

Appendix 1 2004 Iraqi Budget

RESOURCES

Projected resources available for 2004 are expected to be \$20096.9 million. This amount consists of opening financial capital (the opening balance of the Development Fund for Iraq), net capital inflows, plus revenues (primarily oil).

Table 1 - Total Resources	\$ millions
Opening financial capital (1 Jan 2004)	5,410.8
<i>plus</i> Net Capital Inflows	200.0
<i>plus</i> Revenues	14,486.1
TOTAL RESOURCES	20,096.9

Opening Balance

On December 31st 2003 there was \$ 5410.8 million remaining in the DFI account.

Projected net capital inflows for 2004

Net capital inflows are projected to be US\$ 200 m. These consist to date of transfers of Iraqi assets from Jordan.

Table 2 - Capital inflows	\$ millions
<i>Capital Flows in</i>	
Transfer of Iraqi assets from abroad	200.0
<i>Less Capital Outflows</i>	0.0
TOTAL NET CAPITAL INFLOWS	200.0

Projected revenues in 2004

Projected revenues for 2004 total US\$ 14486.1 m. These revenues will come primarily from oil exports. A proposed Civil Service Pension Contribution and Reconstruction Levy to be implemented in April 2004 will also contribute to total revenues.

Oil revenues are estimated using a prudent assumption of a gradual fall in net oil prices from a high of \$26 per barrel in January to \$21 per barrel in June. Oil exports are assumed to reach 1.9 million barrels per day by the end of the year. If oil prices rise significantly or exports are greater than expected then there could be a very notable increase in net revenues - but for budgeting purposes CPA took a more cautious approach.

Table 3 - Revenues	\$ millions
Oil Revenues	14,175.3
Interest Income	10.0
Reconstruction Levy	115.0
Personal Income Tax	5.0
Civil Service Pension Contribution	67.6
User Pay Charges	64.2
Other Taxes and Charges	49.0
TOTAL REVENUES*	14,486.1

EXPENDITURES

Total Expenditures in 2004 are projected to be \$ 19926.5 million.

Table 4 - Total expenditures	\$ millions
Total Staff Expenditure	2,586.3
Total Operating Expenditure	1,974.5
Total Ministry Capital Projects	2,531.7
Total Transferred Expenditures	10,588.5
Total Foreign Obligations	1,448.6
Total Salaries and Retirement Rewards	797.0
TOTAL EXPENDITURES	19,926.5

Staff Expenditures

Table 5 - Staff expenditures	\$ millions
Ministry Salaries (including reserve for new salary scale)	1,867.1
Centrally Funded Salaries	465.0
Hazardous Duty Pay	150.0
Facility Protection Service Guards	60.4
Iraqi Civil Defence Force Pay	43.8
TOTAL STAFF EXPENDITURES	2,586.3

Non-staff Operating Expenditures

Table 6 - Operating costs	\$ millions
Normal Ministry Operating Expenditure	1,221.4
<i>Railroad Security</i>	50.0
<i>Pharmaceuticals</i>	578.0
TOTAL OPERATING COSTS*	1,974.5

**Listing does not include all line items, hence columns will not necessarily sum up to total operating costs.*

Ministry Capital Projects

Spending on capital projects by ministries is projected to be US\$ 2531.7 m. This includes investments in infrastructure projects not included in the US Supplemental Appropriation.

Table 7 - Ministry capital projects	\$ millions
Electricity Projects	900.0
Transportation Projects	150.0
Education Projects	150.0
Telecommunications Projects	130.0
Housing Projects	100.0
Oil Projects	200.0
TOTAL MINISTRY CAPITAL PROJECTS*	2,531.7

**Listing does not include all line items, hence columns will not necessarily sum up to total capital investment.*

Transferred Expenditures

Projected transferred expenditures for 2004 are US\$ 10588.5 m.

Transferred expenditures includes spending for national programs or items that will benefit the nation as a whole. The major spending items include the Public Distribution System, fuel imports, grants to regions, state owned enterprise support, additional security spending and agricultural subsidies.

Table 8 - Transferred expenditures	\$ millions
Interest on Treasury Notes	213.0
Public Distribution System	2,400.0
Fuel Imports	2,100.0
Transfer Payments (was Contingency Fund)	1,670.8
Local/Regional Government Grants	830.8
Regional Development Projects	600.0
Commanders Emergency Response Program	70.0
Rapid Regional Response Programme Funds	225.0
State-Owned-Enterprise restructuring	381.3
State-Owned-Enterprise salary support	379.7
Economic Restructuring Programs	134.0
Agricultural Subsidies	200.0
Additional Security Spending	500.0
Oil Export Production Fee	85.2
Debt Negotiations Costs	50.0
Reconciliation of External Debt	4.0
Oil for Food Audit	3.0
Haj Subsidies	37.5
Other Measures	133.0
Nation Building	571.2
TOTAL TRANSFERRED EXP.	10,588.5

Foreign Obligations

Higher than projected oil revenues mean that Kuwaiti War Reparations are higher, as these are 5% of gross revenues. Funding for repayment of IMF and World Bank arrears has also been added. These combine to projected spending for 2004 by US\$ 1448.6 m.

Table 9 - Foreign obligations	\$ millions
Kuwaiti War Reparations	708.8
International Monetary Fund and World Bank Arrears	453.3
Oil for Food Contracts	269.5
Demining	17.0
TOTAL FOREIGN OBLIGATIONS	1,448.6

Salaries and Retirement Rewards

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Table 10 - Salary & retirement rewards	\$ millions
Pensions and other transfer payments	547.0
Stipends to Demobilised Military	250.0
TOTAL SALARIES & RETIREMENT	797.0