

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 79

THE IRAQI NONPROLIFERATION PROGRAMS FOUNDATION

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

Furthering paragraph 1 of Resolution 1483, appealing to member states and concerned organizations to assist the people of Iraq in their efforts to reform their institutions and rebuild their country, and to contribute to conditions of stability and security in Iraq,

Further noting the provisions of the preamble and subsection 27(E) of the Law of Administration for the State of Iraq for the Transitional Period calling on the government to respect and implement Iraq's international obligations regarding the non-proliferation, non-development, non-production, and non-use of nuclear, chemical, and biological weapons, and associated equipment, materiel, technologies, and delivery systems for use in the development, manufacture, production, and use of such weapons,

Recognizing that United Nations Security Council Resolution 1540 (2004) affirms that proliferation of nuclear, chemical, and biological weapons and their means of delivery constitutes a threat to international peace and security and requires that all States take effective measures to prevent the proliferation of such weapons, including by establishing appropriate controls over materials, equipment and technology which could be used for the design, development, production or use of such weapons,

Reaffirming the need to prevent the proliferation of technologies and expertise related to weapons of mass destruction (WMD)—nuclear, chemical, and biological weapons—their delivery systems, and other advanced military technologies,

Determining to establish a national foundation to support and assist former WMD scientists, technicians, engineers, and technical personnel involved in the design of delivery systems for WMD in Iraq to transition into activities for peaceful civilian purposes so as to minimize the risk of WMD and delivery system proliferation,

Realizing that the success of this foundation will require strong support from the Iraqi government, other foundations, academic and scientific institutions, inter-governmental, and non-governmental organizations,

I hereby promulgate the following:

Section 1
Establishment and Purpose

- 1) The Iraqi Non-proliferation Programs Foundation (hereinafter “the INPF”) is hereby established. The INPF shall be a not-for-profit, tax-exempt, juridical entity with full legal personality and shall be independent of any Iraqi Ministry.
- 2) The INPF shall have authority to develop, approve, and finance science, technology, and commercialization projects and related activities carried out at institutions and facilities, public and private, located principally but not solely in Iraq in order to provide individuals employed by the former regime in the development, creation, or production of WMD, particularly those who possess knowledge and skills related to nuclear, chemical, and biological weapons, or delivery systems (collectively “WMD and delivery system personnel”), opportunities to redirect their expertise to transparent peaceful civilian activities that further the scientific, technological, nonproliferation, and economic development of Iraq. In accordance with Section 6(2), the INPF shall also have the authority to audit and monitor any and all projects that it sponsors.
- 3) After transfer of full governance authority to the Iraqis on June 30, 2004, all responsibilities herein ascribed to the Administrator of the CPA shall be assumed by the head of the Iraqi government.
- 4) The INPF shall operate under its Statute (“INPF Statute”). The INPF Statute shall include all elements needed to organize, manage, and maintain the INPF, including provisions which specify: general principles of operation, terms of reference of the Scientific Advisory Committee, description of financial management, contracting, grant-making, and acquisition practices, project oversight guidelines, and audit requirements. The INPF Statute is annexed hereto but may be amended by the Board of Directors in accordance with the procedures set forth in Section 2, paragraph 3.

- 5) The Administrator shall have the right to audit the INPF's activities and the INPF shall submit to the Administrator an annual report on its activities that will include a statement of accounts.

Section 2

Board of Directors, Executive Officer, and Management of Staff

- 1) The Ministers of Science and Technology, Higher Education and Scientific Research, Agriculture, Industry and Minerals, Health, and Environment, and the President of Iraqi National Academy of Science shall constitute the founding Board of Directors for the INPF. Board members (whether founding or otherwise) may be represented by designees (who shall have all the rights, privileges, and powers of a Board member) provided that the designee has experience in both management and technology. The Board of Directors shall be responsible for:
 - a. Determining the INPF's policy and its own rules of procedure;
 - b. Providing overall guidance and direction to the INPF staff;
 - c. Approving the INPF's budget for submission to funding authorities;
 - d. Governing the financial and other affairs of the INPF;
 - e. Approving general criteria and priorities proposed by the Scientific Advisory Council for the approval of projects;
 - f. Funding projects recommended by the Scientific Advisory Council;
 - g. Amending the INPF Statute and other implementing documents as necessary; and
 - h. Other functions necessary for the implementation of this Order.
- 2) Each Director will serve a two-year term. The terms of the founding Board members will be staggered, so that initially the Ministers of Agriculture, Industry and Minerals, and Health will be appointed to one-year terms and the remaining Directors will be appointed to two-year terms. When a founding Board member's term expires, his or her successor shall be appointed by the head of the Iraqi government after consultation with Iraqi ministries, civil society, and, as appropriate, relevant international experts.
- 3) Decisions of the Board shall be by simple majority of all the members of the Board for procedural decisions. Full consensus of the Board is required to amend the INPF Statute and in other special cases as defined in the INPF Statute.
- 4) The Board of Directors will select a Chairman and Vice Chairman from among its members.

- 5) In the event of a vacancy on the founding Board of Directors, the Administrator will appoint a new director, as appropriate, in accordance with Section 2(1) of this Order. In all other circumstances, the Administrator shall fill a vacancy on the Board by appointing a new director, as appropriate, in accordance with Section 2(2) of this Order.
- 6) The Board of Directors shall appoint an Executive Officer who will report directly to the Board of Directors. The Executive Officer will lead the daily operation of the INPF. The Executive Officer will serve a three-year term, which may be renewed once.
- 7) The Executive Officer will organize the INPF's personnel in a way that he/she deems necessary and appropriate to carry out the functions of the INPF. The Board of Directors will approve the organization plan of the INPF.
- 8) The Board of Directors may remove a director or the Executive Officer for malfeasance, misuse of public funds, failure to fulfill INPF duties or because of permanent incapacitation.
- 9) The INPF shall consult with relevant Iraqi governmental ministries not already represented on the founding Board of Directors, including, but not limited to Oil, Interior, Communications, Foreign Affairs, and Electricity to ensure that proposed projects are not duplicative and that they support Iraq's reconstruction efforts.

Section 3 Scientific Advisory Council

- 1) The Board of Directors shall establish a Scientific Advisory Council ("SAC"), made up of 16 members at least half of whom will have WMD or delivery system backgrounds. The SAC shall have a balanced membership that reflects the diversity of Iraq.
- 2) The SAC shall be composed of qualified Iraqi scientists, technicians, engineers, or managers from a range of disciplines. They will provide the INPF with expert scientific and other necessary professional advice in furtherance of the INPF's goals, including the review of grants, proposals and other funding initiatives of the INPF.
- 3) The terms of reference and method and duration of appointment will be specified in the INPF Statute.

Section 4 Budget, Funding, and Taxes

- 1) Within 7 days of the Administrator's approval of this Order, \$37.5 million ("Initial Funding") shall be transferred from the Development Fund for Iraq to the INPF. The Initial Funding shall be used to effectuate the responsibilities given to the INPF under Section 6 of this Order. In addition, such funding shall also be used to finance the operating and programmatic expenses of the INPF for its first two years of operation
- 2) Following transfer of full governance authority, resources for staffing and staff training, headquarters and equipment acquisition and maintenance, and operational costs necessary for the INPF to discharge its responsibilities (including all duties set forth in Section 6) shall be provided through the national fiscal process and reviewed annually.
- 3) In financial transactions, the INPF shall not pay in the Republic of Iraq taxes of any kind, including profit tax, value added tax, personal income tax, local taxes as well as any other tariffs, dues, custom duties, import taxes, fees, or any other similar imposed taxes or charges.

Section 5 Salary and Employment Conditions

- 1) The Executive Officer shall have the power to hire, employ and discharge personnel in accordance with Iraqi law, as amended by CPA Orders, Regulations, and Memoranda. CPA Order Number 1, De-Ba'athification of Iraqi Society (CPA/ORD/16 May 2003/1)), shall not apply to WMD or delivery system personnel hired by the INPF and shall not be construed to prohibit WMD or delivery system personnel from participating in any of the programs set forth in Section 6 of this Order.
- 2) Salaries of INPF staff shall conform to the salary structure applicable to Iraqi government employees.

Section 6 Authority and Functions

- 1) The INPF is empowered to:
 - a) issue grants and contracts to individuals, foundations, universities, consortia, and other organizations to employ former Iraqi WMD and

- delivery system scientists, technicians and engineers to undertake peaceful, civilian activities;
- b) establish training programs to retrain and redirect former WMD and delivery system scientists, technicians and engineers toward peaceful, civilian employment;
 - c) fund travel and other expenses related to participation by former Iraqi WMD and delivery system scientists, technicians and engineers in conferences, national and international research collaborations, and training activities;
 - d) issue grants and contracts to renovate, construct, and equip facilities in which WMD and delivery system scientists, technicians and engineers will undertake peaceful, civilian activities;
 - e) allocate funds to support commercial development of products and technologies that support the transition of former Iraqi WMD and delivery system scientists, engineers, and technicians to civilian employment, including establishing a venture capital fund;
 - f) engage in outreach and information activities to promote the goals of the INPF;
 - g) participate in multilateral efforts to reduce the proliferation of WMD and missile/delivery system expertise;
 - h) support initiatives that the Iraqi government takes to comply with its obligations under United Nations Security Council Resolution 1540 (2004); and
 - i) develop a voluntary code of conduct which Iraqi scientists, engineers, and technicians can utilize to ensure that their endeavors, activities, and expertise are utilized for transparent peaceful civilian activities that further the scientific, technological, and economic development of Iraq.
- 2) All funding initiatives described in Section 6, paragraph 1 must comply with the purposes set forth in Section 1, paragraph 2.
- 3) The INPF shall have the right to access, monitor, and audit funds used in support of all projects and activities funded through the INPF and monitor scientific and technical progress, including:

- a) To examine on-site INPF project activities, materials, supplies, project-related services and use of funds, upon its notification;
- b) To inspect or audit, upon its request, any records or other documentation in connection with INPF activities and use of funds, wherever such records or documentation are located, for a period as determined in a grant or contract; and
- c) To have access to project staff, their laboratories, laboratory or project notebooks, logs, or other records, and to request outside evaluation of projects as determined necessary.

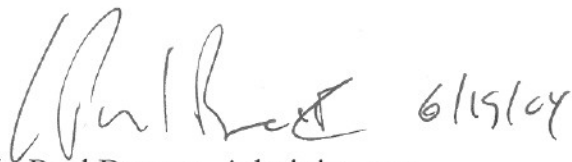
If it is determined that the terms and conditions of a project have not been respected, the INPF may terminate the project and take appropriate steps in accordance with the terms of the grant or contract.

Section 7 Relation to Other Laws and Organizations

A permanent mechanism for information exchange, reporting and cooperation shall be established between the INPF and appropriate Iraqi authorities to ensure clear delineation of authority and responsibility in accordance with this Order and to ensure the free flow of information and effective implementation of non-proliferation programs.

Section 8 Entry into Force

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



L. Paul Bremer, Administrator
Coalition Provisional Authority

Annex

**Iraq Nonproliferation Programs Foundation
STATUTE**

This Statute is adopted and promulgated pursuant to Section 1, paragraph 4 of Coalition Provisional Authority Order 79, The Iraqi Non Proliferation Programs Foundation, (CPA/ORD/19 June 2004/79) (the “Order”). In the event of a discrepancy between this Statute and the Order, the latter shall prevail.

**ARTICLE I
NAME AND LOCATION**

- A. The Iraqi Nonproliferation Programs Foundation (hereinafter referred to as “the INPF”) is established pursuant to Section 1 of the Order.
- B. The Headquarters of the INPF shall be located at Baghdad, in the Republic of Iraq.

**ARTICLE II
POWERS**

- A. Section 1, paragraph 2 of the Order provides as follows:

The INPF shall have authority to develop, approve, and finance science, technology, and commercialization projects and related activities carried out at institutions and facilities, public and private, located principally but not solely in Iraq in order to provide individuals employed by the former regime in the development, creation, or production of WMD, particularly those who possess knowledge and skills related to nuclear, chemical, and biological weapons, or delivery systems (collectively “WMD and delivery system personnel”), opportunities to redirect their expertise to transparent peaceful civilian activities that further the scientific, technological, and economic development of Iraq. In accordance with Section 6(3), the INPF shall also have the authority to audit and monitor any and all projects that it sponsors.

- B. The INPF is authorized to carry out the activities enumerated in Section 6 of the Order and shall use its resources solely for the accomplishment of its objectives.

**ARTICLE III
BOARD PURPOSE, MEMBERSHIP, PROCEDURES**

A. The Board has the responsibilities set forth in Section 2 of the Order.

B. The Board's membership is fixed at seven members. Founding Board members shall be the Ministers of Science and Technology, Higher Education and Scientific Research, Agriculture, Industry and Minerals, Health, and Environment, and the President of Iraqi National Academy of Science. Succeeding Board members shall be appointed by the head of the Iraqi government after consultation with Iraqi ministries, civil society, and, as appropriate, relevant international experts.

C. The Board shall select from its membership a Chair and Vice Chair who shall serve for one year.

D. The Board shall meet as needed, but not less than four times annually, upon fifteen (15) days prior notice from the Chair, except whenever a shorter period of notice is agreed to by all members. At a request from four or more members of the Board to the Chair, an extraordinary meeting of the Board shall be held upon fifteen (15) days prior notice except whenever a shorter period of notice is agreed to by all the Parties.

E. The Board may meet physically, through written procedure, or by teleconference. All actions taken at such meetings shall be confirmed in writing to the INPF Executive Officer within 5 days following such meetings.

F. A simple majority of the Board is necessary to approve any procedural matters, including, but not limited to, determining the INPF's policy; approving the INPF budget; general financial issues; approving the INPF's internal documents, such as financial regulations; and approving recommendations and proposals from the Scientific Advisory Council. Full consensus of the Board is required to amend the INPF Statute, appoint or remove the Executive Officer, and make recommendations to the Iraqi Head of government on changes to the Order establishing the INPF.

G. The Board may establish any committees and task forces it believes are necessary to carry out the objectives of the INPF.

H. The Board shall decide its own rules of procedure, which shall address, inter alia, the method by which representatives to the Board shall cast their votes and the participation of non-Board members, including other governments, inter-governmental organizations, non-governmental organizations, in Board meetings, and the establishment of any committees and task forces.

ARTICLE IV STAFF

A. The Executive Staff of the INPF consists of the Executive Officer and other staff as necessary to carry out the work of the INPF.

B. The Executive Officer supervises the INPF's daily administration and is responsible for

implementing the Board's policies and decisions. All members of the Staff report to the Executive Officer. The Executive Officer is appointed for a three-year term, which may be renewed once.

C. The Executive Officer, consistent with decisions of the Board, shall develop an organizational plan for the INPF staff and will submit the plan to the Board for approval. In making staff appointments, the Executive Officer shall consider the paramount importance of employing staff members who possess the highest standards of efficiency, technical competence, integrity, and commitment to nonproliferation principles. The Executive Officer shall limit appointments of staff to only those necessary to carry out the work of the INPF and shall seek to limit the administrative costs of the INPF.

D. Under the guidance of the Executive Officer, the Staff shall be responsible for, inter alia:

- [i] Disseminating information about the INPF, including its objectives and functions;
- [ii] Receiving project proposals and information required in accordance with this Statute and preparing proposals for transmission to the Board;
- [iii] Responding to statements of interest from institutions and individuals;
- [iv] Assisting the participants in the development of project proposals and communicating with those who submit project proposals;
- [v] Collating the advice on the scientific and technical merit of project proposals given pursuant to Article VII of this Statute;
- [vi] Bringing together specialists in Iraq with other specialists with similar interests;
- [vii] Proposing the INPF's activity plan and a budget for each year;
- [viii] Preparing Annual Reports of the INPF's activities, with the first Report to be submitted to the Board at the end of calendar year 2004 ; and
- [ix] Making the necessary arrangements for handling business confidential information, as defined in Article XI.A. The INPF personnel shall conclude confidentiality agreements with the INPF for the period of their work at the INPF and two years thereafter. Upon a complaint or on his or her own initiative, the Executive Officer shall take appropriate administrative actions, up to and including dismissal, against an INPF employee who has disclosed business confidential information.
- [ix] Other functions assigned to the Staff by the Order, this Statute, the Board, or the Executive Officer.

ARTICLE V SCIENTIFIC ADVISORY COUNCIL

- A. Within sixty (60) days of the Order's signature, the Board will appoint 16 individuals to serve on the INPF Scientific Advisory Council (SAC), which is established pursuant to Section 3 (1) of the Order. The persons appointed shall be prominent members of Iraq's scientific, technical, or engineering communities relevant to the INPF's objectives and shall have fulfill the duties set forth in this Article and Article VII.
- B. The SAC members shall serve for two-year terms and shall receive an honorarium for their service to the INPF. The level of the honorarium will be set annually by the Board.
- C. The SAC shall meet at least once a quarter to advise the Board on fields of research and applications to be encouraged, discuss and establish proposal application processes, develop project selection criteria, and monitor the progress of grants. Its first meeting shall occur within thirty (30) days after all members of the SAC are appointed. SAC members are not prohibited from submitting proposals to the INPF but shall recuse themselves from meetings where their presence may result in a conflict of interest.
- D. The members of the SAC may also represent the INPF at international meetings and engage in general outreach activities to promote the INPF's nonproliferation, scientific, and reconstruction objectives.
- E. In addition to meetings described in paragraph C. of this Article, the SAC shall meet upon request of the Board, to provide advice on questions referred to it by the Board. The Chairman of the SAC may also request that the Board call a meeting of the SAC.

ARTICLE VI PROPOSAL SUBMISSIONS

- A. Proposals may be accepted from individuals, qualified governmental and private institutions and organizations provided that a clear link can be established to the nonproliferation goals of INPF. Standards of qualification will be set by the SAC with INPF Board approval.
- B. Proposals shall be made through the Executive Officer.
- C. Each acceptable proposal shall comply with the instructions issued by the INPF, which shall set forth requirements concerning information to be contained in proposals and the format for proposals. These instructions are prepared by the Executive Officer and approved by the Board. At a minimum, the instructions shall require for each proposal:

[i] A summary of the project, including names and resumes for the project manager and principal investigator(s); a short narrative description of the project's purpose, activities, anticipated results, materials and methods, contribution to science, location, and participants; a clear statement of the relationship of the project to INPF nonproliferation goals and the reconstruction of Iraq; and the project's duration and budgeted costs, identified by element of expense to include at least: salaries, equipment, materials, travel, and institutional overhead of

up to 10% of direct costs, excluding equipment and travel;

[ii] A description of all program and financial aspects of the project, including anticipated commercial results and intellectual property rights, if any;

[iii] A statement certifying that all participants concur with the work being proposed; and

[iv] Technical monitoring and financial auditing assurances from the institution, individuals, entities, or organizations submitting the proposal sufficient for implementing the obligations of Section 6(3) of the Order.

These instructions will help ensure that each proposal contains information sufficient for the Executive Officer, Scientific Advisory Council, and Board to fulfill their responsibilities under this Statute and the Order.

D. The INPF will give due regard to preventing:

[i] the transfer of information prohibited under relevant international rules and practices for the nonproliferation of weapons and other sensitive technologies,

[ii] unauthorized disclosures of proprietary and business confidential information.

Applicants are responsible for ensuring that their proposals comply with applicable laws and regulations regarding sensitive information and with all laws governing export controls.

E. Proposals are regarded as submitted when the Executive Officer determines that the information required in paragraph C. of this Article is complete.

ARTICLE VII SCIENTIFIC AND OTHER PROFESSIONAL ADVICE

A. Within five (5) days of a proposal's submission, the Executive Officer shall send it to at least two SAC members with relevant competencies in the field of the proposal. The Executive Officer shall include at least the information required in Article VI.C. and other information he or she deems relevant, and a form on which the review shall be completed. The Executive Officer shall prepare that form after consultation with the SAC.

B. SAC members may solicit the opinions of up to three (3) experts scientific or other appropriate professional when reviewing a proposal. Reviewers may be Iraqi and/or international experts and may (if the Board so approves) receive compensation for their work.

C. Not more than sixty (60) days after receiving a proposal from the Executive Officer, SAC members shall provide the Executive Officer with a single completed form which synthesizes the reviews obtained in accordance with paragraph B. of this Article, together with copies of those reviews and his or her own recommendation as appropriate; or confirmation that no review has

been undertaken.

D. A completed review shall contain:

[i] The reviewers' names and qualifications, including any qualifications related to the specific proposal;

[ii] An analysis of the scientific, technical, and commercial merit of the proposals and how the proposed work supports nonproliferation goals and Iraq's reconstruction;

[iii] An opinion as to whether the project's objective can be accomplished within the framework proposed and time allowed;

[iv] An analysis, to the extent possible, of the qualifications of the proposed participants and of the skills necessary to meet the project's objectives; and

[v] Recommendations for the proposal's improvement, approval, and/or rejection.

ARTICLE VIII PROJECT APPROVAL

A. The Executive Officer shall transmit, the proposal, the completed review, and an assessment (which the Executive Officer shall prepare) as to whether the project is in accordance with the objectives of the INPF, as described in Section 1, paragraph 2 of the Order.

B. Approval of projects by the Board:

[i] Unless the Board decides otherwise with regard to a specific proposal, it shall have at least thirty (30) days to consider a proposal after the proposal has been transmitted to it by the Executive Officer. It shall consider the proposal no later than its first meeting after the thirty (30) day period ends.

[ii] The Executive Officer shall communicate the Board's decision to approve or reject the proposal to the institution, individual, entity, or organization that submitted the proposal.

C. In deciding whether to approve a project, the Board will be guided by criteria and priorities established according to Section 1, paragraph 2 of the Order and shall consider whether the financing requested is adequate to accomplish the proposal's goals.

D. The Board shall effectuate the approval of a proposal by issuing a grant to or entering into a written contract (collectively "project agreement") with the institution, individual, entity, or organization that submitted the proposal.

ARTICLE IX PROJECT AGREEMENTS

A. For each proposal approved and financed through the INPF, the INPF, acting through the Executive Officer or his or her designee, shall enter into a project agreement with the recipient organization, individual, entity, or institution. The project agreement shall expressly provide that it is subject to the provisions of the Order and the Statute, both of which shall prevail in the case of conflict with the project agreement.

B. At a minimum, a project agreement shall contain provisions that:

[i] Specify conditions under which costs shall be eligible for reimbursement and ensuring that they are allowable under the terms of the project or activity, reasonable as to amount and properly allocated to the project or activity;

[ii] Designate responsibility for performance of technical and financial tasks under the project or activity and delineate procedures to be followed in the resolution of disputes;

[iii] Establish a schedule for performance and conditions to be met in order to obtain payment;

[iv] Provide for the INPF the right of full INPF access pursuant to the Order, after notice of not less than 10 days or as specified in the agreement, to carry out on-site scientific or technical monitoring and financial audit of all activities of the project or activity; specify the portions of the facilities, equipment, documentation, information, data systems, materials, supplies, personnel, and services which will concern the project and so will be accessible for the monitoring and audit;

[v] Require the recipient entity to account for resources used, to identify the types of records required to support expenditures for the project, and to return unspent funds within a stated period of time;

[vi] Require regular technical and financial reports detailing the progress of the project or activity and of expenditures made against the agreement by the same elements of expense identified in the approved proposal, including accounting for any interest earned by the recipient on funds accepted from the INPF;

[vii] Require that allowable costs not include, inter alia, any element of profit;

[viii] Set a standard contribution for overhead costs up to 20% of direct costs, excluding equipment and travel;

[ix] Require that allowable costs not include amounts imposed for taxes of any kind, including profit tax, value added tax, personal income tax, local taxes as well as any other tariffs, dues, custom duties, import taxes, fees, or any other similar taxes or charges;

[x] Prohibit the transfer of sensitive information that is prohibited under relevant international rules and practices for the nonproliferation of weapons, delivery systems, and other sensitive

technologies, and unauthorized disclosures of proprietary and business confidential information; and

[xi] Provide for the termination of the project as follows:

(a) When the agreement is terminated other than pursuant to paragraph (b) below, costs shall be limited to the allowable costs incurred by the recipient entity prior to the termination and such other costs as the INPF considers to be fair and reasonable, having regard to commitments reasonably entered into and which cannot be cancelled or avoided. The recipient entity shall comply with any directions of the INPF in the termination notice to reduce or mitigate these costs.

(b) When the INPF determines that the recipient entity has not complied with the terms and conditions of the project agreement, the recipient entity shall, upon demand, promptly return all payments and equipment contributions previously made.

(c) Any disputes on the above matter shall be settled by a procedure involving, in case of appeal, a final decision of the Board.

ARTICLE X CONTRIBUTIONS TO THE INPF

A. Without prejudice to Articles XI and XII, foreign governments, international organizations, nongovernmental organizations, foundations and scientific organizations, private concerns, or individuals may contribute funds in any currency to the INPF for operating costs, projects, and all other expenses in accordance with its laws and regulations into an account in the name of the INPF or directly into the INPF project and administrative accounts. Private concerns or individuals who contribute funds to the INPF may require (by written contract) that the funds be utilized for a specific project.

B. Funds that are deposited in the INPF's bank accounts pursuant to paragraph A. of this Article shall be disbursed from the bank account by the Executive Officer or his designee in accordance with procedures approved by the Board.

C. Contributions made to the INPF may be maintained in an INPF account established by the Executive Officer, with the approval of the Board. Disbursement procedures for these funds shall be established by the Board.

D. Disbursements of funds for projects may be made to the appropriate organizations and individuals in hard currency or local currency.

ARTICLE XI INTELLECTUAL PROPERTY RIGHTS

A. For the purposes of the Order and this Statute:

“Intellectual Property” shall have the meaning defined in Article 2 of the Convention Establishing the World Intellectual Property Organization, done at Stockholm on July 14, 1967.

“Business confidential information” means information containing know-how, trade secrets, or technical, commercial or financial information, which either:

[i] Has been held in confidence by its owner;

[ii] Is not generally known or available from other sources;

[iii] Has not been made available by its owner to other parties without an obligation concerning its confidentiality; or

[iv] Is not available to the receiving party without obligations concerning confidentiality.

B. Each project agreement shall provide for the adequate protection of intellectual property and - business confidential information exchanged or provided in the course of an INPF project or activity.

C. The INPF shall use its best endeavors to ensure that rights acquired are exercised in such a way as to encourage, consistent with the Statute:

[i] The dissemination and use of non-confidential information created, provided, or exchanged in the course of a project;

[ii] The adoption and implementation of international technical standards; and

[iii] Fair competition in areas affected by the Order. Entities having rights should make adequate efforts to exploit their intellectual property rights consistent with the objectives of the Agreement. To that end,

the INPF (or its designee) and the recipient entity (or its designee) shall agree to protect, allocate, and manage intellectual property arising under the project agreement, consistent with the principles of the Order and relevant laws and regulations.

ARTICLE XII FINANCING OF ADMINISTRATIVE EXPENSES

A. The fiscal year of the INPF shall be the same as that of the Iraqi national fiscal year.

B. Beginning in 2005, the Executive Officer shall submit (by May 1) to the Board the annual budget estimates for the operating and program expenses of the INPF for the following fiscal year. The

Board shall approve the INPF's budget requirements and submit it to the Ministry of Finance by June 1 of each fiscal year. The Ministry of Finance shall consider the budgetary request and will determine the appropriate amount of funding for the forthcoming fiscal year according to the budget preparation process set forth in CPA Order 95, Financial Management Law and Public Debt Law, (CPA/ORD/2 June 2004/95).

C. Relevant government Ministries and agencies will be encouraged to second staff and provide other support to the INPF at no cost to the INPF's budget. The INPF may, as necessary, enter into agreements concerning seconded staff and support.

ARTICLE XIII FINANCIAL PROCEDURES

A. Quarterly financial reports shall be provided to the Board on the INPF's administrative costs, project awards, grants, contracts and other expenditures in a format consistent with Iraqi law and standard international accounting practices.

B. An annual audit by an auditor approved by the Board shall be conducted of the INPF's expenditures and related financial activities. Results of the audit shall be reported to the Board within 30 days after completion and will be included in the INPF's annual report to the Iraqi head of government.

ARTICLE XIV AUDITING AND MONITORING

A. All funds contributed for a project or activity through the INPF shall be subject to audit and technical monitoring by the INPF and the Board of Supreme Audit in accordance Iraqi law and the following principles:

[i] Audit of costs shall assure that costs reimbursed are allowable under the terms of the project agreement;

[ii] The INPF or audit organizations as specified by the Board may perform such audits, or engage others to do so.

[iii] Accounting systems used by project recipients must be acceptable to the INPF in regard to projects and activities it finances and shall be subject to review and audit;

[iv] Audit reports pertaining to a project shall be available to the entities audited, to the INPF, the Board.

[v] Allowable costs based on the result of an audit shall be determined by the entity performing the audit or engaging others to do so. Any disputes shall be settled in accordance with resolution of dispute procedures contained in the project agreement.

[vi] The INPF or its designees shall have access to facilities, personnel and records for technical monitoring of scientific, technical, engineering, or other work conducted under the project to ensure that work is being performed in a manner and according to timelines provided in the project agreement.

[vii] Provisions for an entity that wholly or partly finances a project or activity and for the INPF to have the right of full INPF Order access, after notice of not less than 10 days or as specified in the project agreement, to carry out on-site monitoring and audit of all activities of the project; specifications of the portions of the facilities, equipment, documentation, information, data systems, materials, supplies, personnel, and services which will concern the project and so will be accessible for the monitoring and audit; such specification shall permit the recipient entity the right to protect those portions of facilities that are not related to the project. After completion or termination of an INPF project or activity the recipient entity may utilize the facility or portion of the facility previously used for the INPF project for other work; however, all documentation and records including those associated with equipment, data systems, materials, supplies and services utilized on the INPF project or activity must be maintained for up to two years following such completion or termination and such documents and records and personnel must be available to the auditor for up to two years following such completion or termination.

B. Approved projects and activities funded other than through the INPF shall be subject to audit by the funding entity and/or their representatives taking into account the principles set forth in paragraph A of this Article.

ARTICLE XV AMENDMENT OF STATUTE

This Statute may be amended by unanimous consent of the Board.

ARTICLE XVI EFFECTIVE DATE

This Statute is effective as of the date the Order is signed.