

**COALITION PROVISIONAL AUTHORITY
REGULATION NUMBER 11**

**AMENDMENTS TO COALITION PROVISIONAL AUTHORITY REGULATIONS NO.
2 (CPA/REG/10 JUNE 2003/02) AND NO. 3 (CPA/REG/18 JUNE 2003/03)**

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003) and 1546 (2004),

Noting that the Coalition Provisional Authority will dissolve on June 30, 2004 and that full governance authority of Iraq will transfer to the Iraqi Interim Government on that date,

Recognizing that on June 30, 2004 the Iraqi Interim Government will assume control over all funds in the Development Fund for Iraq,

Acknowledging that the Coalitional Provisional Authority has entered into contracts on behalf of the people of Iraq and that many of these contracts require continued performance and payment from the Development Fund for Iraq after June 30, 2004,

Understanding that continued performance and payments due under these contracts after June 30, 2004 are critical to the redevelopment and reconstruction of Iraq,

Desiring to amend Coalition Provisional Authority Regulation No. 2, Development Fund for Iraq, (CPA/REG/10 June 2003/02), and Coalition Provisional Authority Regulation No. 3, Program Review Board, (CPA/REG/18 June 2003/03), to provide for the orderly transition of authority over the Development Fund for Iraq from the Coalition Provisional Authority to the Iraqi Interim Government,

I hereby promulgate the following:

**Section 1
Transition of Authority over Development Fund for Iraq**

- 1) Section 3 of CPA Regulation No. 2, Development Fund for Iraq, (CPA/REG/10 June 2003/02), is amended to read as follows:

A sub-account of the account entitled "Central Bank of Iraq/Development Fund for Iraq" shall be created. The sub-account shall be entitled "Central Bank of Iraq/Development Fund for Iraq/Transition" and (when established) shall contain funds equal to or in excess of the total amount of outstanding contractual liability against the Development Fund for Iraq arising out of contracts or grants funded by the Development Fund for Iraq that:

- a) were entered into on or before June 30, 2004 by the Coalition Provisional Authority or the Multi-National Force-Iraq in accordance with United Nations Security Council Resolution 1483 and implementing regulations;
- b) require the continued performance and/or payment of money originating from the DFI past June 30, 2004; and
- c) are not the subject of a fully-funded letter of credit intended to otherwise ensure performance under the contract or grant.

On June 30, 2004, all responsibilities, duties, powers, and authorities granted to the Administrator and the Coalition Provisional Authority under this Regulation shall transfer to the Prime Minister of the Iraqi Interim Government and the Iraqi Interim Government, respectively.

- 2) Paragraph 1 of Section 5 of CPA Regulation No. 2, Development Fund for Iraq, (CPA/REG/10 June 2003/02), is amended and restated as follows:

- 1) General. The Central Bank of Iraq/Development Fund for Iraq account and the Central Bank of Iraq/Development Fund for Iraq/Transition sub-account in the Federal Reserve Bank shall be governed by the Federal Reserve Bank's standard terms and conditions regarding accounts of central banks and governments, to the extent consistent with applicable law.

- 3) Paragraph 5 of Section 5 of CPA Regulation No. 2, Development Fund for Iraq, (CPA/REG/10 June 2003/02), is amended and restated as follows

- 5) Privileges and Immunities. The Fund, including the accounts and sub-accounts that comprise its corpus, and the Receipts Account, shall enjoy the privileges and immunities as set forth in paragraph 22 of Resolution 1483 and continued in paragraph 27 of Resolution 1546, as well as privileges and immunities to which the Fund may be entitled under any other law, regulation, order, or directive.

- 4) Section 8 of CPA Regulation No. 2, Development Fund for Iraq, (CPA/REG/10 June 2003/02), is amended and restated as follows:

Until the Fund is dissolved by the Coalition Provisional Authority (or, after the transfer of governmental authority, by the Interim Iraqi Government) in a manner consistent with Resolutions 1483 and 1546, the Central Bank of Iraq shall continue to hold on its books the Fund. Also, as agreed between the Administrator and the Federal Reserve Bank (and/or other financial institution(s)), such institution(s) shall continue to maintain on its books the "Central Bank of Iraq/Development Fund for Iraq" account and all sub-accounts, including a sub-account entitled "Central Bank of Iraq/Development Fund for Iraq/Transition," and shall continue to accept deposits into, make disbursements from, and otherwise operate the account and sub-account, in accordance with applicable laws, regulations, policies and agreements.

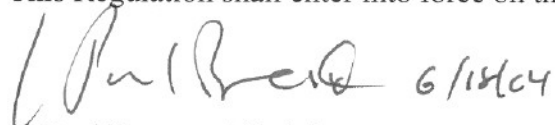
(5) Section 10 of CPA Regulation No. 3, Program Review Board, (CPA/REG/18 June 2003/03), is amended and restated as follows:

The Board may prescribe such additional procedures as may be necessary to carry out its responsibilities under this Regulation. Such procedures shall be effective only upon approval by a majority of the Board's voting members.

Notwithstanding any provisions to the contrary set forth in this Regulation, the Board shall take reasonable steps to ensure that funding initiatives that require payment or performance beyond June 30, 2004 are backed by fully-funded letters of credit from the Trade Bank of Iraq.

Section 2
Entry and Force

This Regulation shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority