

Republic of Iraq

BUDGET REVENUES AND EXPENSES

2003

July-December

Budget Summary

Ministry of Finance

Ministry of Planning

Coalition Provisional Authority

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Interim Budget for the period July to December 2003

This interim budget provides authority for the commitment and expenditure of money by the Interim Government of Iraq for the period July to December 2003. It sets the groundwork for the preparation and authorization of the budget for 2004.

It was prepared using the existing systems, forms and formats that have traditionally been used in Iraqi budgets. Each Iraqi Ministry prepared a budget with their Coalition Senior Advisor. That budget was discussed with the Coalition Finance Advisor. The proposed Budget was then reviewed by appropriate officials from the Iraqi Finance and Planning Ministries, briefed to AID and UN representatives and approved by the CPA Program Review Board.

The Budget balance for July to December 2003 shows a deficit of around \$US2.2 billion. This will be funded from committed financial assets, without the need for borrowing.

Budget Summary

	(\$USm)
Expenditures	
Operating	2,002.1
Capital	352.7
Reconstruction	256.8
Other Expenditures	3,488.0
Total	6,099.6
Revenues	
Oil revenues	3,455.0
Fees, charges and taxes	59.1
Returns from State Owned Enterprises	373.6
Total	3,887.7
BUDGET BALANCE (Deficit)	-2,211.9

The Budget ensures fiscal discipline in the use of budgetary resources in order to rebuild the confidence necessary for the international donor and investment community to support the country's efforts.

Oil revenues totaling around \$3.4 billion are fully committed to programs that benefit the Iraqi people.

Major priorities addressed include the reconstruction and restoration of essential facilities and services such as water, electricity, education and health care to meet the basic needs of the Iraqi people; restoring and revitalizing the banking system, productive enterprises, agriculture and trade to reintegrate Iraq into the world economy.

Key initiatives of this budget include (in \$US millions):

• Electrical improvements	\$294
• Subsidies to state owned enterprises reduced by:	\$269
• Reconstruction	\$257
• Security and Justice improvements	\$233
• Defense funding	\$225
• Public Health improvements	\$211
• Communications improvements	\$150
• Water and Sewerage improvements	\$73

In addition, \$900m/year has been redirected from army and special Baathist programs to needs of the Iraqi budget.

Table 1: Net Budget Position

	(\$USm)
Revenues	3,887.7
Expenditures	6,099.6
BUDGET BALANCE (Deficit)	-2,211.9

Table 2: Budget Financing

	(\$USm)
Vested Assets	1,700.0
Seized Assets	795.0
Development Fund for Iraq	1,192.0
Iraq Relief (appropriated)	2,475.0
Natural Resource Risk Remediation Fund	489.0
<i>less</i> spending before 1 July 2003	1,248.0
NET POSITON as at 1 July 2003	5,403.0
<i>less:</i>	
Budget Deficit	2,211.9
Central bank currency support	2,100.0
NET POSITION as at 31 December 2003	1,091.1

* In accordance with United Nations resolutions, additional contingency funds expected from former regime assets currently held by other nations.

Table 3: Expenditures by Organization

Organization	Operational Expenditure (\$USm)	Capital Expenditure (\$USm)	Total (\$USm)
Ministry of Agriculture	9.4	10.0	19.4
Baghdad Mayoralty	12.1	4.3	16.4
Board of Supreme Audit	0.4	0.0	0.4
Central Organization of Standards	0.0	0.0	0.0
Ministry of Culture	1.2	61.6	62.8
Ministry of Defense	45.0	120.0	165.0
Ministry of Education	9.7	0.0	9.7
Electricity Commission	24.0	77.6	101.6
Ministry of Foreign Affairs	23.5	0.0	23.5
Ministry of Finance	199.4	1.2	200.6
Ministry of Health	210.6	1.0	211.6
Ministry of Higher Education and Scientific Research	32.8	4.0	36.8
Ministry of Housing & Construction	6.0	32.6	38.6
Ministry of Industry & Minerals	209.1	0.3	209.4
Ministry of the Interior	2.4	20.5	22.9
Ministry of Irrigation	2.7	30.5	33.2
Ministry of Labor and Social Affairs	6.4	0.0	6.4
Ministry of Justice (excluding Prisons)	5.8	25.7	31.5
Ministry of Justice (Prisons)	6.3	21.9	28.1
Ministry of Oil*	*	*	*
Ministry of Planning	4.6	0.0	4.6
Ministry of Municipalities and Utilities/Public Works	20.8	52.0	72.8
Ministry of Religious Affairs	0.7	3.2	3.9
Iraq Science and Technology Commission	11.8	1.6	13.4
Ministry of Trade	4.0	0.0	4.0
Ministry of Transportation and Communication	10.8	138.7	149.6
Youth Commission	2.6	2.8	5.4
Total Organization Expenditures (excl salaries)	862.1	609.5	1,471.6
Total Salaries and Pensions			1,140.0
Total Organization Expenditures			2,611.6

* Operational and capital expenditure to be funded through extra realised revenues. Over \$1 billion of capital expenditure to be funded off-budget.

Table 4: Operating Expenses by Input

	(\$USm)
Service Requirements	133.9
Goods Requirements	221.9
Assets Maintenance	46.5
Operating capital	48.2
Transferred Expenditures (plus SOE support)	234.5
Foreign Obligations (Kuwait war reparations)	177.0
Special Programs	0.1
Total Operating Expenses by Input	862.1

Table 5: Other Proposed Expenditures

	(\$USm)
Social Safety Net	1,350.0
Electricity restructuring	192.0
Police	150.0
LPG and Gas	135.0
Currency Reprinting	100.0
Construction Fund	100.0
Military De-Mobilization	60.0
Regional Commanders	6.0
US Government Department and Agency Support	35.0
Program Review Board	35.0
Various expenditures	925.0
USAID programs	
Bechtel	400.0
Total Additional Expenditures	3,488.0
TOTAL EXPENDITURES	6,099.6

Table 6: Revenues

	(\$USm)
Oil revenues	3,455.0
Transfers from State Enterprises	373.6
Taxes, Fees and Charges	59.1
TOTAL REVENUES	3,887.7