conditions that will promote sustainable economic growth, development of a private sector, creation of jobs and rising living standards for the Iraqi people.

In support of the CPA's policy objectives, USAID awarded a \$79.6 million cost-plus-fixed-fee, level of effort contract in July 2003 to Bearing Point, Inc. (Bearing Point) to provide economic reform for Iraq as well as to stimulate the country's international trade engagement, increase employment, and create broad-based

¹ The Coalition Provisional Authority (CPA) is the name of the temporary governing body which was designated by the United Nations as the lawful government of Iraq until such time as Iraq was politically and socially stable enough to assume its sovereignty. The CPA began operations following the overthrow of Saddam Hussein and his Baath Regime in April of 2003 and continued until the CPA was dissolved on June 28, 2004 when Iraq became a sovereign nation.

prosperity. The contract covered a one-year base period, but allows for two, one-year option periods. The total contract cost including the base period and two option periods is \$240 million. As of June 21, 2004, USAID/Iraq had cumulative obligations and disbursements totaling \$79.6 million and \$53.8 million, respectively.

The contract described the work to be performed and expected results within the following five broad sectors encompassing economic reform:

- Economic Governance
- Microeconomic Foundations for Growth
- Privatization
- Credit Activities
- Food for Oil

During the base year of the contract, USAID/Iraq issued 13 action memorandums, approved by the CPA, which authorized 38 activities to be carried out under the contract. All of these activities fell within the five sectors listed above.

Audit Objective USAID’s Office of Inspector General has developed an audit strategy to address performance and financial issues being faced by USAID during its implementation of reconstruction efforts in Iraq. The Regional Inspector General in Baghdad conducted this audit to answer the following objective:

Did USAID/Iraq’s Economic Reform Program achieve its intended outputs?

Appendix I contains a complete discussion of the audit scope and methodology.

Audit Findings As of May 31, 2004, USAID/Iraq’s Economic Reform Program partially achieved the intended outputs that were scheduled to be completed by the end of the contract.

Based on our review of the contractor’s performance reports and documentation on file at the Mission, only 10 of the 38 planned activities had been completed, while 6 were cancelled and the remaining 22 were still in process as of May 31, 2004. (See Appendix III for a complete list of these activities.) According to USAID staff, all but one of these activities—the implementation of a financial management information system (FMIS)—were originally expected to be completed by the end of the contract base period (July 17, 2004). On July 17, 2004, subsequent to our fieldwork, USAID issued a modification to the contract (Modification No. 6) authorizing an extension to September 30, 2004 in order to

allow the contractor additional time to complete the FMIS activity, as well as the 21 other remaining activities.

USAID/Iraq's achievements under the ten completed activities contributed to the CPA's economic objectives for laying a foundation for a free-market economy and resulted in the following:

- Drafting of 12 commercial laws.
- Creation of 77,000 jobs.
- Completion of an assessment of state-owned enterprises.
- Development of a budget planning process.
- Assistance in developing a presentation on Iraq's capital programming requirements for the 2003 Donors' Conference.
- Technical assistance in managing a currency exchange project.
- Development of an intergovernmental policy framework.
- Development of a regulatory framework for public utilities.
- Processing and administration of contracts for the Oil for Food Program.
- Development of a government-wide information technology strategy.

With regards to the activities that were still in process as of May 31, 2004, we concluded that the activities were delayed due to challenges caused by events and circumstances outside of USAID/Iraq's control.

One of the challenges was the limited control that USAID/Iraq had in managing this program. As a development agency, USAID often adopts a long-term perspective that focuses on building the host country's capacity and self sufficiency in order to promote self government. On the other hand, the CPA was more focused on addressing near-term priorities that would affect an orderly transition of power to a sovereign Iraqi government. Consequently, there were different priorities based upon these discrete institutional approaches and roles. As a result of the different priorities, the Mission could not exercise its normal latitude and control in addressing problems in the design and implementation of its activities.²

² On June 28, 2004, the CPA ceased operations and transferred authority for policy direction to the Chief of Mission for the new U.S. Embassy in Iraq.

The other challenge the Mission and Bearing Point were faced with was the security situation in Iraq, which was much worse than initially anticipated. Due to the hostile work environment in Iraq, Bearing Point's ability to implement activities under the economic reform program and the Mission's ability to monitor these activities was severely restricted. This led to the cancellation of some activities and delays in the implementation of many others.

In addition to causing delays in the implementation of activities, the security situation resulted in an increase in security costs. For example, Bearing Point, in its cost proposal, proposed to spend approximately \$894,000 for security costs during the base year of the contract, but later estimated its actual security costs at closer to \$37 million—representing 49 percent of the total costs.

This issue was previously addressed in a memorandum (AIG/A 04-005), dated March 22, 2004, covering our review of USAID's compliance with Federal regulations in awarding the contract for economic recovery, reform and sustained growth in which we reported that security costs are difficult to accurately estimate. As such, we recommended that when requesting proposals for future awards in Iraq, USAID's Bureau for Management, Office of Acquisition and Assistance provide solicitation instructions that will allow for adequate documentation to properly evaluate the contractors' proposed security costs.

As a result of the delays caused by the challenges cited above, many of the program activities were still in process as of May 31, 2004. It was uncertain whether those activities scheduled to be completed by the end of the base year (July 17, 2004) would all be completed by this date or if they would continue to remain in process, thereby delaying the potential economic benefits to be derived from the program. Since the challenges contributing to the delays were determined to be beyond USAID/Iraq's control, we are not making a recommendation on this issue.

However, the Mission needs to improve its record management procedures and its contractor reporting requirements to help ensure intended results are being achieved. These areas of improvement are discussed below.

Record Management Procedures Need to be Improved

Summary: Cognizant Technical Officers (CTOs) should maintain a work file that documents all significant actions associated with each contract. USAID/Iraq's technical staff, however, routinely used electronic copies of e-mail correspondence to document site visits, official requests, actions taken and adjustments to activities. This informal process for documenting actions was primarily the result of the Mission's reliance on contracted technical staff that were not fully familiar with USAID's documentation procedures. The absence of a proper work file could result in a misunderstanding of direction and negatively impact the Mission's ability to effectively monitor the contract and report results.

USAID's Automated Directives System (ADS) 502 states that the Agency's current electronic mail (e-mail) system is not designed to serve as a recordkeeping system. Therefore, key records kept on this system should also be kept in a file that maintains a hardcopy of the document. The mandatory reference to ADS 502 also provides that core document files should include, among other things, general and action memoranda and implementation documents.

Contrary to the above policy and guidance, USAID/Iraq's technical staff routinely used electronic copies of e-mail correspondence to document site visits, official requests, actions taken, adjustments to activities and reiterations of significant discussion points under the contract.

This reliance on an informal recordkeeping system, consisting mostly of electronic copies of e-mail correspondence to document significant events, reduces the likelihood that the Mission will maintain a complete hardcopy file of documents as required. Such a file is needed, not only for recordkeeping purposes, but also for future reference in the event of a dispute or a turnover of staff. The absence of such a file could result in a misunderstanding of direction and negatively impact the Mission's ability to effectively monitor the contract and report results.

For example, we examined a project in which Bearing Point, at the request of the CPA's Private Sector Development Office, provided technical assistance to Iraqi firms with the specific aim of preparing them to qualify for credit from bank and non-bank direct lending organizations. In inquiring about the status of this project, USAID/Iraq technical staff claimed that the activity had been cancelled because of implementation problems and insufficient funding. Bearing Point, however, appeared to be forging ahead with this activity toward completion and expected to incur \$865,000 in costs for the level of effort expended on this activity. Although we later verified that the activity had, in fact, been cancelled, this had to be done through further discussions with Mission staff since there was no documentation supporting the Mission's contention that the activity had been cancelled.

USAID/Iraq's informal process for documenting actions was due, in part, to the Mission's reliance on contractor staff to manage the program. The Mission cited this heavy reliance on contractor personnel to staff technical and project management positions as a material weakness in its annual self assessment of management controls as required under the Federal Managers' Financial Integrity Act for fiscal year 2003. To address this reported weakness, the Mission has taken action to increase the number of positions filled by USAID direct hire employees. The contractor's lack of familiarity with prescribed documentation procedures was further exacerbated by the high turnover of staff. Since the inception of the program, there has been a myriad of changes, including a large turnover of responsible Mission, CPA and contractor staff, brought on by the changing political and security environment in Iraq.

While we recognize that the Mission has been operating in a difficult working environment, we believe the nature of this environment underscores the need to maintain a formal work file to document, at a minimum, the significant decisions affecting the status of activities. Such a file would not only help to ensure that pertinent management information is readily available, but also facilitate the continuity of activities when there are staff changes. Since USAID policy supports the need to maintain such a file, we recommend the following:

Recommendation No. 1: We recommend that USAID/Iraq implement USAID's documentation management procedures requiring decisions impacting on the design and status of activities to be officially documented in the activity file.

Contractor Reporting Requirements Need to be Improved

Summary: General performance monitoring involves determining contractor progress towards achieving the goals and objectives of the contract and identifying any factors that may delay or prevent the accomplishment of those goals and objectives. USAID/Iraq's technical staff did not have sufficient detail to thoroughly monitor Bearing Point's progress and results. This occurred because the billing documentation and financial status reports furnished by the contractor did not provide sufficient information to enable the Mission to monitor progress at the activity level. As a result, it was not possible to measure the level of effort or progress under each activity.

USAID Acquisition Regulation 742.1170-1 states that general performance monitoring is a function of contract administration and involves determining contractor progress towards achieving the goals and objectives of the contract and identifying any factors that may delay or prevent the accomplishment of those goals and objectives. Providing this level of oversight requires USAID personnel to maintain adequate knowledge of the contractor's activities and progress to ensure that USAID's objectives, as stated in the contract's statement of work, will be achieved. In addition, ADS 202.3.6 states that monitoring the quality and timeliness of outputs produced by implementing partners represents an important task of the CTO since outputs are critical for achieving results and prompt action to address problems is essential in managing for results.

Although USAID/Iraq's technical staff did review the contractor's monthly progress reports and held periodic meetings with contractor personnel to discuss the activities, the extent of information provided by the contractor was not always adequate for monitoring purposes. Specifically, the billing documentation and financial status reports furnished by the contractor did not provide sufficient information to enable the Mission to monitor progress (cumulative level of effort expended) at the activity level. While the Mission requested and received

additional financial data, beyond that furnished by the contractor to comply with the reporting requirements, this data was summarized at the sector level and did not indicate the level of effort incurred for each of the activities under each sector.

Since USAID's contract with Bearing Point was based on level of effort, the scope of work specified the number of days budgeted under the contract to complete the work. In this case, the contract obligated Bearing Point to work 34,800 days during the first year of performance and allocated these work days among six broad sectors, each with its own set of program activities.

Under the Economic Governance sector, for example, the contract called for 15,300 days of technical services, representing approximately 44 percent of the total level of effort budgeted. USAID/Iraq and the CPA authorized Bearing Point to work on 16 different activities under this sector. According to the contractor's June 2004 performance report, it was estimated that the total number of days that would actually be incurred under this sector through the end of the contract would be only 5,346 days—35 percent of what was originally budgeted. Unfortunately, the contractor's reporting of the number of days actually billed under this sector did not provide a breakdown by activity. As a result, the data reported was not sufficient to allow USAID/Iraq's technical team to monitor the progress under each activity so as to identify which activities were making little progress and possibly experiencing problems.

For USAID/Iraq to be able to better monitor a contract of this type in the future and assess whether the contractor is expending the level of effort for which the contract price and fixed fee were based, a more detailed level of reporting is needed. Since the Bearing Point contract is scheduled to end September 30, 2004, we are recommending the following:

Recommendation No. 2: We recommend that, for future contracting actions under the Economic Reform Program, USAID/Iraq develop procedures to ensure that contractors furnish monthly financial reports that present a breakdown of the actual level of effort billed for the month by activity.

Evaluation of Management Comments

In response to our draft report, USAID/Iraq concurred with the two audit recommendations and provided evidence indicating that it had already taken action to address the auditors' concerns with respect to each of the recommendations. Specifically, in response to Recommendation No. 1, Mission management stated that its Office of Economic Growth had established and implemented new documentation management procedures. These new procedures, which are effective immediately, require all activity managers and Cognizant Technical Officers (CTOs) within the office to maintain a work file that documents all significant actions associated with each contract. The

procedures also require all electronic communications to be printed and stored in the work file in accordance with ADS 502. In addition to providing a copy of an internal memo outlining these new procedures, the Mission's response included guidance sent to the Mission's Office of Economic Growth reminding the CTO of their responsibility for establishing and maintaining adequate work files and specified the documentation these files, at a minimum, must contain.

In response to Recommendation No. 2, the Mission stated that the Office of Economic Growth had developed new reporting requirements that have been implemented for all new contractors. These new requirements include monthly financial reports with a revised reporting format that provides more detailed information on the contractor's activities. Some of the additional information that will now be required to be furnished by the contractor includes the following:

- Narrative on results achieved by activity, including benchmarks and results achieved.
- Advisors by activity and work location.
- Level of effort expended under each activity.
- Overall expenditures and expenditures at the activity level.

The Mission furnished a copy of the new reporting requirements that it stated has been implemented for all new contractors and incorporated into their contracts.

Based on the above actions by the Mission to address auditors' concerns, we consider both recommendations to have received a management decision and final action taken upon issuance of this report.

**Scope and
Methodology****Scope**

The Regional Inspector General's Office in Baghdad, Iraq conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was to determine whether contracted activities performed under USAID/Iraq's Economic Reform Program achieved their intended outputs.

Program activities were carried out under a \$79.6 million cost-plus-fixed-fee, level of effort USAID contract awarded to Bearing Point, Inc. (Bearing Point), in July 2003, to provide economic reform for Iraq. This contract consisted of a one-year base period and two, one-year option periods. The total contract cost including the base period and two option periods is \$240 million. The audit focused on program activities performed during the initial base period which covered the period from July 18, 2003 through July 17, 2004. During this period, USAID/Iraq issued 13 action memorandums authorizing a total of 38 activities to be performed by the contractor, with all but one of these activities—the implementation of a financial management information system—expected to be completed by the end of the base period.

In conducting this audit, we reviewed each of the 38 activities as of May 31, 2004, focusing particularly on verifying the status of six activities the Mission reported as cancelled as of this date. Our analysis of whether the program achieved its intended outputs was limited to ascertaining whether the critical tasks under each activity, excluding those that had been cancelled, had been completed and did not involve an assessment of the results (i.e., impact) of these individual tasks or activities. As of June 21, 2004, funds obligated and disbursed under the program totaled \$79.6 million and \$53.8 million, respectively.

In addition, although not directly related to the audit objective, the audit included an examination of management controls relating to the management review, monitoring, and reporting of activities implemented under the economic reform program. Specifically, these controls included:

- Performing site visits.
- Reviewing performance and financial reports.
- Performing an annual self assessment of management controls as required under the Federal Managers' Financial Integrity Act.

The audit also involved interviews with key program staff at the USAID/Iraq Mission and technical staff at the offices of the Coalition Provisional Authority (CPA) and Bearing Point, all located within the Green Zone in Baghdad, Iraq.

The audit fieldwork was performed from May 11, 2004 to July 1, 2004 and was limited to interviews with technical staff and review of relevant performance and financial documents. The audit team was not able to visit any of the activity sites due to security restrictions at the time of the fieldwork.

Methodology

To answer the audit objective, we interviewed officials from the USAID/Iraq Mission and its contractor, Bearing Point, and four senior advisors from the CPA. We also examined available program documents furnished by the Mission and Bearing Point. This documentation included the contract, action memorandums, correspondence, the Mission's self assessment report for fiscal year 2003 in compliance with the Federal Managers Financial Integrity Act, performance work plans, monthly performance and financial reports, and public vouchers submitted by the contractor from inception through May 31, 2004. As part of our planning work, we also examined prior audits conducted by the Defense Contract Audit Agency on Bearing Point.

In examining these documents, we performed limited tests of the procedures and controls relating to the Mission's monitoring of the contract and the contractor's reporting of results. This included assessing the actual level of effort expended under the contract with respect to the ten completed activities reported, as well as verifying the cancellation of six activities.

Our materiality threshold for this audit was established at 10 percent. In other words, if 90 percent or more of the outputs were determined to have been achieved as of May 31, 2004, this would result in an unqualified opinion to the audit objective.

**Management
Comments**



**United States Agency For International Development
Baghdad, Iraq**

September 6, 2004

ACTION MEMORANDUM

To: Regional Inspector General/Iraq, Christine Byrne

From: USAID/Iraq Deputy Mission Director, Chris Milligan /s/

Subject: USAID/Iraq Written Comments on Audit Report No.
E-266-04-00x-P (Audit on USAID/Iraq's Economic Reform Program)

USAID/Iraq has reviewed the subject report in detail and we would like to thank you for the professional work by your office on the subject audit. We appreciate your efforts to review our Economic Reform Program and your recommendations to improve its implementation. In a stressful and insecure environment, USAID had managed an economic reform program that rapidly contributed to laying an essential foundation for a free-market economy in Iraq within nine months.

USAID/Iraq agrees with the required actions by making the two management decisions and the final actions implemented for the two audit recommendations.

Recommendation No. 1: We recommend that USAID/Iraq implement its documentation management procedures requiring decisions impacting on the design and status of activities to be officially documented in the activity field.

Action Taken: USAID/Iraq's Office of Economic Growth has established and implemented management procedures (see attachments 1 and 2) requiring work files to include documents of significant actions and electronic communication printouts associated with each contract.

Recommendation No. 2: We recommend that for future contracting actions under the Economic Reform Program, USAID/Iraq develop procedures to ensure that contractors furnish monthly financial reports that present a breakdown of the actual level of effort billed for the month by activity.

Action Taken: USAID/Iraq's Office of Economic Growth has developed monthly financial reports that include detailed information on contractors' activities. This new reporting requirement has been implemented for all new contractors (see attachments 1 and 3).

Schedule of Activities Through May 31, 2004

#	Description of Activities	Status
1.	Provide technical assistance for procurement and implementation of an inter-bank payment system.	Cancelled. Coalition Provisional Authority (CPA) advisor cancelled this activity and redirected contractor to work on another activity not approved by USAID/Iraq.
2.	Complete an assessment of the entire population of state-owned enterprises (200) to identify which 10 are the most viable and which 10 are the least.	In Progress.
3.	Develop and implement mechanisms for making sizable loans to small and mid-sized enterprises.	In Progress.
4.	Review 12 key commercial laws and make recommendations to amend or introduce new laws that create an investor friendly, market-driven economic legal framework.	Completed.
5.	Design and implement a public works program that creates 77,000 jobs. (Note: This number was scaled back from 300,000 due to funding limitations.)	Completed.
6.	Review state-owned insurance companies and recommend under what conditions companies can be reactivated. Also, perform assessment of the regulatory framework for the insurance sector.	Completed.
7.	Procure and implement a comprehensive financial management information system for the Ministry of Finance.	In Progress.
8.	Implement a budget planning system.	Completed.
9.	Provide assistance in developing a presentation of Iraq's capital programming requirements for October 2003 donors' conference in Madrid.	Completed.
10.	Perform review and evaluation of existing tax policy in law and practice.	In Progress.
11.	Provide assistance in developing strategy for reforming and reactivating tax administration.	In Progress.
12.	Provide assistance with day-to-day tasks in managing the currency exchange project.	Completed.

Schedule of Activities (continued)

Appendix III

#	Description of Activities	Status
13.	Establish rules for intervening in the currency market to help stabilize the exchange rate and set up statistics division at the Central Bank.	In Progress.
14.	Provide assistance to the Electricity Commission in developing a strategy to increase commercial viability of the state-owned power company.	In Progress.
15.	Provide assistance to the Electricity Commission in developing an electricity sector master plan to be used as basis for generation and transmission investment decisions for period 2004-2010.	In Progress.
16.	Provide assistance to the Electricity Commission in building its financial capacity.	In Progress.
17.	Provide assistance in the introduction and implementation of various domestic taxes.	In Progress.
18.	Provide assistance to large commercial banking institutions and develop/implement framework for an inter-bank payment system.	In Progress.
19.	Provide assistance to develop an assessment of intergovernmental finance and possible interim measures to improve flow of funds between the central and local levels of government.	Completed.
20.	Perform planning, program management support, analysis, logistics, reporting, data applications and communications for the Oil for Food Program.	In Progress.
21.	Provide assistance to the CPA senior advisor to the Ministry of Transportation in development of policy framework for transportation subsectors.	Cancelled. Activity was cancelled due to departure of the CPA senior advisor at the Ministry of Transportation.
22.	(1) Train Iraqi ministries of Agriculture, Electricity, Telecommunications and Water and Sanitation on executing capital programs in their sectors; and (2) Train Iraqi counterparts in financial over-sight and contract administration.	In Progress.
23.	Provide assistance in establishing an umbrella public utilities regulatory agency encompassing power, water, telecommunications and petroleum.	Completed.
24.	Provide assistance to Ministry of Electricity to strengthen its capacity to assume management responsibility over the Oil For Food contracts and purchase orders being transferred to it.	Completed.

Schedule of Activities (continued)

Appendix III

	Description of Activities	Comments
25.	Provide technical assistance to the Ministry of Transportation and Communication to create an integrated Information Technology strategy.	Completed.
26.	Develop a Master Plan for telecommunications infrastructure in Iraq providing guidance for policy decisions, regulation and reconstruction.	In Progress.
27.	Provide technical assistance to the Ministry of Transportation and Communication in creating a strategy for reforming and developing Iraq's telecommunications sector.	In Progress.
28.	Implement the Business Development Center Program.	In Progress.
29.	Provide technical assistance to the Ministry of Finance in conducting legal research on foreign attachment issues potentially affecting Rafidain and/or Rasheed Bank.	In Progress.
30.	Provide assistance to the Ministry of Finance in designing statistical collection and reporting capabilities of the Central Statistics Office.	In Progress.
31.	Provide assistance to the CPA to assist Iraqi firms and prepare them to qualify for credit from bank and non-bank direct lending organizations.	Cancelled. Activity cancelled due to time and funding limitations and delay in arrival of contractor's advisor.
32.	Provide technical assistance to support Iraq's entry into the World Trade Organization and training to ministries involved.	Cancelled. Activity cancelled due to time and funding limitations, given low priority.
33.	Provide assistance to the Ministry of Electricity to evaluate system operations for Summer 2004.	In Progress.
34.	Provide technical assistance to the Ministry of Trade to implement a company registration system and develop its institutional capacity.	Cancelled. Activity cancelled due to time and funding limitations; Mission also did not consider this a priority activity.
35.	Review financial statements for each of the 17 private banks licensed in Iraq.	Cancelled. Activity cancelled due to funding limitations.
36.	Provide assistance to the Ministry of Finance to collect and evaluate national income data.	In Progress.
37.	Provide technical assistance to the Private Sector Development Office by carrying out specific tasks for the Iraq Depository and Iraq Stock Exchange.	In Progress.
38.	Provide technical assistance for development of the Iraq National Economic Survey Project.	In Progress.

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